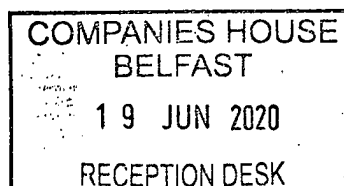


Registered no: NI004842

Moy Park Limited

Annual Report and financial statements

For the year ended 31 December 2019



Moy Park Limited

Annual Report and financial statements For the year ended 31 December 2019

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Moy Park Limited

Directors and advisors

Directors

C Kirke
F Malnarcic
G Tomazoni
F Sandri

Secretary

R McGinley

Registered office

The Food Park
39 Seagoe Industrial Estate
Craigavon
Co Armagh
BT63 5QE

Registered auditors

KPMG
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Moy Park Limited

Strategic report for the year ended 31 December 2019

Business model and strategy

Moy Park Limited (the 'company') is a company incorporated and domiciled in the UK. The company is a trading and holding company of its subsidiaries (collectively the 'Group' or 'Moy Park'). Moy Park Limited is Northern Ireland's largest company and a leading and highly regarded European food company, providing fresh, high quality and locally farmed poultry and convenience food products to major retailers and foodservice customers.

In 2019, Moy Park employed 10,126 people (2018: 10,061) across 9 (2018: 9) processing facilities in Northern Ireland, England, France and the Netherlands.

Our vision is to become the best and most respected company in our industry, creating the opportunity of a better future for our team members.

Our key strategies to deliver this vision are as follows:

- To create sustainable growth in our retail fresh poultry, retail prepared foods and food service channels through our strategic investment programme in our already well invested, industry leading farming and operational facilities. We continue to be firmly focused on providing leading standards of animal welfare, environmental sustainability, product integrity, provenance and security of supply to our customers and the ultimate consumer;
- To build upon our strong customer relationships and strive to develop our commercial capabilities through investment and a focus on innovation, food development, consumer insight and effective customer and category marketing;
- To continue our commitment to operational excellence by investing in the latest technologies, planning systems and new processes. This allows the business to build upon its effectiveness and efficiencies through further process automation and optimisation of resources as well as a clear focus on lean manufacturing, safety, increasing capacity and enhancing customer service levels;
- To maintain excellence in product quality and food safety by continuing to focus on bio-security, research projects and compliance with customer standards as well as working with highly regarded academic experts and investing in technology and training.

The pursuit of these strategies in 2019 led the Group to receive a number of awards and recognition from respected independent bodies, including the Hatchery of the Year at the National Egg & Poultry Awards 2019. The Group is focused on continuing the progress of our strategic investment programme with an investment of £54m in 2019. These significant investments support the growth of the Group as a leading European food business.

Being part of the Pilgrim's Pride Group offers great opportunities to the company to both continue and accelerate its journey in delivering further growth and operational efficiency. With an experienced management team, a strong product portfolio, a well invested asset base and a robust financial position, we remain confident in the continued success and development of the business.

Principal risks and uncertainties

Feed prices

A significant portion of the Group's cost is attributable to the ingredients used in feed grain which can be affected by global supply and demand, weather patterns and government policies. The Group monitors feed price carefully, taking advice from expert commodity traders and using forward purchasing agreements to manage the impact of adverse price movements when appropriate.

Moy Park Limited

Strategic report for the year ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

Consumer preferences and demand

The food industry in general is subject to changing trends in consumer dietary tastes, demands and preferences, which may shift as a result of changes in lifestyle and perception of quality, safety or ethical production standards. The Group works in partnership with major customers and invests in consumer insights, innovation and new product development to ensure that such requirements are met.

Supply chain effectiveness

The Group is dependent on the quality of service from a range of providers for the supply of raw materials to our farms and processing sites. Any interruption to this supply would lead to delays in production for our customers. In addition, the Group could be at risk from unethical behaviour by our suppliers which could reflect on our brand and products. The Group has robust traceability systems in place and works closely with our farmers and other suppliers to ensure adherence to the Group's high standards.

Avian Influenza

An outbreak may result in the destruction of our livestock, or restrictions in our ability to export some of our products to key markets even though our livestock and products are not infected or contaminated.

The Group mitigates against such risks by maintaining robust bio-security measures. Farming facilities are also spread between a large number of areas in England and Northern Ireland to avoid reliance on a single production area.

Food safety

We place the utmost importance on food safety at all stages of our supply chain. We are proud of our robust traceability systems which give us the ability to trace raw materials, food or food-contact substances that are used in our products throughout all stages of production, processing and distribution. These systems are designed to maintain our strong reputation for the production of high quality products and to consistently provide the highest standards of food safety.

Recruitment and retention of key personnel

The Group's success is dependent on recruiting and retaining the service or services of its directors and senior management. Risk is mitigated through robust recruitment processes, succession planning, employee engagement and commitment to on-going training and career development.

Brexit

As with any UK business, Brexit presents a number of challenges. The Group has access to a global supply chain and expertise to meet these such challenges. The Group put in place a Brexit Steering Committee following the EU referendum result which is focused on positioning the Group for the eventual outcome. The Group is focused predominantly on domestic markets which will help reduce any such impact.

Financial review and key performance indicators

Moy Park delivered a strong financial performance in 2019 in the face of global market conditions that continue to be challenging.

The Group achieved increased revenue by 1% to £1.58bn. Operating profits, before exceptional expenses, have increased by 2% to £74.8m, a performance underpinned by a strategy of unrelenting focus on cost control, excellent customer relationships and a culture of constant innovation, in what is a changing competitive landscape and a market still facing significant commodity cost inflation.

Moy Park is built on the highest standards of food safety and quality, and we are focused on meeting and exceeding the ever-evolving expectations of our customers and consumers through innovation, food development, consumer insight and category marketing. The business has an established reputation for providing fresh, high-quality and locally farmed poultry products and is based on a best-in-class production platform. We have invested £54 million in our infrastructure in the year, continuing to secure Moy Park's position as one of the UK's most advanced food manufacturing companies. This was enabled by the generation of a positive underlying free cash flow.

Moy Park Limited

Strategic report for the year ended 31 December 2019 (continued)

Financial review and key performance indicators (continued)

The balance sheet shows net assets of £304m (2018: £252m), an increase of 21% on 2018 (2018: decrease of 14%). Moy Park continues to focus on investing in our infrastructure to maintain the high standard of our factories and on efficient management of our cash, debt and working capital.

	2019 £'000	2018 £'000	Change
Turnover	1,580,444	1,567,151	0.8%
Turnover is the prime measure of our economic output and its movement year on year is an important indicator of the success of our growth strategies (like for like turnover increased – see financial review section).			
Operating profit before exceptional expenses	74,767	73,376	1.9%
Improvements to operating profits are used to measure the success of our strategy of continuous cost improvement while retaining the effectiveness and efficiency of the overall business.			
Accident rate			
Number of accidents per 100,000 employees is used as one measure of operational excellence and to ensure we continue to focus on providing the safest and best working environments for our employees		> 90% less than sector average	

Future developments

Following a year of significant progress, we are pleased that 2019 is continuing to show positive progress for Moy Park with our continued focus on innovation and effective cost control. Central to our success is a business based on the highest quality standards of animal husbandry, production and processing and a determination to meet and exceed the ever changing requirements of our customers and consumers.

Corporate responsibility

Moy Park is committed to operating our business in a responsible and sustainable way. This underpins our approach to everything we do and everyone we deal with. Our team is committed to acting responsibly, managing our resources sustainably, engaging with our people and supporting the communities in which we operate. This commitment is reflected in a series of initiatives aimed at making a positive impact on society and the environment, through our operations and products and with key stakeholders including customers, communities, colleagues and suppliers. Highlights of 2019 across our range of corporate responsibility activities include the following:

Safety:

- Recognised with the RoSPA Gold Occupational Health & Safety and Gold Fleet Safety Awards.

Sustainability:

- Our zero waste to landfill position was maintained throughout the year and food waste reduced by more than 1,000 tonnes in 2019.
- Achieving the top level 'Platinum' result in the Northern Ireland Environmental Benchmarking Survey for the seventh consecutive year.

Employee development:

- Further developing our people through our talent development framework including our 'Accelerate' and Graduate Management programmes.
- Moy Park Graduates 2019 IGD Fast Track programme aimed at future business leaders starting out in the food the consumer goods industry

Moy Park Limited

Strategic report for the year ended 31 December 2019 (continued)

Corporate responsibility (continued)

Community engagement:

- In 2019, we continued our charity partnership with Marie Curie. Marie Curie is committed to offering the right care and support for people living with a terminal illness, and their families, whether it's terminal cancer or any other illness.
- In 2019 we donated over 20 tonnes of product, equivalent to more than 50,000 meals, to FareShare, a charity aimed at relieving food poverty and reducing food waste, distributing this product to charity and community groups across the UK. Inspiring young people through our community engagement programme which supports and develops youth employment in the rural economy, through youth training and education outreach, bursaries, scholarships, work placements and experiences.

Further details of our work in corporate responsibility can be found on our website at www.moypark.com/sustainability

Section 172 (1) Statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term
- b) the interests of the Company's employees
- c) the need to foster the Company's business relationships with suppliers, customers and others
- d) the impact of the Company's operations on the community and the environment
- e) the desirability of the Company maintaining a reputation for high standards of business conduct
- f) the need to act fairly as between members of the Company.

The Directors have had regard to the matters set out in sections 172(1)(a)-(f) when discharging their section 172 duties.

The company's undertakes many local community engagements as highlighted in the Corporate Responsibility section. Employee welfare and wellbeing is at the core of Moy Park's values with "Safety a condition" for everyone in the company and the Safety Index a Key Performance Indicator (KPI).

Food Safety and Animal Welfare are integral to all the company's stakeholders. KPIs are set on all farms to ensure health and welfare targets are met across the supply base. Moy Park supports the Food Standards Agency's campaign to reduce Campylobacter and have been at the forefront of research with significant investments in cutting edge technology and practices.

