Registered no: NI004842

Moy Park Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

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Moy Park Limited

Annual Report and Financial Statements
For the year ended 31 December 2021

Moy Park Limited

Directors and advisors

Directors

C Kirke
F Malnarcic
G Tomazoni (resigned 21 October 2021)
F Sandri
M Galvanoni (appointed 19 October 2021)

Secretary

R McGinley (resigned 1 October 2021)

Registered office

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

Registered number

NI004842

Registered auditors

KPMG
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Strategic report for the year ended 31 December 2021

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'). The principal subsidiary is Moy Park Limited, Northern Ireland's largest private sector business and one of Europe's leading poultry producers. Moy Park supplies branded and own label poultry products to leading retailers and foodservice providers throughout the UK, Ireland and Europe and is the industry leading manufacturer of organic, free-range and higher welfare chicken. Moy Park also produces beef and pork products, vegetarian products and desserts.

In 2021, Moy Park employed 9,675 people (2020: 9,934) across 9 (2020: 9) processing facilities in Northern Ireland, England and France.

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; and

- 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 2021 led the Group to receive a number of awards and recognition from respected independent bodies, including three internationally recognised awards for demonstrating high health and safety standards. The Royal Society for Prevention of Accidents (RoSPA) awarded Moy Park the Gold Award for the seventh consecutive year, as well as the Fleet Safety Gold Medal for the sixth year and the Fleet Safety Technology Trophy. The Group is focused on continuing the progress of our strategic investment programme with an investment of £43m in 2021 excluding leased assets. These significant investments maintains the Group's position 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 production 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 and where possible.

Strategic report for the year ended 31 December 2021 (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 reliable 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 services of its directors, senior management and key team members. Risk is mitigated through robust recruitment processes, succession planning, employee engagement and commitment to on-going training and career development.

Financial review and key performance indicators

Moy Park remained profitable in 2021 despite a year of unprecedented cost increases in feed, utilities and labour. Moy Park's trading models and customer negotiations, together with the recovery of the food service segment partially offset some of these costs.

Our key priorities in 2021 continued to be keeping our people safe, improving sustainable nutrition and supporting our local communities. As a result, the Group took the following actions:

Strategic report for the year ended 31 December 2021 (continued)

Financial review and key performance indicators *(continued)*

- Continued to provide a safe environment for our employees to work in by embedding extensive safety measures including additional PPE, modifying factory layouts, amenity areas, temperature checks and lateral flow tests;
- Continued to provide a Covid-19 sick pay scheme whereby employees who were isolating were paid in full;
- Worked closely with both customers and suppliers to improve nutrition, taste and sustainability; and
- Supported over 50 projects to date with our £1 million Community Support Fund.

The Group's revenue increased by 4.8% to £1.53bn whilst operating profits decreased by (58.1)% to £36.1m. Performance was impacted by high cost inflation which affected the whole of the poultry industry. Unrelenting focus on cost control, excellent customer relationships and a culture of constant innovation, in an everchanging competitive landscape mitigated some of these challenges.

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 £43 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.

The balance sheet shows net assets of £342m (2020: £374m), an decrease of 9% on 2020 (2020: increase of 23%). Moy Park continues to focus on investing in our infrastructure to maintain the high standard of our factories, the safety of our teams and on efficient management of our cash, debt and working capital.

	2021 £'000	2020 £'000	Change
Turnover 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).	1,529,114	1,458,445	4.8%
Operating profit before exceptional expenses 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.	36,164	86,234	(58.1)%
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 an extremely challenging year, our focus on innovation and effective cost control continues to be of upmost importance to maintain a strong position in the market. 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.

Future developments *(continued)*

In 2022 the whole poultry food sector experienced unprecedented cost increases in feed, utilities and labour. Moy Park's customer models, additional negotiations together with the recovery of the food service segment has partially negated some of these costs.

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 2021 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:

- Moy Park has received the globally recognised certification for soyabean traceability. The Chain of Custody Standard from the Round Table on Responsible Soya Association recognised Moy Park's Northern Ireland supply chain from source to customer.
- Moy Park placed the single largest order of natural gas trucks in the UK committing to mass decarbonisation of our transport operations.
- Moy Park has had its commitment to achieving net zero emissions validated by the SBTi. The Company has also worked in collaboration with the Carbon Trust to develop a pathway for its scope 1 and scope 2 emissions and is working on solutions for scope 3 emissions. The company has committed to achieve net-zero GHG emissions by 2040, the most progressive commitment of its kind in the sector.

Employee welfare and development:

- Launch of mandatory legal training matrix with training programmes including Anti-Bribery & Corruption, Competition Law, GDPR, Conflict of Interest, Whistleblowing, Criminal Finance Act and Code of Conduct;
- Launch of Finance, HR and Agriculture Academies;
- Launch of new programmes on the Online Academy including Diversity & Inclusion and Moy Park Project Management;
- Continuation of Values Workshops, including virtual sessions;
- Early Careers programmes for graduates and a pilot rotational placement programme with structured development;
- Expansion of learning resource library and internal mentoring programme; and
- Succession planning and personal development plans.
- A wellbeing calendar was launched in 2021 focusing on Mental & Financial Health, Keeping Well and Home Connections. Site specific wellbeing surveys were conducted to create better targeted action plans.

Corporate responsibility *(continued)*

Community engagement:

- In 2021, we entered into a two year partnership with Alzheimer's Society to be our charity partner. Alzheimer's Society campaign for change, fund research to find a cure and support people living with dementia;
- In 2021 we donated 16.5 tonnes of surplus fresh chicken to FareShare, a charity aimed at relieving food poverty and reducing food waste, distributing this product to charity and community groups across the UK;
- Moy Park is funding the training of adult social care workers to provide nursing and specialist care for young people, adults and the elderly, including specialist dementia care. The company has committed to transferring £165,000 from its apprenticeship levy fund, enough to support potentially 40 NHS apprenticeships.
- To date over Moy Park has supported over 50 projects with its £1 million Community Fund.

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

Wates Principles of Corporate Governance

Purpose

Moy Park's vision is to become the best and most respected company in our industry, creating the opportunity of a better future for our team members through living our seven values of Determination, Simplicity, Availability, Humility, Sincerity, Ownership and Discipline. The Group believes that a strong and successful business generates value for both owners and the wider society. As a result the Group has implemented and applied the Wates Principles of Corporate Governance.

Senior Management Team

The team comprises of individuals with diverse backgrounds, skills and experience. Together they have a wealth of knowledge of the food sector necessary to provide effective governance and oversight of the Group.

