Glanbia Co-operative Society Limited

Glanbia Co-operative Society Limited
Consolidated Financial Statements
For the Financial Year Ended 2 January 2021

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLANBIA CO-OPERATIVE SOCIETY LIMITED

Report on the audit of the financial statements

Opinion on the financial statements of Glanbia Co-Operative Society Limited (the 'society')
In our opinion the Group and Parent Society financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Society and Group as at 2 January 2021 and of the profit of the Group for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting frameworks.

The financial statements we have audited comprise:

The Group financial statements:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group balance sheet;
- the Group statement of changes in equity;
- the Group statement of cashflows;
- and the related notes 1 to 39, including a summary of significant accounting policies as set out in note 2.

The Parent Society financial statements:

- the income statement;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- and the related notes 1 to 24, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the applicable financial reporting framework"). The financial reporting framework that has been applied in the preparation of the Parent Society financial statements is Irish law and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the applicable financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Society and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year, and consistent with those reported on in the prior year, were: • Exceptional items. • Revenue recognition.
Materiality	The materiality that we used for the Group in the current year was €12.3m which was determined on the basis of consolidated shareholders' equity. The materiality that we used for the Society was €5.7m which was determined based on net assets..
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide internal financial controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 3 components subject to a full audit. This is unchanged from the prior year..
Significant changes in our approach	Key audit matters: We have removed "provisions for uncertain tax positions", "impairment of goodwill and other intangible assets" and "retirement benefit obligations" as key audit matters in the current year. In the current year due to the deemed disposal of Glanbia plc and Glanbia Ireland the the related balances associated with these key audit matters were de-consolidated from the Group financial statements and as at 2 January 2021, these were not considered key audit matters for the Group. Impact of COVID-19 on our audit approach As the COVID-19 pandemic continues to spread globally it has had an impact on all elements of local and international economies. We have considered the impact of COVID-19 on the Group's business as part of our audit risk assessment and planning. This assessment resulted in an increased audit scope on key audit areas including the consideration of changes in manual and automated internal controls as a result of remote working by Glanbia personnel and increased focus on the Group's key judgements and estimates in relation to future strategic plans and profitability forecasts which are key inputs into the group's going concern assessment.

Conclusions relating to going concern

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 Group and Society's ability to continue to adopt the going concern basis of accounting is set out below:

- We evaluated the design and implementation of the relevant controls in place for the directors' review of the budgets and forecasts for at least a period of 12 months from the date of signing of the Annual Report, including reviewing their challenge of these;
- We evaluated the Group's and Society's financing arrangements, including the agreements in respect of the undrawn committed bank facilities in place within the Group;
- We challenged the directors' assumptions and the basis for their evaluation and the inclusion of sensitivities incorporated in the budget and also the impact of Covid-19 on future trading;
- We evaluated the completeness and accuracy of the disclosures made in the Basis of Preparation note on page 14 by reference to the understanding we have obtained of the Group's and Society's financial performance during 2020, our assessment of the directors' projections and our reading of the Group's and Society's financing agreements. We also evaluated the directors' assessment of the impact of Covid-19 and the adequacy of disclosures in relation to the specific risks posed by the pandemic. We considered throughout the audit any contradictory information to the directors' confirmation that the Group and Society is a going concern, including evaluating whether the assumptions are realistic, achievable and consistent with the external and internal environment.

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 and Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exceptional Items

Key audit matter description	As described in Note 2 (Summary of significant accounting polices) and Note 6 (Exceptional items) the Group, in accordance with its stated accounting policy, classified a number of significant gains and expenses totalling a gain €650.6m as exceptional items. These exceptional items relate to the gain on deemed disposal of Glanbia plc and Glanbia Ireland DAC as described in Note 3, as well as organisational redesign costs, Covid-19 costs and legal settlement gains arising in the period up to 30 June 2020 within Glanbia plc and Glanbia Ireland DAC. Earnings before interest, tax and amortisation (EBITA) is disclosed throughout the annual report on a pre-exceptional basis and is one of the Group's key performance indicators. The classification of items as exceptional is inherently judgemental. As a result there is a risk that items are not consistently classified as exceptional items in line with the Group's accounting policy, or are not adequately disclosed. Refer also to page 23 (Exceptional Items accounting policy).
How the scope of our audit responded to the key audit matter	We documented our understanding of the process the Directors undertook to identify and present exceptional items within the Annual Report. We challenged the nature and classification of transactions as exceptional items in accordance with the Group's accounting policy, whilst also challenging whether the accounting policy for exceptional items is appropriate and is consistent with previous periods. In relation to the deemed disposal of Glanbia plc and Glanbia Ireland DAC, we reviewed the accounting treatment of these disposals, including the carrying values of assets and liabilities at date of disposal and the fair value of the remaining interest held by the Group in Glanbia plc and Glanbia Ireland DAC. We evaluated the design and implementation of key controls in place in relation to the valuation process of Glanbia Ireland DAC. We, in conjunction with our valuation specialists, reviewed the valuation and challenged the assumptions utilised in the valuation model. We, using valuation specialists, assessed whether all assets had been appropriately identified and evaluated and if appropriate methodologies were used in the valuation of the assets. We reviewed the presentation of and disclosures in the Group's financial statements against requirements under the relevant financial reporting framework.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to exceptional items.

Revenue Recognition

Key audit matter description	The Group sells products to customers under a variety of contractual terms. When assessing the potential risk of fraud in relation to revenue recognition, we considered the nature of the automated and manual transactions recorded across the Group. All revenue across the Group is recorded automatically at point of dispatch. Management record manual adjustments to revenue to ensure revenue is accounted for in line with the underlying contractual terms with customers. We have therefore pinpointed the significant risk across the Group to manual adjustments to revenue including all sales for which the performance obligation had not been met at the year end date. Furthermore, within the Glanbia plc, revenue is recognised net of discounts, rebates and other promotional arrangements where they apply to sales contracts. Significant judgement is required to determine the level of accruals required to settle these arrangements with customers post year-end, which impacts the amount of revenue recognised in the period. There is a significant risk that year end accruals relating to selling arrangements, and therefore revenue could be misstated either intentionally to achieve performance targets, or as a result of error. Refer also to page 22 (Revenue recognition accounting policy).
How the scope of our audit responded to the key audit matter	We obtained an understanding of the various revenue contracts and arrangements in place with customers across all divisions of the Group, and of the internal controls and IT systems in place over the revenue processes to determine if revenue was appropriately recognised to reflect the terms of contracts with customers and to ensure that the appropriate cut-off procedures are applied and revenue at year end is not misstated. We evaluated the design and determined the implementation of relevant controls in respect of revenue recognition. Where possible, operating effectiveness testing was performed and controls were relied upon. We recalculated year end accruals based on underlying contracts with customers and assessed whether there was any evidence of management bias in key judgements made by management. We also performed year end cut-off procedures and reviewed goods in transit at the year end date to ensure transactions were recorded in the correct period. As revenue is recognised automatically on despatch within the Group's accounting systems we selected a sample of manual journal entries posted to revenue to ensure amounts were recorded in line with underlying contracts for a selection of invoices and customers. We also tested higher risk transactions including agency arrangements by assessing if these transactions were appropriately accounted for in accordance with the relevant accounting standards. In addition, we selected a sample of post year end credit notes and rebate payments to identify any invalid sales transactions recorded in the period.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to revenue recognition.

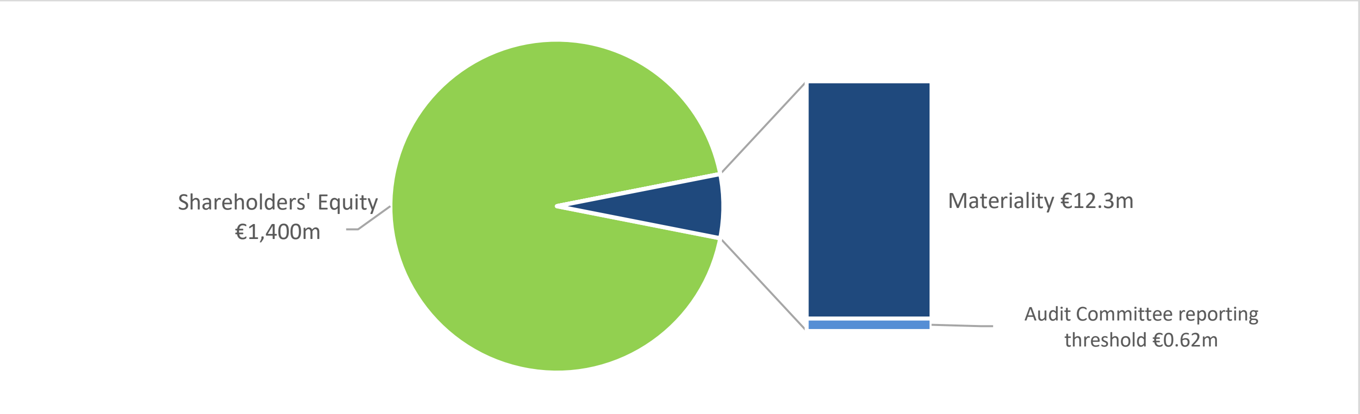
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters. We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €12.3m, which is approximately 8.6% of profit before tax and exceptional items, and 1% of consolidated shareholders' equity. We have considered consolidated shareholders' equity to be the appropriate benchmark for determining materiality because it is the most important measure for users of the Group's financial statements in recognition of the deemed disposal of the two trading subsidiaries in the current financial year. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

We determined materiality for the Company audit to be €5.7m which is between 1% and 2% of net assets. As a non-trading company, it does not generate significant revenues but instead incurs costs, thus net assets are of most relevance to the users of the Company financial statements.



We agreed with the Audit Committee that we would report to them all audit differences in excess of €0.62m as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 3 components which were subject to a full audit.

These components were selected based on coverage achieved and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the 3 components was executed at levels of materiality applicable to each individual unit which were lower than Group materiality and ranged from €5.7m to €7.9m.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit. Our audit scoping subjected 98% of net assets and 100% of external revenue to testing.

The Group audit team attended planning meetings at the significant component locations during the year and participated in audit meetings.

In addition to our planning meetings, we included component auditors in our team briefings, discussed their risk assessment, attended closing meetings, and reviewed their audit working papers.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

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.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Society'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 Group and Parent Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Society (or where relevant, the Group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may be reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the Society's members, as a body, in accordance with Section 13 of the Industrial and Provident Societies Act, 1893. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Matters on which we are required to Report by the Industrial and Provident Societies Act, 1893-2018

As required by Section 13(2) of the Industrial and Provident Societies Act, 1893-2018 we examined the balance sheet showing the receipts and expenditure, funds and effects of the Society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched and in accordance with law.

Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte and Touche House, Earlsfort Terrace, Dublin 2

14 May 2021

Group Income Statement
for the financial year ended 2 January 2021

	Notes	2020 Pre–Exceptional €'m	2020 Exceptional €'m (note 6)	2020 Total €'m	2019 Pre–Exceptional €'m	2019 Exceptional €'m (note 6)	2019 Total €'m
Revenue	4	**2,808.6**	**-**	**2,808.6**	5,770.0	-	5,770.0
Earnings before interest, tax and amortisation (EBITA)	4	**132.2**	**(17.6)**	**114.6**	353.3	(37.1)	316.2
Intangible asset amortisation and impairment	14	**(31.6)**	**-**	**(31.6)**	(65.2)	(2.0)	(67.2)
Operating profit	5	**100.6**	**(17.6)**	**83.0**	288.1	(39.1)	249.0
Gain on deemed disposal	3	**-**	**666.5**	**666.5**	-	-	-
Finance income	10	**3.8**	**-**	**3.8**	5.1	-	5.1
Finance costs	10	**(22.1)**	**-**	**(22.1)**	(42.8)	-	(42.8)
Share of results of joint ventures & associates		**60.9**	**(0.4)**	**60.5**	28.0	-	28.0
Profit before taxation		**143.2**	**648.5**	**791.7**	278.4	(39.1)	239.3
Income taxes	11	**(11.6)**	**2.1**	**(9.5)**	(32.4)	4.5	(27.9)
Profit for the year		**131.6**	**650.6**	**782.2**	246.0	(34.6)	211.4
Attributable to:							
Equity holders of the Society				**744.3**			86.1
Non–controlling interests	24			**37.9**			125.3
				782.2			211.4

On behalf of the Board

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John Murphy
J G Murphy
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DocuSigned by:
Hannah Josephine Talbot
S Talbot
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14 May, 2021

Group Statement of Comprehensive Income
for the financial year ended 2 January 2021

	Notes	2020 €'m	2019 €'m
Profit for the year		**782.2**	211.4
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans, net of deferred tax		**27.0**	(33.1)
Share of remeasurements on defined benefit plans for associates, net of deferred tax	15	**(0.6)**	-
Share of remeasurements on defined benefit plans for joint ventures, net of deferred tax	16	**4.4**	(0.7)
Revaluation of FVOCI financial assets, net of deferred tax	22	**0.1**	(0.1)
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	22	**(23.6)**	46.8
Currency translation differences - associates	22	**(36.3)**	-
Currency translation differences arising on net investment hedge	22	**0.6**	(2.4)
Reclassification to profit or loss on deemed disposal	22	**(47.0)**	-
Net fair value movements on cashflow hedges, net of deferred tax		**(1.3)**	(6.3)
Net fair value movements on cashflow hedges – associates, net of deferred tax	15	**0.8**	-
Net fair value movements on cashflow hedges – joint ventures, net of deferred tax	16	**(8.4)**	(8.6)
Other comprehensive income for the year, net of tax		**(84.3)**	(4.4)
Total comprehensive income for the year		**697.9**	207.0
Total comprehensive income attributable to:			
Equity holders of the Society		**680.7**	75.2
Non–controlling interests		**17.2**	131.8
Total comprehensive income for the year		**697.9**	207.0

Group Balance Sheet
as at 2 January 2021

	Notes	**2 January 2021 €'m**	4 January 2020 €'m
ASSETS			
Non–current assets			
Property, plant and equipment	13	**0.8**	1,121.7
Intangible assets	14	**0.5**	1,366.1
Interests in associates	15	**917.5**	2.6
Interests in joint ventures	16	**466.7**	192.0
Other financial assets	17	-	9.1
Trade and other receivables	18	**26.5**	5.1
Deferred tax assets	26	-	1.8
Retirement benefit assets	8	**2.8**	2.1
		1,414.8	2,700.5
Current assets			
Inventories	19	-	668.9
Trade and other receivables	18	**79.5**	605.3
Current tax asset		-	23.7
Derivative financial instruments	30	-	0.9
Cash and cash equivalents	20	**26.1**	343.7
		105.6	1,642.5
Total assets		**1,520.4**	4,343.0
EQUITY			
Issued capital and reserves attributable to equity holders of the Parent			
Share capital and share premium	21	**46.2**	45.9
Other reserves	22	**(21.9)**	167.6
Retained earnings	23	**1,375.8**	555.6
		1,400.1	769.1
Non–controlling interests	24	-	1,152.0
Total equity		**1,400.1**	1,921.1
LIABILITIES			
Non–current liabilities			
Financial liabilities	25	-	809.7
Derivative financial instruments	30	-	12.3
Deferred tax liabilities	26	-	182.6
Retirement benefit obligations	8	**3.1**	156.2
Provisions	27	-	6.3
Capital grants	28	-	29.5
Other payables	29	-	12.5
		3.1	1,209.1
Current liabilities			
Trade and other payables	29	**17.4**	767.4
Current tax liabilities		-	67.7
Financial liabilities	25	**93.4**	370.1
Derivative financial instruments	30	**6.4**	2.2
Provisions	27	-	3.7
Capital grants	28	-	1.7
		117.2	1,212.8
Total liabilities		**120.3**	2,421.9
Total equity and liabilities		**1,520.4**	4,343.0

On behalf of the Board

DocuSigned by:
John Murphy
J.G.Murphy
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14 May, 2021

DocuSigned by:
Hannah Josephine Talbot
S.Talbot
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Group Statement of Changes in Equity
for the financial year ended 2 January 2021

	Attributable to equity holders of the Parent					
	Share capital and share premium €'m (note 21)	Other reserves €'m (note 22)	Retained earnings €'m (note 23)	Total €'m	Non–controlling interests €'m (note 24)	Total €'m
Balance at 4 January 2020	**45.9**	**167.6**	**555.6**	**769.1**	**1,152.0**	**1,921.1**
Effect of adoption of IFRS 16	-	-	(15.3)	(15.3)	-	(15.3)
Balance at 5 January 2020	**45.9**	**167.6**	**540.3**	**753.8**	**1,152.0**	**1905.8**
Profit for the year	-	-	744.3	744.3	37.9	782.2
Other comprehensive income	-	(119.7)	35.4	(84.3)	-	(84.3)
Allocation of the share of other comprehensive income to non-controlling interests	-	23.2	(2.5)	20.7	(20.7)	-
Total comprehensive income for the year	-	(96.5)	777.2	680.7	17.2	697.9
Transactions with equity holders of the Parent						
Contributions and distributions						
Ordinary share interest paid to Society shareholders	-	-	(5.6)	(5.6)	-	(5.6)
Distribution paid to Society shareholders	-	-	(25.2)	(25.2)	-	(25.2)
Shares issued	0.3	-	-	0.3	-	0.3
Dividends	-	-	-	-	(32.2)	(32.2)
Purchase of Glanbia plc own shares*	-	(5.2)	-	(5.2)	-	(5.2)
Cost of share based payments*	-	3.9	-	3.9	-	3.9
Share of movement in own shares & SBP reserve - associates	-	(0.5)	-	(0.5)	-	(0.5)
Transfer on exercise, vesting or expiry of share based payments*	-	(1.0)	1.0	-	-	-
Deferred tax on share-based payments*	-	-	0.3	0.3	-	0.3
Allocation of the share of contributions and distributions to non–controlling interests*		(1.5)	(0.9)	(2.4)	2.4	-
Transfer of other reserves to retained earnings on deemed disposal	-	(88.7)	88.7	-	-	-
Changes in ownership interests	0.3	(93.0)	58.3	(34.4)	(29.8)	(64.2)
Disposal of non-controlling interest	-	-	-	-	(1,139.4)	(1,139.4)
Balance at 2 January 2021	**46.2**	**(21.9)**	**1,375.8**	**1,400.1**	**-**	**1,400.1**

* Contributions and distributions included in the allocation of the share to non-controlling interests.

Group Statement of Changes in Equity continued
for the financial year ended 2 January 2021

	Attributable to equity holders of the Parent					
	Share capital and share premium €'m (note 21)	Other reserves €'m (note 22)	Retained Earnings €'m (note 23)	Total €'m	Non–controlling interests €'m (note 24)	Total €'m
Balance at 30 December 2018	45.4	161.9	534.9	742.2	1,074.5	1,816.7
Profit for the year	-	-	86.1	86.1	125.3	211.4
Other comprehensive income	-	29.4	(33.8)	(4.4)	-	(4.4)
Allocation of the share of other comprehensive income to non-controlling interest		(21.8)	15.3	(6.5)	6.5	-
Total comprehensive income for the year	-	7.6	67.6	75.2	131.8	207.0
Transactions with equity holders of the Parent						
Contributions and distributions						
Ordinary share interest paid to Society shareholders	-	-	(5.6)	(5.6)		(5.6)
Distribution paid to Society shareholders	-	-	(41.3)	(41.3)		(41.3)
Shares and share premiums issued	0.5	-	-	0.5		0.5
Dividends	-	-	-	-	(51.6)	(51.6)
Purchase of Glanbia plc own shares*	-	(8.1)	-	(8.1)		(8.1)
Cost of share based payments*	-	4.6	-	4.6		4.6
Transfer on exercise, vesting or expiry of share based payments*	-	(1.0)	1.0	-		-
Deferred tax on share based payments*	-	-	0.1	0.1		0.1
Allocation of the share of contributions and distributions to non–controlling interests*	-	2.6	0.1	2.7	(2.7)	-
Balance at 4 January 2020	45.9	167.6	555.6	769.1	1,152.0	1,921.1

* Contributions and distributions included in the allocation of the share to non-controlling interests.

