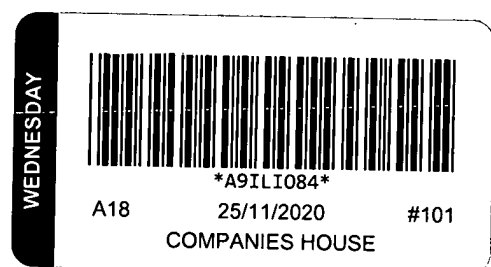


Ornua Nutrition Ingredients UK Limited

Directors' Report and Financial Statements

Period Ended 28 December 2019

Company Registered Number: 2448349



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DIRECTORS AND OTHER INFORMATION

Board of Directors

D Buggy
M Cullen
B Condon
AM Jackson
C Barlow Williams

Solicitors

Knights
The Brampton
Newcastle-under-Lyme
Staffordshire
ST5 0QW
United Kingdom

Secretary and Registered Office

C Barlow Williams
Sunnyhills Road
Leek
Staffordshire
ST13 5RJ
United Kingdom

Bankers

Bank of America
5 Canada Square
London
E14 5AQ
United Kingdom

Registered Number: 2448349

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

Independent Auditors

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

STRATEGIC REPORT

For the period ended 28 December 2019

The directors present their strategic report for the period ended 28 December 2019.

Principal activities

The company's principal activity during the period was the production and distribution of dairy, related food and other ingredients for the manufacturing sector.

Business model

The business provides sourcing, formulating, blending and packing excellence to its customers. High value added new product development is seen as key to growing the business.

Business review and results

The business serves primarily a UK customer base and the commercial environment in the UK is very competitive.

The results for the company show a pre-tax loss of £188,000 (2018: profit of £501,000) for the period and sales of £36,183,000 (2018: £37,783,000).

The company has net assets of £6,479,000 (2018: £6,692,000) at the balance sheet date.

Key performance indicators

The financial key performance indicators that provide an understanding of the development, performance and position of the business are primarily changes in sales volumes, margins per tonne and pre-tax profits.

Principal risks and uncertainties

The company operates in a highly competitive and changing market. However, business processes are in place to enable the company to anticipate, monitor and adapt to market changes within this environment.

Future developments

The external commercial environment is expected to remain competitive. However, the business remains well placed to service the needs of its customers in the years ahead.

On behalf of the board



Director

Date: 16.6.20

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the period ended 28 December 2019.

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 period. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 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 102, 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.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the company's registered office which is also the company's principal trading premises.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were as follows:

D Buggy	(resident in the Republic of Ireland)
B Condon	(resident in the Republic of Ireland)
AM Jackson	
M Cullen	(resigned 31 March 2020)
C Barlow Williams	(appointed 1 October 2018)

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.

Political and charitable contributions

The company made no political donations during the period (2018: £Nil). Donations to UK charities amounted to £Nil (2018: £Nil) during the period.

Dividends and transfers to reserves

There were no dividends paid or proposed during the period (2018: £Nil). The retained loss for the period of £214,000 (2018: £405,000) has been transferred to reserves.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate and cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the company's receivables. Credit risk is managed by the board of directors. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The risk of illiquidity is managed by using cash flow forecasts; and to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

Interest rate and cash flow risk

The company regularly reviews its cash flow to ensure that there is sufficient cash to meet working capital and strategic needs.

Research and development

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

Post balance sheet events

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread starting from mainland China to most parts of the world. Several European countries, the United Kingdom and the United States of America have been impacted severely by this outbreak. Across the world, governments have taken different protection measures causing disruptions to businesses and economic activity, ranging from partial to complete lockdown of countries. In March 2020, the UK government ordered the closure of all non-essential retail outlets and social-related places and imposed other social curtailment measures all in a bid to stem the spread of COVID-19.

DIRECTORS' REPORT - continued

Post balance sheet events - continued

The short-term impact of COVID-19 for the company has seen a decrease in demand for its products as it is involved in the supply of food services and food manufacturing sectors. However, the decrease in demand for the company's products is unlikely to continue to the medium to long term, and, as the situation is fluid and rapidly evolving, the company does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the company. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the company's estimates of recoverable amounts of its financial assets in 2020. The company considers this outbreak to be a non-adjusting post balance sheet event.