- Chris Kirke – President;
- Flavio Malnarcic – CFO;
- Justin Coleman – Agri Business and Live Production Services Director;
- Keith Irvine – Fresh Poultry Business Unit Director;
- Ursula Lavery – Technical and R&D Director Europe;
- Andrew Richards – European Commercial Retail & Prepared Foods Business Unit Director;
- Jean-Marc Spanghero – Prepared Foods Business Unit Director Foodservice; and
- Kirsty Wilkins – HR & Performance Director.

Responsibilities

The Senior Management Team is responsible for the long term sustainability of the Group for the benefit of its stakeholders including employees, suppliers, customers, shareholders and local communities. The team's objectives are to implement the Group's strategy, drive excellence in all areas, lead by example and hold each other to account. Their activities would include but are not limited to the following:

- Set the Group's strategic and operating plans;
- Approve appointments to the senior team;
- Ensure compliance with corporate governance, legal, statutory and regulatory requirements;
- Monitor risks and internal controls;
- Review adequacy of the Group's whistle blowing arrangements;
- Approve treasury policy and changes to capital structure;
- Approve dividends;

Strategic report for the year ended 31 December 2021 (continued)

Wates Principles of Corporate Governance *(continued)*

- Approve annual budgets, interim management & financial statements; and
- Assess the Group's going concern.

To ensure that the Senior Management Team are well positioned to implement the above, they receive training in areas such as legal and regulatory updates where appropriate.

Risk Management
The Risk Management team continually assess and evaluate risks through discussions, workshops and surveys with senior operational and functional management. The consolidated Group Risk Register is updated when appropriate and discussed with the relevant member of the Senior Management Team for consideration and approval. The Three Lines Model is embedded into processes and procedures. Risk assessments include health & safety, food safety, animal welfare, cyber security, legal and financial control functions.

Remuneration
The Group's remuneration principles ensure that pay is fair, equitable, aligned to the Group's purpose and promotes the long term success of the company. Remuneration includes both short term and long term performance related targets which consider reputational and behavioural risks as well as financial performance. It is also competitive in order to retain and attract high performing individuals.

Stakeholders
The Group regularly engages with stakeholders to make informed decisions thus ensuring successful long term outcomes.

- Shareholders - Regular meetings are held with Moy Park's parent company to ensure that our overall strategy and performance aligns to that of the Pilgrim's Pride Group;
- Employees - Communications with employees are via engagement surveys, values workshops, regular briefings and updates. A Moy Park App is also available to employees where they can access the latest company news including well being, results of surveys, policies and benefits. The Group also engage with Unions on a regular basis;
- Customers – Moy Park's strategy is to become a valued partner to key customers. Dedicated account managers would have daily interaction with such customers to support their requirements;
- Suppliers – Moy Park has strategic relationships with certain key suppliers and the procurement team manages the day to day operational activities; and
- Community – Moy Park supports a range of community projects and employees regularly participate in local events.

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; and

Moy Park Limited

Strategic report for the year ended 31 December 2021 (continued)

Section 172 (1) Statement *(continued)*

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 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 is 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. To achieve this the Company has targeted to accomplish net zero goal by 2040 with targets being verified by SBTi as all solutions to global warming must be grounded in science. Various projects implemented to achieve this target include renewable energy from biomass, biogas, solar and heat technologies, electrifying the Company's fleet and regenerative farming practices including carbon sequestration and on-farm emission mitigation technologies.

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.

Approval

This Strategic report was approved by order of the Board:

F Malnarcic
Director
Date: 15 JUNE 2022

Directors' report for the year ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Strategic report

The Group's Strategic report is included on pages 2 to 8 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 17 of the financial statements. The directors declared and paid an interim dividend £50m in the current 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.

Directors' report for the year ended 31 December 2021 (continued)

Financial risk management *(continued)*

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.

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.

Greenhouse gas emissions

The company has elected not to report on the energy and carbon information as it is included in the consolidated figures of its parent company Moy Park Holdings (Europe) Limited.

Events after the reporting date

Due to the uncertainty still posed by Covid-19 and the Ukraine-Russia conflict, Moy Park will continue to focus on managing costs including labour and yield efficiencies, agricultural performance and investment in capital projects delivering competitive paybacks, safety and quality.

Political contributions

The Group made no political contributions or incurred any political expenditure during the current year 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 Group and Company 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 UK adopted international accounting standards and applicable law, and have elected to prepare the Company financial statements on the same basis.

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 Company and of the Group's profit or loss for that period. In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

Directors' report for the year ended 31 December 2021 (continued)

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

- 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

By order of the Board:

F Malnarcic
Director
Date: 15 June 2022

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39 Seagoe Industrial Estate
Craigavon
Co Armagh
BT63 5QE

KPMG
Audit
The Soloist Building
1 Lanyon Place
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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') and its consolidated undertakings ('the Group') for the year ended 31 December 2021 set out on pages 17 to 58, which comprise the consolidated statement of profit and loss and other 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, UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOY PARK LIMITED (*continued*)

Report on the audit of the financial statements (*continued*)

Conclusions relating to 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 Company or to cease their operations, and as they have concluded that the Group and the 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").

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.

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. We evaluated the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- The impact of COVID-19 on the Company's operations.

As this was a risk that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from the risk. We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

There were no risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks. We assessed the completeness of the going concern disclosure.

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

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOY PARK LIMITED (*continued*)

Report on the audit of the financial statements (*continued*)

Conclusions relating to going concern (continued)

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

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 Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Group is subject to laws and regulations that directly affect the financial statements including companies, financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOY PARK LIMITED (*continued*)

Report on the audit of the financial statements (*continued*)

Detecting irregularities including fraud (*continued*)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 report and the 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.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the strategic report or the directors' report;
- in our opinion, the information given in the strategic report and the directors' report is consistent with the financial statements;
- in our opinion, the strategic report and the directors' 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

KPMG

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 page 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 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 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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

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

20 June 2022

MOY PARK LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
Revenue		1,529,114	1,458,445
Cost of sales		(1,395,621)	(1,274,017)
Gross profit		**133,493**	**184,428**
Sales and distribution expenses		(68,385)	(63,818)
Administration expenses		(32,558)	(34,747)
Other operating income		3,614	371
Group operating profit		**36,164**	**86,234**
Finance expenses	6	(3,598)	(3,621)
Finance income	7	164	43
Net finance expenses		(3,434)	(3,578)
Profit before tax		**32,730**	**82,656**
Taxation	9	(10,013)	(15,794)
Profit for the year		**22,717**	**66,862**
Attributable to:			
Owners of the parent		22,717	66,862
Profit for the year		**22,717**	**66,862**

All amounts above relate to continuing operations of the Group.