Group Statement of Cashflows
for the financial year ended 2 January 2021

	Notes	2020 €'m	2019 €'m
Cash flows from operating activities			
Cash generated from operating activities	33	**39.8**	417.3
Interest received		**6.2**	1.2
Interest paid (including leases*)		**(24.3)**	(43.0)
Tax paid		**0.6**	(48.3)
Net cash inflow from operating activities		**22.3**	327.2
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	35	-	(58.3)
Capital grants received	28	-	8.1
Purchase of property, plant and equipment		**(30.3)**	(112.1)
Purchase of intangible assets		**(13.7)**	(34.1)
Interest paid in relation to property, plant and equipment		**(0.3)**	(3.1)
Loans to joint ventures		-	1.0
Dividends received from joint ventures & associates		**15.2**	24.1
Investment in joint ventures		-	(48.6)
Payments for Glanbia MilkFlex Fund	32	**0.7**	0.6
Deferred consideration payments to joint ventures		**(0.1)**	(3.0)
Proceeds from disposal/redemption in FVOCI financial assets		**1.7**	2.6
Payments for FVOCI financial assets		-	(3.1)
Proceeds from property, plant and equipment		-	0.6
Net cash outflow from investing activities		**(26.8)**	(225.3)
Cashflows from financing activities			
Proceeds from issue of ordinary shares		**0.2**	0.3
Purchase of Glanbia plc shares – equity settled share based payments		**(0.9)**	(8.1)
Drawdown of borrowings		**649.2**	1,324.1
Repayment of borrowings		**(664.4)**	(1,354.8)
Lease payments*		**(12.6)**	(0.7)
Distribution paid to Society's shareholders - rebates		**(32.2)**	(35.4)
Ordinary share interest paid to Society's shareholders		**(9.7)**	(5.6)
Dividends paid to non–controlling interests	24	**(32.2)**	(51.6)
Proceeds from Glanbia Ireland Extended Credit Scheme receivable		-	9.8
Proceeds from Glanbia Advance Payments Scheme receivable		-	0.2
Net cash outflow from financing activities		**(102.6)**	(121.8)
Net decrease in cash and cash equivalents		**(107.1)**	(19.9)
Cash and cash equivalents at the beginning of the year		**238.7**	259.4
Cash disposed of on deemed disposal		**(104.0)**	-
Cash acquired on acquisitions		-	(4.2)
Effects of exchange rate changes on cash and cash equivalents		**(1.5)**	3.4
Cash and cash equivalents at the end of the year	20	**26.1**	238.7

* Repayment of lease liabilities capitalised under IFRS 16 during the year ended 2 January 2021 amounted to €14.1 million, of which €1.6 million related to interest expense (note 10) paid which is presented in cash flows from operating activities. See note 1 for details on the transition to IFRS 16.

Notes to the Financial Statements
for the financial year ended 2 January 2021

Glanbia Co-operative Society Limited (the 'Society') and its subsidiaries (together the 'Group') is a nutrition group. The Society is domiciled in Ireland, the number which it is registered is 4928R. The address of its registered office is Glanbia House, Kilkenny, Ireland. These consolidated financial statements were approved and authorised for issue by the Board of Directors on 10 May 2021.

1. Summary of significant accounting policies

Basis of preparation
The consolidated financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ('IFRS'), IFRIC interpretations and those parts of the Companies Act 2014, applicable to companies reporting under IFRS. IFRS as adopted by the European Union ('EU') comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The consolidated financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU. The consolidated financial statements have been prepared under the historical cost convention as modified by use of fair values for certain other financial assets and derivative financial instruments. The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. See note 2. Amounts are stated in euro millions (€'m) unless otherwise stated. These financial statements are prepared for the 52-week period ended 2 January 2021. Comparatives are for the 53-week period ended 4 January 2020. The balance sheets for 2020 and 2019 have been drawn up as at 2 January 2021 and 4 January 2020 respectively.

Deemed disposal during the year
The Society, together with its subsidiaries, holds 31.7% (2019: 31.5%) of the issued share capital of the Glanbia plc. The Board of Directors of Glanbia plc as at 4 January 2020 was comprised of 16 members, of which up to eight, including the Chairman who had the casting vote, were nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controlled Glanbia plc and its subsidiaries (together the 'Glanbia plc Group') and was the ultimate parent of Glanbia plc Group up to 30 June 2020. The Society had control over Glanbia Ireland DAC up to 30 June 2020 through its 60% shareholdings in the entity and its joint control of the entity via its control over Glanbia plc, which has joint control over the entity.

From 1 July 2020 in accordance with the Relationship Agreement between the Society and Glanbia plc, the number of directors that were nominated by the Society reduced to seven in a board comprising of 15 members. Thereafter the Society no longer controlled Glanbia plc Group and Glanbia Ireland DAC which became an associate and joint venture of the Society respectively.

As the Society maintained the same shareholdings in Glanbia plc Group and Glanbia Ireland DAC (together, the 'deemed disposed entities') following the loss of control, there was a deemed disposal of these entities on 1 July 2020. The Group discontinued the consolidation of the deemed disposed entities from 1 July 2020 and accounted for them using the equity method of accounting. Details of the assets and liabilities deemed disposed of on 1 July 2020, and the gain on the deemed disposal are disclosed in note 3.

The 2019 Group financial statements included the consolidation of the 2019 financial statements of the deemed disposed entities. Following the deemed disposal as described in this note, the 2020 Group financial statements included the consolidation of the financial statements of deemed disposed entities for the period up to 30 June 2020. Thereafter, the deemed disposed entities were accounted for using the equity accounting method. The income statements of the deemed disposed entities, which have been included in the 2020 and 2019 Group financial statements, are detailed in note 3.

The Group adopted new and amended accounting standards, and International Financial Reporting Interpretations Committee ('IFRIC') interpretations during the year ended 2 January 2021 as detailed in the section 'Adoption of new and amended standards and interpretations' herein. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented by the Society, its subsidiaries, and joint ventures & associates unless otherwise stated.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Group financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements. In reaching this conclusion the Directors have had due regard to:

- cash generation from operations, cash inflow from repayment of related party loans, available cash resources, and the maturity profile of its borrowings of which taken together provide confidence that the Group will be able to meet its obligations as they fall due. In particular, the repayment of the secured exchangeable bond in June 2021 will be financed through the repayment of loans to joint ventures & associates and dividend income from its joint ventures & associates in 2021, and the Group's cash at bank and in hand.
- the Group's financial risk management policies, the nature of its business activities and the factors likely to impact operating performance.
- the impact of Covid-19 on the Group as described below.

The Group's financial health is linked to the operating performance and future growth of the Group's investment in Glanbia plc and Glanbia Ireland DAC. The pandemic has had a limited impact on these investees' businesses during 2020. Based on their budgets and strategic plans, Covid-19 is expected to continue to have a limited impact on their performance and growth, thereby continuing to contribute to the financial position of the Group for at least 12 months from the date of approval of the Group financial statements.

Notes to the Financial Statements
for the financial year ended 2 January 2021

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Society and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Inter-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Equity accounted investees

Joint ventures

The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are accounted for using the equity method of accounting.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control or jointly control those policies. Investments in associates are accounted for using the equity method of accounting.

Equity method of accounting – joint ventures & associates

Under the equity method of accounting, interests in joint ventures & associates are initially recognised at cost. The Group's share of joint ventures & associates post acquisition profits or losses after tax are recognised in the 'Share of results of joint ventures & associates' in the Group income statement. The Group's share of joint ventures & associates post acquisition movement in reserves is recognised in the Group statement of other comprehensive income. The cumulative post–acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the joint venture or associate is tested for impairment by comparing its recoverable amount against its carrying value.

Unrealised gains arising from transactions with joint ventures & associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment of a transferred asset.

When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the joint venture or associate.

When the Group ceases to have joint control or significant influence, any retained interest in the entity is re–measured to its fair value at the date when joint control or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is defined as the date the Group gained control of the entity. The cost of the acquisition is measured at the aggregate of the fair value of the consideration given.

Upon acquisition, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except for deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively. The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Goodwill represents the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the net identifiable assets acquired. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in accordance with IFRS 9.

Acquisition–related costs are expensed as incurred in the income statement.

Notes to the Financial Statements
for the financial year ended 2 January 2021

On an acquisition–by–acquisition basis, the Group recognises any non–controlling interest in the acquiree either at fair value or at the non–controlling interest's proportionate share of the acquiree's net assets.

Non–controlling interests
Non–controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Society and are presented separately in the income statement and within equity in the balance sheet, distinguished from shareholders' equity attributable to owners of the Society.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries, joint ventures & associates are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Society's functional currency and the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cashflow hedges or net investment hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity in the currency translation reserve as (i) qualifying cashflow hedges or (ii) exchange gains or losses on long–term intra–group loans and on net investment hedges.

Subsidiaries, joint ventures & associates
The income statement and balance sheet of subsidiaries, joint ventures & associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each reporting date are translated at the closing rate at the reporting date of the balance sheet;
- income and expenses in the income statement and statement of comprehensive income are translated at average exchange rates for the year. Average exchange rates are only permissible if they approximate actual. The average exchange rates are a reasonable approximation of the cumulative effect of the rates on transaction dates; and
- all resulting exchange differences are recognised in other comprehensive income.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is disposed outside the Group, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

The principal exchange rates used for the translation of results and balance sheets into euro are as follows:

	Average		Year end	
Euro 1=	**2020**	2019	**2020**	2019
US dollar	**1.1423**	1.1196	**1.2271**	1.1147
Pound sterling	**0.8898**	0.8872	**0.8990**	0.8512

Business combinations
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are denominated in the functional currency of the foreign entity, recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Property, plant and equipment
Cost
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs, for example the costs of major renovation, 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.

The carrying amount of any component accounted for as a separate asset is de–recognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

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

Borrowing costs directly attributable to the construction of property, plant and equipment which take a substantial period of time to get ready for its intended use are capitalised as part of the cost of the assets.

Depreciation
Depreciation is calculated on the straight–line method to write off the cost (less residual value) of each asset over its estimated useful life at the following rates:

	%
Land	Nil
Buildings	2.5-5
Plant and equipment	3.33-33
Motor vehicles	20-25

Land is not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Impairment
Carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value over the remaining useful life.

Intangible assets

Goodwill
Goodwill is initially recognised at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included within intangible assets. Goodwill associated with the acquisition of joint ventures & associates is not recognised separately and included within the interest in joint ventures & associates under the equity method of accounting.

Following initial recognition goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill impairments are not reversed. Goodwill is not amortised but is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In accordance with IFRS 1 'First time Adoption of International Financial Reporting Standards', goodwill written off to reserves prior to date of transition to IFRS remains written off. In respect of goodwill capitalised and amortised at transition date, its carrying value at date of transition to IFRS remains unchanged.

Research and development costs
Research expenditure is recognised as an expense in the income statement as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering, its commercial and technological feasibility and costs can be measured reliably. Development costs are amortised using the straight line method over their estimated useful lives. The useful life is typically three to six years.

Brands, customer relationships, recipes, know-how and other intangibles
Brands, customer relationships, recipes, know-how and other intangibles acquired as part of a business combination are stated at their fair value at the date control is achieved.

Indefinite life brands are carried at cost less accumulated impairment losses, if applicable. Indefinite life brands are not amortised on an annual basis but are tested annually for impairment. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of the brands as indefinite is assessed annually.

Definite life brands, customer relationships, recipes, know-how and other intangibles are amortised using the straight–line method over their useful life as follows:

	Years
Brands	3-40
Customer relationships	5-15
Other intangibles	2-15

The useful life used to amortise definite life brands, customer relationships, recipes, know-how and other intangibles relates to the future performance of the assets acquired and management's judgement of the period over which the economic benefit will be derived from the assets.

The carrying values of definite life brands, customer relationships, recipes, know-how and other intangibles are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or circumstances indicate that the carrying values may not be recoverable.

Computer software
Computer software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight–line method over their estimated useful lives, which is normally between four and 10 years.

Impairment of intangible assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units (CGUs)). An impairment is recognised in the income statement for the amount by which the carrying value of the CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined as the discounted future cash flows of the CGU.

Equity instruments

The Group classifies and measures its equity instruments at fair value. Changes in their fair value are recognised in the income statement unless management has elected to present fair value gains and losses in OCI on an investment by investment basis. When an election is made for an investment, there is no subsequent reclassification of fair value gains and losses related to the investment to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

Trade and other receivables, and financial assets at amortised cost

Trade and other receivables, and financial assets at amortised cost are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance.

They are classified as non-current assets except for those maturing within 12 months of the reporting date.

The Group recognises an allowance for expected credit losses (ECLs) for financial assets not held at fair value through profit or loss. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A loss allowance for receivables is estimated based on expected credit losses. To measure expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment of countries in which the Group sells its goods, which affect the ability of the debtors to settle the receivables.

The above financial assets are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Group.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. For the purposes of the Group statement of cash flows, cash and cash equivalents consists of cash and cash equivalents net of bank overdrafts as bank overdrafts are repayable on demand and they form an integral part of cash management.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve remains within equity on the balance sheet.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short-term nature of these liabilities. These amounts represent liabilities for goods and services provided to the Group prior to, or at the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 30–90 days of recognition depending on the terms negotiated with suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently stated at amortised cost. They are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the entity or the counterpart.

Derivative financial instruments

Derivatives are initially recorded at fair value and subsequently remeasured at their fair value at the reporting date. Derivative contracts are recognised on the date the contract is entered into, other than for 'regular way' contracts for which settlement date accounting is applied.

The fair value of any foreign currency contracts or any commodities contract is estimated by discounting the difference between the contractual forward price and the current forward price, using the market interest rate at the measurement date, for a time period equal to the residual maturity of the contract. The fair value of any interest rate swap is estimated by discounting future cash flows under the swap, using the market interest rates, at the measurement date, for time periods equal to the residual maturity of the contracted cash flows.

The convertible bond includes a cash settlement option whereby the Society may deliver either a fixed number of shares to the holder, or an amount of cash equal to the market value of the fixed number of shares at the date of conversion. This convertible bond option is accounted for as a derivative liability (note 30). The convertible bond is a hybrid instrument containing a host debt contract and a conversion option component (written call option over Glanbia plc shares). The conversion option element is measured at fair value with changes in fair value recognised in profit or loss. The host bond is initially recognised at fair value and subsequently at amortised cost (note 30).

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. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised in the income statement.

The Group adopts the hedge accounting model in IFRS 9.

The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (ii) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and half yearly, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 30. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Fair value hedge
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.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the hedging reserve within equity. The changes in the time value of the options that relate to the hedged item are recognised within other OCI in the cost of hedging reserve within equity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place, and where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory)). The recycled gain or loss relating to the effective portion of interest rate swaps hedging variable interest rates on borrowings is recognised in the income statement within 'finance costs'. The recycled gain or loss relating to the effective portion of foreign exchange contracts is recognised in the income statement. The recycled gain or loss relating to the time value and the effective portion of the intrinsic value of commodity option contracts are included within the initial cost of an asset.

When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge
Net investment hedges are foreign currency borrowings used to finance or provide a hedge against Group equity investments in non–euro denominated operations to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. When long–term intra–group loans are repaid the related cumulative currency translation recognised in the currency reserve is not reclassified to the income statement unless the entity is disposed of.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is determined by the first–in, first–out (FIFO) method or by weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal capacity). Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges which relate to purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Allowance is made, where necessary, for aged, slow moving, obsolete and defective inventories.

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Provisions, contingent liabilities, contingent assets
Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

Provisions arising on business combinations are only recognised to the extent that they have qualified for recognition in the financial statements of the acquiree prior to acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are generally depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate ('IBR') at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For leases of plant and equipment, and motor vehicles for which the Group is a lessee, it has elected not to separate lease and non-lease components, and instead account for these as a single lease component.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases policy applicable before 5 January 2020
Finance leases
Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are operating leases. A determination is also made as to whether the substance of an arrangement could equate to a finance lease.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance cost. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term. The corresponding rental obligation, net of finance charges is included in financial liabilities and split between current and non-current, as appropriate.

Operating leases
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Employee benefits
Pension obligations
The Group companies operate various pension plans. The plans are funded through payments to trustee–administered funds. The Group has both defined benefit and defined contribution plans.

Defined contribution pension
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 obligation 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 contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation
Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high–quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Group significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:
(a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
(b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

The deferred tax impact of pension plan obligations is disclosed separately within deferred tax assets.

Share based payments - plc
The Group operates a number of equity settled share–based compensation plans which include share option and share award schemes which are open to Executive Directors and certain senior managers.

The charge to the income statement in respect of share–based payments is based on the fair value of the equity instruments granted and is spread over the performance period.

Options under the 2002 Long Term Incentive Plan
The fair value of the instruments awarded were calculated using the binomial model. The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised. The market vesting condition is Total Shareholder Return (TSR) and the awards contain both market and non–market vesting conditions.

Awards under the 2008 and 2018 Long Term Incentive Plan
The fair value of the awards is calculated using a Monte Carlo simulation technique. The awards contain both market and non-market vesting conditions. The market vesting condition is TSR and, accordingly, the fair value assigned to the related equity instruments is adjusted so as to reflect the anticipated likelihood at the grant date of achieving the market-based vesting condition. There are no revisions to the fair value at subsequent reporting dates for changes in TSR estimates.

Awards under the 2019 Restricted share plan (2019 RSP)
The fair value of the awards is calculated using the discounted cash flow method. The awards typically contain only non-market vesting and service conditions. In respect of 2008 LTIP, 2018 LTIP and 2019 RSP, non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

The non-market based charge to the income statement is reversed where awards do not vest because non-market performance conditions have not been met or where, subject to the rules of the scheme, an employee in receipt of share awards leaves service before the end of the vesting period.

When the awards are exercised, the Company reissues shares from own shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings.

Awards under the Annual Incentive Deferred into Shares Scheme (AIDIS)
The fair value of shares awarded is determined in line with the Group's Annual Incentive Scheme rules and equates with the cash value of the portion of the annual incentive that will be settled by way of shares. The expense is recognised immediately in the income statement with a corresponding entry to equity.

Share based payments – Glanbia Ireland DAC
Glanbia Ireland DAC operates a share-based payment plan which may be offered to Key Management personnel of that entity. The scheme is treated as a cash settled scheme. Until the liability is settled the entity remeasures the fair value of the liability at the end of each reporting period, and at the date of settlement, with any changes in fair value recognised in the income statement for the period.

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Income taxes
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax
Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Group balance sheet date in countries where the Group operates and generates taxable income, taking into account adjustments relating to prior years.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of in-house tax experts, professional firms and previous experience of the Group. Further details on estimates and judgements are set out in note 2.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax
Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non–discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

The carrying amount of a deferred tax asset or liability may change for reasons other than a change in the temporary difference itself. Such changes might arise as a result of a change in tax rates or laws, a reassessment of the recoverability of a deferred tax asset or a change in the expected manner of recovery of an asset or the expected manner of a settlement of a liability. The impact of these changes is recognised in the income statement or in other comprehensive income depending on where the original deferred tax balance was recognised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures & associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Government grants
Grants from government authorities are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Revenue grants are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in current and non–current liabilities and are credited to the income statement on a straight–line basis over the expected lives of the related assets.

Research and development taxation credits are recognised at their fair value in the income statement where there is reasonable assurance that the credit will be received.

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

Own shares
Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of Glanbia plc and Glanbia Ireland DAC) purchases Glanbia plc's equity share capital, under the respective share based payment plans, the consideration paid is deducted from total equity and classified as own shares until they are re–issued. Where such shares are re–issued, they are re–issued on a first in, first out basis and the amount re–issued is transferred from own shares to retained earnings.

Revenue recognition
Glanbia plc manufactures and sells performance nutrition and lifestyle nutrition products, cheese and dairy, and non-dairy nutritional and functional ingredients. Glanbia Ireland DAC Group manufactures and sells dairy ingredients and consumer products.

