

READY EGG PRODUCTS LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CavanaghKelly
Chartered Accountants and Statutory Auditors
36-38 Northland Row
Dungannon
Co. Tyrone
BT71 6AP

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

C Crawford
G Caulfield
S Kerrigan
R Crawford

SECRETARY:

C Caughey

REGISTERED OFFICE:

116 Crom Road
Milltate
Lisnaskea
Co. Fermanagh
BT92 0BN

REGISTERED NUMBER:

NI015561 (Northern Ireland)

INDEPENDENT AUDITORS:

CavanaghKelly
Chartered Accountants and Statutory Auditors
36-38 Northland Row
Dungannon
Co. Tyrone
BT71 6AP

BANKERS:

Ulster Bank Limited
186 Main Street
Lisnaskea
Fermanagh
BT92 0JF

SOLICITORS:

A & L Goodbody
42-46 Fountain Street
Belfast
Co. Antrim
BT1 5EB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

Ready Egg Products Limited has delivered a strong trading performance for the year ended 31 December 2019 and the business remains in a strong financial position.

Revenue for the year had decreased by 10.75% to £64.020m (2018: £71.732m). Gross profit margin has increased to 32.2% (2018: 28.5%). The Company generated net profit before tax of £8.818m (2018: £7.907m) which is inclusive of a fixed asset impairment charge as noted in Note 11.

The Company's production facilities are located in Lisnaskea, Co. Fermanagh, Northern Ireland and a second facility in Chesterfield, England.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company directors recognise the key business risks and uncertainties within the industry, product, pricing and profitability. The directors continue to work closely with suppliers and customers to carefully manage the company's operations.

The food production and processing sector is affected by many factors including commodity markets, government and EU legislation, changes in international agricultural practices, competition and disease outbreaks among poultry flocks. The board has put in place systems and procedures which monitor these factors.

Competition risk:

Competition risk comes from other egg manufacturers. The directors manage this risk by ensuring a quality product is offered to all customers at a competitive price.

Financial risk:

The Company's operations expose it to financial risk in relation to price risk, foreign exchange risk, credit risk and liquidity risk. The Company has a risk management programme in place to limit the adverse effects on the financial performance of the Company by monitoring levels of risk and the related financial costs.

Price risk:

The Company is exposed to commodity price risk of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Foreign exchange risk:

The Company's operations expose it to financial risk in relation to price risk, foreign exchange risk, credit risk and liquidity risk. The Company has a risk management programme in place to limit the adverse effects on the financial performance of the Company by monitoring levels of risk and the related financial cost.

Credit risk:

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit on any adverse effects on the financial performance of the Company.

Liquidity risk:

The Company generates sufficient cash flow to ensure it has adequate available funds for operations and planned expansions.

Covid-19 risk:

The directors continue to monitor the situation closely and implement changes where necessary to minimise the risk of business disruptions. The Company is flexible, has adapted easily to both social distancing amongst employees and the change to its customer base.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

SECTION 172(1) STATEMENT

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

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

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

The Company undertakes many local community engagements. The highlight of the year was achieving a 'Bronze Award' from the Business in Community Environmental Benchmarking Survey. We also offer work placement programmes to provide students an opportunity to develop their knowledge and skillset within the working environment.

Employee welfare and wellbeing is at the core of Ready Egg Products values with safety a condition for everyone in the Company.

Food safety and Animal Welfare are fundamental to the Company. Our agricultural manager ensures our farmers remain educated on changing regulations within the industry and continue to supply the high-quality eggs that we, and our customers demand.

Ready Egg Products is committed to minimising our impact on the environment, We have a clear strategy to care for our most precious resource and since installing solar panels in 2013 we have significantly reduced our CO² emissions.

Refer to the Principal risks and uncertainties section in the Strategic Report for further information concerning Company initiatives relating to the performance of the directors S172 duties.

KEY PERFORMANCE INDICATORS

Financial key performance indicators:

	2019	2018
	£'000	£'000
Revenue	64,020	71,732
Gross Profit	20,585	20,459
Gross Profit Margin	32.2%	28.5%

Non-financial key performance indicators:

	2019	2018
Average number of employees	164	162

FUTURE DEVELOPMENTS

The Company is committed to long term creation of shareholder value by increasing the Company's market share in the UK and Irish markets. The economic environment continues to evolve and is making a return to relative stability and certainty. Overall in the coming year the Company aims to maintain revenue and operating profits. The Company will continue to develop relations with suppliers, generate new business where possible and increase retention levels while remaining highly competitive. The Company is continually researching and developing new products and services to ensure it continues to provide a strong product to the market.