The notes on pages 24 to 58 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
Profit for the year		22,717	66,862
Other comprehensive income:			
Items that are or may subsequently be reclassified to profit or loss:			
Foreign exchange rate (loss)/gain		(5,299)	3,798
Fair value (loss)/gain		(809)	1,351
Related taxes	9	1,161	(979)
Total comprehensive income for the year, net of tax		17,770	71,032
Attributable to:			
Owners of the parent		17,770	71,032
Total comprehensive income for the year, net of tax		17,770	71,032

The notes on pages 24 to 58 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021	2020
		£'000	£'000
Assets			
Non-current assets			
Intangible assets	10	1,185	1,443
Property, plant and equipment	11	343,474	308,024
Trade and other receivables	15	1,232	1,251
Deferred tax assets	9, 15	5,061	5,054
Total non-current assets		350,952	315,772
Current assets			
Biological assets	13	59,174	53,006
Inventory	14	99,722	77,900
Trade and other receivables	15	188,583	201,829
Income tax		21,316	10,939
Cash and cash equivalents	16	42,039	22,136
Total current assets		410,834	365,810
Total assets		**761,786**	**681,582**

MOY PARK LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2021

	Note	2021	2020
		£'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	202,501	229,784
Other reserves	23	(3,429)	1,518
Total equity		341,718	373,948
Liabilities			
Non-current liabilities			
Loans and borrowings	18	80,237	51,879
Trade and other payables	17	4,358	3,877
Capital grants	20	8,788	9,329
Deferred tax liabilities	21	16,391	10,828
Total non-current liabilities		109,774	75,913
Current liabilities			
Loans and borrowings	18	16,165	14,318
Trade and other payables	17	294,129	217,403
Total current liabilities		310,294	231,721
Total liabilities		420,068	307,634
Total equity and liabilities		**761,786**	**681,582**

The notes on pages 24 to 58 form part of these financial statements.

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

F Malnarcic
Director
Date: 15 June 2022
Registered No: NI004842

MOY PARK LIMITED

COMPANY BALANCE SHEET

As at 31 December 2021

	Note	2021	2020
		£'000	£'000
Assets			
Non-current assets			
Intangible assets	10	1,185	1,443
Property, plant and equipment	11	312,578	277,439
Investments	12	28,629	28,629
Deferred tax asset	15	1,119	914
Total non-current assets		343,511	308,425
Current assets			
Biological assets	13	59,174	53,006
Inventory	14	63,292	41,950
Trade and other receivables	15	164,019	173,322
Income tax		20,470	9,840
Cash and cash equivalents	16	11,955	2,814
Total current assets		318,910	280,932
Total assets		**662,421**	**589,357**
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	141,865	177,069
Other reserves	23	(163)	343
Total equity		284,348	320,058
Liabilities			
Non-current liabilities			
Loans and borrowings	18	80,097	51,560
Trade and other payables	17	900	846
Capital grants	20	6,159	6,242
Deferred tax liabilities	21	16,410	10,744
Total non-current liabilities		103,566	69,392
Current liabilities			
Loans and borrowings	18	16,019	13,943
Trade and other payables	17	258,488	185,964
Total current liabilities		274,507	199,907
Total liabilities		378,073	269,299
Total equity and liabilities		**662,421**	**589,357**

The notes on pages 24 to 58 form part of these financial statements.

The financial statements were approved by the Board and were signed on its behalf by:
F Malnarcic
Director
Date: 15 June 2022
Registered No: NI004842

MOY PARK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital & premium	Retained earnings	Translation reserve *	Hedge reserve *	Merger reserve *	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	142,646	165,472	(77)	(794)	(1,781)	(1,438)	304,028
Profit for year	-	66,862	-	-	-	-	66,862
Foreign exchange gain	-	-	3,076	-	-	-	3,076
Fair value gain	-	-	-	1,094	-	-	1,094
Loss of control of subsidiary	-	-	-	-	-	1,438	1,438
Dividends paid	-	(2,550)	-	-	-	-	(2,550)
At 31 December 2020	142,646	229,784	2,999	300	(1,781)	-	373,948
Profit for year	-	22,717	-	-	-	-	22,717
Foreign exchange loss	-	-	(4,292)	-	-	-	(4,292)
Fair value loss	-	-	-	(655)	-	-	(655)
Dividends paid	-	(50,000)	-	-	-	-	(50,000)
At 31 December 2021	142,646	202,501	(1,293)	(355)	(1,781)	-	341,718

*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 24 to 58 form part of these financial statements.

MOY PARK LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
Cash flows from operating activities			
Profit before taxation		32,730	82,656
Adjustments for:			
Depreciation of property, plant and equipment	11	51,605	50,881
Impairment of property, plant and equipment	11	-	152
Amortisation of intangible assets	10	258	258
Amortisation of biological assets	13	34,384	36,849
Amortisation of capital grants	20	(1,254)	(1,479)
Net finance expenses		3,434	3,578
Profit on disposal of assets		(15)	(168)
		121,142	172,727
Changes in working capital:			
Movement in inventory and biological consumable assets		(29,509)	6,268
Movement in trade and other receivables		(27,138)	11,040
Movement in trade and other payables		40,694	(21,187)
Cash generated from operations		105,189	168,848
Interest received		164	43
Interest paid		(3,598)	(3,621)
Income tax paid		(7,741)	(22,478)
Net cash inflow from operating activities		**94,014**	**142,792**
Cash flows from investing activities			
Purchase of property, plant and equipment		(40,642)	(32,032)
Sale of property, plant and equipment		506	1,071
Receipt of capital grants	20	897	2,063
Purchase of biological bearer assets		(35,099)	(33,756)
Net cash outflow from investing activities		**(74,338)**	**(62,654)**
Cash flows from financing activities			
Payment of lease liabilities	19	(18,473)	(17,791)
Receipt/(payment) of group loan liabilities		69,940	(66,221)
Payment of other loans movements		(25)	(697)
Loss of control in subsidiary		-	1,438
Dividends paid		(50,000)	(2,550)
Net cash inflow/(outflow) from financing activities		**1,442**	**(85,821)**
Net increase/(decrease) in cash and cash equivalents		**21,118**	**(5,683)**
Cash and cash equivalents at beginning of year		22,136	27,286
Movement in cash due to foreign exchange		(1,215)	533
Cash and cash equivalents at end of year	16	**42,039**	**22,136**

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.

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.

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

(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 2020 and these have been adopted in the Group and Company financial statements where relevant:

- *Amendments to IFRS 16 Covid-19-Related Rent concessions beyond 30 June 2021* (mandatory for the year commencing on or after 1 June 2020); and
- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform* (mandatory for the year commencing on or after 1 January 2021).

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

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 (2020: £1 at 31 December):

	2021	2020
United States dollar	1.3414	1.3560
Euro	1.1854	1.1121

(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

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.

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 incremental borrowing rate is reviewed and updated if necessary on an annual basis. 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.

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.

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.