In general, there is one performance obligation relating to the sale of products in a contract with a customer. Performance obligations are met at the point in time when control of the products has transferred to the customer, which is dependent on the contractual terms with each customer. In most cases, control transfers to the customer when the products are dispatched or delivered to the customer. Delivery occurs when the products have been delivered to the specific location. The Group is deemed to be a principal in an arrangement when it controls the promised goods before transferring them to a customer, and accordingly recognises revenue on a gross basis.

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the most likely method. Judgement is or may be exercised by management in the determination of quantum and likelihood of rebates and discounts based on experience and historical trading patterns. Rebates and discounts are recorded in the same period as the original revenue.

Notes to the Financial Statements
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Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing. Thus, the Group does not adjust any of the transaction prices for the time value of money as a practical expedient as the Group does not expect to have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year.

Dividends are recognised when the right to receive payment is established.

Ordinary share interest
Ordinary share interest reflects distributions on the ordinary shares, and are recognised as a liability of the Society when approved by the Society's members.

Distributions to Society members
Pursuant to rule 98 of the Society, the Board may distribute part of the reserves of the Society to members based on their shareholding or trading with the Group. Such distributions can include rebates, bonus issues of shares or loan stock, share buy backs and interest free support. These distributions are recorded in retained earnings as distributions to members when approved by the Society's members.

Finance costs
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the income statement, facility fees and the unwinding of discounts on provisions and the interest expense component of lease liabilities.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other finance costs are expensed in the income statement in the period in which they are incurred.

Finance income
Finance income is recognised in the income statement as it accrues using the effective interest rate method and includes net gains on hedging instruments that are recognised in the income statement.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

Income statement format
Exceptional items
The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include impairment of assets, including material adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, material acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring, external events including disasters relating to weather, pandemics, wars and other acts of God and natural disasters, and profit or loss on (deemed) disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items.

Earnings before interest, tax and amortisation (EBITA)
The Group believes that EBITA is a relevant performance measure and has therefore disclosed this amount in the Group income statement. EBITA is stated before considering the share of results of joint ventures & associates.

Segment reporting
In identifying the Group's operating segments, management considered the following factors:
- how financial information is reported to the Chief Operating Decision Maker (CODM)
- existence of managers responsible for the components
- the nature of the component business activities
- the nature of products and services
- the nature of the production processes
- the type or class of customer
- the methods used to distribute the products.

The Group has identified two segments as follows:

Glanbia plc
Glanbia plc earns its revenue from the manufacture and sale of sports nutrition, lifestyle nutrition products, cheese, dairy and non–dairy nutritional and functional ingredients, and vitamin and mineral premixes.

Glanbia Ireland DAC
Glanbia Ireland DAC earns its revenue from the manufacture and sale of cheese and dairy ingredients, and the manufacture and sale of a range of consumer products and farm inputs.

These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Board of Glanbia Co-operative Ireland assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items.

Other segments
Other non–reportable segments include both the results of the Co-operative Society entity and other smaller subsidiaries and consolidation adjustments. These entities do not meet the segment criteria, individually or on an aggregate basis, as outlined in IFRS 8 'Operating segments.

These segments align with the Group's internal reporting system and the way in which the Chief Operating Decision Maker (Glanbia Operating Executive) assesses performance and allocates the Group's resources.

Finance income, finance costs and income taxes are not allocated to segments, as this type of activity is driven by central treasury and taxation functions which manage the cash and tax position of the Group. Unallocated assets and liabilities primarily include tax, cash and cash equivalents, other financial assets, financial liabilities and derivatives. Inter–segment revenue is determined on an arms–length basis. Where a material dependency or concentration on an individual customer would warrant disclosure, this is disclosed in note 4.

Adoption of new and amended standards and interpretations

The Group has adopted the following standards, interpretations and amendments to existing standards during the financial year:

IFRS 16 'Leases'
The Group adopted the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at 5 January 2020. Under this approach, the comparatives for the 2019 reporting period are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 5 January 2020.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. There were no leases previously classified as finance leases as at 4 January 2020.

In applying IFRS 16 for the first time, the Group has availed of practical expedients/exemptions including:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- accounting for operating leases with a remaining lease term of within 12 months of 5 January 2020 as short-term leases
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- not reassessing whether a contract is, or contains a lease at the date of initial application
- not making any adjustments on transition for leases for which the underlying asset is of low value

The impact of the adoption of IFRS 16 is as follows:

- right-of-use asset and lease liabilities: initial recognition of €129.3 million and €150.8 million respectively as at 5 January 2020
- non-current other payables*: decrease of €12.5 million as at 5 January 2020
- non-current provisions: increase of €5.9 million as at 5 January 2020
- depreciation charge: increase of €12.8 million in the period
- finance costs: increase of €1.6 million in the period

* Relate to lease incentives on non-cancellable operating leases under IAS 17 as at 4 January 2020.

The lease liabilities as at 5 January 2020 can be reconciled to the operating lease commitments as of 4 January 2020 as follows:

	2020 €'m
Operating lease commitments disclosed as at 4 January 2020	**149.6**
Short-term leases recognised as expense	**(0.7)**
Adjustments as a result of a different treatment of extension and termination options	**17.1**
Reclassification of existing finance lease	**1.5**
Effect of discounting (lessee's weighted average incremental borrowing rate of 2.29% on 5 January 2020)	**(15.3)**
Lease liability recognised as at 5 January 2020	**152.2**

No significant judgements or estimates were made in applying IFRS 16 that would have a material impact on the Group. However, it is noted that estimation is involved in determining IBR which is used to measure lease liabilities. The Group estimates the IBR based on the currency and country/region in which a lease is based, the lease term, and the credit quality of the Group. In addition, judgement is involved in determining the lease term where there are extension or termination options. In determining the lease term, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal or termination of the lease such as the length of the non-cancellable period of a lease, costs relating to the termination of a lease, and the amount of leasehold improvements that have been or are expected to be undertaken. The Group assesses at lease commencement date whether it is reasonably certain to exercise these options for leases. The Group reassesses whether it is reasonably certain to exercise them if there is a significant event or change in circumstances within its control.

IFRIC 23 'Uncertainty over Income Tax Treatments'
This interpretation sets out how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 'Income taxes'. The adoption of this interpretation did not have a material impact on the financial statements as the Group already applied the principles of IFRIC 23 in determining its provisions for uncertain tax treatments.

Amendments to IFRS 3 'Business Combinations'
The amendments clarify the definition of a business to help entities determine whether an acquired set of activities and assets is a business or not. The adoption of the amendments did not have a material impact on the financial statements.

Other IFRS changes
The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements:

- Amendments to IFRS 9 'Prepayment Features with Negative Compensation'
- Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures'
- Annual Improvements to IFRS Standards 2015–2017 Cycle: IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 'Employee Benefits Plan Amendment, Curtailment or Settlement'
- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IAS 1 and IAS 8 'Definition of Material'
- The Conceptual Framework for Financial Reporting

New and amended standards and interpretations that are not yet effective
The Group has not applied certain new standards, amendments to existing standards and interpretations that have been issued but are not yet effective. The most significant of which are as follows:

Amendment to IFRS 16 'Covid-19-Related Rent Concessions' (EU effective date: on or after 1 June 2020)
As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The Group does not expect the adoption of this amendment to have a material impact on the financial statements, as the Covid-19 related rent concessions received by the Group were not material.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' (EU effective date: on or after 1 January 2021)
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ('IBOR') is replaced with an alternative nearly risk-free interest rate. The reliefs include practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform, relief from discontinuing hedging relationships and relief relating to separately identifiable risk components.
Additional disclosures relating to the interest rate benchmark reform are required. The Group is currently evaluating the impact of the amendments on future periods.

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (IASB effective date: on or after 1 January 2022 - not yet endorsed)
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The Group is currently evaluating the impact of the amendments on future periods.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact on the Group or they are not currently relevant for the Group.

2. Critical accounting estimates and judgements

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. Significant judgements and estimates made in the preparation of these financial statements are set out below.

Judgements

Exceptional items
The Group considers that items of income or expense which are significant by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in note 1. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group income statement.

Interests in joint ventures
Judgement applicable from 1 July 2020
The Group holds 60% of the ordinary share capital of Glanbia Ireland DAC. However notwithstanding the majority equity shareholding, this entity is considered to be a joint venture of the Group as the business plan, which directs the relevant activities of the business, requires the unanimous approval of both the Group and Glanbia plc which holds the remaining 40% shareholding.

Judgement applicable before 1 July 2020
The Group holds 51% of the share capital of Glanbia Cheese Limited but notwithstanding the majority equity shareholding, this entity is considered to be a joint venture as the Group does not have control of the company as along with its joint venture partner Leprino Foods Company, it has equal representation on the Board of Directors who directs the relevant activities of the business. Decisions about the relevant activities require unanimous consent of the Group and the joint venture partner. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board.

Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to estimates are recognised prospectively.

Retirement benefit obligations
The Group operates one defined benefit pension scheme in Ireland as at 2 January 2020. Prior to the deemed disposal on 1 July 2020 (note 3), the Group operates a number of defined benefit pension plans both in Ireland and the UK. The rates of contributions payable, the pension cost and the Group's total obligation in respect of defined benefit plans is calculated and determined by independent qualified actuaries and updated at least annually. Refer to note 8 for the amounts associated with the Irish and UK plans.

The size of the obligation and cost of the benefits are sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions including price inflation, benefit and salary increases together with the discount rate used. The Group discloses the UK defined benefit pension plan details separate from the Irish plans to identify the impact of a change in UK assumptions on the Group's defined benefit pension plans. The estimates pertaining to retirement benefit obligations incorporated the effects of Covid-19 based on actuarial advice where applicable.

The discount rate is a highly sensitive input to the calculation of scheme liabilities. Sensitivity analysis has been completed to assess the impact of a change in the discount rate used and other principal actuarial assumptions. Refer to note 8 for the sensitivity analysis.

Estimates applicable before 1 July 2020
Impairment review of goodwill and indefinite life intangibles
The Group tested annually whether goodwill and indefinite life intangibles suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash generating units (CGUs) were determined based on value in use calculations. These calculations required the use of estimates.

The intangible assets of Glanbia Ireland and Glanbia plc, including goodwill arising on acquisition were tested for impairment using projected cash flows over a three year period. In cases where management had strategic plans beyond three years these numbers were also used in the projections. Discount rates were based on the Group weighted average cost of capital adjusted for company risk factors and specific country risk. A terminal value assuming 2% growth into perpetuity was also applied. Sensitivity on the cash flows was also prepared based on a reduction in projected EBITDA growth of 10%, a terminal value assuming zero growth or an increase in the discount factor used by 1%. Indefinite life intangible assets were those for which there was no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite was reviewed annually.

Additional information in relation to impairment reviews is disclosed in note 14.

Income taxes
The Group was subject to income tax in numerous jurisdictions. Significant judgement was required in determining the worldwide provision for income taxes. There were many transactions during the ordinary course of business for which the ultimate tax determination was uncertain and the applicable tax legislation was open to differing interpretations. The Group took external professional advice to help minimise this risk. It recognised liabilities for anticipated tax authority reviews based on estimates of whether additional taxes would be due, having regard to all information available on the tax matter. The Group engaged with local tax experts to support the judgements made where there was significant uncertainty about the position taken. In determining any liability for amounts expected to be paid to tax authorities, the Group had regard to the tax status of the entities involved, the external professional advice received, the status of negotiations and correspondence with the relevant tax authorities, the best estimate of the amount expected to become payable, past practices of the tax authorities and any precedents in the relevant jurisdiction. Where the final outcome of these tax matters was different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination was made.

Deferred tax assets were recognised to the extent that it was probable that future taxable profit would be available against which the unused tax losses and unused tax credits may have been utilised. The Group estimated the most probable amount of future taxable profits using assumptions consistent with those employed in impairment calculations and taking into consideration applicable tax legislation in the relevant jurisdiction.

Income taxes and deferred taxes are disclosed in notes 11 and 26 respectively.

Provisions
The amounts recognised as a provision were management's best estimate of the expenditure required to settle present obligations at the balance sheet date. The outcome depended on future events which were by their nature uncertain. In assessing the likely outcome, management based its assessment on historical experience and other factors that were believed to be reasonable in the circumstances. Provisions are disclosed in note 27.

3. Deemed disposal

The Society, together with its subsidiaries, holds 31.7% (2019: 31.5%) of the issued share capital of the Glanbia plc. The Board of Directors of Glanbia plc as at 4 January 2020 was comprised of 16 members, of which up to eight, including the Chairman who had the casting vote, were nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controlled Glanbia plc and its subsidiaries (together the 'Glanbia plc Group') and was the ultimate parent of Glanbia plc Group up to 30 June 2020. The Society had control over Glanbia Ireland DAC up to 30 June 2020 through its 60% shareholdings in the entity and its joint control of the entity via its control over Glanbia plc, which has joint control over the entity.

From 1 July 2020 in accordance with the Relationship Agreement between the Society and Glanbia plc, the number of directors that can be nominated by the Society reduced to seven in a board comprising of 15 members. Thereafter the Society no longer controlled Glanbia plc Group and Glanbia Ireland DAC which became an associate and joint venture of the Society respectively.

As the Society maintained the same shareholdings in Glanbia plc Group and Glanbia Ireland DAC (together, the 'deemed disposed entities') following the loss of control, there was a deemed disposal of these entities on 1 July 2020. The Group discontinued the consolidation of the deemed disposed entities from 1 July 2020 and accounted for them using the equity method of accounting. Details of the assets and liabilities deemed disposed of on 1 July 2020, and the gain on the deemed disposal are disclosed below.

The gain on the deemed disposal, which have been included in the profit for the year in the Group Income Statement, were as follows:

At 30 June 2020	Glanbia plc €'m	Glanbia Ireland DAC €'m	Total €'m
Consideration received	-	-	-
Carrying value of net assets derecognised	**(1,477.9)**	**(415.4)**	**(1,893.3)**
Non-controlling interest derecognised	**1,056.6**	**70.2**	**1,126.8**
Fair value of retained interest	**940.0**	**446.0**	**1,386.0**
Reclassified from equity on loss of control of subsidiary	**50.7**	**(3.7)**	**47.0**
Gain on deemed disposal	**569.4**	**97.1**	**666.5**

The carrying amount of net assets of the deemed disposed entities at the date of deemed disposal were as follows:

At 30 June 2020	Notes	Glanbia plc €'m	Glanbia Ireland DAC €'m	Total €'m
Property, plant and equipment	13	**460.2**	**644.0**	**1,104.2**
Right-of-use assets		**102.9**	**22.5**	**125.4**
Intangible assets	14	**1,318.1**	**20.5**	**1,338.6**
Interests in joint ventures	16	**173.4**	**17.9**	**191.3**
Interests in associates	15	-	**2.7**	**2.7**
Other financial assets	17	**3.4**	**4.2**	**7.6**
Deferred tax assets	26	-	-	-
Current tax assets		-	**1.1**	**1.1**
Inventories	34	**455.7**	**275.6**	**731.3**
Trade and other receivables	34	**409.7**	**277.0**	**686.7**
Derivative financial instruments		**(2.8)**	**(7.8)**	**(10.6)**
Cash and cash equivalents (excluding bank overdrafts)		**147.3**	**16.3**	**163.6**
Borrowings		**(769.2)**	**(360.5)**	**(1,129.7)**
Lease liabilities		**(125.1)**	**(19.5)**	**(144.6)**
Capital grants	28	-	**(30.3)**	**(30.3)**
Deferred tax liabilities		**(159.7)**	**(19.8)**	**(179.5)**
Retirement benefit obligations	8	**(25.1)**	**(90.2)**	**(115.3)**
Provisions	27/34	**(8.5)**	**(12.9)**	**(21.4)**
Trade and other payables	34	**(447.6)**	**(312.8)**	**(760.4)**
Current tax liabilities		**(54.8)**	-	**(54.8)**
		1,477.9	**428.0**	**1,905.9**
Less non-controlling interests of the deemed disposed entities		-	**(12.6)**	**(12.6)**
Fair value of net assets deemed disposed of		**1,477.9**	**415.4**	**1,893.3**
Consideration received in cash and cash equivalents		-	-	-
Less: cash and cash equivalents (including bank overdrafts) disposed of		**(87.7)**	**(16.3)**	**(104.0)**
Net cash outflow arising on disposal		**(87.7)**	**(16.3)**	**(104.0)**

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The 2019 Group financial statements included the consolidation of the 2019 financial statements of the deemed disposed entities. Following the deemed disposal as described in this note, the 2020 Group financial statements included the consolidation of the financial statements of deemed disposed entities for the period up to 30 June 2020. Thereafter, the deemed disposed entities were accounted for using the equity accounting method. The income statements of the deemed disposed entities, which have been included in the 2020 and 2019 Group financial statements, are as follows:

	Period ended 30 June 2020			2019		
	Pre– Exceptional €'m	Exceptional €'m (note 6)	Total €'m	Pre– Exceptional €'m	Exceptional €'m (note 6)	Total €'m
Revenue	**2,823.8**	**-**	**2,823.8**	5,837.5	-	5,837.5
Cost of goods sold	**(2,348.3)**	**(1.9)**	**(2,350.2)**	(4,816.2)	(19.1)	(4,835.3)
Gross profit	**475.5**	**(1.9)**	**473.6**	1,021.3	(19.1)	1,002.2
Selling and distribution expenses	**(234.7)**	**(10.7)**	**(245.4)**	(445.7)	-	(445.7)
Administration expenses	**(105.5)**	**(5.0)**	**(110.5)**	(209.1)	(18.0)	(227.1)
Net impairment losses on financial assets	**(1.0)**	**-**	**(1.0)**	(2.9)	-	(2.9)
Earnings before interest, tax and amortisation (EBITA)	**134.3**	**(17.6)**	**116.7**	363.6	(37.1)	326.5
Intangible asset amortisation and impairment	**(31.5)**	**-**	**(31.5)**	(65.0)	(2.0)	(67.0)
Operating profit	**102.8**	**(17.6)**	**85.2**	298.6	(39.1)	259.5
Finance income	**3.2**	**-**	**3.2**	6.4	-	6.4
Finance costs	**(20.6)**	**-**	**(20.6)**	(44.6)	-	(44.6)
Share of results of joint ventures & associates	**17.7**	**(0.4)**	**17.3**	28.0	-	28.0
Profit before taxation	**103.1**	**(18.0)**	**85.1**	288.4	(39.1)	249.3
Income taxes	**(11.3)**	**2.1**	**(9.2)**	(32.8)	4.5	(28.3)
Profit for the year	**91.8**	**(15.9)**	**75.9**	255.6	(34.6)	221.0

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4. Segment information

Prior to the deemed disposal on 1 July 2020 (note 3), the Group had two reportable segments, Glanbia plc and Glanbia Ireland DAC as described below:

Glanbia plc

Glanbia plc is a leading global nutrition group. It has two main divisions, Glanbia Performance Nutrition and Glanbia Nutritionals and holds investments in joint ventures. Glanbia Performance Nutrition earns its revenue from the manufacture and sale of sports nutrition and lifestyle nutrition products. Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional and functional ingredients, and vitamin and mineral premixes.

Glanbia Ireland DAC

Glanbia Ireland DAC is the largest dairy processor in Ireland. Its products, the large majority of which are exported, include milk powders, butter, cheese, whey protein and casein. Its customers include many of the large global food and infant formula manufacturers, as well as more regionally focused food companies across Europe, Middle East, Africa and Asia. Glanbia Ireland DAC is a joint venture partner of Glanbia plc.

Prior to the deemed disposal, these segments aligned with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker ('CODM') assesses performance and allocates the Group's resources. Each segment was reviewed in its totality by the CODM. The board of Glanbia Co-operative Society assessed the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items. From 1 July 2020, Glanbia plc and Glanbia Ireland DAC, which became the Group's associate and joint venture respectively (note 3), were reportable segments of the Group with no other reportable segments identified.

All other segments and unallocated include both the results of the Co-operative Society entity and other smaller subsidiaries and consolidation adjustments. These entities did not meet the quantitative thresholds for reportable segments in 2020 or 2019.