Moy Park is committed to minimising our impact on the environment and to work in partnership with our stakeholders. An example of this is the recent collaboration with both supply chain partners and academics to develop sustainable packaging across its product portfolio. In 2019, the company launched the initiative of reducing its usage of packaging by 5% year on year as well as increasing the use of recyclable packaging by 5%.

Please refer to the Corporate responsibility and Principal risks and uncertainties sections in the Strategic Report for further information concerning Group and Company initiatives relating to the performance of the directors S172 duties

Subsequent Events

In March 2020 the effects of the Covid-19 pandemic started to impact the industry. The business experienced an increase in retail sales as consumers were spending more time at home and a reduction in foodservice sales.

Moy Park Limited

Strategic report for the year ended 31 December 2019 (continued)

Subsequent Events *(continued)*

A broad range of actions were rapidly implemented to mitigate the impact of Covid-19 focusing on keeping our people who are key workers safe, feeding the nation and safeguarding the business which is operating efficiently in these demanding circumstances. Measures taken include the following:

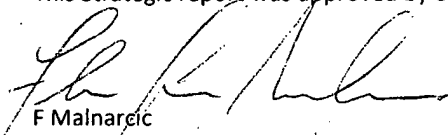
- In the workplace we have introduced social distancing, installed perspex screens, staggered breaks, enhanced cleaning, provided additional personal protective equipment and made incentive payments to all site based team members. We are in the process of introducing thermal temperature scanning of all team members as they arrive at work. We are also supporting office based staff who are working remotely, those who are vulnerable or have to care for vulnerable family members.
- We are working closely with our customers and suppliers to ensure continued supply of food including reallocating resources across categories to meet these challenges and opportunities.
- Prudent measures were taken to protect profitability and cashflow as follows:
 - Suspension of all non essential costs and increased working capital monitoring
 - Reduced capital expenditure to strategic projects and maintenance only
 - Temporarily closed some food service production lines and facilities in April and May. These operations are now starting to re-open as the lockdown is gradually being lifted
 - Furloughed some team members under the Coronavirus Job Retention Scheme
 - Leadership team took a voluntary 20% salary reduction for a period of three months.

Over the last two years Moy Park has been working on a number of continuous improvement projects which placed the business in a robust position at the start of 2020. Further efficiencies are expected to be gained from these projects which should contribute towards mitigating some of the shortfall caused by the reduction in foodservice sales. We have also reviewed our SG&A expenditure and established targets to reduce costs by approximately 10% in 2020.

With all the mitigating plans and actions in place, and despite the uncertainty of the duration of the pandemic and its economic and social consequences, we are optimistic we can recover a good portion of the financial impact of the challenges we are currently facing, and our results may not be significantly impacted when compared to prior year.

Approval

This Strategic report was approved by order of the Board:



F Malnargic
Director

Date: 12th June 2020

Moy Park Limited

Directors' report for the year ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Strategic report

The Group's Strategic report is included on pages 2 to 6 and includes our review of the business for the last financial year and likely future developments.

Results and dividends

The profit for the financial year is reported on page 13 of the financial statements. The directors have proposed a final dividend of £2.6m in respect of the current year. The dividend has not been recognised as a liability as it was not approved before the year end. The directors declared and paid a final dividend £103m in the prior year.

Directors

The directors who served during the year are listed on page 1.

Employees

Moy Park is committed to the principle of equal opportunity in employment and to the health and safety at work of all employees.

The Group's employment policies for recruitment, selection, training, development and promotion are designed to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, religion, age, gender or marital status.

The directors recognise the importance of on-going training for all employees and the Group is committed to involve all employees in the performance and development of the Group. Employees are encouraged to discuss with management matters affecting the day to day running of the Group.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employees are kept updated on developments through quarterly Moy Park magazines and periodic staff briefings by the directors, covering both financial and commercial issues. Employee access to Group policies is available through a dedicated intranet site.

The directors wish to thank all employees for their efforts during the year.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and liquidity risk. The Group along with its ultimate parent has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

The Group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Market Price risk

The Group is exposed to commodity price risk as a result of its operations. In order to minimise the risk, the Group has a policy of seeking professional advice from expert commodity traders and this advice is given very careful consideration.

The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Moy Park Limited

Directors' report for the year ended 31 December 2019 (continued)

Financial risk management (*continued*)

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed annually.

Liquidity risk

The Group's policy on funding capacity is to ensure that it always has sufficient long term funding and committed bank facilities in place to meet foreseeable requirements.

All long term loans and leases arranged by the Group are at market rate.

Research and development

The Group continues to recognise the importance of its research and development programme, which it believes is essential to ensure that the business continues to develop new products and remain competitive in the market.

Events after the reporting date

In March 2020, the effects of the Covid-19 pandemic had a huge impact on all industries. As a result of the rapid actions taken by Moy Park's leadership team to safeguard employees, customers and the business, as detailed in the strategic report, the Company does not envisage a significant impact on its financial statements.

Political contributions

The Group made no political donations or incurred any political expenditure during the current or prior year.

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU 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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Moy Park Limited

Directors' report for the year ended 31 December 2019 (continued)

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditor

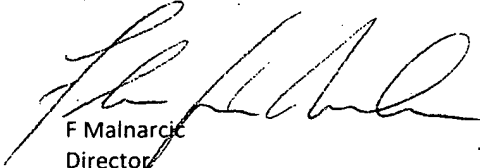
So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the Group's auditor is unaware; and
- they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

The auditor, KPMG, have indicated their willingness to continue in office, and in accordance with section 485 of the Companies Act 2006, a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board:



F Malnarcic
Director

Date: 12th June 2020

The Food Park
39 Seagoe Industrial Estate
Craigavon
Co Armagh
BT63 5QE



KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Moy Park Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Moy Park Limited ('the Company') for the year ended 31 December 2019 set out on pages 13 to 56, which comprise the consolidated income statement, consolidated statement of total comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group and the company's business model and analysed how those risks might affect the group and the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.



Independent auditor's report to the members of Moy Park Limited (continued)

Report on the audit of the financial statements (continued)

We have nothing to report on going concern (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Parent Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.



Independent auditor's report to the members of Moy Park Limited (continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 8 and 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

15 June 2020

MOY PARK LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue		1,580,444	1,567,151
Cost of sales		(1,391,991)	(1,382,124)
Gross profit		188,453	185,027
Sales and distribution expenses		(79,433)	(75,570)
Administration expenses		(34,108)	(36,111)
Other operating (expenses)/income		(145)	30
Group operating profit before exceptional expenses		74,767	73,376
Exceptional expenses	5	-	(2,988)
Group operating profit after exceptional expenses		74,767	70,388
Finance expenses	6	(4,776)	(3,267)
Finance income	7	42	182
Net finance expenses		(4,734)	(3,085)
Profit before tax		70,033	67,303
Taxation	9	(13,604)	(8,269)
Profit for the year		56,429	59,034
Attributable to:			
Non-controlling interests		-	(692)
Owners of the parent		56,429	59,726
Profit for the year		56,429	59,034

All amounts above relate to continuing operations of the Group.

The notes on pages 20 to 56 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2019

Note	2019	2018
	£'000	£'000
Profit for the year	56,429	59,034
Other comprehensive income:		
Items that are or may subsequently be reclassified to profit or loss:		
Foreign exchange rate (loss)/gain	(2,842)	788
Fair value (loss)/gain	(1,546)	895
Total comprehensive income for the year, net of tax	52,041	60,717
Attributable to:		
Owners of the parent	52,041	61,409
Non-controlling interests	-	(692)
Total comprehensive income for the year, net of tax	52,041	60,717

The notes on pages 20 to 56 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	10	1,701	1,966
Property, plant and equipment	11	302,229	237,128
Trade and other receivables	15	1,121	1,468
Deferred tax assets	15, 21	5,032	5,195
Total non-current assets		310,083	245,757
Current assets			
Biological assets	13	57,374	60,179
Inventory	14	80,984	88,022
Trade and other receivables	15	160,264	152,229
Cash and cash equivalents	16	27,286	8,549
Total current assets		325,908	308,979
Total assets		635,991	554,736

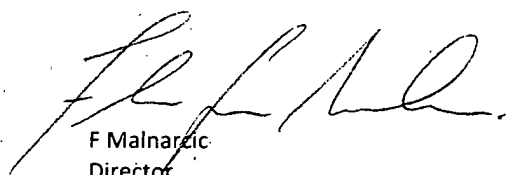
MOY PARK LIMITED**CONSOLIDATED BALANCE SHEET (continued)**

As at 31 December 2019

	Note	2019	2018
		£'000	£'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	22	89,528	89,528
Share premium	22	53,118	53,118
Retained earnings	23	165,472	109,043
Other reserves	23	(2,652)	1,736
		<u>305,466</u>	<u>253,425</u>
Non-controlling interests	23	<u>(1,438)</u>	<u>(1,438)</u>
Total equity		<u>304,028</u>	<u>251,987</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	18	48,070	30,865
Trade and other payables	17	3,611	3,504
Capital grants	20	8,624	8,556
Deferred tax liabilities	21	9,923	9,448
Total non-current liabilities		<u>70,228</u>	<u>52,373</u>
Current liabilities			
Loans and borrowings	18	16,017	7,333
Trade and other payables	17	245,718	243,043
Total current liabilities		<u>261,735</u>	<u>250,376</u>
Total liabilities		<u>331,963</u>	<u>302,749</u>
Total equity and liabilities		<u>635,991</u>	<u>554,736</u>

The notes on pages 20 to 56 form part of these financial statements.