2. ACCOUNTING POLICIES *(continued)*

(f) Intangible assets *(continued)*

Certain corporate brands of the Group are considered to have an indefinite economic life because of the nature of the corporate brand names, their proven ability to maintain market leadership and profitable operations over long periods of time and the Group's commitment to develop and enhance their value. The carrying value of these intangible assets is reviewed at least annually for impairment and adjusted to the recoverable amount if required.

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.

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.

2. ACCOUNTING POLICIES *(continued)*

(i) Financial assets *(continued)*

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).

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;

2. **ACCOUNTING POLICIES** *(continued)*

(l) Biological assets *(continued)*

- 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.

(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.

2. **ACCOUNTING POLICIES** *(continued)*

(r) Revenue *(continued)*

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

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.

(t) Net finance expenses

Finance expenses

Finance expenses comprise interest payable on borrowings and 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) Government grants

Capital based grants are recognised at their fair value where there is a reasonable assurance that the grant will comply with all attached conditions. The group has elected to present grants related to income as a reduction to the related expense line.

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.

(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.

2. ACCOUNTING POLICIES *(continued)*

(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).

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 £4.4m/£5.3m lower/higher than the charge recognised in the income statement (2020: £5.0m/£6.4m).

Estimated realisable values of Bearer Assets

Included within Note 13 are Bearer assets which are amortised based on laying profile, over the anticipated productive cycle to its estimated realisable values. The laying profile and estimated realisable values of the bearer assets are based on the directors' estimates which are based on industry expert guidance and group operational experience. If the estimate of laying profile was adjusted +/- 4 weeks with all other variables held constant, the impact on the bearer asset valuation would have been £0.3m higher/£4.3m lower than the balance recognised in the balance sheet (2020: £0.2m higher/£4.8m lower).

4. EMPLOYEES AND DIRECTORS

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

	2021	2020
	£'000	£'000
Wages and salaries	252,445	247,105
Defined contribution pension cost (note 4(d))	10,190	8,253
Employer's national insurance contributions and similar taxes	26,890	25,334
	289,525	280,692

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

	2021	2020
By reportable segment		
UK & Ireland	8,929	9,144
Europe	728	790
	9,657	9,934

(b) Directors' emoluments

	2021	2020
	£'000	£'000
Wages and salaries	1,483	1,217
Short-term non-monetary benefits	14	35
Group pension scheme contributions	8	6
	1,505	1,258

Highest paid director

	2021	2020
	£'000	£'000
Wages and salaries	1,096	921
Group pension scheme contributions	4	3
	1,100	924

(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

	2021	2020
	£'000	£'000
Wages and salaries	3,975	3,621
Short-term non-monetary benefits	24	19
Post-employment benefits	59	125
	4,058	3,765

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 £10.2m (2020: £8.3m).

5. EXPENSES BY NATURE

	2021	2020
	£'000	£'000
Raw materials and consumables used	788,919	699,913
Employee costs (note 4 (a))	289,525	280,692
Depreciation and amortisation	86,247	87,988
Other expenses	328,259	303,618
	1,492,950	1,372,211

6. FINANCE EXPENSES

	2021	2020
	£'000	£'000
Interest payable on borrowings	942	995
Interest arising from leases	2,656	2,626
	3,598	3,621

7. FINANCE INCOME

	2021	2020
	£'000	£'000
Interest receivable on group loans	164	43
	164	43

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:

	2021	2020
	£'000	£'000
Fees payable to Group's auditor and its associates in respect of:		
- Audit of financial statements (including audit of subsidiaries)	216	160
- Tax compliance services	-	22
- Tax other services	-	21
Fees payable to other auditors in respect of audit of subsidiary financial statements	-	24
	216	227

9. TAXATION

Amounts recognised in profit or loss	2021	2020
	£'000	£'000
Current tax expense		
Current year	3,840	15,306
Changes in estimates related to prior years	870	(571)
Total current tax	4,710	14,735
Deferred tax expense		
Origination and reversal of temporary differences	2,469	(154)
Increase in tax rate	3,104	1,102
Changes in estimates in respect of prior years	(270)	111
Total deferred tax (note 21)	5,303	1,059
Tax expense on continuing operations	10,013	15,794

9. **TAXATION** *(continued)*

Recognised in other comprehensive income

	2021			2020		
	£'000 Before tax	£'000 Tax expense	£'000 Net of tax	£'000 Before tax	£'000 Tax expense	£'000 Net of tax
Items that are or may subsequently be reclassified to profit or loss						
Foreign exchange rate (loss)/gain	(5,299)	1,007	(4,292)	3,798	(722)	3,076
Fair value (loss)/gain	(809)	154	(655)	1,351	(257)	1,094
	(6,108)	1,161	(4,947)	5,149	(979)	4,170

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
Profit before tax from continuing operations	32,730	82,656
Tax using the rate of corporation tax in the UK of 19% (2020: 19%)	6,219	15,705
Effect of tax rates in foreign jurisdictions	1,218	552
Increase in tax rate	3,104	1,102
Effects of:		
Expenses not deductible	4,909	1,433
Grants and other non taxable income	(3,358)	(588)
French social contributions and imports	(104)	88
Group relief and losses utilised	(170)	(605)
Losses of foreign subsidiary	(2,405)	(1,433)
Adjustments in respect of prior years	600	(460)
Total tax expense	10,013	15,794

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

The Finance Act 2021 increases the corporation tax rate to from 19% to 25% with effect from 1 April 2023. This will have a consequential effect on the company's future tax charge.

Movement in deferred tax balances

2021

				Balance at 31 December		
	£'000 Net Balance at 1 January	£'000 Recognised in profit or loss	£'000 Recognised in OCI	£'000 Net	£'000 Deferred tax assets	£'000 Deferred Tax Liabilities
PP&E*	(11,216)	(5,775)	2	(16,989)	78	(17,067)
Employee benefits	120	28	-	148	-	148
Share based payments	104	285	-	389	-	389
Provisions	185	(46)	-	139	-	139
Losses c/f	5,033	205	(255)	4,983	4,983	-
Net tax assets / (liabilities)	(5,774)	(5,303)	(253)	(11,330)	5,061	(16,391)

9. **TAXATION** *(continued)*

Movement in deferred tax balances *(continued)*

2020				Balance at 31 December		
	£'000	£'000	£'000	£'000	£'000	£'000
	Net Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred Tax Liabilities
PP&E*	(10,086)	(1,100)	(30)	(11,216)	7	(11,223)
Employee benefits	110	10	-	120	1	119
Share based payments	68	36	-	104	-	104
Provisions	12	173	-	185	13	172
Losses c/f	5,005	(178)	206	5,033	5,033	-
Net tax assets / (liabilities)	(4,891)	(1,059)	176	(5,774)	5,054	(10,828)

*Moy Park Limited includes rolled over gains of £2.2m (2020: £1.6m)

10. INTANGIBLE ASSETS

Group

	2021		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	995	4,582	5,577
At 31 December 2021	995	4,582	5,577
Accumulated amortisation			
At 1 January 2021	647	3,487	4,134
Charge for the year	62	196	258
At 31 December 2021	709	3,683	4,392
Net book amount			
At 31 December	286	899	1,185

	2020		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	995	4,582	5,577
At 31 December 2020	995	4,582	5,577
Accumulated amortisation			
At 1 January 2020	585	3,291	3,876
Charge for the year	62	196	258
At 31 December 2020	647	3,487	4,134
Net book amount			
At 31 December	348	1,095	1,443

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

10. INTANGIBLE ASSETS (continued)

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.