Pre-exceptional segment results are as follows:

2020	Glanbia plc €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	**1,836.7**	**987.1**	**2,823.8**	**7.1**	**2,830.9**
Inter-segment revenue	**(0.3)**	**(22.0)**	**(22.3)**	**-**	**(22.3)**
Revenue	**1,836.4**	**965.1**	**2,801.5**	**7.1**	**2,808.6**
Total Group earnings before interest, tax, amortisation and exceptional items	**85.0**	**46.9**	**131.9**	**0.3**	**132.2**
Shares of results of joint ventures & associates	**27.9**	**15.2**	**43.1**	**17.8**	**60.9**
2019					
Total gross segment revenue	3,875.7	1,961.8	5,837.5	(14.6)	5,822.9
Inter-segment revenue	(0.4)	(52.5)	(52.9)	-	(52.9)
Revenue	3,875.3	1,909.3	5,784.6	(14.6)	5,770.0
Total Group earnings before interest, tax, amortisation and exceptional items	276.8	86.8	363.6	(10.3)	353.3
Share of results of joint ventures & associates	-	-	-	28.0	28.0

Included in external revenue are related party sales between Glanbia plc and Glanbia Ireland of €22.1 million (2019: €52.7 million). Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Revenue of approximately €250.7 million (2019: €405.6 million) and €363.5 million (2019: €705.4 million) is derived from two external customers respectively within the Glanbia plc segment.

Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax in the Group income statement.

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Other pre-exceptional segment information is as follows:

2020	Glanbia plc €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Depreciation and impairment of PPE	**23.7**	**16.4**	**40.1**	**0.1**	**40.2**
Amortisation and impairment of intangibles	**30.5**	**0.9**	**31.4**	**0.2**	**31.6**
Capital grants released to Income Statement	**-**	**0.9**	**0.9**	**-**	**0.9**
Capital expenditure – additions	**28.0**	**28.6**	**56.6**	**1.1**	**57.7**

2019					
Depreciation and impairment of PPE	48.1	32.5	80.6	0.1	80.7
Amortisation and impairment of intangibles	60.9	4.1	65.0	0.2	65.2
Capital grants released to Income Statement	-	1.8	1.8	-	1.8
Capital expenditure – additions	75.3	64.1	139.4	0.1	139.5
Capital expenditure – business combinations	52.7	-	52.7	-	52.7

The segment assets and liabilities are as follows:

2020	Glanbia plc €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	**-**	**-**	**-**	**1,520.4**	**1,520.4**
Segment liabilities	**-**	**-**	**-**	**(120.3)**	**(120.3)**

2019	Glanbia plc €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	3,400.9	1,176.0	4,576.9	(233.9)	4,343.0
Segment liabilities	(1,699.0)	(757.6)	(2,456.6)	34.7	(2,421.9)

Geographical information

Revenue

Revenue from external customers is allocated to geographical areas based on the place of delivery or collection of the products sold as agreed with customers as opposed to the end use market where the product may be consumed.

	2020				2019			
	Glanbia plc €'m	**Glanbia Ireland €'m**	**All other segments and unallocated €'m**	**Total €'m**	Glanbia plc €'m	Glanbia Ireland €'m	All other segments and unallocated €'m	Total €'m
US	**1,516.3**	**25.7**	**-**	**1,542.0**	3,126.4	47.0	-	3,173.4
Ireland (country of domicile)	**2.7**	**270.8**	**7.1**	**280.6**	4.9	1,140.5	(14.6)	1,130.8
Others	**317.4**	**668.6**	**-**	**986.0**	744.0	721.8	-	1,465.8
Total	**1,836.4**	**965.1**	**7.1**	**2,808.6**	3,875.3	1,909.3	(14.6)	5,770.0

Non-current assets

The total of non-current assets, other than financial instruments, deferred tax assets, and retirement benefit assets attributable to the country of domicile and all foreign countries of operation for which non-current assets exceed 10% of total Group non-current assets are set out below.

	2020 €'m	2019 €'m
Ireland (country of domicile)	**1,385.5**	1,382.8
US	**-**	1,127.4
Others	**-**	172.2
Total	**1,385.5**	2,682.4

Disaggregation of revenue

Revenue is disaggregated based on the Group's internal reporting structures i.e. operating segments, the key geographical markets in which the Group operates (see table above within Geographical Information) and the timing of revenue recognition.

	2020				2019			
	Glanbia plc €'m	Glanbia Ireland €'m	All other segments and unallocated €'m	Total €'m	Glanbia plc €'m	Glanbia Ireland €'m	All other segments and unallocated €'m	Total €'m
Products transferred at point in time	**1,836.4**	**965.1**	**7.1**	**2,808.6**	3,875.3	1,909.3	(14.6)	5,770.0
Products transferred over time	-	-	-	-	-	-	-	-
Total	**1,836.4**	**965.1**	**7.1**	**2,808.6**	3,875.3	1,909.3	(14.6)	5,770.0

5. Operating profit

	2020			2019		
	Pre–exceptional €'m	Exceptional €'m (note 6)	Total €'m	Pre–exceptional €'m	Exceptional €'m (note 6)	Total €'m
Revenue	**2,808.6**	-	**2,808.6**	5,770.0	-	5,770.0
Cost of goods sold	**(2,331.5)**	**(1.9)**	**(2,333.4)**	(4,752.6)	(19.1)	(4,771.7)
Gross profit	**477.1**	**(1.9)**	**475.2**	1,017.4	(19.1)	998.3
Selling and distribution expenses	**(234.7)**	**(10.7)**	**(245.4)**	(445.7)	-	(445.7)
Administration expenses	**(109.2)**	**(5.0)**	**(114.2)**	(215.5)	(18.0)	(233.5)
Net impairment losses on financial assets	**(1.0)**	-	**(1.0)**	(2.9)	-	(2.9)
Earnings before interest tax and amortisation (EBITA)	**132.2**	**(17.6)**	**114.6**	353.3	(37.1)	316.2
Intangible asset amortisation and impairment	**(31.6)**	-	**(31.6)**	(65.2)	(2.0)	(67.2)
Operating profit	**100.6**	**(17.6)**	**83.0**	288.1	(39.1)	249.0

		2020			2019		
	Notes	Pre–exceptional €'m	Exceptional €'m (note 6)	Total €'m	Pre–exceptional €'m	Exceptional €'m (note 6)	Total €'m
Operating profit is stated after (charging)/crediting:							
Cost of inventories recognised as an expense in Cost of Goods Sold	19	**(2,047.3)**	-	**(2,047.3)**	(4,523.0)	(19.1)	(4,542.1)
Depreciation of property, plant and equipment	13	**(40.2)**	-	**(40.2)**	(80.7)	-	(80.7)
Impairment of property, plant and equipment	13	-	-	-	-	(0.4)	(0.4)
Lease rentals		**(2.2)**	-	**(2.2)**	(22.4)	-	(22.4)
Amortisation of intangible assets	14	**(31.6)**	-	**(31.6)**	(63.3)	-	(63.3)
Impairment of intangible assets	14	-	-	-	(1.9)	(2.0)	(3.9)
Amortisation of capital grants received	28	**0.9**	-	**0.9**	1.8	-	1.8
Employee benefit expense	7	**(237.6)**	**(5.2)**	**(242.8)**	(478.5)	(4.3)	(482.8)
Auditor's remuneration		**(1.1)**	-	**(1.1)**	(1.9)	-	(1.9)
Research and development costs		**(12.6)**	-	**(12.6)**	(23.6)	-	(23.6)
Net foreign exchange loss		**0.7**	-	**0.7**	(1.5)	-	(1.5)
Loss on disposal of property, plant and equipment		**(15.9)**	-	**(15.9)**	(0.3)	-	(0.3)

The following table discloses the fees paid or payable to Deloitte Ireland LLP and to other statutory audit firms in the Deloitte network:

	Statutory auditor		Other statutory auditor network firms	
Current auditor	**2020 €'m**	2019 €'m	**2020 €'m**	2019 €'m
Statutory audit of Group companies	**0.7**	1.2	**0.4**	0.8
Other assurance services	-	-	-	-
Tax advisory services	-	-	-	-
Other non–audit services	-	-	-	-
	0.7	1.2	**0.4**	0.8

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6. Exceptional items

The nature of the exceptional items recognised by the Group is as follows:

	Notes	2020 €'m	2019 €'m
Organisational redesign costs	(a)	**17.6**	12.7
Covid-19 costs	(b)	**3.5**	-
Legal settlement gain	(c)	**(3.5)**	-
Asset impairments	(d)	**-**	17.3
Acquisition integration costs	(e)	**-**	6.8
Brexit related costs	(f)	**-**	2.3
Total exceptional operating loss before tax		**17.6**	39.1
Gain on deemed disposal	(g)	**(666.5)**	-
Share of results of equity accounted investees	(b)	**0.4**	-
Exceptional tax credit	11	**(2.1)**	(4.5)
Total exceptional (credit)/charge after taxation		**(650.6)**	34.6

During 2020 there were cash outflows of €5.3 million and €4.1 million in respect of exceptional charges recognised in FY2019 and FY2020 respectively. During 2019 there were cash outflows of €12.0 million in respect of exceptional charges recognised in FY2019.

(a) Organisational redesign costs primarily relate to a fundamental reorganisation of the GPN segment which commenced in 2019. This global transformation project aims to realign operating and supply chain structures in support of individual businesses, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Costs incurred to date include people and property related costs, professional consulting fees and costs associated with terminating and exiting certain contractual arrangements.

(b) Covid-19 costs relate to the costs of dealing with this pandemic in the first half of the year by the Group and include the costs of implementing measures to protect people, incremental payments to front line workers and other incidental labour related costs directly associated with the onset of this global pandemic.

(c) Legal settlement gain relates to the net compensation received following the successful conclusion of a legacy case.

(d) Prior year asset impairments relate to the write down of inventory, development assets and fixed assets to their net realisable value. These impairments primarily related to the rationalisation and simplification of certain product lines and related assets in the GPN business. No similar costs were incurred in 2020.

(e) Prior year acquisition integration costs comprise costs relating to the integration and restructuring of acquired businesses and the transaction costs incurred in completing the prior year acquisition. The charge primarily comprised professional fees and related costs crystallised on post-acquisition integration.

(f) Prior year Brexit related costs were incurred in preparing the organisation for the departure of the United Kingdom from the European Union. Costs incurred included professional fees and increased storage and production costs as the Group sought to mitigate the potential risks related to Brexit during 2019.

(g) Refer to note 3 for details of the gain on deemed disposal.

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7. Employment

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	**2020 €'m**	2019 €'m
Wages and salaries		**201.4**	411.0
Social security costs		**19.3**	37.2
Pension costs – defined contribution plans	8	**6.2**	13.2
Pension costs – defined benefit plans	8	**5.9**	9.5
Other compensation costs			
– Cost of share based payments – equity settled	9	**3.9**	4.6
– Cost of share based payments – cash settled	9	**-**	(0.3)
– Company car allowance		**1.2**	2.2
– Private health insurance		**11.6**	21.1
At the end of the year		**249.5**	498.5
Amounts charged to the income statement	5	**242.8**	482.8
Capitalised labour costs		**6.7**	15.7
		249.5	498.5

Included within the aggregate payroll costs is exceptional items of €5.2 million (2019: €4.3 million) which include redundancy costs of €3.1 million (2019: €2.4 million).

The average number of employees, excluding the Group's joint ventures & associates, in 2020 and 2019 is analysed into the following categories:

	2020 Numbers	2019 Numbers
Glanbia plc*	4,532	4,542
Glanbia Ireland DAC*	2,195	2,086
Other	9	9
	6,736	6,637

* Following a deemed disposal of Glanbia plc and Glanbia Ireland DAC on 1 July 2020 (note 3), the average headcount for these entities is for the period ended 30 June 2020.

8. Retirement benefit obligations

Defined contribution plans

The Group operates one defined contribution pension plan as at 2 January 2021. Prior to the deemed disposal on 1 July 2020 (note 3), the Group has a number of defined contribution pension plans in operation.

The following amounts have been recognised in the Group income statement in relation to the defined contribution pension plans:

	Notes	2020 €'m	2019 €'m
Defined contribution pension plan expense	7	**6.2**	13.2

Defined benefit pension plans

The Group operates one defined benefit pension scheme in the Republic of Ireland as at 2 January 2021. Prior to the deemed disposal on 1 July 2020 (note 3), the Group operated five defined benefit pension plans in the Republic of Ireland and two defined benefit pension plans in the United Kingdom (UK).

The defined benefit pension plans in Ireland and the UK are administered by Boards of Trustees through separate trustee controlled funds. These Boards are responsible for the management and governance of the plans including compliance with all relevant laws and regulations. Each of the Group's defined benefit pension plans operate under their respective regulatory frameworks and minimum funding requirements in Ireland and the statutory funding objective in the UK. All of the plans are closed to new entrants and the UK plans comprise solely pensioners and deferred pensioners.

The defined benefit pension plans provide retirement and death benefits for the Group's employees. The majority of the defined benefit pension plans are career average pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plans are in accordance with the schedule of contributions agreed between the Group and the Trustees of the relevant plans as recommended in the actuarial valuation reports or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Group. The latest actuarial valuation reports for these plans, which are not available for public inspection, are dated between 5 April 2017 and 1 January 2019.

During 2019 changes to certain assumptions underlying the past service cost were agreed with the Trustees which resulted in a credit to past service cost of €1.2 million.

Recognition in the Group balance sheet:

	2020 €'m	2019 €'m
Non–current assets		
Surplus on defined benefit pension plan	**2.8**	2.1
Non–current liabilities		
Deficit on defined benefit pension plan	**(3.1)**	(156.2)
Net defined benefit pension plan liability	**(0.3)**	(154.1)

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The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

	Present value of obligation			Fair value of plan assets			Total net defined liability
2020	**ROI €'m**	**UK €'m**	**Total €'m**	**ROI €'m**	**UK €'m**	**Total €'m**	**€'m**
At the beginning of the year	**(666.3)**	**(110.9)**	**(777.2)**	**532.2**	**90.9**	**623.1**	**(154.1)**
Current service costs	**(5.1)**	**-**	**(5.1)**	**-**	**-**	**-**	**(5.1)**
Past service costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest (costs)/income	**(3.3)**	**(1.0)**	**(4.3)**	**2.7**	**0.8**	**3.5**	**(0.8)**
Total amount recognised in profit or loss	**(8.4)**	**(1.0)**	**(9.4)**	**2.7**	**0.8**	**3.5**	**(5.9)**
Remeasurements							
– Return on plan assets, excluding amounts included in interest income	**-**	**-**	**-**	**4.8**	**14.1**	**18.9**	**18.9**
– Actuarial gain arising from experience adjustments	**(3.8)**	**-**	**(3.8)**	**15.7**	**-**	**15.7**	**11.9**
– Actuarial loss arising from changes in financial assumptions	**1.9**	**(3.7)**	**(1.8)**	**-**	**-**	**-**	**(1.8)**
Total amount recognised in other comprehensive income	**(1.9)**	**(3.7)**	**(5.6)**	**20.5**	**14.1**	**34.6**	**29.0**
Exchange differences	**-**	**6.1**	**6.1**	**-**	**(5.1)**	**(5.1)**	**1.0**
Contributions paid by the employer	**-**	**-**	**-**	**8.6**	**5.8**	**14.4**	**14.4**
Contributions paid by the employee	**(1.2)**	**-**	**(1.2)**	**1.2**	**-**	**1.2**	**-**
Benefit paid	**12.4**	**2.0**	**14.4**	**(12.4)**	**(2.0)**	**(14.4)**	**-**
Deemed disposal	**662.3**	**107.5**	**769.8**	**(550.0)**	**(104.5)**	**(654.5)**	**115.3**
At the end of the year	**(3.1)**	**-**	**(3.1)**	**2.8**	**-**	**2.8**	**(0.3)**

	Present value of obligation			Fair value of plan assets			Total net defined liability
2019	ROI €'m	UK €'m	Total €'m	ROI **€'m**	UK **€'m**	Total **€'m**	€'m
At the beginning of the year	(592.0)	(97.3)	(689.3)	477.9	80.4	558.3	(131.0)
Current service costs	(8.4)	-	(8.4)	-	-	-	(8.4)
Past service costs	-	1.2	1.2	-	-	-	1.2
Interest (costs)/income	(10.5)	(2.6)	(13.1)	8.6	2.2	10.8	(2.3)
Total amount recognised in profit or loss	(18.9)	(1.4)	(20.3)	8.6	2.2	10.8	(9.5)
Remeasurements							
– Return on plan assets, excluding amounts included in interest income	-	-	-	10.3	1.1	11.4	11.4
– Actuarial gain arising from experience adjustments	2.2	-	2.2	36.5	-	36.5	38.7
– Actuarial loss arising from changes in demographic assumptions	-	(0.6)	(0.6)	-	-	-	(0.6)
– Actuarial loss arising from changes in financial assumptions	(75.4)	(10.4)	(85.8)	-	-	-	(85.8)
Total amount recognised in other comprehensive income	(73.2)	(11.0)	(84.2)	46.8	1.1	47.9	(36.3)
Exchange differences	-	(5.8)	(5.8)	-	5.0	5.0	(0.8)
Contributions paid by the employer	-	-	-	16.7	6.8	23.5	23.5
Contributions paid by the employee	(2.5)	-	(2.5)	2.5	-	2.5	-
Benefit paid	20.3	4.6	24.9	(20.3)	(4.6)	(24.9)	-
At the end of the year	(666.3)	(110.9)	(777.2)	532.2	90.9	623.1	(154.1)

The net liability disclosed above relates to funded plans.

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The fair value of plan assets at the end of the reporting period are as follows:

	2020				2019			
	Quoted €'m	**Unquoted €'m**	**Total €'m**	**%**	Quoted €'m	Unquoted €'m	Total €'m	%
Equities								
– Consumer	**0.1**	**-**	**0.1**	**4%**	14.6	-	14.6	2%
– Financials	**0.1**	**-**	**0.1**	**4%**	25.4	-	25.4	4%
– Information technology	**0.1**	**-**	**0.1**	**4%**	22.9	-	22.9	4%
– Other	**0.4**	**-**	**0.4**	**14%**	70.8	-	70.8	11%
Corporate bonds								
– Investment grade	**0.2**	**-**	**0.2**	**7%**	44.5	-	44.5	7%
– Non–investment grade	**0.1**	**-**	**0.1**	**4%**	4.7	-	4.7	1%
Government bonds and gilts	**1.2**	**-**	**1.2**	**43%**	220.8	-	220.8	35%
Property	**-**	**0.1**	**0.1**	**3%**	0.1	12.0	12.1	2%
Cash	**-**	**0.2**	**0.2**	**7%**	7.1	53.2	60.3	10%
Investment funds	**-**	**0.4**	**0.4**	**14%**	-	136.2	136.2	22%
Other	**-**	**(0.1)**	**(0.1)**	**(4%)**	0.2	10.6	10.8	2%
	2.2	**0.6**	**2.8**	**100%**	411.1	212.0	623.1	100%

The plan assets at the end of the reporting period do not include any equities held in the Group, nor does the Group use or occupy any of the plan assets.

Principal risks in the defined benefit pension plans

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment risk

The pension plans hold investments in asset classes such as equities, which have volatile market values. While these assets are expected to provide higher returns than other asset classes over the long–term, the short–term volatility could cause an increase in the deficit at any particular point in time. When assets return less than the discount rate, this will lead to an increase in the net defined benefit obligation. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

(b) Interest rate risk

The pension liabilities are assessed using market yields on high–quality corporate bonds to discount the liabilities. As the pension plans hold other assets such as equities, the value of the assets and liabilities may not move in the same way. A change in the defined benefit obligation as a result of changes in the discount rate leads to volatility in the Group balance sheet, Group income statement and Group statement of comprehensive income. It also impacts the funding requirements for the plans.

(c) Inflation risk

A significant proportion of the benefits under the plans are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plans' assets are expected to provide a good hedge against inflation over the long–term, higher inflation will lead to higher liabilities.