The financial statements were approved by the Board and were signed on its behalf by:


F Malnatic
DirectorDate: 12th June 2020

Registered No: NI004842

MOY PARK LIMITED**COMPANY BALANCE SHEET**

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	10	1,701	1,959
Property, plant and equipment	11	274,278	206,181
Investments	12	28,629	28,629
Deferred tax asset	15, 21	1,093	1,068
Total non-current assets		305,701	237,837
Current assets			
Biological assets	13	57,374	60,179
Inventory	14	47,407	57,687
Trade and other receivables	15	135,185	125,377
Cash and cash equivalents	16	10,912	5,437
Total current assets		250,878	248,680
Total assets		556,579	486,517
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	22	89,528	89,528
Share premium	22	53,118	53,118
Retained earnings	23	122,742	81,580
Other reserves	23	(676)	355
Total equity		264,712	224,581
Liabilities			
Non-current liabilities			
Loans and borrowings	18	47,764	30,865
Trade and other payables	17	1,082	1,130
Capital grants	20	7,627	8,479
Deferred tax liabilities	21	9,393	8,662
Total non-current liabilities		65,866	49,136
Current liabilities			
Loans and borrowings	18	15,583	5,470
Trade and other payables	17	210,418	207,330
Total current liabilities		226,001	212,800
Total liabilities		291,867	261,936
Total equity and liabilities		556,579	486,517

The notes on pages 20 to 56 form part of these financial statements.

The financial statements were approved by the Board and were signed on its behalf by:


 F Malnaric
 Director
Date: 12th June 2020

Registered No: NI004842

MOY PARK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital & premium £'000	Retained earnings £'000	Translation reserve * £'000	Hedge Reserve * £'000	Merger reserve * £'000	Non- controlling interest £'000	Total £'000
At 1 January 2018	142,646	152,564	1,977	(143)	(1,781)	(746)	294,517
Profit/(loss) for year	-	59,726	-	-	-	(692)	59,034
Foreign exchange gain	-	-	788	-	-	-	788
Dividends paid	-	(103,247)	-	-	-	-	(103,247)
Fair value gain	-	-	-	895	-	-	895
At 29 December 2018	142,646	109,043	2,765	752	(1,781)	(1,438)	251,987
Profit for year	-	56,429	-	-	-	-	56,429
Foreign exchange loss	-	-	(2,842)	-	-	-	(2,842)
Fair value loss	-	-	-	(1,546)	-	-	(1,546)
At 31 December 2019	142,646	165,472	(77)	(794)	(1,781)	(1,438)	304,028

*Included in consolidated balance sheet as other reserves.

The merger reserve was created on the acquisition of three entities under common control using the principles of predecessor accounting.

The notes on pages 20 to 56 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit before taxation		70,033	67,303
Adjustments for:			
Depreciation of property, plant and equipment	11	48,189	28,569
Impairment of property, plant and equipment	11	267	2,069
Amortisation of intangible assets	10	265	259
Impairment of intangible assets	10	-	913
Amortisation of biological assets	13	37,143	28,689
Amortisation of capital grants	20	(1,747)	(1,660)
Net finance expenses		4,734	3,085
Loss on disposal of assets		15	168
		<u>158,899</u>	<u>129,395</u>
Changes in working capital:			
Movement in inventory and biological consumable assets		8,365	(22,013)
Movement in trade and other receivables		3,009	(9,654)
Movement in trade and other payables		3,702	5,372
		<u>173,975</u>	<u>103,100</u>
Cash generated from operations			
Interest received		27	120
Interest paid		(4,933)	(3,116)
Income tax paid		(12,121)	(6,243)
Net cash inflow from operating activities		<u>156,948</u>	<u>93,861</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(54,240)	(43,296)
Sale of property, plant and equipment		445	1,078
Receipt of capital grants	20	1,864	729
Purchase of biological bearer assets		(37,044)	(32,052)
Net cash outflow from investing activities		<u>(88,975)</u>	<u>(73,541)</u>
Cash flows from financing activities			
Payment of lease liabilities (2018: finance lease repayments)		(3,692)	(3,830)
Payment of group loan liabilities		(42,798)	(33,435)
Payment of other loans movements		(2,070)	(7,094)
Dividends paid		-	(103,247)
Net cash outflow from financing activities		<u>(48,560)</u>	<u>(147,606)</u>
Net increase/(decrease) in cash and cash equivalents		19,413	(127,286)
Cash and cash equivalents at beginning of year		8,549	135,791
Movement in cash due to foreign exchange		(676)	44
Cash and cash equivalents at end of year	16	<u>27,286</u>	<u>8,549</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Moy Park Limited (the 'Company') is a private company incorporated, registered and domiciled in Northern Ireland in the UK. The registered number is NI004842 and the address of the registered office is: The Food Park, 39 Seagoe Industrial Estate, Craigavon, Co Armagh, BT63 5QE. The Company is a trading entity and holding Company of its subsidiaries (collectively, the "Group"), whose principal activity is focused on providing fresh, high quality locally farmed poultry and complementary convenience food products to major retailers and large food service customers throughout the UK, Ireland and Europe. A full list of subsidiaries is provided in note 12.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative figures have been restated to enable comparison with the current year.

Critical accounting and judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

(a) Basis of preparation

The consolidated and parent financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS's") and the Companies Act 2006. The consolidated and parent financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

Consolidation and subsidiaries

Subsidiaries (as listed in note 12) are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations with entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

For business combinations of entities under common control that are outside the scope of IFRS 3(revised), the principles of predecessor accounting are applied whereby an acquirer is not required to be identified and all entities are included at their pre-combination carrying amounts. This accounting treatment leads to differences on consolidation between consideration paid and carrying amount of the underlying net asset. This difference is included within equity as a merger reserve.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Consolidation and subsidiaries *(continued)*

In April 2014 the Moy Park Group acquired McKey Holdco SARL, McKey Food Service SARL and Keystone Manufacturing Ireland Limited, three fellow subsidiaries of the then ultimate parent Company, Marfrig Global Foods S.A.

These acquisitions have been accounted for using predecessor accounting under which Moy Park Limited has elected to include the whole prior period Income Statement and the results from the beginning of 2014 rather than from the restructuring date. When this election is taken the Moy Park Group must include the acquired entity's results and capital structure as if the Moy Park Group has always existed in this form even though the business combination did not occur until 1 April 2014. The consideration paid for this acquisition was £7.8m with the difference between consideration paid and asset acquired recognised in the merger reserve.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

As allowed by the exemption contained within the Companies Act 2006 s409, certain information pertaining to related undertakings has not been disclosed in the financial statements, as the Directors' believe that it would be seriously prejudicial to the business of the Group and the Company's subsidiary undertakings.

The financial statements are presented in thousands of pounds sterling ("£") except when otherwise indicated. This is the first set of the Group's financial statements in which IFRS 16 Leases has been applied. Changes to significant policies have been explained below.

(b) Going concern

These consolidated financial statements relating to the Group have been prepared on the going concern basis.

After making appropriate enquiries and having prepared and reviewed cash flow forecasts which take into account possible changes in trading performance, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of these financial statements. For these reasons they continue to adopt the going concern basis in preparing the Group's financial statements.

(c) New standards, amendments and interpretations

The following standards, amendments and interpretations were effective for accounting periods beginning on or after 1 January 2019 and these have been adopted in the Group and Company financial statements where relevant:

- IFRS 16 Leases (mandatory for the year commencing on or after 1 January 2019);
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (mandatory for the year commencing on or after 1 January 2019);
- Annual improvements to IFRS Standards 2015-2017 Cycle (mandatory for the year commencing on or after 1 January 2019);
- IFRIC 23 Uncertainty over Income Tax Treatments (mandatory for the year commencing on or after 1 January 2019).

The Group and Company have applied IFRS 16 from 1 January 2019 using the modified retrospective approach. Due to the transition method chosen by the Group and Company in applying IFRS 16, the comparative information throughout these financial statements has not been restated to reflect the requirements of IFRS 16 and continues to be reported under IAS 17. The details of the changes in accounting policies have been disclosed on the next page, the other new standards effective from 1 January 2019 do not have a material effect on the financial statements.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

2. ACCOUNTING POLICIES (*continued*)

(c) New standards, amendments and interpretations (*continued*)

As a lessee, the Group and Company previously classified leases as operating or finance leases based on whether the lease transferred substantially all the risks and rewards of ownership of an asset to the Group or Company. Under IFRS 16, right-of-use assets and lease liabilities are recognised for most leases i.e. these leases are on-balance sheet.

The Group and Company have availed of the recognition exemptions for short-term and low-value leases (see accounting policy note (s) Leases). For leases of other assets, which were classified as operating under IAS 17, the Group and Company recognised right-of-use assets and lease liabilities.

(i) *Leases previously classified as operating leases under IAS 17*

At transition, the right-of-use asset has been measured at the amount of the lease liability on adoption. Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rates at 1 January 2019. The Group and Company used the practical expedient when applying IFRS 16 in that a single discount rate was applied to a portfolio of leases with reasonably similar characteristics.

(ii) *Leases previously classified as finance leases under IAS 17*

The carrying amount of the right-of-use asset and lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and finance lease liability immediately before that date.

Impact on financial statements

On transition to IFRS 16, the Group recognised an additional £61m of right-of-use assets and lease liabilities and the Company recognised an additional £60m. The Group has tested its right-of-use assets for impairment on the date of transition and concluded there is no indication that the right-of-use assets are impaired.

When measuring lease liabilities, the lease payments were discounted using the Group's incremental borrowing rates at 1 January 2019. The weighted-average rate applied was 4%.

	Group	Company
	£'000	£'000
Operating lease commitment at 29 December 2018 as disclosed in the Group's consolidated financial statements	64,417	63,106
Discounted using the incremental borrowing rate at 1 January 2019	61,279	59,937
Finance lease liabilities recognised as at 29 December 2018	2,776	2,776
Lease liabilities recognised at 1 January 2019	64,055	62,713

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. The relevant standards and interpretations not adopted are outlined below and will be applied when mandatory:

- IFRS 17 Insurance Contracts (mandatory for the year commencing on or after 1 January 2021);
- Amendments to References of Conceptual Framework in IFRS standards (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IFRS 3 – Definition of a Business (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8 – Definition of Material (mandatory for the year commencing on or after 1 January 2020); and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (mandatory for the year commencing on or after 1 January 2020).