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:

	2021	2020
	£'000	£'000
Compound revenue growth	2.5%	2.5%
Gross margin	7.8%	9.2%
Long term growth rate	2.0%	2.0%
Discount rate	4.6%	5.4%

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.

<u>Company</u>

	2021		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
Cost			
At 1 January	995	3,138	4,133
At 31 December	995	3,138	4,133
Accumulated amortisation			
At 1 January	647	2,043	2,690
Charge for the year	62	196	258
At 31 December	709	2,239	2,948
Net book amount			
At 31 December	286	899	1,185

	2020		
	Trade name	Customer relationships	Total
	£'000	£'000	£'000
Cost			
At 1 January	995	3,138	4,133
At 31 December	995	3,138	4,133
Accumulated amortisation			
At 1 January	585	1,847	2,432
Charge for the year	62	196	258
At 31 December	647	2,043	2,690
Net book amount			
At 31 December	348	1,095	1,443

11. PROPERTY, PLANT AND EQUIPMENT

Group

	2021			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	286,143	425,765	81,954	793,862
Additions at cost	45,930	28,554	17,671	92,155
Reallocations	(28,813)	3,257	25,556	-
Disposals	(8,886)	(6,379)	(4,847)	(20,112)
Exchange adjustments	(3,454)	(4,375)	(148)	(7,977)
At 31 December	290,920	446,822	120,186	857,928
Depreciation and impairment				
At 1 January	146,342	285,892	53,604	485,838
Charge for the year	17,642	22,763	11,200	51,605
Reallocations	(23,912)	-	23,912	-
Disposals	(6,041)	(5,968)	(4,837)	(16,846)
Exchange adjustments	(2,409)	(3,389)	(345)	(6,143)
At 31 December	131,622	299,298	83,534	514,454
Net book amount				
At 31 December	159,298	147,524	36,652	343,474

	2020			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	262,720	407,489	76,682	746,891
Additions at cost	24,446	23,000	8,869	56,315
Disposals	(3,605)	(8,174)	(3,713)	(15,492)
Exchange adjustments	2,582	3,450	116	6,148
At 31 December	286,143	425,765	81,954	793,862
Depreciaton and impairment				
At 1 January	130,715	267,245	46,702	444,662
Charge for the year	16,773	24,053	10,055	50,881
Impairment losses	152	-	-	152
Disposals	(3,332)	(7,998)	(3,259)	(14,589)
Exchange adjustments	2,034	2,592	106	4,732
At 31 December	146,342	285,892	53,604	485,838
Net book amount				
At 31 December	139,801	139,873	28,350	308,024

Included within the net book value of £343.5m is £38.2m (2020: £25.2m) relating to assets under the course of construction and right-of-use assets of £95.1m (2020: £65.7m).

Included within the additions figure of £92,155k are fixed assets of £880k acquired from a subsidiary, Dungannon Proteins Limited of £880k.

11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	2021			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	228,805	350,607	79,111	658,523
Additions at cost	45,201	23,642	15,166	84,009
Reallocations	688	3,254	(3,942)	-
Intergroup transfer	901	5,619	527	7,047
Disposals	(8,433)	(5,424)	(4,783)	(18,640)
At 31 December	267,162	377,698	86,079	730,939
Depreciation and impairment				
At 1 January	103,163	226,768	51,153	381,084
Charge for the year	16,058	19,558	10,869	46,485
Intergroup transfer	735	5,089	357	6,181
Disposals	(5,586)	(5,029)	(4,774)	(15,389)
At 31 December	114,370	246,386	57,605	418,361
Net book amount				
At 31 December	152,792	131,312	28,474	312,578

	2020			
	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January	211,903	337,638	74,076	623,617
Additions at cost	20,495	20,519	8,635	49,649
Disposals	(3,593)	(7,550)	(3,600)	(14,743)
At 31 December	228,805	350,607	79,111	658,523
Depreciation and impairment				
At 1 January	91,137	213,763	44,439	349,339
Charge for the year	15,194	20,399	9,860	45,453
Impairment losses	152	-	-	152
Disposals	(3,320)	(7,394)	(3,146)	(13,860)
At 31 December	103,163	226,768	51,153	381,084
Net book amount				
At 31 December	125,642	123,839	27,958	277,439

Included within the net book value of £312.6m is £ 32.5m (2020: £23.9m) relating to assets under the course of construction and right-of-use assets of £94.8m (2020: £65.0m).

Included within the additions figure of £84,009k are fixed assets of £880k acquired from a subsidiary, Dungannon Proteins Limited.

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 2021 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
Moy Park Beef Orleans SARL	Value added beef processing	3	100	100

Company – cost and net book value

	2021	2020
	£'000	£'000
At 1 January	28,629	28,629
At 31 December	28,629	28,629

* On 27 September the Company acquired the trade, inventory of £280k and fixed assets of £880k of a subsidiary, Dungannon Proteins Limited for consideration of £1.16m which was settled by way of an intercompany transaction.

** Moy Park France Holdco SARL was merged with Moy Park France (Holding) SAS effective from 29 November 2021.

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

13. BIOLOGICAL ASSETS

Group and company

	2021	2020
	£'000	£'000
At 1 January	53,006	57,374
Increase due to purchases	611,905	555,933
Consumables transferred to inventory	(568,658)	(522,402)
Change in fair value due to biological transformation	30,874	30,919
Amortisation of bearer assets	(34,384)	(36,849)
Sales of biological assets	(33,569)	(31,969)
At 31 December	59,174	53,006

	2021	2020
	£'000	£'000
Bearer assets	22,697	21,982
Consumable assets	36,477	31,024
	59,174	53,006

13. BIOLOGICAL ASSETS *(continued)*

Group and company *(continued)*

At 31 December 2021 the Group had 3.0m bearer assets (2020: 3.2m) and 26.8m consumable assets (2020: 27.7m).

During the year the Group processed 272.7m birds (2020: 271.7m).

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

	2021	2020
	£'000	£'000
Raw materials	42,125	36,292
Work in progress	21,667	7,171
Finished goods	35,930	34,437
	99,722	77,900

The cost of inventories recognised as expenses and included in cost of sales amounted to £1,448m (2020: £1,190m).