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

Directors' and secretary's interests in shares and debentures

The directors' and company secretary had no interest in the Company's shares during the period (2018: £Nil.)


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, PricewaterhouseCoopers, 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



Director

Date: 29.6.20



Independent auditors' report to the members of Ornuu Nutrition Ingredients UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ornuu Nutrition Ingredients UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2019 and of its loss 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 28 December 2019; the profit and loss account, 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.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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

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.



Reporting on other information - continued

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 28 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

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

Use of this report

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



Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.

Siobhan Collier (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
June 2020

PROFIT AND LOSS ACCOUNT
Period ended 28 December 2019

	Note	2019 £'000	2018 £'000
Turnover	5	36,183	37,783
Cost of sales		<u>(33,744)</u>	<u>(34,686)</u>
Gross profit		2,439	3,097
Distribution costs		(744)	(971)
Administrative expenses		<u>(1,637)</u>	<u>(1,381)</u>
Operating profit	6	58	745
Interest receivable and similar income	8	8	10
Interest payable and similar expenses	8	<u>(254)</u>	<u>(254)</u>
(Loss)/profit before taxation		(188)	501
Tax on (loss)/profit	9	<u>(26)</u>	<u>(96)</u>
(Loss)/profit for the financial period		<u>(214)</u>	<u>405</u>

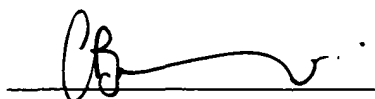
There are no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of comprehensive income has been presented.

BALANCE SHEET
As at 28 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	10,909	10,649
Intangible assets	11	57	80
		<u>10,966</u>	<u>10,729</u>
Current assets			
Inventories	12	4,757	4,539
Debtors	13	7,444	7,623
Cash at bank and in hand		-	-
		<u>12,201</u>	<u>12,162</u>
Creditors: amounts falling due within one year	14	<u>(16,110)</u>	<u>(15,681)</u>
Net current liabilities		<u>(3,909)</u>	<u>(3,519)</u>
Total assets less current liabilities		7,057	7,210
Deferred taxation	15	<u>(579)</u>	<u>(518)</u>
Net assets		<u>6,478</u>	<u>6,692</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		<u>6,478</u>	<u>6,692</u>
Shareholders' funds		<u>6,478</u>	<u>6,692</u>

The notes on pages 13 to 28 are an integral part of these financial statements.

These financial statements on pages 10 to 28 were approved by the board of directors on ... and were signed on its behalf by:



Director

Ornua Nutrition Ingredients UK Limited
Registered No: 2448349

STATEMENT OF CHANGES IN EQUITY
Period Ended 28 December 2019

	Called up share capital £	Profit and loss account £'000	Total £'000
Balance at 31 December 2017	100	6,287	6,287
Profit for the period	-	405	405
Balance as at 29 December 2018	<u>100</u>	<u>6,692</u>	<u>6,692</u>
Balance at 30 December 2018	100	6,692	6,692
Loss for the period	-	(214)	(214)
Balance as at 28 December 2019	<u>100</u>	<u>6,478</u>	<u>6,478</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Ornua Nutrition Ingredients UK Limited ('the company') is involved in production and distribution of dairy, related food and other ingredients for the manufacturing sector.

The company is a private company, limited by its shares, and is incorporated and domiciled in the United Kingdom. The address of its registered office is Sunnyhills Road, Leek, Staffordshire, ST13 5RJ.

The Irish Dairy Board (UK) Limited owns 100% of the equity share capital of the company. Ornua Nutrition Ingredients UK Limited's 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 smallest and largest group for which group financial statements are drawn up and of which Ornua Nutrition Ingredients 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.

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

2 Statement of compliance

The financial statements of Ornua Nutrition Ingredients UK Limited have been prepared in compliance with United Kingdom 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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(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 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account.