The Directors do not expect that the adoption of the standards and interpretations listed above will have a material impact on the Group and Company financial statements.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

The functional currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Group's presentation currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or expenses'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income/expenses'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

The following exchange rates were applied for £1 at 31 December (2018: 29 December):

	2019	2018
United States dollar	1.3085	1.2695
Euro	1.1707	1.1097

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets

The Group and Company have applied IFRS 16 in the current financial year. At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period; and
- The group has the right to direct the use of the asset.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

At inception or on reassessment of a contract that contains a lease component, a right-of-use asset and a lease liability is recognised for all leases subject to exemptions for short term leases and low-value lease assets.

The right-of-use asset is subsequently depreciated using the straight line method from commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjustment for certain remeasurements of the lease liability.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group and Company is reasonably certain to exercise;
- Lease payments in an optional renewal period if the Group and Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Group and Company is reasonably certain not to terminate early.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method, and adjusted for certain remeasurements of the lease liability. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to nil.

Policy applicable before 1 January 2019:

Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases is recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment under finance leases is depreciated over the shorter of the useful life of the asset and lease term.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under leases is depreciated over the lease term. Freehold land is not depreciated. The estimated useful lives are as follows:

- Buildings – 20 to 50 years
- Plant and Machinery – 4 to 15 years
- Fixture, fittings, tools and equipment – 3 to 25 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(f) Intangible assets

Intangible assets comprise goodwill, certain acquired separable corporate brand names and acquired customer relationships. Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(f) Intangible assets *(continued)*

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names and customer relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Trade names are being amortised over 16 years while customer relationships are being amortised between 5 and 16 years.

(g) Investments

Investments in subsidiaries are carried at their purchase cost less any provision for diminution in value. Investment income is included in the income statement on an accrual basis.

(h) Impairment of non-financial assets

Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. Where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Recognition and initial measurement

Financial assets issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification

On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group classifies its financial assets as loans and receivables.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

2. ACCOUNTING POLICIES (*continued*)

(i) Financial assets (*continued*)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

Impairment

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(j) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a) Hedges of the fair value of recognised assets or liabilities (fair value hedges); or
- b) Hedges of a particular risk associated with a recognised asset or liability or a highly probably forecast transaction (cash flow hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified to either profit or loss in the periods when the hedged item affects profit or loss or to the initial measurement of the cost of a non-financial asset when the forecast transaction that is hedged results in recognition of such an asset.

(k) Inventory

Inventories are stated at the lower of cost (which for biological assets transferred to inventory is fair value at the date of transfer) and net realisable value. Cost is determined on the first in first out basis. Cost comprises material costs, direct wages and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods and excludes borrowing costs. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for slow moving, obsolete and defective inventories.

(l) Biological assets

Biological assets are comprised of live poultry which are categorised as either bearer (breeding bird) assets or consumable assets (broilers and hatching eggs).

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(l) Biological assets *(continued)*

Biological assets are recognised in the financial statements as follows:

- Consumable assets are measured at fair value less costs to sell and are transferred to processing plant inventory at fair value less costs to sell;
- Due to the short formation period of poultry the Group believes that the fair value of bearer assets is substantially represented by its formation cost. Bearer assets are capitalised at formation cost at the beginning of their productive cycle (formation cost includes the purchase cost of day old chick, feeding costs, labour costs and veterinary costs) and are amortised based on laying profile, over the anticipated productive cycle to its estimated realisable values. Consequently, the fair value of the asset is materially equivalent to amortised cost throughout the life of the asset;
- Costs incurred in respect of bearer assets subsequent to the beginning of their productive cycle are expensed in the income statement;
- Changes in fair value of consumable assets and amortisation of bearer assets are recognised in the income statement within cost of sales; and
- The formation cost of the Group's bearer assets is included as a cash outflow in investing activities as these bearer assets are used to produce the consumable assets that the Group uses in its manufacturing process.

In measuring the fair value of poultry, various management estimates and judgements are required:

- Estimates and judgements in determining the fair value of poultry relate to market prices, average lifecycle growth and laying profile; and
- Market prices for poultry are based on the Group's knowledge of a limited market for poultry transactions at various points of the consumable and bearer assets' lifecycle.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank factored receivables in which full recourse lies with the lender are recognised as a liability and included within current liabilities, loans and borrowings while the related receivables continue to be reported separately in trade and other receivables until the related account balances are collected.

(n) Trade and other receivables

Bank factored receivables in which the lender has no recourse are derecognised when the rights to receive cash flows from those receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(o) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

2. ACCOUNTING POLICIES (*continued*)

(q) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material and provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

(r) Revenue

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue earned from contracts with customers is based on a five-step model. Contracts with customers can be readily identified and are considered to include a single performance obligation to which a transaction price is allocated.

The transaction price is the amount to which the entity expects to be entitled in exchange for the transfer of goods or services, stated net of discounts, returns and excluding value added taxes. When making this determination, an entity will consider past customary business practices.

Revenue is recognised when the performance obligation is satisfied (point in time recognition) and control is transferred to the customer.

Rebates given to customers mainly comprise of volume related rebates on sales of finished goods. Contractual volume related rebates are accrued as goods are sold based on the percentage rebate applicable to forecast total sales over the rebate period, where it is probable the rebates will be paid and the amount can be estimated reliably. Such rebates are debited against turnover in the income statement.

(s) Leases

IFRS 16 Leases (effective 1 January 2019) – The Group and Company recognises a right-of-use asset and a lease liability for all leases subject to limited exemptions, the accounting policy for which is disclosed in (e). The lease payments associated with short term leases, lease term of 12 months or less, and low-value assets are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

Policy applicable before 1 January 2019:

The costs associated with operating leases are taken to the income statement on a straight line basis over the period of the lease. Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”, the accounting policy for which is disclosed in (e).

(t) Net finance expenses

Finance expenses

Finance expenses comprise interest payable on borrowings and leases (2018: finance leases).

Finance income

Finance income comprises interest receivable on funds invested in loans and cash and cash equivalents. Interest income is recognised in profit or loss as it accrues using the effective interest method.

(u) Capital grants

Capital grants are recognised at their fair value where there is a reasonable assurance that the grant will comply with all attached conditions.

Grants relating to property, plant and equipment are included in non-current liabilities as deferred capital grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING POLICIES *(continued)*

(v) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(w) Employee benefits: Pension obligations

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense over the period of employee service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(x) Exceptional expenses

Exceptional expenses are those items that are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group.

(y) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

(z) Fair value estimation

Fair values are estimated based on the fair value hierarchy of IFRS 13 which defines the different levels of fair value as follows:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's combined financial information under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. 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. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the combined financial information:

Depreciation and amortisation of intangible and tangible fixed assets

Intangible and tangible fixed assets (as detailed in notes 10 and 11) are depreciated or amortised at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the directors' best estimates and are reviewed, and adjusted if required, at each balance sheet date. If the estimate of useful lives was adjusted by +/- one year with all other variables held constant, the depreciation/amortisation charge would have been £4.6m/£5.9m lower/higher than the charge recognised in the income statement (2018: £2.5m/£3.1m).

4. EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group during the year:

	2019	2018
	£'000	£'000
Wages and salaries	250,891	242,466
Defined contribution pension cost (note 4(d))	7,696	5,408
Employer's national insurance contributions and similar taxes	25,015	24,735
	<u>283,602</u>	<u>272,609</u>

Average monthly number of people (including Executive Directors) employed:

	2019	2018
By reportable segment		
UK & Ireland	9,303	9,365
Europe	823	696
	<u>10,126</u>	<u>10,061</u>

(b) Directors' emoluments

	2019	2018
	£'000	£'000
Wages and salaries	951	3,055
Short-term non-monetary benefits	23	5
Group pension scheme contributions	26	116
	<u>1,000</u>	<u>3,176</u>

Highest paid director

	2019	2018
	£'000	£'000
Wages and salaries	700	2,538
Group pension scheme contributions	10	74
	<u>710</u>	<u>2,612</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. EMPLOYEES AND DIRECTORS (continued)

(c) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, both directly and indirectly.

The following table details the aggregate compensation paid in respect of the members of key management

	2019	2018
	£'000	£'000
Wages and salaries	3,387	6,206
Short-term non-monetary benefits	99	89
Post-employment benefits	123	235
	<u>3,609</u>	<u>6,530</u>

There are no defined benefit schemes for key management. Pension costs under defined contribution schemes are included in the post-employment benefits disclosed above.

(d) Retirement benefits

The Group offers membership of one of the Group's Pension Schemes to eligible employees. The schemes are all defined contribution schemes and the pensions cost in the year was £7.7m (2018: £5.4m).

5. EXPENSES BY NATURE

	2019	2018
	£'000	£'000
Raw materials and consumables used	823,296	858,326
Employee costs (note 4 (a))	283,602	272,609
Depreciation and amortisation	85,597	57,517
Exceptional expenses	-	2,988
Other expenses	313,182	305,323
	<u>1,505,677</u>	<u>1,496,763</u>

There are no exceptional expenses in 2019 (2018: £3.0m). Total exceptional expenses in 2018 comprised £0.9m of goodwill impairment and £2.1m of property, plant & equipment impairments.