(d) Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020 ROI	**2020 UK**	2019 ROI	2019 UK
Discount rate	**0.70%**	**1.45%**	1.00%	1.85%
Inflation rate	**1.10%**	**2.25%-2.90%**	1.10%-1.20%	2.05%-2.95%
Future salary increases*	**2.10%**	**0.00%**	2.20%	0.00%
Future pension increases	**0.00%**	**2.25%-2.80%**	0.00%	2.15%-2.80%
Mortality rates (years)				
– Male – reaching 65 years of age in 20 years time	**24.0**	**22.1**	23.8	22.0
– Female – reaching 65 years of age in 20 years time	**26.1**	**24.4**	25.9	24.2
– Male – currently aged 65 years old	**21.7**	**21.1**	21.4	20.9
– Female – currently aged 65 years old	**24.1**	**23.2**	23.9	22.9

*The ROI defined benefit pension plans are on a career average structure therefore this assumption does not have a material impact. The UK defined benefit pension plans comprise solely pensioners and deferred pensioners.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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Sensitivity analysis for principal assumptions used to measure plan liabilities
There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension plans. The following table analyses, for the Group's pension plans, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, with all other assumptions remaining constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Group balance sheet.

There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

		ROI plans		UK plans	
Assumption	**Change in assumption**	**Increase €'000**	**Decrease €'000**	**Increase €'000**	**Decrease €'000**
2020					
Discount rate	0.25% movement	**(0.1)**	**0.1**	-	-
Price inflation	0.25% movement	-	-	-	-
Longevity	1 year movement	**0.1**	**(0.1)**	-	-
Future salary increases *					
Future pension increases **					
2019					
Discount rate	0.25% movement	(29.2)	28.2	(4.2)	4.5
Price inflation	0.25% movement	8.6	(8.3)	3.7	(3.6)
Longevity	1 year movement	21.8	(20.7)	5.1	(5.1)
Future salary increases *					
Future pension increases **					

*The majority of the defined benefit plans are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

**There are no future pension increases agreed in the material defined benefit pension plans.

	2020 ROI plan	**2020 UK plans**	2019 ROI plans	2019 UK plans
Expected contributions to the defined benefit plans for the coming year (€'m)	**0.2**	-	16.8	7.0
Weighted average duration of the defined benefit plans (years)	**17**	-	17	15

9. Share based payment expense

Refer to note 22 for the movement in the share-based payment reserve recognised in the Group balance sheet.

The following disclosures in this note relate to events, transactions, balances or information for the period up to 30 June 2020 before the deemed disposal that took place on 1 July 2020 (note 3) and/or comparative information that were disclosed in the 2019 Group financial statements.

Glanbia Ireland DAC

Glanbia Ireland DAC operates a share based payment arrangement ('The GID Scheme') whereby the share awards granted are in the equity instruments of Glanbia plc. This arrangement is therefore measured as a cash settled share based payment transaction in line with IFRS 2 'Share based payment'. See note 7 for credit of nil (2019: credit of €0.3 million) recognised during the year ended 2 January 2021. The weighted average fair value at 2 January 2021 was nil (2019: €10.16 per share).

Awards outstanding under the GID Scheme as at 4 January 2020 amounted to 202,670.

They are scheduled to vest in periods up to August 2022, to the extent that there is sustained improvement in the underlying financial performance over a three year period and that the service condition is fulfilled. The maximum annual award level is 100% of Base Salary. Vesting is determined on a straight line basis between threshold and maximum.

For GID Executive Directors, the award is determined by reference to the following performance metrics:
- Between 15% and 20% based on Glanbia plc adjusted EPS on a reported basis;
- Between 5% and 12% based on Glanbia plc ROCE;
- Between 5% and 8% based on relative TSR of Glanbia plc against the STOXX Europe 600 Food and Beverage index;
- Between 15% and 25% based on Glanbia Ireland Operating Cashflow or measurable strategic objectives;
- 25% based on KPMG Milk Price Audit Rank; and
- Between 25% and 30% based on Glanbia Ireland ROCE.
- A service condition also applies.

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Glanbia plc

Glanbia plc operates various equity settled share-based payment arrangements which are described in this note.

The total cost recognised in the Group income statement is analysed as follows:

	Notes	2020 €'m	2019 €'m
The 2008 Long-term incentive plan (2008 LTIP)		-	0.3
The 2018 Long-term incentive plan (2018 LTIP)		**3.4**	2.4
The 2019 Restricted Share Plan (2019 RSP)		**0.5**	1.6
The annual incentive deferred into shares scheme (AIDIS)		-	0.3
	7	**3.9**	4.6

2008 LTIP and 2018 LTIP

The 2008 LTIP was introduced in 2008 following approval by the shareholders, under which share awards are granted to Executive Directors and certain senior managers in the form of a provisional allocation of shares for which no exercise price is payable. The 2008 LTIP expired on 4 March 2018 and was replaced by the 2018 LTIP. No further awards were made under the 2008 LTIP after 4 March 2018.

Awards granted under the 2008 LTIP and 2018 LTIP are scheduled to vest to the extent that there is sustained improvement in the underlying financial performance over a three-year period and that the service condition is fulfilled as determined by the Remuneration Committee. Awards lapse/expire by the fourth anniversary of the date of a grant. The maximum annual award level is 250% of base salary. Vesting is determined on a straight line basis between threshold and maximum. There is a requirement to hold shares received pursuant to the vesting of LTIP awards for a minimum period of one year post-vesting (two years for members of the Group Operating Executive).

The extent of vesting for awards outstanding is determined based on a combination of performance metrics comprised of Group adjusted Earnings Per Share (EPS), relative Total Shareholder Return performance (TSR) against the STOXX Europe 600 Food & Beverage index, Group Return on Capital Employed (ROCE), business segment EBITA and ROCE where applicable, a service condition and in certain circumstances a personal objective.

2019 RSP

This scheme was introduced in 2019 to provide share awards to certain employees. The maximum award level is 250% of base salary. The extent of vesting for awards outstanding is generally determined based on a service condition and personal objectives.

AIDIS

This scheme is an annual performance related incentive scheme for Executive Directors and other senior management. The fair value of the annual incentive deferred into shares scheme was calculated as nil (2019: €0.3 million) and equates to the cash value of the portion of the annual incentive that will be settled by way of shares. The number of shares received is determined by the share price on the date of allocation. The incentive will be invested in shares in Glanbia plc and delivered to the Executive Directors and senior management two years following this investment.

2002 LTIP

This plan closed to further grants in 2012, the last share options were granted in 2011. Under the 2002 LTIP, options could not be exercised before the expiration of three years from the date of grant and could only be exercised if a pre-determined performance criterion for the Group had been achieved. The performance criterion required an increase in the adjusted Earnings per Share (EPS) of Glanbia plc of at least the Consumer Price Index plus 5% over a three-year period. When the options are exercised, Glanbia plc issues new shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings. The fair value of the share options was calculated using the Binomial Model.

The number of share options outstanding and exercisable as at 2 January 2021 is nil (2019: 40,000). They had a weighted average exercise price of €4.38 per share and expire in 2021.

Movement in the number of awards of the 2018 LTIP, 2008 LTIP and 2019 RSP, and the weighted average fair value of grants during the years ended 2 January 2021 and 4 January 2020 are as follows:

	2018 LTIP		2008 LTIP		2019 RSP	
	2020 Number	2019 Number	**2020 Number**	2019 Number	**2020 Number**	2019 Number
At the beginning of the year	**1,832,628**	1,002,386	**692,603**	1,349,801	**159,659**	-
Granted	**1,859,687**	925,522	**-**	-	**-**	222,116
Vested	**-**	-	**(196,452)**	(304,444)	**-**	(56,457)
Lapsed	**(169,933)**	(95,280)	**(496,151)**	(352,754)	**-**	(6,000)
Deemed disposal	**(3,522,382)**	-	**-**	-	**(159,659)**	-
At the end of the year	**-**	1,832,628	**-**	692,603	**-**	159,659
Weighted average fair value of awards granted	**€7.43**	€15.94		-	**-**	€14.41

The assumptions used in the valuation of the awards granted under 2018 LTIP and 2019 RSP during the years ended 2 January 2021 and 4 January 2020 included:

	2018 LTIP – 2020 awards	2018 LTIP – 2019 awards	2019 RSP – 2019 awards
Model used	**Monte Carlo**	Monte Carlo	Discounted cash flow
Year of earliest vesting date	**2023**	2022	2019-2022
Share price at date of award	**€8.24**	€17.73	€9.91-€17.01
Risk-free interest rate	**(0.68%)**	(0.63%)	-
Expected volatility*	**32.5%**	25.7%	-
Expected dividend yield	**2.15%**	1.56%	1.55%-1.69%
Fair value – TSR component	**€4.62**	€8.68	-
Fair value – non-market performance component	**€7.72**	€16.92	-

* Expected volatility was determined by calculating the historical volatility of the Glanbia plc's share price over a period equivalent to the expected life of the award.

10. Finance income and costs

	2020 €'m	2019 €'m
Finance income		
Interest income	**3.8**	5.1
Finance costs		
Bank borrowing costs	**(11.6)**	(28.4)
Facility fees including cost amortisation	**(0.6)**	(3.2)
Interest expense on lease liabilities	**(1.6)**	-
Finance cost of private debt placement	**(3.6)**	(7.5)
Finance cost of bonds	**(3.8)**	(1.5)
Other loans	**(0.9)**	(2.2)
Total finance costs	**(22.1)**	(42.8)
Net finance costs	**(18.3)**	(37.7)

Net finance costs exclude borrowing costs of €0.3 million (2019: €3.1 million) attributable to the acquisition, construction or production of qualifying assets, which have been capitalised, as disclosed in note 13. Interest is capitalised at the Group's average interest rate for the period of 3.0% (2019: 3.6%).

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11. Income taxes

	Notes	2020 €'m	2019 €'m
Current tax			
Irish current tax		**4.4**	8.2
Adjustments in respect of prior years		**(0.1)**	1.1
Irish current tax for the year		**4.3**	9.3
Foreign current tax		**7.4**	16.0
Adjustments in respect of prior years		**(1.5)**	(0.9)
Foreign current tax for the year		**5.9**	15.1
Total current tax		**10.2**	24.4
Deferred tax			
Deferred tax – current year		**(3.6)**	2.9
Adjustments in respect of prior years		**2.9**	0.6
Total deferred tax	26	**(0.7)**	3.5
Total tax charge		**9.5**	27.9

The tax credit on exceptional items included in the above amounts are as follows:

Current tax credit on exceptional items		**(2.1)**	(4.4)
Deferred tax credits on exceptional items		**-**	(0.1)
Total tax credit on exceptional items for the year	6	**(2.1)**	(4.5)

The net tax credit on exceptional items in 2020 has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2020 €'m	2019 €'m
Profit before tax	**791.8**	239.3
Income tax calculated at Irish rate of 12.5% (2019: 12.5%)	**99.0**	29.9
Earnings at higher Irish rates	**1.4**	0.2
No tax due on deemed disposal	**(83.3)**	-
Difference due to overseas tax rates (capital and trading)	**4.0**	4.1
Adjustment to tax charge in respect of previous periods	**1.3**	0.9
Tax on post–tax profits of joint ventures & associates included in profit before tax	**(9.1)**	(3.6)
Other reconciling differences	**(3.8)**	(3.6)
Total tax charge	**9.5**	27.9

Details of deferred tax charged or credited directly to other comprehensive income during the year are outlined in note 26.

Factors that may affect future tax charges and other disclosure requirements
The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation. The total tax charge of the Group may also be influenced by the effects of corporate development activity.

12. Ordinary share interest and appropriations

	Notes	2020 €'m	2019 €'m
Ordinary share interest paid to Society shareholders	(a)	**5.6**	5.6
Distribution to Society shareholders – Dividend payable	(b)	**-**	5.0
Distribution to Society shareholders – rebates	(c)	**25.2**	36.3
		30.8	46.9

(a) Ordinary share interest paid in 2020 was 15 cent per share on 37.3 million shares (2019: 15 cent per share on 37.2 million shares).

(b) During 2019, the Board approved a further ordinary share interest (Special Dividend) distribution of €5 million (13.5 cent per share) to be paid in no more than two instalments, with the final instalment being paid no later than 31st December 2020. Payment was made in May 2020.

(c) Details of the patronage rebates are as follows:

During 2019, at a Special General Meeting of the Society, members of the Society approved the setup of a patronage rebate fund of €30.0m with the nature and the timing of payments at the discretion of the Board. As at 2 January 2021, €25.7 million remains unpaid (2019: €30.0 million).

During 2017, at a Special General Meeting of the Society, members of the Society approved the payment of patronage rebate funds from the future receipts of annual dividends from Glanbia Ireland with the nature on the timing of payments at the discretion of the Board. During 2018 the Board announced the Trading Bonus Scheme as payments from these funds. During 2020 the Board announced Share of Glanbia Ireland Profits scheme as payments from these funds. As at 2 January 2021 the estimated payments were €20.4 million (2019: €13.8 million) with €7.3 million (2019: €13.3 million) remaining unpaid at year end.

During 2020, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one units of € loan stock for every 100 litres of milk supplied during 2019.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2019 and 2020.

During 2019, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 100 litres of milk supplied during 2019.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to two units of € loan stock for every 100 litres of milk supplied during 2018.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to three units of € loan stock for every one tonne of grain supplied during 2018 and 2019.

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13. Property, plant and equipment

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 2 January 2021					
Opening carrying amount		**428.5**	**691.6**	**1.6**	**1,121.7**
Exchange differences		**(1.4)**	**(2.3)**	**-**	**(3.7)**
Additions		**3.4**	**39.7**	**-**	**43.1**
Disposal of assets		**(13.3)**	**(2.6)**	**-**	**(15.9)**
Depreciation charge	5	**(8.4)**	**(31.7)**	**(0.1)**	**(40.2)**
Deemed disposal	3	**(408.0)**	**(694.7)**	**(1.5)**	**(1,104.2)**
Closing carrying amount		**0.8**	**-**	**-**	**0.8**
At 2 January 2021					
Cost		**3.3**	**1.4**	**-**	**4.7**
Accumulated depreciation and impairment		**(2.5)**	**(1.4)**	**-**	**(3.9)**
Carrying amount		**0.8**	**-**	**-**	**0.8**
Year ended 4 January 2020					
Opening carrying amount		402.6	666.0	1.2	1,069.8
Exchange differences		4.3	7.5	-	11.8
Acquisitions		11.5	5.1	-	16.6
Additions		26.3	78.3	0.9	105.5
Impairment	5	-	(0.4)	-	(0.4)
Disposal of assets		-	(0.8)	(0.1)	(0.9)
Depreciation charge	5	(16.2)	(64.1)	(0.4)	(80.7)
Closing carrying amount		428.5	691.6	1.6	1,121.7
At 4 January 2020					
Cost		596.1	1,386.5	6.1	1,988.7
Accumulated depreciation and impairment		(167.6)	(694.9)	(4.5)	(867.0)
Carrying amount		428.5	691.6	1.6	1,121.7

Included in the closing cost at 2 January 2021 is an amount of nil (2019: €154.7 million) incurred in respect of assets under construction. Included in the cost of additions for 2020 is €0.3 million (2019: €1.1 million) incurred in respect of staff costs capitalised into assets. During the year, the Group has capitalised borrowing costs amounting to €0.3 million (2019: €3.1 million) on qualifying assets (see note 10).

14. Intangible assets

	Notes	Goodwill €'m	Brands and other intangibles €'m	Software costs €'m	Development costs €'m	Total €'m
Year ended 2 January 2021						
Opening carrying amount		**585.6**	**689.9**	**68.8**	**21.8**	**1,366.1**
Exchange differences		**(3.8)**	**(4.8)**	**(0.3)**	**(0.2)**	**(9.1)**
Additions		**-**	**0.4**	**7.1**	**7.1**	**14.6**
Disposals		**-**	**-**	**(0.9)**	**-**	**(0.9)**
Amortisation	5	**-**	**(19.9)**	**(6.5)**	**(5.2)**	**(31.6)**
Deemed disposal	3	**(581.8)**	**(665.6)**	**(67.7)**	**(23.5)**	**(1,338.6)**
Closing carrying amount		**-**	**-**	**0.5**	**-**	**0.5**
At 2 January 2021						
Cost		**-**	**-**	**0.8**	**-**	**0.8**
Accumulated amortisation and impairment		**-**	**-**	**(0.3)**	**-**	**(0.3)**
Carrying amount		**-**	**-**	**0.5**	**-**	**0.5**
Year ended 4 January 2020						
Opening carrying amount		561.1	687.1	60.9	20.2	1,329.3
Exchange differences		14.2	18.1	1.0	0.6	33.9
Acquisitions		10.3	25.5	0.3	-	36.1
Additions		-	0.5	19.2	14.3	34.0
Impairment	5	-	-	(1.9)	(2.0)	(3.9)
Amortisation	5	-	(41.3)	(10.7)	(11.3)	(63.3)
Closing carrying amount		585.6	689.9	68.8	21.8	1,366.1
At 4 January 2020						
Cost		585.6	935.5	157.7	101.9	1,780.7
Accumulated amortisation and impairment		-	(245.6)	(88.9)	(80.1)	(414.6)
Carrying amount		585.6	689.9	68.8	21.8	1,366.1

The average remaining amortisation period for software costs is 2.5 years (2019: 6.3 years) and development costs is nil (2019: 2.1 years).

Approximately €6.9 million of software additions during the year (2019: €8.9 million) were internally generated which included €3.1 million (2019: €7.5 million) of staff costs capitalised. Approximately €5.3 million of development cost additions during the year (2019: €14.2 million) were internally generated which included €3.3 million (2019: €7.1 million) of staff costs capitalised.

Brands and other intangibles

	Brands €'m	Customer relationships €'m	Recipes, know-how and other €'m	Total €'m
Year ended 2 January 2021				
Opening carrying amount	**466.2**	**210.0**	**13.7**	**689.9**
Exchange differences	**(3.0)**	**(1.2)**	**(0.6)**	**(4.8)**
Additions	**0.4**	-	-	**0.4**
Amortisation	**(6.1)**	**(12.9)**	**(0.9)**	**(19.9)**
Deemed disposal	**(457.5)**	**(195.9)**	**(12.2)**	**(665.6)**
Closing carrying amount	-	-	-	-
At 2 January 2021				
Cost	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Carrying amount	-	-	-	-
Year ended 4 January 2020				
Opening carrying amount	465.8	214.9	6.4	687.1
Exchange differences	12.3	5.9	(0.1)	18.1
Acquisitions	1.1	15.6	8.8	25.5
Additions	0.5	-	-	0.5
Amortisation	(13.5)	(26.4)	(1.4)	(41.3)
Closing carrying amount	466.2	210.0	13.7	689.9
At 4 January 2020				
Cost	533.9	382.1	19.7	935.7
Accumulated amortisation and impairment	(67.7)	(172.1)	(6.0)	(245.8)
Carrying amount	466.2	210.0	13.7	689.9

Individually material intangible assets with definite useful lives

	Carrying amount 2020 €'m	Average remaining amortisation period 2020 Years	Carrying amount 2019 €'m	Average remaining amortisation period 2019 Years
Brands				
Glanbia Performance Nutrition – BSN	-	-	44.4	31
Glanbia Performance Nutrition – Isopure	-	-	56.4	35
Glanbia Performance Nutrition – think!	-	-	69.3	36
Glanbia Performance Nutrition – Amazing Grass	-	-	34.0	37
Glanbia Performance Nutrition – Body & Fit	-	-	11.3	37
Glanbia Performance Nutrition – SlimFast North America	-	-	99.6	39
Glanbia Performance Nutrition – SlimFast UK	-	-	20.4	39
Customer Relationships				
Glanbia Performance Nutrition – Optimum Nutrition	-	-	19.3	3
Glanbia Performance Nutrition – BSN	-	-	16.1	6
Glanbia Performance Nutrition – Isopure	-	-	18.0	8
Glanbia Performance Nutrition – think!	-	-	47.5	9
Glanbia Performance Nutrition – Amazing Grass	-	-	29.5	12
Glanbia Performance Nutrition – SlimFast North America	-	-	44.5	14
Glanbia Performance Nutrition – SlimFast UK	-	-	16.9	14

Following the deemed disposal of Glanbia plc and Glanbia Ireland DAC (note 3), there were no intangible assets with definite and indefinite useful lives in the Group Balance Sheet. Consequently, there was no requirement to review amortisation period and amortisation method of intangible assets with definite useful lives or conduct impairment testing of goodwill and indefinite life intangibles at the reporting date.