(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 and rebates allowed by the company and value added taxes.

The company bases its estimate of returns, discounts and rebates 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 turnover when (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the company retains no continuing managerial involvement or effective control over the goods; (c) the amount of turnover and costs 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 company's sales channels have been met, as described below.

(i) *Sale of goods*

The company sells food ingredients to a range of business customers. Sale of goods are recognised on delivery to the customer, when the customer has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the customer, the risk of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

Goods sold to customers may be sold with volume rebates and also with the provision for the customer to return the faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated annual purchases. Accumulated experience is used to estimate and provide for the discounts and returns.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(d) Revenue recognition - continued

(ii) *Interest income*

Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

(e) Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

(f) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined contribution and defined benefit pension plans).

(i) *Short term employee benefits*

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial period in which employees render the related service. The company operates an annual bonus plan for 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.

(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. The Adams Food Limited stakeholders' pension plan was opened on 1 August 2003, and is available to employees joining the company after that date and existing employees who declined membership of the defined benefit scheme. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

(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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(f) Employee benefits – continued

(ii) Defined benefit pension plan - continued

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'.

(iii) Annual bonus plan

The company operates an annual bonus plan. 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.

(g) 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 relates 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 rates and laws that have been enacted or substantively enacted by the end of 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 arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised 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 period end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(h) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

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

(i) Tangible assets

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Land and buildings

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

(ii) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

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

- Freehold buildings	2.66% to 5.00% based on cost or valuation
- Plant and machinery	6.67% to 33.33% based on cost

(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 close to the company and the cost can be measured reliably.

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

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

(v) Assets in the course of construction

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

(vi) 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.

(j) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those qualifying assets, until such time as the qualifying assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(k) Leased assets

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

(i) Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest method, to produce a constant rate of charge on the balance of the capital repayments outstanding

(ii) 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 charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of the present value of minimum lease payments.

Incentives received to enter into an operating lease are recognised as a reduction of the operating lease expense on a straight-line basis over the term of the lease.

(l) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtained as a result of the asset's (or asset's cash-generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss account, unless the asset has been revalued, when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit or loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(m) Inventories

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

Cost is determined using weighted average costing method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

(n) Cash and cash equivalents

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

(o) Provisions and contingencies

(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 detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(b) Provision is not made for future operating losses.

Provisions are measured at the present value of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

(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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(p) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its 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 measured at the present value of the future receipts discounted at 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 an impairment loss is the difference between the estimated cash inflows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the previously recognised impairment loss is 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.

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 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 creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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.

(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.

(q) Share capital

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

(r) Distributions to equity holders

Dividends and other distributions to company's 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(s) Related party transactions

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

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 judgement in applying the entity's accounting policies

The following judgement, apart from those involving estimates, made by the directors has had significant effect on the amounts recognised in the entity financial statements;

(i) *Defined benefit pension plan*

Certain employees participate in a defined benefit pension plan with other companies in the region. In the judgment of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme. See note 19 for further details.

(b) 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 charge 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(i) for the useful economic lives for each class of assets.

(ii) *Inventory provisioning*

The company sells dairy ingredients and related products to the wholesale market, and is subject to changing consumer demands and spending trends. 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 13 for the net carrying amount of the inventory and associated provision.

(iii) *Impairment of debtors*

The company make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the age profile of debtors, and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Turnover

Analysis of turnover and profit on ordinary activities before taxation	2019 £'000	2018 £'000
By geographical market		
United Kingdom	32,600	33,953
Rest of Europe	2,727	2,724
Rest of World	856	1,106
	<u>36,183</u>	<u>37,783</u>
By category		
Sale of goods	<u>36,183</u>	<u>37,783</u>

6 Operating profit

2019 £'000	2018 £'000
---------------	---------------

Operating profit is stated after charging/(crediting):