ENVIRONMENT

The Company recognises its corporate responsibility to carry out its operations whilst ensuring that there is minimal environmental impact. The directors continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce wastage wherever possible.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

EMPLOYEES

Employees are kept as fully informed as practicable about developments within the business. It is the policy of the Company to offer opportunities to all employees having regard to their aptitudes and abilities in relation to jobs available.

The Company is aware of its requirements as a large employer in respect of the Modern Slavery Act 2015 in requiring large employers to be transparent about their efforts to eradicate Slavery and Human Trafficking in their supply chain. The Company has a policy in place in respect of same, a copy of which is available on the Company's website. The policy is made in accordance with Section 54(1) of the Modern Slavery Act 2015 and is reviewed on an annual basis.

ON BEHALF OF THE BOARD:

C Crawford - Director

16 December 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of egg processing.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2019 will be £6,000,000.

The directors do not recommend the payment of a final dividend (2018: £Nil)

RESEARCH AND DEVELOPMENT

The Company 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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

C Crawford
G Caulfield
S Kerrigan

Other changes in directors holding office are as follows:

R Crawford - appointed 5 March 2019

POLITICAL DONATIONS AND EXPENDITURE

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

DISCLOSURES REQUIRED UNDER SCHEDULE 7

In accordance with Section 414C (11) of Companies Act 2006, the directors have elected to disclose details of the business review, principal risks and uncertainties and future developments in the Company's Strategic Report which would otherwise be required to be disclosed in the Directors' Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Ready Egg Products is committed to operating a responsible business. This commitment is reflected in initiatives aimed at making a positive impact on society and the environment, through our operations and with key stakeholders including customers, colleagues, communities and suppliers. This includes the following:

Health & Safety:

Ready Egg Products is a member of the Northern Ireland Safety Group.

Environment:

Water reduction is high on our agenda and recently a project focused on water recovery from the hard boiled egg peeler now saves approximately 20m³ of water daily. This is in addition to the to the reduction in CO² emissions outlined in the Strategic Report.

Employee Engagement:

Training is paramount to our employees professional learning and development across all areas of the business. We continue to proactively invest in training and development to ensure our employees have an opportunity to progress and enhance their knowledge and skill base, which will in turn, further enhance our forward thinking and highly skilled workforce.

Community Engagement:

We are a member of Business in Community. Working together with other member companies we are focused on initiatives that will build a better society and more sustainable future.

Our charity of the year was Cancer Connect NI. Cancer Connect NI provide information, guidance and practical support to individuals, and their families, affected by cancer.

Further details can be found on our website at www.readyeggproducts.com/about/

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, CavanaghKelly, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

C Crawford - Director

16 December 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF READY EGG PRODUCTS LIMITED

Opinion

We have audited the financial statements of Ready Egg Products Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF READY EGG PRODUCTS LIMITED

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This 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 Auditors' 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.

Mr Desmond Kelly FCA (Senior Statutory Auditor)
for and on behalf of CavanaghKelly
Chartered Accountants and Statutory Auditors
36-38 Northland Row
Dungannon
Co. Tyrone
BT71 6AP

16 December 2020

READY EGG PRODUCTS LIMITED (REGISTERED NUMBER: NI015561)**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
REVENUE	5	64,021,654	71,732,419
Cost of sales		<u>(43,436,384)</u>	<u>(51,272,936)</u>
GROSS PROFIT		20,585,270	20,459,483
Administrative expenses		<u>(12,387,190)</u>	<u>(12,778,984)</u>
		8,198,080	7,680,499
Other operating income		<u>109,887</u>	<u>195,687</u>
OPERATING PROFIT	7	8,307,967	7,876,186
Finance income		<u>102,174</u>	<u>41,704</u>
		8,410,141	7,917,890
Finance costs	8	<u>(39,191)</u>	<u>(10,471)</u>
PROFIT BEFORE TAXATION		8,370,950	7,907,419
Tax on profit	9	<u>(1,777,070)</u>	<u>(1,198,076)</u>
PROFIT FOR THE FINANCIAL YEAR		6,593,880	6,709,343
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>6,593,880</u>	<u>6,709,343</u>