Inventory is stated net of an obsolescence provision of £9.0m (2020: £5.0m).

Company

	2021	2020
	£'000	£'000
Raw materials	28,913	22,897
Work in progress	20,294	7,171
Finished goods	14,085	11,882
	63,292	41,950

The cost of inventories recognised as expenses and included in cost of sales amounted to £9812k (2020: £912k). Inventory is stated net of an obsolescence provision of £8.2m (2020: £4.3m).

15. TRADE AND OTHER RECEIVABLES

Group

	2021	2020
	£'000	£'000
Trade receivables - gross	123,739	110,462
Provision for trade receivables	(1,901)	(1,405)
Trade receivables – net	121,838	109,057
Other receivables	14,457	13,124
Amounts owed by related parties	52,362	80,449
Prepayments	6,219	5,504
	194,876	208,134
Less non-current portion - Trade and other receivables	(1,232)	(1,251)
Less Deferred tax assets	(5,061)	(5,054)
Trade and other receivables - current	188,583	201,829

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 0.68% (2020: 0.59%)

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

15. TRADE AND OTHER RECEIVABLES *(continued)*

Group *(continued)*

	2021	2020
	£'000	£'000
Sterling	151,800	175,476
Euro	43,089	32,721
United States dollar	(13)	(63)
	194,876	208,134

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

	2021	2020
	£'000	£'000
At 1 January	1,405	1,393
Provision for receivables impairment	500	1,897
Reductions	-	(1,889)
Exchange movement	(4)	4
At 31 December	1,901	1,405

The creation and release of provision for impaired receivables have been included in 'sales and distribution expenses' and 'administration expenses' 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.

The Group and company's exposure to credit risk is influenced by the individual characteristics of each customer.

The determination of the predicted risk of loss includes (but not limited to) external ratings, audited financial information, available press information about customers and the default risk associated with the industry and country in which customers operate. Each new customer is analysed for creditworthiness before payment and delivery terms and conditions are offered. In response to the COVID-19 pandemic, the Group and Company has been performing more frequent reviews of sales limits for customers.

At 31 December 2021, trade receivables of £14.7m (2020: £12.8m) 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:

	2021	2020
	£'000	£'000
Up to 3 months	14,808	12,709
3 to 6 months	(43)	-
Over 6 months	(67)	87
At 31 December	14,698	12,796

15. TRADE AND OTHER RECEIVABLES *(continued)*

Group *(continued)*

At 31 December 2021, trade receivables of £1.9m (2020: £1.4m) were impaired. The ageing analysis of these trade receivables is as follows:

	2021	2020
	£'000	£'000
Up to 3 months	438	227
3 to 6 months	301	211
Over 6 months	1;162	967
At 31 December	1,901	1,405

Company

	2021	2020
	£'000	£'000
Trade receivables – gross	95,266	88,314
Provision for trade receivables	(1,679)	(1,340)
Trade receivables – net	93,587	86,974
Other receivables	9,044	7,216
Amounts owed by related parties	56,247	74,649
Prepayments	6,260	5,397
	165,138	174,236
Less non-current portion – other receivables	(1,119)	(914)
Trade and other receivables – current	164,019	173,322

Trade and other receivables are held at cost and any fair value difference is not material. At 31 December 2021, 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.

Interest is charged on amounts owed by related parties at an average rate of 0.68% (2020: 0.59%)

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

	2021	2020
	£'000	£'000
Sterling	160,640	162,411
Euro	4,512	11,888
United States dollar	(14)	(63)
	165,138	174,236

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

	2021	2020
	£'000	£'000
At 1 January (2020: 31 December)	1,340	1,313
Provision for receivables impairment	339	1,903
Reductions	-	(1,876)
Exchange movement	-	-
At 31 December (2020: 31 December)	1,679	1,340

15. TRADE AND OTHER RECEIVABLES *(continued)*

Company *(continued)*

At 31 December 2021, trade receivables of £10.3m (2020: £11.2m) 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:

	2021	2020
	£'000	£'000
Up to 3 months	10,474	11,216
3 to 6 months	(38)	-
Over 6 months	(109)	-
At 31 December	10,327	11,216

At 31 December 2021, trade receivables of £1.6m (2020: £1.3m) were impaired. The ageing analysis of these trade receivables is as follows:

	2021	2020
	£'000	£'000
Up to 3 months	214	225
3 to 6 months	301	204
Over 6 months	1,164	911
At 31 December	1,679	1,340

The Group and Company have intercompany receivable balances, included within trade receivables, totalling to £0.04m and £2.8m 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

	2021	2020
	£'000	£'000
Cash and cash equivalents		
Cash at bank and in hand	42,039	22,136
	42,039	22,136

The following amounts were held in foreign currencies:

	2021	2020
	£'000	£'000
United States dollar	69	125
Euro	30,881	19,385
	30,950	19,510

Company

	2021	2020
	£'000	£'000
Cash and cash equivalents		
Cash at bank and in hand	11,955	2,814
	11,955	2,814

16. CASH AND CASH EQUIVALENTS *(continued)*

Company *(continued)*

The following amounts were held in foreign currencies:

	2021	2020
	£'000	£'000
United States dollar	69	125
Euro	997	654
	1,066	779

17. TRADE AND OTHER PAYABLES

Group

	2021	2020
	£'000	£'000
Trade payables	203,507	171,904
Amounts owed to related parties	42,668	92
Other tax and social security payable	10,390	12,136
Accruals and other payables	41,922	37,148
	298,487	221,280
Trade and other payables - current	294,129	217,403
Trade and other payables – non-current	4,358	3,877
	298,487	221,280

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

Company

	2021	2020
	£'000	£'000
Trade payables	174,017	138,956
Amounts owed to related parties	48,783	13,277
Other tax and social security payable	5,255	4,612
Accruals and other payables	31,333	29,965
	259,388	186,810
Trade and other payables - current	258,488	185,964
Trade and other payables – non-current	900	846
	259,388	186,810

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 £15.5m (2020: £10.7m) and £15.2m (2020: £10.6m) respectively at year end.

18. LOANS AND BORROWINGS

Group

	2021 £'000	2020 £'000
Non-current		
Lease liabilities	80,237	51,879
	80,237	51,879
Current		
Lease liabilities	16,165	14,318
	16,165	14,318

Interest rate profile of interest bearing borrowings

	2021 Debt £'000	2021 Interest rate	2020 Debt £'000	2020 Interest rate
Non-current borrowings				
Lease liabilities	80,237	3.1%	51,879	3.8%
	80,237		51,879	
Current borrowings				
Lease liabilities	16,165	3.1%	14,318	3.6%
	16,165		14,318	
	96,402		66,197	

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

	2021 Carrying amount £'000	2021 Fair Value £'000	2020 Carrying amount £'000	2020 Fair Value £'000
Lease liabilities	80,237	72,905	51,879	46,320
	80,237	72,905	51,879	46,320

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.