Wages and salaries	4,720	3,136
Social security costs	420	271
Other pension costs	283	175
	<u>5,423</u>	<u>3,582</u>
Amortisation of intangible assets	<u>26</u>	<u>37</u>
Depreciation of tangible assets	<u>570</u>	<u>545</u>
(Reversal of Impairment)/Impairment of trade receivables	<u>(19)</u>	<u>102</u>
(Reversal of Impairment)/Impairment of inventory	<u>(51)</u>	<u>185</u>
Net inventory recognised as an expense	<u>29,000</u>	<u>30,402</u>
Hire of other assets - operating leases	<u>142</u>	<u>104</u>
Audit fees payable to the company's auditors	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Employees and directors

Employees

The average number of persons employed by the company (including directors) employed by the company during the period, analysed by category, was as follows:

	Number of employees	
	2019	2018
Production	96	95
Administration	35	18
	<u>131</u>	<u>113</u>
Directors	2019	2018
	£'000	£'000
Directors' emoluments	557	312
Company contributions to money purchase pension schemes	28	17
	<u>585</u>	<u>329</u>

The aggregate of emoluments of the highest paid director was £264,000 (2018: £216,000), and company pension contributions of £13,000 (2018: £13,000) were made to a money purchase scheme on his behalf.

8 Net interest expense

(a) Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest received	<u>8</u>	<u>10</u>
Total interest income on financial assets not measured at fair value through profit and loss	<u>8</u>	<u>10</u>

(b) Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest to fellow subsidiary company	<u>(254)</u>	<u>(254)</u>
	<u>(254)</u>	<u>(254)</u>
Total interest expense on financial liabilities not measured at fair value through profit and loss	<u>(254)</u>	<u>(254)</u>

(c) Net interest expense

	2019 £'000	2018 £'000
Interest receivable and similar income	8	10
Interest payable and similar expenses	<u>(254)</u>	<u>(254)</u>
	<u>(246)</u>	<u>(244)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tax on (loss)/profit

(a) Tax expense included in profit and loss

	2019 £'000	2018 £'000
UK corporation tax		
Current tax on income for the period	(23)	37
Adjustments in respect of prior periods	(12)	-
Total current tax	<u>(35)</u>	<u>37</u>
Deferred tax		
Origination and reversal of timing differences	50	64
Rate change	(7)	(5)
Adjustments in respect of prior period	18	-
Total deferred tax	<u>61</u>	<u>59</u>
Tax on (loss)/profit	<u>26</u>	<u>96</u>

(b) Reconciliation of tax charge

Tax assessed for the period is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19.25%). The differences are explained below:

	2019 £'000	2018 £'000
(Loss)/profit before taxation	<u>(188)</u>	<u>501</u>
Current tax at 19% (2018: 19.25%)	(36)	95
Effects of:		
Expenses not deductible for tax purposes	42	37
Adjustments in respect of prior periods	6	-
Utilisation of deferred tax asset not previously recognised	-	(21)
Other differences	21	(9)
Effect of movement in deferred tax due tax rate difference	(7)	(6)
Total tax charge	<u>26</u>	<u>96</u>

(c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. At budget 2020 the government announced that the corporation tax rate would remain at 19% for the years starting 1 April 2020 and 1 April 2021.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
At 30 December 2018			
Cost	8,644	6,632	15,276
Accumulated depreciation and impairment	(2,030)	(2,597)	(4,627)
Net book amount	<u>6,614</u>	<u>4,035</u>	<u>10,649</u>
Period ended 28 December 2019			
Opening net book amount	6,614	4,035	10,649
Additions	-	830	830
Depreciation	(203)	(367)	(570)
Closing net book amount	<u>6,411</u>	<u>4,498</u>	<u>10,909</u>
At 28 December 2019			
Cost	8,644	7,462	16,106
Accumulated depreciation and impairment	(2,233)	(2,964)	(5,197)
Net book amount	<u>6,411</u>	<u>4,498</u>	<u>10,909</u>

11 Intangible assets

	Computer software £'000
At 30 December 2018	
Cost	272
Accumulated depreciation and impairment	(192)
Net book amount	<u>80</u>
Period ended 28 December 2019	
Opening net book amount	80
Additions	3
Amortisation	(26)
Closing net book amount	<u>57</u>
At 28 December 2019	
Cost	275
Accumulated depreciation and impairment	(218)
Net book amount	<u>57</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Inventories

	2019 £'000	2018 £'000
Raw materials and consumables	3,334	3,220
Finished goods and goods for resale	1,423	1,319
	<u>4,757</u>	<u>4,539</u>

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

Inventories are stated after provisions for impairment of £348,000 (2018: £354,000).