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15. Interests in associates

The Group's interests in associates at the end of the reporting period is as follows:

	2020 €'m	2019 €'m
Material associate - Glanbia plc	**917.5**	-
Immaterial associates	-	2.6
At the end of the year	**917.5**	2.6

Glanbia plc is a leading global nutrition group. It has two main divisions, Glanbia Performance Nutrition and Glanbia Nutritionals and holds investments in joint ventures. Glanbia Performance Nutrition earns its revenue from the manufacture and sale of sports nutrition and lifestyle nutrition products. Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional and functional ingredients, and vitamin and mineral premixes.

The Group holds ordinary shares in its associates. Details in relation to principal associates are outlined in note 37. There are no contingent liabilities relating to the Group's interests in its associates.

The movement in the balance sheet is represented as:

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**2.6**	2.6
Derecognition of associates on deemed disposal		**(2.7)**	-
Fair value of investment in Glanbia plc	3	**940.0**	
Share of profit after tax (post-exceptional)		**27.9**	-
Share of other comprehensive income			
– Remeasurements on defined benefit plans net of deferred tax	23	**(0.6)**	-
– Fair value movement on cash flow hedges, net of deferred tax	22	**0.8**	-
– Own Shares		**(5.2)**	-
– Share based payments		**0.4**	-
IFRS 16 transition equity adjustment		**0.5**	-
Income tax movement		**-**	-
Dividend received		**(9.9)**	-
Exchange differences		**(36.3)**	-
At the end of the year		**917.5**	2.6

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Set out below is the summarised financial information for the Group's interest in Glanbia plc:

2020	**Glanbia plc €'m**
Non–current assets	**2,203.0**
Current assets	**862.4**
Non–current liabilities	**(734.5)**
Current liabilities	**(719.1)**
Net assets (100%)	**1,611.8**
Net assets attributable to equity holders of the Society	**1,611.8**
Reconciliation to carrying amount:	
Group's share of net assets	**507.7**
Adjustment in respect of fair value adjustments on the Investment in Glanbia plc	**409.8**
Carrying amount	**917.5**
Revenue	**1,986.4**
Profit after tax attributable to equity holders of the Society	**88.5**
Other comprehensive income	**0.7**
Total comprehensive income attributable to equity holders of the Society	**89.2**
Reconciliation to the Group's share of total comprehensive income:	
Group's share of total comprehensive income	**28.1**
Group's share of total comprehensive income	**28.1**
Associates other movements:	
Dividend received by Group	**9.9**

Information of associates that are not individually material

	2020 €'m	2019 €'m
Aggregate carrying amount of individually Immaterial associates	-	2.6
Aggregate carrying amount of the Group's share of:	-	-
– Profit after tax	-	-
– Other comprehensive income	-	-
Total comprehensive income	-	2.6

Notes to the Financial Statements
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16. Interests in joint ventures

The movement in the balance sheet is represented as:

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**192.0**	153.8
Investment in joint ventures		**-**	36.6
Deemed disposal	3	**(191.3)**	-
Fair value of investment in Glanbia Ireland DAC	3	**446.0**	-
Share of profit after tax (post-exceptional)		**32.6**	28.0
Share of other comprehensive income			
– Remeasurements on defined benefit plans net of deferred tax	23	**4.4**	(0.7)
– Fair value movement on cash flow hedges, net of deferred tax	22	**(8.4)**	(8.6)
Income tax movement			2.7
Dividend received		**(5.3)**	(24.1)
Exchange differences		**(3.3)**	4.3
At the end of the year		**466.7**	192.0

The interests in joint ventures that are material to the Group at 2 January 2021 are:

a) Glanbia Ireland DAC is the largest dairy processor in Ireland. Its products, the large majority of which are exported, include milk powders, butter, cheese, whey protein and casein. Its customers include many of the large global food and infant formula manufacturers, as well as more regionally focused food companies across Europe, Middle East, Africa and Asia. Refer to note 2 for the judgement relating to these interests.

The interests in joint ventures that were material to the Group up to 30 June 2020 are listed below. They were no longer material to the Group following the deemed disposal of Glanbia plc and Glanbia Ireland DAC (note 3).

(a) MWC-Southwest Holdings LLC: this joint venture was established to hold 100% of the ownership interest in Southwest Cheese Company, LLC (Southwest Cheese) and MWC (Michigan) LLC. Consequently, the Group owns 50% of MWC-Southwest Holdings LLC and its two subsidiaries. Southwest Cheese is a large scale manufacturer of premium quality block cheese and whey protein ingredients for consumer foods markets internationally. MWC will also be a large scale manufacturer of premium quality block cheese and whey protein ingredients for consumer foods markets internationally. The plant is currently being commissioned with full commissioning expected to be completed in the first half of 2021.

(b) Glanbia Cheese Limited: this joint venture is a leading European mozzarella producer. Its customers include most of the leading pizza and pasta chains, food service operators, industrial food manufacturers, wholesalers and retailers across Europe and internationally. The two plants (Magheralin and Llangefni) are strategically located in productive agricultural heartland which helps to ensure a secure and consistent supply of high-quality milk. The Group holds 51% of the share capital of Glanbia Cheese Limited but this entity is considered to be a joint venture as the Group does not have control of the company as it has equal representation on the Board of Directors, along with its joint venture partner Leprino Foods Company who directs the relevant activities of the business. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board.

(c) Glanbia Cheese EU Limited: this joint venture was established in 2018 and is a joint venture with Leprino Foods Company with each party owning 50% of the share capital of the company. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board. When operating, the company will be a producer of mozzarella cheese with a plant situated in Portlaoise, Ireland. It is expected to be fully commissioned in the first half of 2021.

The joint ventures listed above have share capital, consisting solely of ordinary shares, membership interests or membership units and preference shares. Refer to note 37 for further details of the joint ventures.

Individually immaterial joint ventures that are accounted for using the equity method:

	2020 €'m	2019 €'m
Aggregate carrying amount of individually immaterial joint ventures	-	16.8
Aggregate carrying amount of the Group's share of:		
– Profit after tax	-	1.4
– Other comprehensive income	-	-
Total comprehensive income	-	1.4

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Summarised financial information for joint ventures

Set out below is the summarised financial information for the Group's joint ventures that are material to the Group, which are accounted for using the equity method. The following information reflects the amounts presented in the financial statements of the joint ventures reconciled to carrying value of the Group's interest in joint ventures.

2020	Glanbia Ireland DAC* €'m
Summarised balance sheet (100%):	
Non–current assets	**727.5**
Current assets	
Cash and cash equivalents	**66.6**
Other current assets	**426.3**
	492.9
Non–current liabilities	
Financial liabilities	**(251.6)**
Other non–current liabilities	**(154.4)**
	(406.0)
Current liabilities	
Other current liabilities	**(351.6)**
Net assets (100%)	**462.8**
Net assets attributable to equity holders of the Society	**450.4**
Reconciliation to carrying amount:	
Group's share of net assets	**270.2**
Adjustment in respect of fair value adjustment on the investment in Glanbia Ireland	**196.5**
Carrying amount	**466.7**
Summarised income statement (100%):	
Revenue	**918.0**
Depreciation	**(18.6)**
Amortisation	**(1.1)**
Interest expense	**(5.9)**
Tax	**(3.6)**
Profit after tax attributable to equity holders of the Society	**25.7**
Other comprehensive income	**9.1**
Total comprehensive income attributable to equity holders of the Society	**34.8**
Reconciliation to the Group's share of total comprehensive income:	
Group's share of total comprehensive income	**20.7**
Dividends receivable by the Group from Glanbia Ireland	**-**
Group's share of total comprehensive income	**20.7**
Joint venture other movements:	
Dividend received	**5.3**

*The difference between the net assets and the net assets attributable to equity holders of the Company is the portion of net assets attributable to non-controlling interests.

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2019	Glanbia Cheese Limited €'m	Glanbia Cheese EU Limited €'m	MWC-Southwest Holdings LLC €'m
Summarised balance sheet (100%):			
Non–current assets	41.3	72.6	563.8
Current assets			
Cash and cash equivalents	46.5	8.3	11.4
Other current assets	44.5	2.0	140.3
	91.0	10.3	151.7
Non–current liabilities			
Financial liabilities	-	-	(312.2)
Other non–current liabilities	(6.0)	(24.3)	(17.2)
	(6.0)	(24.3)	(329.4)
Current liabilities			
Other current liabilities	(52.4)	(10.3)	(164.7)
Net assets (100%)	73.9	48.3	221.4
Reconciliation to carrying amount:			
Group's equity interest	51%	50%	50%
Group's share of net assets	37.7	24.2	110.7
Dividend income receivable	2.4	-	-
Carrying amount	40.1	24.2	110.7
Summarised income statement (100%):			
Revenue	341.7	-	1,034.2
Depreciation	(5.0)	-	(19.0)
Interest (expense)/income	(0.2)	-	(0.1)
Profit before tax	0.2	-	(11.2)
Tax	(7.1)	0.1	(8.2)
Profit after tax attributable to equity holders of the Society	26.6	(1.1)	21.7
Other comprehensive income	(1.0)	-	(17.6)
Total comprehensive income attributable to equity holders of the Society	25.6	(1.1)	4.1
Reconciliation to the Group's share of total comprehensive income:			
Group's share of total comprehensive income	13.1	(0.6)	2.1
Dividends receivable by the Group	2.4	-	-
Group's share of total comprehensive income	15.5	(0.6)	2.1
Joint venture other movements:			
Dividend received by Group	**12.5**	**-**	**11.2**

Commitments and contingent liabilities in respect of joint ventures
As at 2 January 2021, the Group has committed to invest nil in Glanbia Cheese EU Limited (2019: €10.0 million). The Group has also committed to invest nil MWC-Southwest Holdings LLC (2019: $7.5 million).

17. Other financial assets

Other financial assets comprise the following:

	2020 €'m	2019 €'m
Financial assets at amortised cost		
– Ornua Co-Operative Limited (loan note receivable)	-	4.3
Equity instruments designated at FVOCI		
– The BDO Capital Development Fund	-	2.1
– IPL Plastics plc	-	0.9
– Ornua Co-Operative Limited	-	0.4
– Others	-	1.4
	-	4.8
Total other financial assets	-	9.1

See note 30b for information on the Group's fair value estimation process. Other financial assets are classified as non–current assets, unless they are expected to be realised within 12 months of the reporting date or unless they will need to be sold to raise operating capital.

The movement in other financial assets is as follows:

	2020 €'m	2019 €'m
At the beginning of the year	**9.1**	10.1
Disposals/redemption	**(1.5)**	(2.5)
Fair value adjustment	-	(1.8)
Additions	-	3.3
Deemed disposal	**(7.6)**	-
At the end of the year	-	9.1

18. Trade and other receivables

	Notes	2020 €'m	2019 €'m
Trade receivables		-	534.1
Less expected credit loss allowance		-	(15.4)
Trade receivables – net		-	518.7
Prepayments		**0.3**	36.0
Receivables from joint ventures	36c	-	6.1
Receivables from other related parties	36c	-	1.0
Value added tax		-	10.0
Other receivables			32.1
Current tax asset		-	1.3
Glanbia MilkFlex Fund	(a)	**2.5**	3.2
Loans to joint ventures & associates	36f	**103.2**	2.0
Total		**106.0**	610.4
Non–current			
Glanbia MilkFlex Fund	(a)	**2.5**	3.2
Loans to joint ventures & associates		**24.0**	1.9
Non–current		**26.5**	5.1
Current		**79.5**	605.3
		106.0	610.4

See note 34 for analysis of the movement in trade and other receivables. Information in relation to the Group's credit risk and fair value estimation process is included in note 30. The fair value of trade and other receivables is not materially different to their book value.

At 2 January 2021, Glanbia Ireland DAC derecognised nil (2019: €121.1 million) through the use of a receivables securitisation arrangement and nil (2019: €48.5 million) through the use of a receivables sale arrangement. Under the terms of these arrangements the Group has transferred the credit risk and control of the receivables sold.

(a) In 2016 the Group, along with the Ireland Strategic Investment Fund, Rabobank and Finance Ireland, created the Glanbia MilkFlex Fund ('the Fund'). The Fund offers loans to Glanbia milk suppliers with loan repayments which can vary according to movements in milk price. The loans will have a standard term of eight years, but may be extended by up to a maximum of a further two years when volatility triggers are enacted. Loan repayments will be temporarily reduced when the GI manufacturing milk price falls below 28 cent per litre (including VAT) for three consecutive months. Loan repayments will be suspended for a period, when the GI manufacturing milk price falls below 26 cent per litre (including VAT) for three consecutive months or when the outbreak of a modifiable disease reduced milk output materially on the previous year. Loan repayments will increase when the GI manufacturing price goes above 34 cent per litre (including VAT) for three consecutive months. During 2018, the Group invested €0.8 million in the Fund through a profit participation loan.

The currency profile of trade and other receivables is as follows:

	2020 €'m	2019 €'m
Euro	**106.0**	197.8
US dollar	-	353.5
Pound sterling	-	35.3
Australian dollar	-	3.1
Other	-	20.7
	106.0	610.4

19. Inventories

	2020 €'m	2019 €'m
Raw materials	-	149.3
Work in progress	-	8.0
Finished goods	-	463.6
Consumables	-	48.0
	-	668.9

Recognition in the Group income statement:

	2020 €'m	2019 €'m
Cost of inventories recognised as an expense in Cost of Goods Sold	**2,047.3**	4,542.1
Write down of inventory to net realisable value during the year	**18.8**	30.5
Previous write downs of inventories reversed during the year*	**(10.2)**	(2.9)
	8.6	27.6

* Previous write downs have been reversed as a result of increased sales prices in certain markets.

There is no exceptional charge included in write downs of inventory for the year ended 2 January 2021 (2019: €18.0 million) (see note 6 for further details).

20. Cash and cash equivalents

	Notes	**2020 €'m**	2019 €'m
Cash at bank and in hand		**26.1**	334.8
Short term bank deposits		-	8.9
Cash and cash equivalents in the Group balance sheet		**26.1**	343.7
Bank overdrafts used for cash management purposes	25	-	(105.0)
Cash and cash equivalents in the Group statement of cash flows		**26.1**	238.7

21. Share capital and share premium

	Number of shares (millions)	**Ordinary shares €'m**	**Share premium €'m**	**Total €'m**
At 4 January 2020	37.3	37.3	8.6	45.9
Shares issued – note (a)	**0.1**	**0.1**	**0.2**	**0.3**
At 2 January 2021	**37.4**	**37.4**	**8.8**	**46.2**

The total issued number of ordinary 'A' shares is 37.3 million (2019: 37.3 million) with a par value of €1 per share. €0.3 million (2019: €0.1 million) ordinary 'A' shares were issued but not fully paid as at 2 January 2021.

The 'A' ordinary shares have four classes of membership A1, A2, A3 and A4. The shares held by a member in any class carry the designation of that class of membership. The rights of each class differ as follows:

- A1 members have all the rights of membership provided for in the rules of the Society except for those applying only to A4 members.
- A2 members are entitled to vote in elections in the Society but are not entitled to participate in any such elections as a candidate or proposer or seconder of a candidate. They are not entitled to receive notice of or vote on any special resolution or on any resolution to amend, delete or add to the rules of the Society, but are entitled to receive notice of and vote on all other resolutions at any general meeting of the Society.
- A3 members do not have the right to receive notice of any meeting of the Society or to attend or vote at any such meeting or to participate in any way in any elections in the Society.
- A4 members have the rights and entitlements attaching to corporate members and A4 shares rank pari passu with the A1 shares.

Note (a): During 2020, 51,688 (2019: 106,272) ordinary shares with a nominal value of €1 were issued to new members of the Society at €5 per share, of which €0.2 million (2019: €0.3 million) were fully paid for at 2 January 2021. The remaining balance will be received via deduction from milk payments up to 2023.

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22. Other reserves

	Capital reserve €'m note (a)	Merger reserve €'m note (b)	Currency reserve €'m note (c)	Hedging reserve €'m note (d)	FVOCI Reserve €'m note (e)	Glanbia plc own shares €'m note (f)	Share based payment reserve €'m note (g)	Total €'m
Balance at 4 January 2020	**17.4**	**88.7**	**74.1**	**(17.0)**	**7.4**	**(3.8)**	**0.8**	**167.6**
Currency translation differences – gross	-	-	(23.6)	-	-	-	-	(23.6)
Net investment hedge	-	-	0.6	-	-	-	-	0.6
Revaluation – gross	-	-	-	(5.1)	0.1	-	-	(5.0)
Reclassification to profit or loss on deemed disposal	-	-	(67.3)	20.3	-	-	-	(47.0)
Transfer to retained earnings on deemed disposal	-	-	-	0.6	(7.5)	0.6	1.7	(4.6)
Deferred tax	-	-	-	3.8	-	-	-	3.8
Currency translation differences - associates	-	-	(36.3)	-	-	-	-	(36.3)
Revaluation – associates	-	-	-	0.8	-	-	-	0.8
Currency translation differences – joint ventures			-					
Revaluation – joint ventures	-	-	-	(8.4)	-	-	-	(8.4)
Net change in OCI	-	-	(126.6)	12.0	(7.4)	0.6	1.7	(119.7)
Purchase of Glanbia plc own shares	-	-	-	-	-	(5.2)	-	(5.2)
Cost of share based payments	-	-	-	-	-	-	3.9	3.9
Share of movement in own shares & SBP reserve – associates	-	-	-	-	-	(0.9)	0.4	(0.5)
Transfer on exercise, vesting or expiry of share based payments in Glanbia plc	-	-	-	-	-	3.5	(4.5)	(1.0)
Allocation of other comprehensive (expense)/income and contributions and distributions to non–controlling interests	-	-	16.2	6.8	-	0.6	(1.9)	21.7
Transfer of other reserves to retained earnings on deemed disposal		(88.7)	-	-	-	-	-	(88.7)
Balance at 2 January 2021	17.4	-	(36.3)	1.8	-	(5.2)	0.4	(21.9)

	Capital reserve €'m note (a)	Merger reserve €'m note (b)	Currency reserve €'m note (c)	Hedging reserve €'m note (d)	FVOCI Reserve €'m note (e)	Glanbia plc own shares €'m note (f)	Share based payment reserve €'m note (g)	Total €'m
Balance at 30 December 2018	17.4	88.7	60.4	(10.8)	7.5	(8.9)	7.6	161.9
Currency translation differences	-	-	46.8	-	-	-	-	46.8
Net investment hedge	-	-	(2.4)	-	-	-	-	(2.4)
Revaluation – gross	-	-	-	(20.1)	(0.2)	-	-	(20.3)
Reclassification to profit or loss – gross	-	-	-	1.8	-	-	-	1.8
Deferred tax	-	-	-	3.4	0.1	-	-	3.5
Net change in OCI	-	-	44.4	(14.9)	(0.1)	-	-	29.4
Purchase of Glanbia plc own shares	-	-	-	-	-	(8.1)	-	(8.1)
Cost of share based payments	-	-	-	-	-	-	4.6	4.6
Transfer on exercise, vesting or expiry of share based payments in Glanbia plc	-	-	-	-	-	8.0	(9.0)	(1.0)
Allocation of other comprehensive (expense)/income and contributions and distributions to non–controlling interests	-	-	(30.7)	8.7	-	5.2	(2.4)	(19.2)
Balance at 4 January 2020	17.4	88.7	74.1	(17.0)	7.4	(3.8)	0.8	167.6

22a. Capital reserve

The capital reserve comprises of a capital redemption reserve which arose on the re–nominalisation of the Society's share capital on conversion to the euro and a capital reserve which relates to the cancellation of Society shares.

	2020 €'m	2019 €'m
At the beginning and the end of the year	**17.4**	17.4

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22b. Merger reserve
The merger reserve arose on the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. Prior to the deemed disposal (see note 3), the merger reserve adjustment represented the difference between the nominal value of the issued share capital of Waterford Foods DAC and the fair value of the shares issued by Glanbia plc.