Borrowings have the following maturity profile:

	2021 £'000	2020 £'000
Less than 1 year	16,165	14,318
1-5 years	49,117	34,463
Over 5 years	31,120	17,416
	96,402	66,197

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

	2021 £'000	2020 £'000
Sterling	96,116	65,521
Euro	286	676
	96,402	66,197

18. LOANS AND BORROWINGS *(continued)*

Company

	2021	2020
	£'000	£'000
Non-current		
Lease liabilities	80,097	51,560
	80,097	51,560
Current		
Lease liabilities	16,019	13,943
	16,019	13,943

Interest rate profile of interest bearing borrowings

	2021		2020	
	Debt £'000	Interest rate	Debt £'000	Interest rate
Non-current borrowings				
Lease liabilities	80,097	3.1%	51,560	3.8%
	80,097		51,560	
Current borrowings				
Lease liabilities	16,019	3.1%	13,943	3.6%
	16,019		13,943	
	96,116		65,503	

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

	2021		2020	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Lease liabilities	80,097	72,622	51,560	46,019
	80,097	72,622	51,560	46,019

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.

Borrowings have the following maturity profile:

	2021	2020
	£'000	£'000
Less than 1 year	16,019	13,943
1-5 years	48,977	34,144
Over 5 years	31,120	17,416
	96,116	65,503

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

	2021	2020
	£'000	£'000
Sterling	96,116	65,503
	96,116	65,503

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.

Right-of-use assets

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

Group

2021

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 1 January	52,421	7,390	5,860	65,671
Additions to right-of-use assets	39,910	1,417	10,187	51,514
Depreciation charge for the year	(10,717)	(2,566)	(5,906)	(19,189)
Disposals	(2,816)	(14)	-	(2,830)
Exchange adjustments	(7)	(16)	(13)	(36)
Balance at 31 December	78,791	6,211	10,128	95,130

2020

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 1 January	48,003	5,201	6,174	59,378
Additions to right-of-use assets	14,452	4,753	5,078	24,283
Depreciation charge for the year	(10,045)	(2,578)	(5,399)	(18,022)
Exchange adjustments	11	14	7	32
Balance at 31 December	52,421	7,390	5,860	65,671

Company

2021

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 1 January	52,289	7,068	5,609	64,966
Additions to right-of-use assets	39,910	1,403	10,195	51,508
Depreciation charge for the year	(10,610)	(2,412)	(5,811)	(18,833)
Disposals	(2,816)	-	-	(2,816)
Balance at 31 December	78,773	6,059	9,993	94,825

2020

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Balance at 1 January	47,771	4,858	6,011	58,640
Additions to right-of-use assets	14,452	4,518	4,862	23,832
Depreciation charge for the year	(9,934)	(2,308)	(5,264)	(17,506)
Balance at 31 December	52,289	7,068	5,609	64,966

19. LEASES *(continued)*

Amounts recognised in income statement

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

	2021	2020
Leases under IFRS16	£'000	£'000
Interest on lease liabilities	2,656	2,626
Right-of-use asset lease maintenance	1,484	1,542
Lease expense	5,375	4,499
	9,515	8,667

	2021	2020
Amounts recognised in the consolidated cash flow statement	£'000	£'000
Lease liabilities paid	18,473	17,791
Lease interest paid	2,656	2,626
Total cash outflow for leases	21,129	20,417

20. CAPITAL GRANTS

Group

	2021	2020
	£'000	£'000
Balance at beginning of the year	9,329	8,624
Grants claimed in year	897	2,063
Released to income statement	(1,254)	(1,479)
Movement due to foreign exchange	(184)	121
Balance at end of the year	8,788	9,329

Company

	2021	2020
	£'000	£'000
Balance at beginning of the year	6,242	7,627
Grants claimed in year	861	-
Released to income statement	(944)	(1,385)
Balance at end of the year	6,159	6,242

In accordance with the terms of specific grants, certain conditions must be met or the grant may be required to be repaid. The directors are confident the conditions will be met and as such the likelihood of any repayment being required to be remote.

21. DEFERRED TAX LIABILITIES

Group

The analysis of the deferred tax liability is as follows:

	2021	2020
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	16,391	10,828
Deferred tax liabilities	16,391	10,828

21. DEFERRED TAX LIABILITIES *(continued)*

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

	Accelerated tax depreciation	Total
	£'000	£'000
At 30 December 2019	9,923	9,923
Debited to the income statement	1,059	1,059
Exchange difference	(154)	(154)
At 31 December 2020	10,828	10,828
Debited to the income statement	5,303	5,303
Exchange difference	260	260
At 31 December 2021	16,391	16,391

The group has recognised £5.0m (2020: £5.0m) 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.

The Group has additional tax losses of approximately £3.1m (2020: £12.5m) available for carry forward and offset against future taxable profits arising from the same trade. The Group has a potential deferred tax asset of £0.7m (2020: £3.1m), 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:

	2021	2020
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	16,410	10,744
Deferred tax liabilities	16,410	10,744

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

	Accelerated tax depreciation	Total
	£'000	£'000
At 30 December 2019	9,393	9,393
Debited to the income statement	1,351	1,351
At 31 December 2020	10,744	10,744
Debited to the income statement	5,666	5,666
At 31 December 2021	16,410	16,410

During the current year the company recognised £1.1m (2020: £0.9m) 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	Ordinary shares	Share premium	Total
	'000s	£'000	£'000	£'000
At 1 January and 31 December 2020	89,528	89,528	53,118	142,646
At 31 December 2021	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.

23. RETAINED EARNINGS AND OTHER RESERVES

Group

	Retained earnings	Translation reserve*	Hedge reserve*	Merger reserve*	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	165,472	(77)	(794)	(1,781)	(1,438)	161,382
Profit for year	66,862	-	-	-	-	66,862
Foreign exchange gain	-	3,076	-	-	-	3,076
Fair value gain	-	-	1,094	-	-	1,094
Loss of control of subsidiary	-	-	-	-	1,438	1,438
Dividend paid	(2,550)	-	-	-	-	(2,550)
At 31 December 2020	229,784	2,999	300	(1,781)	-	231,302
Profit for year	22,717	-	-	-	-	22,717
Foreign exchange loss	-	(4,292)	-	-	-	(4,292)
Fair value loss	-	-	(655)	-	-	(655)
Dividend paid	(50,000)	-	-	-	-	(50,000)
At 31 December 2021	202,501	(1,293)	(355)	(1,781)	-	199,072

* Included in Consolidated Balance Sheet as Other reserves.