13 Debtors

	2019 £'000	2018 £'000
Trade debtors	4,800	3,900
Amounts owed from group undertakings	2,281	3,514
Other debtors	71	25
Prepayments and accrued income	292	184
Corporation Tax Recoverable	-	-
	<u>7,444</u>	<u>7,623</u>

The amounts owed from group undertakings include £1,537,000 (2018: £2,990,000) due from Ornua Foods UK Ltd. This balance is unsecured, is repayable on demand and attracts interest of 0.75% per annum. The remaining amounts of £744,000 (2018: £524,000) owing from group undertakings do not attract interest, are unsecured and are repayable on demand.

Trade debtors are stated after provisions for impairment of £0 (2018: £19,000)

14 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	2,586	2,641
Amounts owed to group undertakings	12,586	11,743
Amounts due to related companies	157	266
Other creditors	234	284
Accruals and deferred income	547	747
	<u>16,110</u>	<u>15,681</u>

The amounts owed to group undertakings include £12,024,000 (2018: £11,256,000) due to Ornua Foods UK Limited. This balance is unsecured, is repayable on demand and attracts interest of 2.25% per annum.

All other amounts due to group undertaking do not attract interest, are unsecured, and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Deferred taxation

Deferred tax	2019 £'000	2018 £'000
At beginning of period	518	459
Charge to the profit and loss account for the period (note 10)	61	59
At end of period	<u>579</u>	<u>518</u>

The elements of deferred taxation are as follows:

	2019 £'000	2018 £'000
Difference between accumulated depreciation and amortisation and capital allowances	579	521
Other timing differences	-	(3)
	<u>579</u>	<u>518</u>

16 Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

This is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Capital and other commitments

The company had capital commitments at the period end totalling £409,000 (2018: £286,000).

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

	2019 £	2018 £
Payment due:		
Not later than one year	134	99
Later than one year and not later than five years	143	123
Later than five years	-	-
	<u>277</u>	<u>222</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Post-employment benefits

The company operates both a defined benefit pension scheme and a defined contribution pension scheme.

(a) Defined contribution scheme

The Adams Foods Limited Stakeholders pension plan was opened on 1 August 2003, and is available to employees joining the company after that date and existing employees who declined membership of the defined benefit scheme. The pension cost for the period represents contributions payable by the company to the scheme and amounted to £283,000 (2018: £116,000). There were no contributions outstanding at the beginning or end of the financial period.

(b) Defined benefit scheme

The company contributes to a group defined benefit pension scheme, which provides benefits based on final pensionable pay.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by Section 28, FRS 102, the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. Full details of the scheme are given in the financial statements of Ornua Foods UK Limited.

The contributions made by the company are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme was closed to new members on 31 July 2003.

19 Events after the end of the reporting period

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread starting from mainland China to most parts of the world. Several European countries, the United Kingdom and the United States of America have been impacted severely by this outbreak. Across the world, governments have taken different protection measures causing disruptions to businesses and economic activity, ranging from partial to complete lockdown of countries. In March 2020, the UK government ordered the closure of all non-essential retail outlets and social-related places and imposed other social curtailment measures all in a bid to stem the spread of COVID-19.

The short-term impact of COVID-19 for the company has seen a decrease in demand for its products as it is involved in the supply of food services and food manufacturing sectors. However, the decrease in demand for the company's products is unlikely to continue to the medium to long term, and, as the situation is fluid and rapidly evolving, the company does not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the company. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the company's estimates of recoverable amounts of its financial assets in 2020. The company considers this outbreak to be a non-adjusting post balance sheet event.

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