6. FINANCE EXPENSES

	2019	2018
	£'000	£'000
Interest payable on borrowings	1,203	1,578
Interest arising from leases (2018: finance leases)	2,914	406
Interest payable on group loans	659	1,269
Foreign exchange losses on financing activities	-	14
	<u>4,776</u>	<u>3,267</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. FINANCE INCOME

	2019	2018
	£'000	£'000
Interest income	-	120
Interest receivable on group loans	42	23
Foreign exchange gains on financing activities	-	39
	<u>42</u>	<u>182</u>

8. AUDITOR REMUNERATION

During the year the Group (including its overseas subsidiaries) obtained the following services from the company's auditors at costs as detailed below:

	2019	2018
	£'000	£'000
Fees payable to Group's auditor and its associates in respect of:		
- Audit of financial statements (including audit of subsidiaries)	151	115
- Tax advisory services	20	23
Fees payable to other auditors in respect of audit of subsidiary financial statements	23	25
	<u>194</u>	<u>163</u>

9. TAXATION

Recognised in the income statement

	2019	2018
	£'000	£'000
Current tax on profits for the year	13,350	9,745
Adjustments in respect of prior years	(202)	(1,851)
Total current tax	<u>13,148</u>	<u>7,894</u>
Origination and reversal of temporary differences	570	(59)
Changes in estimates in respect of prior years	(114)	434
Total deferred tax (note 21)	<u>456</u>	<u>375</u>
Total tax expense	<u>13,604</u>	<u>8,269</u>

Reconciliation of effective tax rate

	2019	2018
	£'000	£'000
Profit for the year	56,429	59,034
Total tax expense	<u>13,604</u>	<u>8,269</u>
Profit before tax	70,033	67,303
Tax using the rate of corporation tax in the UK of 19% (2018: 19%)	13,306	12,788
Effects of:		
Expenses not deductible	1,643	1,073
Grants and other non taxable income	(359)	(1,667)
French social contributions and imports	(10)	110
Group relief and losses utilised	-	(2,821)
Losses of foreign subsidiary	(2,474)	(2,514)
Adjustments in respect of prior years	(316)	(1,417)
Impact of change in tax rate and differing tax rates	<u>1,814</u>	<u>2,717</u>
Total tax expense	<u>13,604</u>	<u>8,269</u>

UK corporation tax rates have been applied as the major part of the Group's operations are based in the UK.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TAXATION (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted in Finance Act 2016, and the deferred tax asset as at 31 December 2019 has been calculated based on this rate. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will have a consequential effect on the company's future tax charge. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £1,105k.

10. INTANGIBLE ASSETS

Group

	2019		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 30 December 2018	995	4,582	5,577
At 31 December 2019	995	4,582	5,577
<i>Accumulated amortisation</i>			
At 30 December 2018	523	3,088	3,611
Charge for the year	62	203	265
At 31 December 2019	585	3,291	3,876
<i>Net book amount</i>			
At 31 December	410	1,291	1,701

	2018		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 1 January	995	4,582	5,577
At 29 December	995	4,582	5,577
<i>Accumulated amortisation</i>			
At 1 January	461	1,978	2,439
Charge for the year	62	197	259
Impairment	-	913	913
At 29 December	523	3,088	3,611
<i>Net book amount</i>			
At 29 December	472	1,494	1,966

All amortisation charges have been treated as an expense in the income statement.

Management reviews the business performance based on operating segments identified as UK & Ireland and Europe. Intangible assets with indefinite useful lives are monitored by management at operating segment level. All intangible assets are within the UK & Ireland segment.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INTANGIBLE ASSETS (continued)

The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. The growth rate does not exceed the long term average growth rate for the poultry business in which the CGU operates. The key assumptions used for value in use calculations were as follows:

	2019	2018
	£'000	£'000
Compound revenue growth	2.5%	2.0%
Gross margin	9.5%	10.2%
Long term growth rate	2.0%	2.0%
Discount rate	7.3%	5.6%

Management determined budgeted gross margin based on past performance and its expectations of market development. The growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management have considered the sensitivity of these assumptions and consider that no reasonable changes in the assumptions would lead to a further impairment of the intangible assets.

Company

	2019		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 30 December 2018	995	3,138	4,133
At 31 December 2019	995	3,138	4,133
<i>Accumulated amortisation</i>			
At 30 December 2018	523	1,651	2,174
Charge for the year	62	196	258
At 31 December 2019	585	1,847	2,432
<i>Net book amount</i>			
At 31 December	410	1,291	1,701

	2018		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
<i>Cost</i>			
At 1 January	995	3,138	4,133
At 29 December	995	3,138	4,133
<i>Accumulated amortisation</i>			
At 1 January	461	1,454	1,915
Charge for the year	62	197	259
At 29 December	523	1,651	2,174
<i>Net book amount</i>			
At 29 December	472	1,487	1,959

MOY PARK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
11. PROPERTY, PLANT AND EQUIPMENT
Group

	2019			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At 30 December 2018	208,782	392,322	56,613	657,717
Recognition of right-of-use asset on initial application of IFRS 16 (note 19)	45,321	6,623	9,335	61,279
Adjusted balance at 1 January 2019	254,103	398,945	65,948	718,996
Reclassification	6,266	(6,584)	318	-
Additions at cost	12,212	31,008	11,020	54,240
Disposals	(7,153)	(12,381)	(497)	(20,031)
Exchange adjustments	(2,708)	(3,499)	(107)	(6,314)
At 31 December	262,720	407,489	76,682	746,891
<i>Depreciation and impairment</i>				
At 30 December 2018	124,232	258,140	38,217	420,589
Recognition of right-of-use asset on initial application of IFRS 16 (note 19)	-	-	-	-
Adjusted balance at 1 January 2019	124,232	258,140	38,217	420,589
Reclassification	(1,007)	696	311	-
Charge for the year	16,364	23,072	8,753	48,189
Impairment losses	-	267	-	267
Disposals	(6,791)	(12,303)	(476)	(19,570)
Exchange adjustments	(2,083)	(2,627)	(103)	(4,813)
At 31 December	130,715	267,245	46,702	444,662
<i>Net book amount</i>				
At 31 December	132,005	140,244	29,980	302,229
	2018			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At 1 January	204,669	384,756	50,536	639,961
Additions at cost	7,536	28,078	7,682	43,296
Disposals	(4,301)	(21,628)	(1,636)	(27,565)
Exchange adjustments	878	1,116	31	2,025
At 29 December	208,782	392,322	56,613	657,717
<i>Depreciation and impairment</i>				
At 1 January	119,061	259,258	36,362	414,681
Charge for the year	7,356	17,759	3,454	28,569
Impairment losses	415	1,654	-	2,069
Disposals	(3,320)	(21,369)	(1,629)	(26,318)
Exchange adjustments	720	838	30	1,588
At 29 December	124,232	258,140	38,217	420,589
<i>Net book amount</i>				
At 29 December	84,550	134,182	18,396	237,128

Included within the net book value of £302m is £34.8m (2018: £17.1m) relating to assets under the course of construction and right-of-use assets of £59.4m.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Leased assets (classified as finance leases under IAS 17)

At 29 December 2018, included in property, plant & equipment are assets held under finance leases and hire purchase agreements with a net book value of £8.8m and accumulated depreciation of £4.4m.

Company

	2019			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 30 December 2018	149,653	309,810	54,594	514,057
Recognition of right-of-use asset on initial application of IFRS 16 (note 19)	44,972	5,886	9,079	59,937
Adjusted balance at 1 January 2019	194,625	315,696	63,673	573,994
Reclassification	5,775	(5,725)	(50)	-
Additions at cost	11,863	27,791	10,879	50,533
Disposals	(360)	(124)	(426)	(910)
At 31 December	211,903	337,638	74,076	623,617
Depreciation and impairment				
At 30 December 2018	76,553	195,013	36,310	307,876
Recognition of right-of-use asset on initial application of IFRS 16 (note 19)	-	-	-	-
Adjusted balance at 1 January 2019	76,553	195,013	36,310	307,876
Charge for the year	14,690	18,767	8,533	41,990
Impairment losses	-	41	-	41
Disposals	(106)	(58)	(404)	(568)
At 31 December	91,137	213,763	44,439	349,339
Net book amount				
At 31 December	120,766	123,875	29,637	274,278

	2018			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	149,487	304,769	48,599	502,855
Additions at cost	5,606	24,607	7,630	37,843
Disposals	(5,440)	(19,566)	(1,635)	(26,641)
At 29 December	149,653	309,810	54,594	514,057
Depreciation and impairment				
At 1 January	75,207	198,803	34,517	308,527
Charge for the year	5,805	15,546	3,422	24,773
Disposals	(4,459)	(19,336)	(1,629)	(25,424)
At 29 December	76,553	195,013	36,310	307,876
Net book amount				
At 29 December	73,100	114,797	18,284	206,181

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Included within the net book value of £274m is £ 33.2m (2018: £16.6m) relating to assets under the course of construction and right-of-use assets of £58.6m.

Leased assets (classified as finance leases under IAS 17)

At 29 December 2018, included in property, plant & equipment are assets held under finance leases and hire purchase agreements with a net book value of £8.8m and accumulated depreciation of £4.4m.

12. INVESTMENTS

Principal subsidiary undertakings of the Group

The Company substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings. Principal subsidiary undertakings of the Group at 31 December 2019 are presented below:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the group
			%	%
Moy Park France (Holding) SAS	Holding company	1	100	100
Moy Park France SAS	Value added poultry and pork processing	1	100	100
Dungannon Proteins Ltd	Processing poultry by-products	2	100	100
O'Kane (Blue Rose Newco 1) Limited	Holding company	2	100	100
O'Kane Poultry Limited	Non trading company	2	100	100
Rose Energy Limited	Non trading company	2	67	67
Moy Park France Holdco SARL	Holding company	3	100	100
Moy Park Beef Orleans SARL	Value added beef processing	3	100	100
Moy Park Food Service Dublin Limited*	Non trading company	4	100	100

* Moy Park Food Service Dublin Limited was dissolved effective from 12 February 2020.

Company – cost and net book value

	£'000	£'000
At 30 December 2018 (2018: 1 January 2018)	28,629	28,629
At 31 December 2019 (2018: 29 December 2018)	28,629	28,629

There are no restrictions on the Company's ability to access or use the assets and settle the liabilities of the Company's subsidiaries.