Company

	Retained earnings	Hedge reserve	Total
	£'000	£'000	£'000
At 31 December 2019	122,742	(676)	122,066
Profit for year	56,877	-	56,877
Fair value gain	-	1,019	1,019
Dividend paid	(2,550)	-	(2,550)
At 31 December 2020	177,069	343	177,412
Profit for year	14,796	-	14,796
Fair value loss	-	(506)	(506)
Dividend paid	(50,000)	-	(50,000)
At 31 December 2021	141,865	(163)	141,702

23. RETAINED EARNINGS AND OTHER RESERVES *(continued)*

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 £15m (2020: £57m).

An interim dividend of £50m has been declared and paid in respect of the current year.

24. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

Group

	2021	2020
	£'000	£'000
Property, plant and equipment	4,639	9,148
	4,639	9,148

Company

	2021	2020
	£'000	£'000
Property, plant and equipment	4,316	7,025
	4,316	7,025

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, France and the Netherlands 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 2021 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 £0.9m/£1.1m, (2020: £0.1m/£0.1m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro and US dollar-denominated cash and cash equivalents, trade receivables, trade payables, forward exchange contracts and profits/losses realised in the European subsidiaries denominated in Euro.

25. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *(continued)*

(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.

(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:

<u>Group</u>

	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 2021					
Loans and borrowings	16,165	28,508	20,609	31,120	96,402
Trade and other payables (excluding income tax, other tax and social security)	283,739	891	-	3,467	288,097
	299,904	29,399	20,609	34,587	384,499

	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 2020					
Loans and borrowings	14,318	20,375	14,088	17,416	66,197
Trade and other payables (excluding income tax, other tax and social security)	205,267	2,003	-	1,874	209,144
	219,585	22,378	14,088	19,290	275,341

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 2021					
Loans and borrowings	16,019	28,378	20,599	31,120	96,116
Trade and other payables (excluding income tax, other tax and social security)	253,233	900	-	-	254,133
	269,252	29,278	20,599	31,120	350,249

	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 2020					
Loans and borrowings	13,943	20,114	14,030	17,416	65,503
Trade and other payables (excluding income tax, other tax and social security)	181,352	846	-	-	182,198
	195,295	20,960	14,030	17,416	247,701

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

		Transaction amount		Balance	
Related party relationship	**Transaction type**	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Related parties	Purchases/recharges	(4,711)	(9,906)	(15,467)	(10,756)
Related parties	Loans/loan interest	(70,165)	66,272	10,284	80,449

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 2021 or 2020 regarding related party transactions.

27. FINANCIAL INSTRUMENTS

(a) BY CATEGORY

Group

	2021			2020		
	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
Assets as per balance sheet						
Derivative financial instruments	-	386	386	-	533	533
Trade and other receivables excluding prepayments	183,210	-	183,210	183,919	-	183,919
Cash and cash equivalents	42,039	-	42,039	22,136	-	22,136
	225,249	386	225,635	206,055	533	206,588

	2021			2020		
	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
Liabilities as per balance sheet						
Derivative financial instruments	-	741	741	-	316	316
Loans and borrowings - current	16,165	-	16,165	14,318	-	14,318
Loans and borrowings – non-current	80,237	-	80,237	51,879	-	51,879
Trade and other payables excluding non-financial liabilities	287,356	-	287,356	208,828	-	208,828
	383,758	741	384,499	264,931	316	275,341

Company

	2021			2020		
	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
Assets as per balance sheet						
Derivative financial instruments	-	386	386	-	533	533
Trade and other receivables excluding prepayments	157,373	-	157,373	160,176	-	160,176
Cash and cash equivalents	11,955	-	11,955	2,814	-	2,814
	169,328	386	169,714	162,990	533	163,523

	2021			2020		
	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
Liabilities as per balance sheet						
Derivative financial instruments	-	549	549	-	190	190
Loans and borrowings - current	16,019	-	16,019	13,943	-	13,943
Loans and borrowings – non-current	80,096	-	80,097	51,560	-	51,560
Trade and other payables excluding non-financial liabilities	253,584	-	253,584	182,008	-	182,008
	349,699	549	350,249	247,511	190	247,701

27. FINANCIAL INSTRUMENTS *(continued)*

(b) DERIVATIVE FINANCIAL INSTRUMENTS

Group

	2021	2021	2020	2020
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts not designated for hedge accounting	-	-	24	(19)
Forward foreign exchange contracts designated for hedge accounting	386	(741)	509	(297)
	386	(741)	533	(316)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2021 were a net outflow of £90.7m (2020: £24.5m).

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

	2021	2021	2020	2020
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts not designated for hedge accounting	-	-	-	-
Forward foreign exchange contracts designated for hedge accounting	386	(549)	533	(190)
	386	(549)	533	(190)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2021 were a net outflow of £69.7m (2020: net outflow of £14.1m).

28. SHARE BASED PAYMENT ARRANGEMENTS

(a) Description of share-based payment arrangement

Share appreciation rights (cash-settled)

On 1 March 2018,30 April 2019,30 April 2020,31 March 2021 and 30 April 2021, a parent company in the Group, Pilgrim's Pride Corporation granted 23,273, 50,000, 82,809, 25,000 and 69,717 share appreciation rights (SARs), 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.

The share appreciation rights are linked to the share price of the parent company, Pilgrims Pride Corporation. Performance criteria includes achieving profit targets at company and group level and continuous employment to payment date. There were no rights forfeited during the oerion

28. SHARE BASED PAYMENT ARRANGEMENTS *(continued)*

(a) Description of share-based payment arrangement *(continued)*

	2021	2020
	£'000	£'000
Opening provision	982	549
Revaluation of provision *	1,029	(101)
Granted during the year	1,136	728
Amounts paid	(510)	(194)
Closing provision	2,637	982

* Revaluation of provision reflects the movement in share price over the period and increases due to performance criteria being met

(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.

	Grant date From 1 Jan 2019	Measurement date 31 December 2021
	£	£
Fair Value	15.65	19.60
Share price	16.73	21.02
Exercise price	21.02	21.02
Expected volatility (weighted-average)	36%	36%
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 £1,906k (2020 - £433K)

29. SUBSEQUENT EVENTS

Due to the uncertainty still posed by Covid-19 and the Ukraine-Russia conflict, Moy Park will continue to focus on managing costs including labour and yield efficiencies, agricultural performance and investment in capital projects delivering competitive paybacks, safety and quality.

30. ULTIMATE PARENT COMPANY

The immediate parent company is Moy Park (NewCo) Ltd; a company incorporated and registered in the UK. At 31 December 2021 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 Joesley Mendonica Batista and his brother Wesley Mendonica Batista through their ownership and control of J&F Investimentos S.A., a Brazilian corporation which owns 45.63% 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 jbsfoodsgroup.com respectively.