22c. Currency reserve
The currency reserve reflects the foreign exchange gains and losses arising from the translation of the net investment in foreign operations and on borrowings designated as hedges of the net investment which are taken to equity. The movement in US dollar foreign exchange rates from 1.1147 as at 4 January 2020 to 1.2271 as at 2 January 2021 is the primary driver of the movement in the currency reserve in the year. See note 30a for further details. When an entity is sold the accumulated foreign currency gains and losses are recycled to the income statement. Following the deemed disposal of Glanbia plc Group and Glanbia Ireland DAC (see note 3), the accumulated foreign currency gains and losses were recycled to the income statement.

22d. Hedging reserve
The hedging reserve reflects the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense. Refer to note 30a for details on the hedging reserve attributable to the Group. The hedging reserve also reflects the Group’s share of the effective portion of changes in the fair value of derivatives that are entered into by the Group’s joint ventures & associates. Refer to note 30a.

22e. FVOCI reserve
Unrealised gains and losses arising from changes in the fair value of equity instruments measured at FVOCI are recognised in the FVOCI reserve. On derecognition of such an equity instrument, the accumulated balances of an instrument associated with it will be reclassified to retained earnings.

22f. Glanbia plc own shares
The own shares reserve reflects the ordinary shares of Glanbia plc which are held in trust by the Group.

An Employee Share Trust was established in May 2002 to operate initially in connection with the Glanbia plc's Saving Related Share Option Scheme and subsequently for the vesting of shares under the 2008 LTIP, 2018 LTIP and 2019 RSP (note 9). The Trustee of the Employee Share Trust is Computershare Trustees (Jersey) Limited, a Jersey based trustee services company. The dividend rights in respect of these shares have been waived, save 0.001 cent per share. An Employee Share Scheme Trust was established in April 2013 to operate in connection with Glanbia plc's AIDIS scheme. The Trustee of the Employee Share Scheme Trust is Glanbia Management Services Limited. The dividend rights in respect of shares which have not vested have been waived.

The shares acquired during the year and those held in trust are allocated to employees of Glanbia plc and Glanbia Ireland under the various share-based payment schemes. This represented an insignificant amount of the total share capital at the beginning and end of the year. Shares purchased are deemed to be own shares in accordance with IAS 32 ‘Financial Instruments’. The own shares at 2 January 2021 had a market value of nil (2019: €10.1 million).

The movement in own shares for the year ended 2 January 2021 and 4 January 2020 are as follows:

	2020 Value €’m	**2020 Nominal value €’m**	**2020 Number of shares**	2019 Value €’m	2019 Nominal value €’m	2019 Number of shares
At the beginning of the year	**3.8**	**0.1**	**977,769**	8.9	0.1	929,269
Purchased	**0.9**	**-**	**99,546**	8.1	-	630,005
Allocated	**(3.5)**	**-**	**(225,055)**	(8.0)	-	(581,505)
Transfer to non–controlling interests	**(0.6)**	**-**	**-**	(5.2)	-	-
Deemed disposal	**(0.6)**	**(0.1)**	**(852,260)**	-	-	-
At the end of the year	**-**	**-**	**-**	3.8	0.1	977,769

€5.2 million at the reporting date reflects the Group’s share of the movement in own shares reserve of the Group’s joint ventures & associates.

22g. Share-based payment reserve
The share-based payment reserve reflects the equity settled share based payment plans in operation by the Group (note 9).

23. Retained earnings

	Notes	2020 €'m	2019 €'m
At the beginning of the period		**555.6**	533.7
Effect of adoption of IFRS 16		**(15.3)**	-
Balance at 5 January 2020		**540.3**	533.7
Profit for the period		**744.3**	86.1
Other comprehensive income			
Transfer to retained earnings on deemed disposal		**4.6**	-
– Remeasurement on defined benefit plans	8	**29.0**	(36.3)
– Deferred tax on remeasurements on defined benefit plans	26	**(2.0)**	3.2
– Share of remeasurements on defined benefit plans from associates, net of deferred tax	15	**(0.6)**	-
– Share of remeasurements on defined benefit plans from joint ventures, net of deferred tax	16	**4.4**	(0.7)
Net change in OCI		**35.4**	(33.8)
Transfer to non-controlling interests		**(2.5)**	15.3
Ordinary share interest paid to Society shareholders	12	**(5.6)**	(5.6)
Distributions to Society shareholders		**(25.2)**	(41.3)
Transfer on exercise, vesting or expiry of share based payments	22	**1.0**	1.0
Deferred tax on share based payments	26	**0.3**	0.1
Allocation of the share of contributions and distributions to non–controlling interests		**(0.9)**	0.1
Transfer of other reserves to retained earnings on deemed disposal		**88.7**	-
At the end of the year		**1,375.8**	555.6

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24. Non–controlling interests

	2020 €'m	2019 €'m
At the beginning of the year	**1,152.0**	1,074.5
Allocation of the share of profit for the year (post exceptional)	**37.9**	125.3
Allocation of the share of other comprehensive expense	**(20.7)**	6.5
Allocation of the share of contributions and distributions	**2.4**	(2.7)
Dividends to non–controlling interests	**(32.2)**	(51.6)
Deemed disposal	**(1,139.4)**	-
At the end of the year	-	1,152.0

Summarised financial information for subsidiaries with material non-controlling interests:

	Glanbia plc 2020 €'m	Glanbia Ireland DAC 2020 €'m	Glanbia plc 2019 €'m	Glanbia Ireland DAC 2019 €'m
Non-controlling interests' equity interest	-	-	68.5%	27.4%
Balance sheet				
Non-current assets	-	-	2,228.1	708.6
Current assets	-	-	1,172.8	467.4
Non-current liabilities	-	-	(743.7)	(451.1)
Current liabilities	-	-	(955.3)	(306.6)
Net assets	-	-	1,701.9	418.3
Carrying value of non-controlling interests	-	-	1,030.0	114.6
Income statement				
Revenue			3,875.7	1,961.8
Profit before tax (post-exceptional)			199.1	72.3
Profit after tax (post-exceptional)			180.2	62.9
Other comprehensive income/(expense)			9.8	(23.1)
Total comprehensive income			190.0	39.8
Non-controlling interest's share of total comprehensive income			130.2	10.9

25. Financial liabilities

	Notes	2020 €'m	2019 €'m
Non–current			
Bank borrowings		-	575.6
Private debt placement		-	139.9
Secured exchangeable bond		-	93.4
Lease liabilities*		-	0.8
		-	809.7
Current			
Borrowings		-	264.8
Bank overdrafts	20	-	105.0
Secured exchangeable bond		**93.4**	(0.4)
Lease liabilities*		-	0.7
		93.4	370.1
Total financial liabilities		**93.4**	1,179.8

* Secured on specific plant and equipment

The maturity profile of the Group's multi-currency committed term facilities of €1.7 billion (2019: €1.7 billion) is as follows:

	Loans and borrowings 2020 €'m	**Undrawn Committed facilities 2020 €'m**	Loans and borrowings 2019 €'m	Undrawn Committed facilities 2019 €'m
12 months or less	**93.4**	-	370.1	53.8
Between 1 and 2 years	-	-	435.4	207.9
Between 2 and 5 years	-	-	374.3	299.6
More than 5 years	-	-	-	-
	93.4	-	1,179.8	561.3

The weighted average maturity of committed facilities is nil (2019: 2.4 years). Undrawn uncommitted facilities expiring within one year are nil (2019: €12.4 million).

The currency profile of financial liabilities is as follows:

	Euro €'m	**US dollar €'m**	**Pound sterling €'m**	**Australian dollar €'m**	**Other* €'m**	**Total €'m**
At 2 January 2021	**93.4**	-	-	-	-	**93.4**
At 4 January 2020	561.9	602.0	6.8	3.6	5.5	1,179.8

* Principal currencies in "other" include New Zealand dollar and Indian Rupee

Bank borrowings

At 4 January 2020, the Group had committed unsecured bank facilities maturing in 2020, 2021 and 2024. They were borrowed at fixed and floating interest rates. At 4 January 2020, €151.6 million of bank borrowings denominated in USD were at fixed nominal interest rate of 3.30%. The remaining bank borrowings were subject to interest rate changes, taking into account of contractual repricing dates. Nominal interest rates of these borrowings range primarily from 0.39% – 8.80%. The floating interest rates were set at commercial rates based on a margin over EURIBOR, US dollar LIBOR and Australian dollar interest rates for periods of up to six months.

Private placement debt

The private placement debt committed facility matures in 2021, bears interest at a fixed 5.40% nominal interest rate and is denominated in USD. At 2 January 2021, the Group had undrawn uncommitted private placement facilities of nil (2019: nil).

Bank overdrafts

Bank overdraft interest rates are variable and mostly range from 0.55% – 12.5% (2019: 0.55% – 12.5%). At 2 January 2021, the Group had undrawn uncommitted bank overdraft facilities of nil (2019: €35.9 million).

Secured exchangeable bond

In June 2016, a secured exchangeable bond of €100.0 million was issued at a fixed rate of 1.375% (payable half yearly) with a bullet repayment in June 2021 unless redeemed earlier at the option of the Society. This convertible debt instrument includes a cash settlement option whereby the Society may deliver either a fixed number of shares to the holder or an amount of cash equal to the market value of the fixed number of shares on the date of conversion. This convertible bond option is accounted for as a derivative liability (note 30a). The convertible debt is a hybrid instrument containing a host debt contract and a convertible option component (written call option over Glanbia plc shares). The conversion option element is measured at fair value with changes in fair value recognised in profit or loss. The host bond is initially recognised at fair value and subsequently at amortised cost.

Debt issue costs

Included within the carrying value of borrowings and the secured exchangeable bond are deferred debt issue costs of nil (2019: €0.1 million), all of which is recognised in finance costs in the Group income statement using the effective interest rate method over the remaining life of the borrowings.

Guarantees

Certain financial liabilities of Glanbia plc are secured by cross–guarantees from Glanbia plc and certain principal subsidiaries. The Group has complied with the financial covenants of its borrowing facilities during 2020 and 2019. See note 30d.

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The extent to which financial liabilities are exposed to interest rate changes is as follows:

	Notes	2020 €'m	2019 €'m
Private debt placement		-	139.9
Secured exchangeable bond		**93.4**	93.0
Lease liabilities		-	1.5
Bank borrowings		-	151.6
Not subject to interest rate changes*		**93.4**	386.0
Bank borrowings		-	688.8
Bank overdrafts	20	-	105.0
Subject to interest rate changes*		-	793.8
		93.4	1,179.8

* Taking into account of contractual repricing dates at the reporting date.

Changes in liabilities arising from financing activities:

2020	Lease liabilities €'m	Borrowings €'m	Private debt placement €'m	Secured exchangeable bonds €'m	Total €'m
At 4 January 2020	**1.5**	**840.4**	**139.9**	**93.0**	**1,074.8**
Cash flows	-	**148.2**	-	-	**148.2**
Leases	**143.1**	-	-	-	**143.1**
Non-cash movement		-	-	**0.4**	**0.4**
Exchange differences	-	**2.1**	**(0.9)**	-	**1.2**
Deemed disposal	**(144.6)**	**(990.7)**	**(139.0)**	-	**(1,274.3)**
At 2 January 2021	-	-	-	**93.4**	**93.4**
2019					
At 30 December 2018	2.2	859.0	136.2	97.2	1,094.6
Cash flows	(0.7)	(35.2)	-	-	(35.9)
Acquisitions	-	6.4	-	-	6.4
Non-cash movement	-	-	-	(4.2)	(4.2)
Exchange differences	-	10.2	3.7	-	13.9
At 4 January 2020	1.5	840.4	139.9	93.0	1,074.8

Leases
The Group does not have leases or commitments to leases at 2 January 2021. Lease liabilities and right-of-use assets were nil at 2 January 2021*. Additions to the right-of-use assets during 2020 were €15.1 million. Amounts recognised in the Group income statement included the following:

	Notes	2020 €'m
Depreciation charge of right-of-use assets		12.8
Interest expense on lease liabilities	10	1.6
Expense relating to short-term leases		1.9
Expense relating to variable lease payments not included in lease liabilities		0.3

There was no income from subleasing and gains/losses on sale and leaseback transactions. The total cash outflow for lease payments during 2020 was €17.3 million.

* Tangible fixed assets held under leases amounted to €2.2 million at 4 January 2020. They were previously classified as finance leases under IAS 17. The depreciation charge in relation to these assets during 2019 was €0.8 million.

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26. Deferred taxes

Recognition in the Group balance sheet:

	2020			2019		
	Deferred tax assets €'m	**Deferred tax liabilities €'m**	**Net €'m**	Deferred tax assets €'m	Deferred tax liabilities €'m	Net €'m
Deferred tax (assets)/liabilities before set off	-	-	-	(41.6)	222.4	180.8
Set off of deferred tax	-	-	-	39.8	(39.8)	-
Deferred tax (assets)/liabilities after set off	-	-	-	(1.8)	182.6	180.8

The movement in the net deferred tax liability recognised in the Group balance sheet is as follows:

	Notes	**2020 €'m**	2019 €'m
At the beginning of the year		**180.8**	171.2
Income statement charge	11	**(0.7)**	3.5
Deferred tax credit to other comprehensive income			
– on fair value movements		**(0.4)**	(0.4)
– on remeasurement of defined benefit plans	23	**2.0**	(3.2)
Deferred tax (credit)/charge to equity			
– on share based payments	23	**(0.3)**	(0.1)
– on adoption of IFRS16		**(1.3)**	-
– on acquisition of subsidiaries and intellectual properties		**0.3**	0.5
Reclassification (note 27)		-	5.6
Exchange differences		**(0.9)**	3.7
Deemed disposal		**(179.5)**	-
At the end of the year		-	180.8

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

	Retirement benefit obligations €'m	Other employee obligations €'m	Tax losses €'m	Other €'m	Total €'m
At 4 January 2020	**(19.4)**	**(8.3)**	**(2.3)**	**(11.6)**	**(41.6)**
Charged to income statement	**0.1**	**(0.4)**	**(0.3)**	**(0.7)**	**(1.3)**
Credited to other comprehensive income	**2.0**	-	-	-	**2.0**
Credited to equity	-	**(0.3)**	-	-	**(0.3)**
Exchange differences	-	-	-	**0.1**	**0.1**
Deemed disposal	**17.3**	**9.0**	**2.6**	**12.2**	**41.1**
At 2 January 2021	-	-	-	-	-
At 29 December 2018	(16.5)	(9.5)	(2.8)	(12.5)	(41.3)
Charged to income statement	0.4	1.5	0.5	1.0	3.4
Credited to other comprehensive income	(3.2)	-	-	-	(3.2)
Credited to equity	-	(0.1)	-	-	(0.1)
Reclassification	-	-	-	0.4	0.4
Exchange differences	(0.1)	(0.2)	-	(0.5)	(0.8)
At 4 January 2020	(19.4)	(8.3)	(2.3)	(11.6)	(41.6)

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

	Accelerated tax depreciation €'m	Fair value gain €'m	Development costs and other intangibles €'m	Other €'m	Total €'m
At 4 January 2020	**92.8**	**(0.4)**	**92.5**	**37.5**	**222.4**
Charged/(credited) to income statement	**3.8**	**-**	**(2.8)**	**(0.4)**	**0.6**
Credited to other comprehensive income	**-**	**(0.4)**	**-**	**-**	**(0.4)**
Credit to equity	**(1.3)**	**-**	**-**	**-**	**(1.3)**
Acquisition of subsidiaries and intellectual properties	**0.1**	**-**	**0.2**	**-**	**0.3**
Exchange differences	**(0.4)**	**-**	**(0.5)**	**(0.1)**	**(1.0)**
Deemed disposal	**(95.0)**	**0.8**	**(89.4)**	**(37.0)**	**(220.6)**
At 2 January 2021	**-**	**-**	**-**	**-**	**-**
At 29 December 2018	**86.0**	**-**	**99.4**	**27.1**	**212.5**
Charged/(credited) to income statement	**5.2**	**-**	**(10.9)**	**5.8**	**0.1**
Credited to other comprehensive income	**-**	**(0.4)**	**-**		**(0.4)**
Acquisition of subsidiaries and intellectual properties	**-**	**-**	**1.4**	**(0.9)**	**0.5**
Reclassification	**-**	**-**	**-**	**5.2**	**5.2**
Exchange differences	**1.6**	**-**	**2.6**	**0.3**	**4.5**
At 4 January 2020	**92.8**	**(0.4)**	**92.5**	**37.5**	**222.4**

A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. This includes deferred tax assets which are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable.

At the balance sheet date, the Group has unused tax losses of €13.7 million (2019: €90.8 million) available for offset against future profits. A deferred tax asset has been recognised in respect of nil (2019: €2.6 million) of such losses. No deferred tax asset has been recognised in respect of the remaining €13.7 million (2019: €88.3 million) as it is not considered probable that there will be future taxable profits available. All tax losses may be carried forward indefinitely. Other tax losses may be carried forward indefinitely. Also included in unrecognised tax losses are nil (2019: €46.6 million) of capital losses.

There were no temporary differences arising in 2020, no deferred tax liability was recognised on temporary differences of €41.8 million in 2019. These temporary differences arose due to the unremitted earnings of overseas subsidiaries as the Group was able to control the timing of the reversal of these temporary differences and it was probable that they would not reverse. Temporary differences arising in connection with interests in joint ventures & associates are €42.3 million (2019: nil).

27. Provisions

	Restructuring €'m note (a)	Legal claims €'m note (b)	Property & lease commitments €'m note (c)	Operational €'m note (d)	Total €'m
At 4 January 2020 – non-current	-	-	-	6.3	6.3
At 4 January 2020 – current	0.9	0.3	2.0	0.5	3.7
Net amount provided for in the year	2.3	-	9.5	-	11.8
Utilised in the year	(0.7)	-	-	-	(0.7)
Unwinding of discounts	-	-	-	0.3	0.3
Deemed disposal	(2.5)	(0.3)	(11.5)	(7.1)	(21.4)
At 2 January 2021	-	-	-	-	-

The following disclosures relate to events, transactions, balances or information for the period up to 30 June 2020 before the deemed disposal that took place on 1 July 2020 (note 3) and/or comparative information that were disclosed in the 2019 Group financial statements.

(a) The restructuring provision related mainly to a redundancy provision arising from the ongoing strategic review of Glanbia plc's Performance Nutrition segment.

(b) The legal claims provision represented legal claims brought against the Group. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims was not expected to give rise to any significant loss beyond the amounts provided for at 4 January 2020.

(c) The property and lease commitments provision related to property remediation works and is based on the estimated cost of re-instating a property to its original condition. Due to the nature of the remediation works there was some uncertainty around the amount and timing of payments as at 4 January 2020.

(d) The operational provision represented provisions relating to certain insurance claims and other items. Due to the nature of these items, there was some uncertainty around the amount and timing of payments as at 4 January 2020.

28. Capital grants

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**31.2**	26.4
Credited to the Group income statement	5	**(0.9)**	(1.8)
Additions		-	8.1
Impairment		-	(1.5)
Deemed disposal		**(30.3)**	-
At the end of the year		-	31.2
Non–current		-	29.5
Current		-	1.7
		-	31.2

The entities receiving the grants are principal subsidiaries as at 4 January 2020 as outlined in note 37 and have no going concern issues therefore, there are no material unfulfilled conditions or other contingencies attaching to any grants received.

29. Trade and other payables

	Notes	2020 €'m	2019 €'m
Current			
Trade payables		**0.1**	370.3
Amounts due to joint ventures & associates		**0.7**	87.4
Amounts due to other related parties	36c	-	0.4
Social security costs		-	6.0
Accrued expenses		**16.6**	192.4
Other payables		-	110.9
		17.4	767.4
Non-current			
Other payables		-	12.5
Total		**17.4**	779.9

See note 34 for analysis of the movement in trade and other payables. See note 30b for information on the Group's fair value estimation process.