1. 712 chemin de Noyelles, 62110 Hénin Beaumont, France
2. The Food Park, 39 Seagoe Industrial Estate, Craigavon, Co. Armagh, UK, BT63 5QE
3. Rue des pins, 41404 Fleury-les-aubrais, France
4. International Financial Services Centre, Northwall Quay, Dublin 1, Ireland

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. BIOLOGICAL ASSETS

Group and company

	£'000	£'000
At 30 December 2018 (2018: 1 January 2018)	60,179	49,547
Increase due to purchases	613,685	597,375
Consumables transferred to inventory	(578,176)	(557,615)
Change in fair value due to biological transformation	38,030	25,189
Amortisation of bearer assets	(37,143)	(28,689)
Sales of biological assets	(39,201)	(25,628)
At 31 December 2019 (2018: 29 December 2018)	57,374	60,179
	2019	2018
	£'000	£'000
Bearer assets	25,075	25,174
Consumable assets	32,299	35,005
	57,374	60,179

At 31 December 2019 the Group had 3.4m bearer assets (2018: 3.5m) and 30.0m consumable assets (2018: 32.2m).

During the year the Group processed 289.4m birds (2018: 302.1m).

The fair value of the Group's bearer assets are determined using level 3 of the fair value hierarchy, whilst the fair value of the Group's consumable assets are determined using level 2 and level 3 of the fair value hierarchy.

14. INVENTORY

Group

	2019	2018
	£'000	£'000
Raw materials	34,672	37,449
Work in progress	15,699	19,625
Finished goods	30,613	30,948
	80,984	88,022

The cost of inventories recognised as expenses and included in cost of sales amounted to £1,359m (2018: £1,322m).

Inventory is stated net of an obsolescence provision of £8.6m (2018: £10.4m).

Company

	2019	2018
	£'000	£'000
Raw materials	20,364	22,564
Work in progress	15,699	19,625
Finished goods	11,344	15,498
	47,407	57,687

The cost of inventories recognised as expenses and included in cost of sales amounted to £1,009m (2018: £1,022m).

Inventory is stated net of an obsolescence provision of £7.8m (2018: £9.5m).

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER RECEIVABLES

Group

	2019	2018
	£'000	£'000
Trade receivables - gross	125,677	126,830
Provision for trade receivables	(1,393)	(2,010)
Trade receivables – net	124,284	124,820
Other receivables	16,351	19,998
Amounts owed by related parties	17,896	4,568
Prepayments	7,886	9,506
	166,417	158,892
Less non-current portion - Trade and other receivables	(1,121)	(1,468)
Less Deferred tax assets	(5,032)	(5,195)
Trade and other receivables - current	160,264	152,229

Trade and other receivables are held at cost and any fair value difference is not material.

Interest is charged on amounts owed by related parties at an average rate of 1.51%.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2019	2018
	£'000	£'000
Sterling	131,375	120,889
Euro	35,056	38,156
United States dollar	(14)	(153)
	166,417	158,892

Movements on the Group provision for impairment of trade receivables are as follows:

	2019	2018
	£'000	£'000
At 30 December (2018: 1 January)	2,010	1,922
Provision for receivables impairment	1,323	1,222
Reductions	(1,900)	(1,135)
Exchange movement	(40)	1
At 31 December (2018: 29 December)	1,393	2,010

The creation and release of provision for impaired receivables have been included in 'sales and distribution costs' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group holds collateral as security for amounts owed by related parties in the form of a guarantee from Pilgrim's Pride Corporation, a subsidiary of the ultimate parent company JBS S.A, for loans made by the Company to Onix Investment UK Limited, a subsidiary of Pilgrim's Pride Corporation.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER RECEIVABLES (continued)

At 31 December 2019, trade receivables of £20.4m (2018: £13.4m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£'000	£'000
Up to 3 months	19,473	13,411
3 to 6 months	821	-
Over 6 months	120	-
At 31 December (2018: 29 December)	20,414	13,411

At 31 December 2019, trade receivables of £1.4m (2018: £2.0m) were impaired. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£'000	£'000
Up to 3 months	5	1
3 to 6 months	395	3
Over 6 months	993	2,006
At 31 December (2018: 29 December)	1,393	2,010

Company

	2019	2018
	£'000	£'000
Trade receivables - gross	101,329	96,877
Provision for trade receivables	(1,313)	(1,944)
Trade receivables - net	100,016	94,933
Other receivables	10,166	13,431
Amounts owed by related parties	18,354	8,726
Prepayments	7,742	9,355
	136,278	126,445
Less non-current portion - other receivables	(1,093)	(1,068)
Trade and other receivables - current	135,185	125,377

Trade and other receivables are held at cost and any fair value difference is not material. At 31 December 2019, none of the Company's other receivables were considered past due or impaired and were all less than three months old.

The Company holds collateral as security for amounts owed by related parties in the form of a guarantee from Pilgrim's Pride Corporation, a subsidiary of the ultimate parent company JBS S.A, for loans made by the Company to Onix Investment UK Limited, a subsidiary of Pilgrim's Pride Corporation.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2019	2018
	£'000	£'000
Sterling	123,803	112,382
Euro	12,489	14,216
United States dollar	(14)	(153)
	136,278	126,445

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER RECEIVABLES (continued)

Movements on the Company provision for impairment of trade receivables are as follows:

	2019	2018
	£'000	£'000
At 30 December (2018: 1 January)	1,944	1,874
Provision for receivables impairment	1,323	1,216
Reductions	(1,917)	(1,142)
Exchange movement	(37)	(4)
At 31 December (2018: 29 December)	1,313	1,944

At 31 December 2019, trade receivables of £17.9m (2018: £9.8m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£'000	£'000
Up to 3 months	17,301	9,690
3 to 6 months	609	153
Over 6 months	-	-
At 31 December (2018: 29 December)	17,910	9,843

At 31 December 2019, trade receivables of £1.3m (2018: £1.9m) were impaired. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£'000	£'000
Up to 3 months	-	-
3 to 6 months	394	-
Over 6 months	919	1,944
At 31 December (2018: 29 December)	1,313	1,944

The Group and Company have intercompany receivable balances, included within trade receivables, totalling to £0.1m and £5.9m respectively at year end. Management has assessed that the estimated credit loss on such balances is low based on the cash generating ability of the relevant subsidiaries and latest forecasts. On this basis, management determined that it is appropriate to apply a 12 month expected credit loss model in calculating the estimated credit provision. Taking this into account and applying a 12 month probability of default rate of 2% to the entire balance, which would be considered highly unlikely to arise, would result in an insignificant estimated credit loss and on this basis, no such provision has been recorded.

16. CASH AND CASH EQUIVALENTS

Group

	2019	2018
	£'000	£'000
Cash and cash equivalents		
Cash at bank and in hand	27,286	8,549
	27,286	8,549

The following amounts were held in foreign currencies:

	2019	2018
	£'000	£'000
United States dollar	67	32
Euro	16,526	4,508
	16,593	4,540

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. CASH AND CASH EQUIVALENTS (continued)

Company

	2019	2018
	£'000	£'000
Cash and cash equivalents		
Cash at bank and in hand	10,912	5,437
	<u>10,912</u>	<u>5,437</u>

The following amounts were held in foreign currencies:

	2019	2018
	£'000	£'000
United States dollar	67	32
Euro	359	1,396
	<u>426</u>	<u>1,428</u>

17. TRADE AND OTHER PAYABLES

Group

	2019	2018
	£'000	£'000
Trade payables	200,851	198,033
Amounts owed to related parties	103	121
Income tax	6,902	6,285
Other tax and social security payable	12,118	12,945
Accruals and other payables	29,355	29,163
	<u>249,329</u>	<u>246,547</u>
Trade and other payables - current	245,718	243,043
Trade and other payables – non-current	3,611	3,504
	<u>249,329</u>	<u>246,547</u>

The fair value of trade and other payables approximates their carrying value.

Company

	2019	2018
	£'000	£'000
Trade payables	166,141	163,246
Amounts owed to related parties	14,185	13,454
Income tax	4,427	5,611
Other tax and social security payable	5,684	5,519
Accruals and other payables	21,063	20,630
	<u>211,500</u>	<u>208,460</u>
Trade and other payables - current	210,418	207,330
Trade and other payables – non-current	1,082	1,130
	<u>211,500</u>	<u>208,460</u>

The fair value of trade and other payables approximates their carrying value.

The Group and Company have intercompany payable balances, included within trade payables, totalling to £874k and £250k respectively at year end.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS

Group

	2019 £'000	2018 £'000
Non-current		
Lease liabilities (2018: Finance lease liabilities)	48,070	708
Group loans		30,157
	48,070	30,865
Current		
Bank borrowing	-	2,115
Lease liabilities (2018: Finance lease liabilities)	12,298	2,068
Group loans	3,719	3,150
	16,017	7,333

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 25. At 31 December 2019 borrowings of £nil (2018: £1.8m) were secured on book debts of group companies.

Interest rate profile of interest bearing borrowings

	2019		2018	
	Debt £'000	Interest rate	Debt £'000	Interest rate
Non-current borrowings				
Lease liabilities (2018: Finance lease liabilities)	48,070	4.1%	708	3.9%
Group loans	-	-	30,157	2.0%
	48,070		30,865	
Current borrowings				
Bank borrowing	-	-	2,115	3.7%
Lease liabilities (2018: Finance lease liabilities)	12,298	3.9%	2,068	3.9%
Group loans	3,719	2.0%	3,150	1.3%
	16,017		7,333	
	64,087		38,198	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2019		2018	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Lease liabilities (2018: Finance lease liabilities)	48,070	42,674	708	680
Group loans	-	-	30,157	27,586
	48,070	42,674	30,865	28,266

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are determined using level 3 of the fair value hierarchy and are based on cash flows discounted using a rate based on the borrowing rates noted above.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS (continued)

Group (continued)

Borrowings have the following maturity profile:

	2019	2018
	£'000	£'000
Less than 1 year	16,017	7,333
1-5 years	30,866	30,865
Over 5 years	17,204	-
	<u>64,087</u>	<u>38,198</u>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019	2018
	£'000	£'000
Sterling	63,370	36,335
Euro	717	1,863
	<u>64,087</u>	<u>38,198</u>

Finance lease liabilities under IAS 17

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

	2018
	£'000
Gross finance lease liabilities - minimum lease payments	
No later than 1 year	2,258
Later than 1 year and no later than 5 years	773
Later than 5 years	-
	<u>3,031</u>
Future finance charges on finance lease liabilities	(255)
Present value of finance lease liabilities	<u>2,776</u>