The notes form part of these financial statements

READY EGG PRODUCTS LIMITED (REGISTERED NUMBER: NI015561)**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019**

	Notes	2019 £	2018 £
NON-CURRENT ASSETS			
Property, plant and equipment	11	17,318,645	18,738,116
CURRENT ASSETS			
Inventories	12	1,800,188	1,959,421
Receivables	13	15,354,050	14,602,809
Cash at bank		<u>9,118,504</u>	<u>7,139,206</u>
		26,272,742	23,701,436
PAYABLES			
Amounts falling due within one year	14	<u>(9,570,884)</u>	<u>(9,015,627)</u>
NET CURRENT ASSETS		<u>16,701,858</u>	<u>14,685,809</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		34,020,503	33,423,925
PAYABLES			
Amounts falling due after more than one year	15	(1,067,579)	(1,244,632)
PROVISIONS FOR LIABILITIES	19	(1,131,226)	(841,588)
GOVERNMENT GRANTS	20	<u>(333,966)</u>	<u>(443,853)</u>
NET ASSETS		<u>31,487,732</u>	<u>30,893,852</u>
CAPITAL AND RESERVES			
Called up share capital	21	136,600	136,600
Share premium	22	3,713,400	3,713,400
Capital redemption reserve	22	100,000	100,000
Retained earnings	22	<u>27,537,732</u>	<u>26,943,852</u>
SHAREHOLDERS' FUNDS		<u>31,487,732</u>	<u>30,893,852</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2020 and were signed on its behalf by:

C Crawford - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	136,600	23,234,509	3,713,400	100,000	27,184,509
Changes in equity					
Dividends	-	(3,000,000)	-	-	(3,000,000)
Total comprehensive income	-	6,709,343	-	-	6,709,343
Balance at 31 December 2018	136,600	26,943,852	3,713,400	100,000	30,893,852
Changes in equity					
Dividends	-	(6,000,000)	-	-	(6,000,000)
Total comprehensive income	-	6,593,880	-	-	6,593,880
Balance at 31 December 2019	136,600	27,537,732	3,713,400	100,000	31,487,732

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

Ready Egg Products Limited is a private Company limited by shares incorporated in Northern Ireland.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company for the year ended 31 December 2019 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

The Company has taken advantage of the following exemptions:

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b) from preparing a statement of cash flow, on the basis that it is a qualifying entity and its ultimate parent Company, Lough Erne Investments Limited, includes the Company's cash flow in its own consolidated financial statements; and from the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A Under paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

Revenue

Revenue comprises the invoice value of goods supplied by the Company, exclusive of trade discounts and value added tax. Revenue is recognised upon delivery of goods to the customer.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Freehold Land - Nil
Freehold buildings - 5% Straight line
Plant and machinery - 5% - 33% Straight line
Fixtures, fittings and equipment - 15% - 33% Straight line

The carrying values of property, plant and equipment are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable and is charged to the Income Statement.

Government grants

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. ACCOUNTING POLICIES - continued

Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and overdrafts and hire purchase contracts are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate 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.

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

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

(iii) Offsetting

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. ACCOUNTING POLICIES - continued

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

Hire purchase and leasing commitments

Property, plant and equipment held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the Company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Distributions to equity holders

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

Share capital

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenditure in the reporting period. Actual results could differ from those estimates. Therefore, management believe the critical accounting policies where estimates, judgements and assumptions are necessarily applied are summarised below:

Impairment tests of fixed assets:

The Company's property, plant and equipment are stated at cost less accumulated depreciation. The assets are depreciated over their estimated useful economic lives. The carrying values of such assets are reviewed annually for any indications of impairment. The carrying value of assets is tested for impairment where events or changes in circumstances indicate the carrying value is incorrectly stated. If such a review indicates the carrying value is overstated, the value of the asset is restated to its deemed recoverable amount. Recoverable amount is deemed to be the higher of the asset's fair value less costs to sell, or its value in use. Value in use is calculated based on the discounted future cash flows of the asset, or of the cash generating unit to which the asset belongs.

Provision for obsolete inventories:

Management review the level of inventories held by the Company on a regular basis to identify any items which are deemed to be obsolete. Inventories are stated at the lower of cost and net realisable value. Where management identify any items, or lines, of inventory which they deem to have a net realisable value less than cost then provision is made for such items.

5. REVENUE

An analysis of revenue by class of business and geographical market is not given as, in the opinion of the Directors, this would be seriously prejudicial to the Company's interest.

6. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	<u>4,258,957</u>	<u>4,270,720</u>

The average number of employees during the year was as follows:

	2019	2018
Administrative	9	8
Production and Processing	<u>155</u>	<u>154</u>
	<u>164</u>	<u>162</u>

	2019	2018
	£	£
Directors' remuneration	<u>63,975</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - owned assets	2,339,501	1,871,035
Auditors' remuneration	15,450	13,206
Taxation compliance services	2,250	2,000
Taxation advisory services	31,794	31,705
Foreign exchange differences	57,683	(12,698)
Amortisation of Government grants	(109,887)	(127,982)
Impairment of fixed assets	<u>1,535,639</u>	<u>2,146,882</u>

8. FINANCE COSTS

	2019 £	2018 £
Bank interest	<u>39,191</u>	<u>10,471</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	1,487,432	1,809,378
Deferred tax	<u>289,638</u>	<u>(611,302)</u>
Tax on profit	<u>1,777,070</u>	<u>1,198,076</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>8,370,950</u>	<u>7,907,419</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19%	1,590,481	1,502,410
(2018 - 19%)		
Effects of:		
Expenses not deductible for tax purposes	1,883	-
Income not taxable for tax purposes	(40,292)	(24,501)
Depreciation in excess of capital allowances	333,127	451,545
Adjustments to tax charge in respect of previous periods	(131,767)	99,924
Deferred Tax	289,638	(611,302)
Research & Development	<u>(266,000)</u>	<u>(220,000)</u>
Total tax charge	<u>1,777,070</u>	<u>1,198,076</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim paid	<u>6,000,000</u>	<u>3,000,000</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2019	13,611,989	20,236,184	176,748	34,024,921
Additions	411,600	2,014,659	29,410	2,455,669
At 31 December 2019	<u>14,023,589</u>	<u>22,250,843</u>	<u>206,158</u>	<u>36,480,590</u>
DEPRECIATION				
At 1 January 2019	5,236,005	9,909,898	140,902	15,286,805
Charge for year	589,773	1,725,891	23,837	2,339,501
Impairments	345,900	1,189,739	-	1,535,639
At 31 December 2019	<u>6,171,678</u>	<u>12,825,528</u>	<u>164,739</u>	<u>19,161,945</u>
NET BOOK VALUE				
At 31 December 2019	<u>7,851,911</u>	<u>9,425,315</u>	<u>41,419</u>	<u>17,318,645</u>
At 31 December 2018	<u>8,375,984</u>	<u>10,326,286</u>	<u>35,846</u>	<u>18,738,116</u>

In accordance with the Company's accounting policy, as part of the annual impairment review of property, plant and equipment, a cash generating unit of the business was found to be impaired due to the current market the unit operates in. As a result of this review, an impairment loss has been recognised in the Income Statement during this period.

Included above are assets held under finance leases or hire purchase contracts as follows:

	2019 Carrying Amount £'000	2019 Depreciation Charge £'000	2018 Carrying Amount £'000	2018 Depreciation Charge £'000
Plant & Machinery	41	17	58	9

12. INVENTORIES

	2019 £	2018 £
Raw materials	1,646,495	1,781,909
Finished goods	<u>153,693</u>	<u>177,512</u>
	<u>1,800,188</u>	<u>1,959,421</u>

The replacement cost of inventories did not differ significantly from the figures shown.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. RECEIVABLES

	2019 £	2018 £
Trade receivables	13,150,462	12,804,490
Other receivables	-	25,527
VAT	257,105	272,453
Prepayments	1,946,483	1,500,339
	<u>15,354,050</u>	<u>14,602,809</u>

**14. PAYABLES: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	2019 £	2018 £
Bank loans and overdrafts (see note 16)	367,899	867,409
Hire purchase contracts (see note 17)	17,052	17,052
Trade payables	7,179,492	4,396,175
Amounts owed to participating interests	83,736	126,879
Tax	536,885	1,015,153
Social security and other taxes	79,599	77,954
Other payables	43,628	-
Accruals and deferred income	1,262,593	2,515,005
	<u>9,570,884</u>	<u>9,015,627</u>

**15. PAYABLES: AMOUNTS FALLING DUE
AFTER ONE MORE YEAR**

	2019 £	2018 £
Bank loans (see note 16)	1,040,000	1,200,000
Hire purchase contracts (see note 17)	27,579	44,632
	<u>1,067,579</u>	<u>1,244,632</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank overdrafts	207,899	707,409
Bank loans	160,000	160,000
	<u>367,899</u>	<u>867,409</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>160,000</u>	<u>160,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>480,000</u>	<u>480,000</u>

Amounts falling due in more than five years:

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. LOANS - continued

	2019 £	2018 £
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>400,000</u>	<u>560,000</u>

A loan with a balance of £1,200,000 (2018: £1,360,000) is repaid by quarterly instalments and incurs interest at market rate.

17. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Net obligations repayable:		
Within one year	17,052	17,052
Between one and five years	<u>27,579</u>	<u>44,632</u>
	<u>44,631</u>	<u>61,684</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdrafts	207,899	707,409
Bank loans	1,200,000	1,360,000
Hire purchase contracts	<u>44,631</u>	<u>61,684</u>
	<u>1,452,530</u>	<u>2,129,093</u>

The bank facilities are secured by fixed charges over the property of Ready Egg Products Limited and a floating charge over the assets of the Company.

Hire purchase liabilities are secured against the asset to which they relate.

19. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax		
Accelerated capital allowances	<u>1,131,226</u>	<u>841,588</u>
	Deferred tax	Deferred tax
	£	£
Balance at 1 January 2019	841,588	1,452,890
Provided during year	<u>289,638</u>	<u>(611,302)</u>
Balance at 31 December 2019	<u>1,131,226</u>	<u>841,588</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. GOVERNMENT GRANTS

	2019 £	2018 £
Deferred government grants	<u>333,966</u>	<u>443,853</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

	Nominal value:	2019 £	2018 £
69,670 Ordinary	£1	69,670	69,670
18,300 Ordinary 'B' shares	£1	18,300	18,300
48,630 Ordinary 'C' shares	£1	<u>48,630</u>	<u>48,630</u>
		<u>136,600</u>	<u>136,600</u>

Each class of share has the right to vote, participate in dividends and return on capital of a winding up or liquidation and is not subject to rights of redemption.

22. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2019	26,943,852	3,713,400	100,000	30,757,252
Profit for the year	6,593,880			6,593,880
Dividends	<u>(6,000,000)</u>			<u>(6,000,000)</u>
At 31 December 2019	<u>27,537,732</u>	<u>3,713,400</u>	<u>100,000</u>	<u>31,351,132</u>

23. PARENT COMPANY

The Company regards Lough Erne Investments Limited as its parent Company. Lough Erne Investments Limited has included the results of Ready Egg Products Limited in its group financial statements, copies of which are available from its business address at Manor Waterhouse Farm, Lisnaskea, Co. Fermanagh, BT92 0BN. Lough Erne Investments Limited is a company registered in Northern Ireland.

Mr Charles Crawford is the ultimate controlling party.

24. CONTINGENT LIABILITIES

There is a contingent liability to repay certain government grants received under the terms of letters of offer from Invest Northern Ireland if the Company fails to honour certain undertakings and commitments. In the opinion of the directors the terms of the letters of offer have been complied with and no loss is expected.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	<u>2,381,466</u>	<u>265,624</u>

At the year end there was a capital commitment undertaken by the Company to pay the amount stated above in respect of plant and machinery. Such assets were not delivered to the client premises and were not commissioned at the year end.

26. RELATED PARTY DISCLOSURES

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

Entities with control, joint control or significant influence over the entity

	2019 £	2018 £
Purchases and Expenditure	1,942,089	1,393,363
Amount due to related party	<u>640,396</u>	<u>126,879</u>

Greenfield Foods Limited, a Company established in Northern Ireland, owns 35.6% of the issued share capital of Ready Egg Products Limited and the companies have common directors.

Lough Erne Investments Limited, a Company established in Northern Ireland, owns 51% of the issued share capital of Ready Egg Products and the companies have common directors.

27. 25. POST BALANCE SHEET EVENTS

In March 2020, the World Health Organisation declared the outbreak of a new Coronavirus, now known as Covid-19, a pandemic. The outbreak of Covid-19 affected business and economic activity around the world, including in the United Kingdom. The company continues to closely monitor the development of the coronavirus outbreak and its impact on market conditions. The company considers the impact of Covid-19 to be a non-adjusting balance sheet event as of 31 December 2019. Given the inherent uncertainties it is not practical at this time to determine the impact of Covid-19 on the company or to provide a quantitative estimate of its impact.

In October 2020, there was a significant fire to one of the unoccupied buildings of the company. The damage is in the process of being assessed by the insurance providers. This is classed as a non-adjusting event as of 31 December 2019.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.