The present value of finance lease liabilities is as follows:

	2018
	£'000
No later than 1 year	2,068
Later than 1 year and no later than 5 years	708
Later than 5 years	-
	<u>2,776</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS (continued)

Company

	2019	2018
	£'000	£'000
Non-current		
Lease liabilities (2018: Finance lease liabilities)	47,764	708
Group loans	-	30,157
	<u>47,764</u>	<u>30,865</u>
Current		
Bank borrowing	-	252
Lease liabilities (2018: Finance lease liabilities)	11,864	2,068
Group loans	3,719	3,150
	<u>15,583</u>	<u>5,470</u>

Group loans are with subsidiaries of Moy Park Holdings (Europe) Limited, a parent company in the group, and Pilgrim's Pride Corporation. This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 25. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Interest rate profile of interest bearing borrowings

	2019		2018	
	Debt £'000	Interest rate	Debt £'000	Interest rate
Non-current borrowings				
Lease liabilities (2018: Finance lease liabilities)	47,764	4.1%	708	3.9%
Group loans	-	-	30,157	2.0%
	<u>47,764</u>		<u>30,865</u>	
Current borrowings				
Bank borrowing	-	-	252	3.7%
Lease liabilities (2018: Finance lease liabilities)	11,864	3.9%	2,068	3.9%
Group loans	3,719	2.0%	3,150	1.3%
	<u>15,583</u>		<u>5,470</u>	
	<u>63,347</u>		<u>36,335</u>	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2019		2018	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Lease liabilities (2018: Finance lease liabilities)	47,764	42,433	708	680
Group loans	-	-	30,157	27,586
	<u>47,764</u>	<u>42,433</u>	<u>30,865</u>	<u>28,266</u>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are determined using level 3 of the fair value hierarchy and are based on cash flows discounted using a rate based on the borrowing rates noted above.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS (continued)

Company (continued)

Borrowings have the following maturity profile:

	2019	2018
	£'000	£'000
Less than 1 year	15,583	5,470
1-5 years	30,560	30,865
Over 5 years	17,204	-
	<u>63,347</u>	<u>36,335</u>

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2019	2018
	£'000	£'000
Sterling	63,347	36,335
Euro	-	-
	<u>63,347</u>	<u>36,335</u>

Finance lease liabilities under IAS 17

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

	2018
	£'000
Gross finance lease liabilities - minimum lease payments	
No later than 1 year	2,258
Later than 1 year and no later than 5 years	773
Later than 5 years	-
	<u>3,031</u>
Future finance charges on finance lease liabilities	(255)
Present value of finance lease liabilities	<u>2,776</u>

The present value of finance lease liabilities is as follows:

	2018
	£'000
No later than 1 year	2,068
Later than 1 year and no later than 5 years	708
Later than 5 years	-
	<u>2,776</u>

19. LEASES

The Group leases farm, warehouse and factory facilities. The leases typically run for a period of 10 years. Under the Agricultural Tenancies Act 1995 (ATA 1995), a farm business tenancy granted for a non-cancellable period of more than two years, written notice must be given by either the lessor or lessee at least 12 months before the contractual termination date or the lease automatically continues as an annual periodic tenancy. Some leases provide for additional rent payments that are based on changes in local price indices.

The farm, warehouse and factory leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. LEASES (continued)

The Group leases plant and machinery, fixtures, fittings, tools and equipment under a number of leases, which were classified as either finance leases or operating leases under IAS 17.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to lease properties are presented as property, plant and equipment (see note 11):

Group

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 30 December 2018	45,321	6,623	9,335	61,279
Additions to right-of-use assets	12,363	608	1,415	14,386
Depreciation charge for the year	(9,681)	(2,035)	(4,576)	(16,292)
Exchange adjustments	-	5	-	5
Balance at 31 December 2019	48,003	5,201	6,174	59,378

Company

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 30 December 2018	44,972	5,886	9,079	59,937
Additions to right-of-use assets	12,363	547	1,354	14,264
Depreciation charge for the year	(9,564)	(1,575)	(4,422)	(15,561)
Balance at 31 December 2019	47,771	4,858	6,011	58,640

Amounts recognised in income statement

The following amounts have been recognised in the consolidated income statement for which the Group is a lessee:

	2019
	£'000
2019 – Leases under IFRS 16	
Interest on lease liabilities	2,914
Right-of-use asset lease maintenance	1,237
Lease expense	6,183
	<u>10,334</u>

	2018
	£'000
2018 – Operating leases under IAS 17	
Lease expense	21,473
	<u>21,473</u>

	2019
	£'000
Amounts recognised in the consolidated cash flow statement	
Total cash outflow for leases	3,692
	<u>3,692</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. CAPITAL GRANTS

Group

	2019	2018
	£'000	£'000
Balance at beginning of the year	8,556	9,487
Grants claimed in year	1,864	729
Released to income statement	(1,747)	(1,660)
Movement due to foreign exchange	(49)	-
Balance at end of the year	8,624	8,556

Company

	2019	2018
	£'000	£'000
Balance at beginning of the year	8,479	9,358
Grants claimed in year	842	729
Released to income statement	(1,694)	(1,608)
Balance at end of the year	7,627	8,479

21. DEFERRED TAX LIABILITIES

Group

The analysis of the deferred tax liability is as follows:

	2019	2018
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	9,923	9,448
Deferred tax liabilities	9,923	9,448

The movement in deferred tax liabilities during the year is as follows:

	Accelerated tax depreciation	Total
	£'000	£'000
At 1 January 2018	8,239	8,239
Debited to the income statement	1,196	1,196
Exchange difference	13	13
At 29 December 2018	9,448	9,448
Debited to the income statement	456	456
Exchange difference	19	19
At 31 December 2019	9,923	9,923

The group has recognised £5.0m (2018: £5.2m) of a deferred tax asset, contained within other non-current receivables, relating to tax losses available for carry forward and offset against future taxable profits.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. DEFERRED TAX LIABILITIES (continued)

The Group has additional tax losses of approximately £16.9m (2018: £31.4m) available for carry forward and offset against future taxable profits arising from the same trade. The Group has a potential deferred tax asset of £4.5m (2018: £8.0m), which has not been recognised in these financial statements as its future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

Company

The analysis of the deferred tax liability is as follows:

	2019	2018
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	9,393	8,662
Deferred tax liabilities	9,393	8,662

The movement in deferred tax liabilities during the year is as follows:

	Accelerated tax depreciation	Total
	£'000	£'000
At 1 January 2018	7,350	7,350
Debited to the income statement	1,312	1,312
At 29 December 2018	8,662	8,662
Debited to the income statement	731	731
At 31 December 2019	9,393	9,393

During the current year the company recognised £1.1m (2018: £1.1m) of a deferred tax asset, contained within other non-current receivables, relating to tax losses available for carry forward and offset against future taxable profits.

22. SHARE CAPITAL AND PREMIUM

Group and company

	Number of shares '000s	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 January and 29 December 2018	89,528	89,528	53,118	142,646
At 31 December 2019	89,528	89,528	53,118	142,646

There are 11,131,362 authorised ordinary A shares, 400,000 authorised ordinary B shares, 78,000,000 authorised ordinary C shares and 468,638 preference shares. Of these authorised shares, 11,127,625 ordinary A shares, all the ordinary B shares and all the ordinary C shares are allotted and fully paid. There is no allotted but unpaid share capital. The nominal value of each share is £1 and each class of ordinary share carries equal rights and rank pari passu with each other.

MOY PARK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
23. RETAINED EARNINGS AND OTHER RESERVES
Group

	Retained earnings £'000	Translation reserve* £'000	Hedge reserve* £'000	Merger reserve* £'000	Non-controlling interest £'000	Total £'000
At 1 January 2018	152,564	1,977	(143)	(1,781)	(746)	151,871
Profit/(loss) for year	59,726	-	-	-	(692)	59,034
Foreign exchange gains	-	788	-	-	-	788
Fair value gain	-	-	895	-	-	895
Dividends paid	(103,247)	-	-	-	-	(103,247)
At 29 December 2018	109,043	2,765	752	(1,781)	(1,438)	109,341
Profit for year	56,429	-	-	-	-	56,429
Foreign exchange loss	-	(2,842)	-	-	-	(2,842)
Fair value loss	-	-	(1,546)	-	-	(1,546)
At 31 December 2019	165,472	(77)	(794)	(1,781)	(1,438)	161,382

* Included in Consolidated Balance Sheet as Other reserves.

Company

	Retained earnings £'000	Hedge reserve £'000	Total £'000
At 1 January 2018	134,840	(44)	134,796
Profit for year	49,825	-	49,825
Fair value gain	-	399	399
Dividend paid	(103,247)	-	(103,247)
Equity settled payment	162	-	162
At 29 December 2018	81,580	355	81,935
Profit for year	41,162	-	41,162
Fair value loss	-	(1,031)	(1,031)
At 31 December 2019	122,742	(676)	122,066

In accordance with the exemption allowed by Section 408 of the Companies Act 2006 the Company has not presented its own income statement. The profit for the year, before dividends, of the Company was £41m (2018: £49.8m).

After the reporting date, the directors declared and paid a final dividend of £2,550,000 in respect of the financial year. The dividend has not been recognised as a liability as it was not approved before the year end.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. COMMITMENTS AND CONTINGENCIES

Capital commitments

Authorised and contracted future capital expenditure before deduction of available government grants amounted to:

Group

	2019	2018
	£'000	£'000
Property, plant and equipment	3,464	9,080
	<u>3,464</u>	<u>9,080</u>

Company

	2019	2018
	£'000	£'000
Property, plant and equipment	2,018	8,848
	<u>2,018</u>	<u>8,848</u>

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks that include the effects of changes in market prices, (including foreign exchange, interest rate risk and commodity price risk), credit risk and liquidity risk.

Risk management is carried out by the board of directors. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

(a) Market price risk

(i) Foreign exchange risk

The Group operates in the UK, Ireland and France and is therefore exposed to foreign exchange risk. Foreign exchange risk arises on sales and purchases made in foreign currencies and on recognised assets and liabilities and net investments in foreign operations.

The Group monitors its exposure to currency fluctuations on an on-going basis. The Group uses foreign currency bank accounts and forward foreign exchange contracts to reduce its exposure to foreign currency translation risk. The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

At 31 December 2019 if Sterling had weakened/strengthened by 10% against the Euro and US Dollar with all other variables held constant, post-tax profit for the year would have been £1.8m/£1.5m, (2018: £1.4m/£1.7m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro and US dollar-denominated trade receivables, US dollar-denominated borrowings and profits/losses realised in the European subsidiaries denominated in Euro.

(ii) Interest rate risk

The Group's interest rate risk arises from the Group's borrowings as disclosed in Note 18. Where possible the Group seeks to fix the interest rates that it pays to mitigate the risk of interest rate fluctuations.

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

(iii) Commodity price risk

The Group's commodity price risk results from price fluctuations in the raw materials used to produce feed for its biological asset production operations. In order to minimise this risk, the Group has a policy of seeking professional advice from expert commodity traders and this advice is given very careful consideration and acted upon as appropriate.

(b) Credit risk

Concentrations of credit risk exist in relation to transactions with major customers however as the majority of these are blue chip companies, the Company considers there to be minimal risk of default. The Group has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. Cash and cash equivalents are held with reputable institutions.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. Management believe that no further credit risk provision is required in excess of normal provision for doubtful receivables.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group minimises the risk of breaching borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plan and covenant compliance requirements on its borrowings.

An analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date is provided in note 18.

Financial liabilities have the following undiscounted maturity profile:

Group

	Less than 1 year £'000	Between 1 and 3 years £'000	Between 3 and 5 years £'000	Over 5 years £'000	Total £'000
At 31 December 2019					
Loans and borrowings	16,017	17,575	13,291	17,204	64,087
Trade and other payables (excluding income tax, other tax and social security)	226,698	1,082	-	2,529	230,309
	<u>242,715</u>	<u>18,657</u>	<u>13,291</u>	<u>19,733</u>	<u>294,396</u>
At 29 December 2018					
Loans and borrowings	4,397	770	30,159	-	35,326
Trade and other payables (excluding income tax, other tax and social security)	223,813	1,130	-	2,374	227,317
	<u>228,210</u>	<u>1,900</u>	<u>30,159</u>	<u>2,374</u>	<u>262,643</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Company

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2019					
Loans and borrowings	15,583	17,269	13,281	17,214	63,347
Trade and other payables (excluding income tax, other tax and social security)	200,307	1,082	-	-	201,389
	215,890	18,351	13,281	17,214	264,736

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
At 29 December 2018					
Loans and borrowings	2,534	770	30,159	-	33,463
Trade and other payables (excluding income tax, other tax and social security)	196,200	1,130	-	-	197,330
	198,734	1,900	30,159	-	230,793

Capital risk management

The aim of the Group is to maintain sufficient funds to enable it to safeguard its ability to continue as a going concern and to make suitable investments and incremental acquisitions while providing returns for shareholders with minimal recourse to bankers.

Capital risk measures such as gearing ratios are not currently relevant to the Group.

26. RELATED PARTY TRANSACTIONS

Key management compensation is given in note 4.

The Group's ultimate parent company is JBS S.A., a company registered in Brazil. The Group's immediate parent company is Moy Park (NewCo) Ltd, a Company incorporated in Northern Ireland in the UK.

Related party transactions for the Group with fellow members of the JBS Group are as follows:

Trading transactions

Related party relationship	Transaction type	Transaction amount		Balance	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Parent company	Recharges	-	105	-	-
Related parties	Purchases/recharges	744	(17,303)	(874)	(1,619)
Related parties	Loans/loan interest	42,914	(1,238)	14,176	(28,737)

These transactions are trading relationships which are made at market value. The Group has not made any provision for impairment in respect of amount owed from related parties nor has any guarantee been given during 2019 or 2018 regarding related party transactions.

MOY PARK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
27. FINANCIAL INSTRUMENTS
(a) BY CATEGORY
Group

	2019			2018		
	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
<i>Assets as per balance sheet</i>						
Derivative financial instruments	-	326	326	-	1,033	1,033
Trade and other receivables excluding prepayments	152,052	-	152,052	141,690	-	141,690
Cash and cash equivalents	27,286	-	27,286	8,549	-	8,549
	<u>179,338</u>	<u>326</u>	<u>179,664</u>	<u>150,239</u>	<u>1,033</u>	<u>151,272</u>

	2019			2018		
	Financial liabilities at amortised cost £'000	Liabilities at fair value through profit and loss £'000	Total £'000	Financial liabilities at amortised cost £'000	Liabilities at fair value through profit and loss £'000	Total £'000
<i>Liabilities as per balance sheet</i>						
Derivative financial instruments	-	1,359	1,359	-	295	295
Loans and borrowings - current	16,017	-	16,017	7,333	-	7,333
Loans and borrowings - non-current	48,070	-	48,070	30,865	-	30,865
Trade and other payables excluding non-financial liabilities	228,950	-	228,950	227,022	-	227,022
	<u>293,037</u>	<u>1,359</u>	<u>294,396</u>	<u>265,220</u>	<u>295</u>	<u>265,515</u>

Company

	2019			2018		
	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
<i>Assets as per balance sheet</i>						
Derivative financial instruments	-	165	165	-	555	555
Trade and other receivables excluding prepayments	127,278	-	127,278	115,467	-	115,467
Cash and cash equivalents	10,912	-	10,912	5,437	-	5,437
	<u>138,190</u>	<u>165</u>	<u>138,355</u>	<u>120,904</u>	<u>555</u>	<u>121,459</u>

	2019			2018		
	Financial liabilities at amortised cost £'000	Liabilities at fair value through profit and loss £'000	Total £'000	Financial liabilities at amortised cost £'000	Liabilities at fair value through profit and loss £'000	Total £'000
<i>Liabilities as per balance sheet</i>						
Derivative financial instruments	-	841	841	-	295	295
Loans and borrowings - current	15,583	-	15,583	5,470	-	5,470
Loans and borrowings - non-current	47,764	-	47,764	30,865	-	30,865
Trade and other payables excluding non-financial liabilities	200,548	-	200,548	197,035	-	197,035
	<u>263,895</u>	<u>841</u>	<u>264,736</u>	<u>233,370</u>	<u>295</u>	<u>233,665</u>

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) DERIVATIVE FINANCIAL INSTRUMENTS

Group

	2019	2019	2018	2018
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts not designated for hedge accounting	-	(21)	4	(6)
Forward foreign exchange contracts designated for hedge accounting	326	(1,338)	1,029	(289)
	<u>326</u>	<u>(1,359)</u>	<u>1,033</u>	<u>(295)</u>

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2019 were a net outflow of £30.4m (2018: £33.7m).

Derivative financial instruments are Level 2 financial instruments. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.

Company

	2019	2019	2018	2018
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts not designated for hedge accounting	-	(21)	4	(6)
Forward foreign exchange contracts designated for hedge accounting	165	(820)	551	(289)
	<u>165</u>	<u>(841)</u>	<u>555</u>	<u>(295)</u>

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2019 were a net inflow of £7.3m (2018: £10.2m).

28. SHARE BASED PAYMENT ARRANGEMENTS

(a) Description of share-based payment arrangement

Share appreciation rights (cash-settled)

On 1 March 2018 and the 30 April 2019, a parent company in the Group, Pilgrim's Pride Corporation granted 23,273 and 50,000 share appreciation rights (SAR's), to certain key Moy Park employees that entitle them to a cash payment if performance criteria are met. The entitlement is paid evenly over a 3 year vesting period. The ultimate parent company of Pilgrims LLC is JBS S.A. a company listed on the Brazilian stock exchange.

Details of the liabilities arising from the SARs were as follows.

	2019	2018
	£'000	£'000
Total carrying value of liabilities for SARs	549	-

MOY PARK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. SHARE BASED PAYMENT ARRANGEMENTS (continued)

(b) Measurement of fair values

The fair value of the SARs has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the SARs were as follows:

	Start date 1 Jan 2019	Measurement date 31 December 2019
	£	£
Fair Value	12.20	24.99
Share price	12.29	25.20
Exercise price	12.29	25.20
Expected volatility (weighted-average)	31%	31%
Expected life (weighted-average)	3	3
Expected dividends	0%	0%
Risk-free interest rate	0.41%	0.41%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

(c) Expense recognised in the profit or loss

The expense recognised in the profit and loss account was £549k (2018 - £Nil)

29. SUBSEQUENT EVENTS

In March 2020, the effects of the Covid-19 pandemic had a huge impact on all industries. As a result of the rapid actions taken by Moy Park's leadership team to safeguard employees, customers and the business, as detailed in the strategic report, the Company does not envisage a significant impact on its financial statements. This major crisis constitutes a post-closing event, with no impact on the value of the Company's and Group's assets and liabilities in the accounts at 31 December 2019.

30. ULTIMATE PARENT COMPANY

The immediate parent company is Moy Park (NewCo) Ltd, a company incorporated and registered in the UK. At 31 December 2019 the company's ultimate parent company is JBS S.A., a company listed on the Brazilian stock exchange. JBS S.A., whose registered address is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil, is ultimately controlled by the Batista family comprised of Jose Batista Sobrinho (the founder of JBS), his wife and five of their children through their ownership and control of J&F Investimentos S.A., a Brazilian corporation which owns 42% of the outstanding capital of JBS S.A.

The smallest group of companies for which group financial statements are drawn up and the company is included is Moy Park Holdings (Europe) Limited, whose registered address is The Food Park, 39 Seagoe Industrial Estate, Craigavon, County Armagh, BT63 5QE. The largest group of companies for which group financial statements are drawn up and of which the company is included is for the group headed by JBS S.A.

Copies of the group financial statements are available from Companies House UK and <http://jbs.com.br> respectively.