Other non-current payables in 2019 relate primarily to lease incentives on non-cancellable operating leases under IAS 17 and are amortised on a straight line basis over the lease term. The amount decreased in 2020 due to the adoption of IFRS 16 (note 1).

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30. Derivative financial instruments and financial risk management
30a. Derivative financial instruments

	Notes	2020 Assets €'m	2020 Liabilities €'m	2019 Assets €'m	2019 Liabilities €'m
Cross currency swap – fair value through income statement		-	-	0.3	-
Convertible bond option – fair value through income statement		-	**(6.4)**	-	(4.8)
Interest rate swaps – cash flow hedges (interest rate risk)		-	-	-	(9.0)
Foreign exchange contracts – cash flow hedges (currency risk)		-	-	0.6	(0.6)
Commodity futures – cash flow hedges (commodity price risk)		-	-	-	(0.1)
Total		-	**(6.4)**	0.9	(14.5)
Non–current		-	-	-	(12.3)
Current		-	**(6.4)**	0.9	(2.2)
	30e	-	**(6.4)**	0.9	(14.5)

Convertible bond option
In June 2016, a convertible bond of €100 million was issued by the Society. The convertible debt instrument includes a cash settlement option whereby the Society may deliver either a fixed number of shares to the holder or an amount of cash equal to the market value of the fixed number of shares on the date of conversion. This convertible option is accounted for as a derivative liability. The convertible debt is a hybrid instrument containing a host debt contract and a conversion option component (written call option over Glanbia plc shares). The conversion option element is measured at fair value with changes in fair value recognised in profit and loss. The host bond is initially recognised at fair value and subsequently at amortised cost (note 25).

Derivative financial instruments entered into by joint ventures & associates
The Group's joint ventures & associates may enter into interest rate swaps, commodity futures (gas, oil, whey and skimmed milk powder) and foreign exchange contracts. The Group's share of the movement in the derivative financial instruments designated as cash flow hedges is recognised in other comprehensive income and against the carrying value of the interest in joint ventures & associates.

The hedging reserve (note 22) also reflects the Group's share of the effective portion of changes in the fair value of derivatives that are entered into by the Group's joint ventures & associates. All movements are recognised against the carrying value of the interest in joint ventures & associates until repayment of the related bank borrowings.

The following disclosures in this sub-note 30a relate to events, transactions, balances or information for the period up to 30 June 2020 before the deemed disposal that took place on 1 July 2020 (note 3) and/or comparative information that were disclosed in the 2019 Group financial statements.

Derivatives recognised at fair value through income statement
Included in cross currency swaps is a pound sterling euro cross currency swap with a notional amount of nil (2019: £60.0 million) and nil (2019: €70.2 million). The translation loss included in the Group income statement in respect of this swap is €0.6 million (2019: €0.3 million gain).

Hedge accounting
The Group enters into hedge relationships when there is an economic relationship between the hedged item and the hedging instrument. When the critical terms of the hedged item and hedging instrument are closely aligned for the prospective assessment of effectiveness, a qualitative assessment is performed. In instances where changes occur to the hedged item which result in the critical terms being no longer closely aligned, the Group uses the hypothetical derivative method to assess the ineffectiveness. A hedge ratio of one to one is established as the quantities of the hedged item and the hedging instrument used to hedge that hedged item are the same. Potential sources of ineffectiveness may include the timing and amounts of cash flows, and changes in credit risk of the hedging instruments or hedged items.

Derivative assets and liabilities designated as cash flow hedges
Foreign exchange contracts
The Group may use foreign exchange contracts to hedge its future cash flow risk from movements in foreign exchange rates on foreign denominated sales or purchases. Such contracts are generally designated as cash flow hedges. Weighted average hedged rate of foreign exchange contracts (including forward points) as at 2 January 2021 is nil (2019: EUR 1:US dollar 1.1132).

The notional principal amounts of the outstanding foreign exchange contracts at 2 January 2021 were nil (2019: €99.3 million). All outstanding foreign exchange contracts as at 4 January 2020 matured and were released to the Group income statement within 12 months of the reporting date.

Commodity futures
The Group may use commodity futures to hedge its future cash flow risk from movement in diesel oil, gas, butter, whey and skimmed milk powder commodity prices. The details of the outstanding futures designated as cash flow hedges at 2 January 2021 and 4 January 2020 are as follows:

	2020			2019		
	Notional amount €'m	**Notional amount**	**Weighted average hedged rate**	Notional amount €'m	Notional amount	Weighted average hedged rate
Diesel oil	-	-	-	1.1	2.6 million litres	€0.4379c per litre
Butter	-	-	-	0.5	115 tonnes	€4,430 per tonne

Interest rate swaps

The Group may use floating to fixed interest rate swaps to hedge its future cash flow risk from its exposure to variable rates on its long-term borrowings with floating rates. The notional principal amount of the outstanding EURIBOR linked interest rate swap contracts designated as cash flow hedges affected by the interest rate benchmark reform as at 2 January 2021 were nil (2019: €360.0 million). Weighted average hedged rate of interest rate swaps as at 4 January 2020 was 0.31%. All outstanding interest rate swaps as at 4 January 2020 mature in 2023 or 2024.

The movements on the hedging reserve for the years ended 2 January 2021 and 4 January 2020 in relation to the Group's cash flow hedges are as follows:

	Group €'m
Balance at 4 January 2020	2.2
Revaluation – gross	
– Interest rate swaps – loss in year	0.3
– Foreign exchange contracts – loss in year	(0.8)
– Forward commodity contracts – gain/(loss) in year	0.2
Recognised in OCI	(0.3)
Reclassification to profit or loss – gross	
– Foreign exchange contracts – loss in year	0.7
– Forward commodity contracts – loss in year	(0.2)
Reclassified from OCI to profit or loss	0.5
Deferred tax	(0.1)
Net change in OCI	0.1
Transfer to non-controlling interests	-
Deemed disposal	(2.3)
Balance at 2 January 2021	-
Balance at 30 December 2018	(0.2)
Revaluation – gross	
– Interest rate swaps – loss in year	(8.1)
– Foreign exchange contracts – loss in year	(0.9)
– Forward commodity contracts – gain/(loss) in year	0.6
Recognised in OCI	(8.4)
Reclassification to profit or loss – gross	
– Foreign exchange contracts – loss in year	0.8
– Forward commodity contracts – loss in year	1.0
Reclassified from OCI to profit or loss	1.8
Deferred tax	0.3
Net change in OCI	(6.3)
Transfer to non-controlling interests	8.7
Balance at 4 January 2020	2.2

The transferred amounts relating to foreign exchange contracts are recorded in the line item "Administration expenses" in the income statement. No material ineffectiveness has been recognised in respect of the cash flow hedges in 2020 (2019: nil). If ineffectiveness had been recognised, it would have been recorded in "Administration expenses" in the income statement.

Refer to note 22 for the balances in the cash flow hedge reserve. The maturity profile of the cash flows of the derivative financial instruments is included in note 30d.

Net investment hedge

A portion of the Group's US dollar denominated borrowings (see note 25) with a nominal amount of nil (2019: US$98.5 million) is designated as a hedge of a portion of the net investment in the Group's US dollar net assets amounting to nil (2019: US$98.5 million). Therefore, hedge ratio as at 4 January 2020 was 1:1.

	Notes	**2020 €'m**	2019 €'m
Carrying value of net investment hedge		**-**	88.4
Gain/(loss) recognised in other comprehensive income	22	**0.6**	(2.4)

The borrowings of US$98.5 million at 4 January 2020 was translated at year end exchange rate of EUR 1:US dollar 1.1147 to arrive at carrying amount of €88.4 million. €12.0 million of the currency reserve at 4 January 2020 relates to the net investment hedge (see note 22). There was no ineffectiveness recognised in the Group income statement during 2019 and 2020. If ineffectiveness had been recognised, it would have been recorded in "Administration expenses" in the income statement.

30b. Fair value and fair value estimation

The disclosures in this sub-note 30b relates to financial instruments as at 2 January 2021, post the deemed disposal (note 3). Refer to 2019 Group financial statements for comparative disclosures.

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table the Group deemed that the carrying amounts of financial instruments measured at amortised cost in the Group financial statements approximate their fair value due to their short term nature:

	Notes	**Carrying amount 2020 €'m**	**Fair value 2020 €'m**	Carrying amount 2019 €'m	Fair value 2019 €'m
Non-current trade and other receivables	18	**26.5**	**26.5**	5.1	5.1

Fair value is estimated by discounting future contractual cash flows using current market interest rates from observable interest rates at the end of the reporting period that are available to the Group for similar financial instruments (classified as level 2 in the fair value hierarchy).

Group's fair valuation process

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The valuation team reports directly to the Group Finance Director who in turn reports to the Glanbia plc Audit Committee. Discussions of valuation processes and results are held between the Group Finance Director and the Glanbia plc Audit Committee. Changes in level 2 and level 3 fair values are analysed at each reporting date. As part of this discussion, the valuation team presents a report that explains the reasons for fair value movements.

In accordance with IFRS 13 'Fair Value Measurements', the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);
- inputs, other than quoted prices included in level 1, that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value of financial assets and liabilities carried at fair value

The following table presents the fair values of financial instruments measured at fair value at the reporting date:

	Notes	**Fair value hierarchy**	**2020 €'m**	2019 €'m
Derivative financial instruments (note 30a)				
– Secured exchangeable bond option – fair value through income statement	(a)	Level 2	**(6.4)**	(4.8)

(a) Fair value is determined by reference to the quoted open market price on Global Exchange Market at the end of the reporting period.

There were no transfers in either direction between Level 1 and Level 2 in 2020 and 2019. The Group did not hold any Level 3 financial assets or liabilities at 2 January 2021 or 4 January 2020.

30c. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern while maximising the returns to members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital. Total capital is calculated based on equity as shown in the balance sheet, total financial liabilities less cash and cash equivalents as follows:

	Notes	**2020 €'m**	2019 €'m
Total equity per the Group balance sheet		**1,400.1**	1,921.1
Total financial liabilities	25	**93.4**	1,179.8
Cash and cash equivalents	20	**(26.1)**	(343.7)
Total capital		**1,467.4**	2,757.2

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to increase or reduce debt or buy back shares. Any material adjustments to the capital structure are approved by the Board of Directors. From time to time, the Group purchases Glanbia plc shares on the market. These shares are primarily intended to be used for issuing shares under the Group's long-term and short-term incentive plans. Buy decisions are made on a specific transaction basis by Employee Benefit Trusts.

30d. Financial risk management

The conduct of its ordinary business operations necessitates the Group holding financial instruments. The Group has exposure to the following risks arising from financial instruments: market risk comprising of currency risk, interest rate risk and price risk, liquidity risk and cash flow risk, and credit risk.

The Group does not enter into any financial instruments that give rise to a speculative position. The Group finances its operations by a mixture of retained profits, medium–term committed borrowings and undrawn uncommitted borrowings. The Group borrows in the major global debt markets in a range of currencies at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired effective currency profile and interest rate basis. Risk management, other than credit risk management, is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors on behalf of the Glanbia plc group and Glanbia Ireland DAC. Group Treasury identifies, evaluates and hedges financial risks in close co–operation with the Group's business units. The Board of Directors provides written principles for overall risk management, as well as, written policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk, use of derivative financial instruments and non–derivative financial instruments and investment of excess liquidity.

As a result of the deemed disposal of Glanbia plc and Glanbia Ireland DAC on 1 July 2020 (note 3), the Group is primarily exposed to liquidity risk and cash flow risk, and credit risk. In the prior year, the Group was also exposed to currency risk, interest rate risk and price risk. Refer to the 2019 Group financial statements for comparative information. There has been no significant change during the financial year or since the end of the year to the Group's approach to the management of those risks.

Liquidity and cashflow risk

The Group's objective is to ensure that the Group does not encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

In order to preserve the continuity of funding, the Group's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. Refer to note 25 for details of the Group's committed facilities.

When appropriate, surplus funds in the Group are transferred to Group Treasury through different methods including the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to repay external debt or invested externally. The Group does not use off–balance sheet special purpose entities as a source of liquidity or for other financing purposes.

The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group. Compliance with the Group's debt covenants is monitored continually based on statutory and management accounts and financial projections. All covenants have been complied with in 2020 and 2019.

There is no significant concentration of liquidity risk.

For further details regarding the Group's borrowing facilities see note 25.

The table below analyses the Group's non–derivative financial liabilities and derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities	**Notes**	**Less than 1 year €'m**	**Between 1 and 2 years €'m**	**Between 2 and 5 years €'m**	**More than 5 years €'m**	**Total €'m**
At 2 January 2021						
Non–derivative financial liabilities	25	**(93.4)**	-	-	-	**(93.4)**
Derivative financial liabilities	30a	**(6.4)**	-	-	-	**(6.4)**

Financial liabilities	Notes	Less than 1 year €'m	Between 1 and 2 years €'m	Between 2 and 5 years €'m	More than 5 years €'m	Total €'m
At 4 January 2020						
Non–derivative financial liabilities						
– Financial liabilities (excluding lease liabilities)*		405.1	456.9	404.4	-	1,266.4
– Lease liabilities	25	0.7	0.8	-	-	1.5
– Trade and other payables		458.1	-	-	-	458.1
Less future finance costs		(35.7)	(22.3)	(30.1)	-	(88.1)
		828.2	435.4	374.3	-	1,637.9
Derivative financial liabilities		2.2	4.8	7.5	-	14.5

*Financial liabilities include the contractual cash flows on the €100 million convertible bond (note 25). The bond also includes a written call option over Glanbia plc shares (note 30a).

Credit risk

The Group's objective is to minimise credit risk which is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial transaction fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, and credit exposures to customers, including outstanding receivables and committed transactions.

Other financial assets (note 17), loans to joint ventures & associates, and Glanbia MilkFlex (note 18) are not material. Loss allowance of ECL is accordingly not material.

Receivables are written off when there is no reasonable expectation of recovery such as debtor failing to engage in a repayment plan with a company. Subsequent recoveries of amounts written off are recognised in the Group income statement. The Group does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Cash and cash equivalents

In the international movement and placement of funds and execution of financial transactions, the risk of counterparty default is managed by the Group's policies requiring exposure to independently rated parties with long term credit ratings of at least A3 (Moody's) or A– (Standard & Poor's). In the movement and placement of funds and execution of financial transactions in Ireland, the Group's policies accept exposure to independently rated parties with long term credit ratings of at least Baa3 (Moody's) or BBB– (Standard & Poor's) in the Glanbia plc group or Ba2 (Moody's) or BB (Standard & Poor's) in Glanbia Ireland DAC ('GI'). The Group's cash and cash equivalents (note 20) at 2 January 2021 and 4 January 2020 were held within financial institutions which complied with Group policy. Accordingly, the Group considers its cash and cash equivalents to be of low credit risk and does not expect any expected credit loss in relation to them.

Trade receivables

The Group's credit risk management policy requires that, where possible, all debt is insured with an external credit insurance underwriter, with the exception of Agribusiness (see below). No goods may be dispatched to a customer on credit until the application for credit has been authorised. The Group's authorisation review includes external credit agency reports, the trading and financial history and position of the customer, the business case, the country in which the customer operates and any other available information. The utilisation of credit limits is actively managed and reviewed formally on an annual basis. Where the extension of credit is not appropriate, payment in advance is required. No goods are dispatched on credit until the credit controller has authorised the application confirming all necessary procedures have been complied with. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date.

GI is also not covered by the credit insurance policy. GI's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and where appropriate, credit risk is covered by credit insurance and by holding appropriate security or liens.

Goods are sold primarily subject to retention of title clauses, so that in the event of non–payment the Group may have a secured claim. Where required, the Group holds appropriate security or liens in respect of trade and other receivables. The Group does not hold any significant security or liens at the end of the year.

See note 18 for the carrying amount of the Group's trade and other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, historical loss rates of operating units are calculated based on their recent historical credit loss experience and applied to the operating units trade receivables at the reporting date. The loss allowance is estimated based on historical loss rules and adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment in countries in which the Group sells its goods, which affect the ability of the debtors to settle the receivables.

The movement in the expected credit loss allowance for trade receivables is as follows:

	2020 €'m	2019 €'m
At the beginning of the year	**15.4**	12.5
Exchange differences	**(0.1)**	0.2
Increase in loss allowance recognised in the year	**2.7**	6.0
Receivables written off during the year as uncollectible	**(1.0)**	(2.3)
Unused amounts reversed	**(0.6)**	(1.0)
Deemed disposal	**(16.4)**	-
At the end of the year	**-**	15.4

The net movement in the loss allowance has been included within the Group income statement.

Trade receivables amounted to nil at 2 January 2021 (note 18) (2019: €534.1 million). Receivable balances that are neither past due nor impaired amounted to nil (2019: €423.7 million). Past due information is reported to key management personnel for credit risk management purposes. At 2 January 2021, trade receivables of nil (2019: €110.4 million) were past due and analysed as follows:

	2020 €'m	2019 €'m
Past due:		
Less than 30 days	-	40.6
1 to 3 months	-	31.4
4 to 6 months	-	22.4
Over 6 months	-	16.0
Total	-	110.4
Less expected credit loss allowance	-	(15.4)
	-	95.0

30e. Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. In relation to certain deposits the Group was required to maintain cash on deposit in respect of certain borrowings which were repaid during 2020. The Group and the lender intended to net settle or realise the asset and settle the liability simultaneously, and the Group had a legally enforceable right to offset recognised amounts which was not conditional on the occurrence of a future event. As a result, the Group's borrowings at 4 January 2020 were presented net of these deposits as the requirements for offsetting were met.

The following tables set out the carrying amounts of recognised financial instruments that are subject to the above agreements:

Financial assets

At 2 January 2021	Notes	Gross amounts of recognised financial assets €'m	Gross amounts of recognised financial liabilities set of in the balance sheet €'m	Net amounts of financial assets presented in the balance sheet €'m
Derivative financial assets	30a	-	-	-
Cash and cash equivalents	20	**26.1**	-	**26.1**
		26.1	-	**26.1**
At 4 January 2020				
Derivative financial assets	30a	0.9	-	0.9
Cash and cash equivalents	20	455.8	(112.1)	343.7

Financial liabilities

At 2 January 2021	Notes	Gross amounts of recognised financial liabilities €'m	Gross amounts of recognised financial liabilities set of in the balance sheet €'m	Net amounts of financial liabilities presented in the balance sheet €'m
Derivative financial liabilities	30a	**6.4**	-	**6.4**
Bank overdrafts and borrowings	25	**93.4**	-	**93.4**
		99.8	-	**99.8**
At 4 January 2020				
Derivative financial liabilities	30a	(14.5)	-	(14.5)
Bank overdrafts and borrowings	25	(1,291.9)	112.1	(1,179.8)

30f. Carrying amounts of financial instruments

	Notes	2020 €'m	2019 €'m
Financial assets measured at amortised cost			
– Trade and other receivables (excluding non-financial instruments)		**105.7**	531.0
– Ornua Co-Operative Limited	17	-	4.3
		105.7	535.3
Financial liabilities measured at amortised cost			
– Financial liabilities	25	**93.4**	1,179.8
– Trade payables	29	**0.1**	370.3
– Amounts due to joint ventures & associates	29	**0.7**	87.4
– Amounts due to other related parties	29	-	0.4
		94.2	1,637.9
Equity instruments designated at FVOCI	17	-	4.8
Financial assets measured at FVTPL – derivatives	30a	-	0.9
Financial liabilities measured at FVTPL – derivatives	30a	**(6.4)**	(14.5)

31. Contingent liabilities

Bank guarantees amounting to nil (2019: €12.2 million) are outstanding at 2 January 2021.

The following disclosures in this note relate to events, transactions, balances or information for the period up to 30 June 2020 before the deemed disposal that took place on 1 July 2020 (note 3) and/or comparative information that were disclosed in the 2019 Group financial statements.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from these contingent liabilities other than those provided for.

The Group recognises a defined benefit liability and incurs administration and certain other costs in relation to its UK pension schemes for businesses disposed of in prior years, as outlined in note 8. In addition, a Subsidiary of the Society, Glanbia plc has guaranteed the payment of a proportion of employer contributions in respect of these UK pension plans. The amount of the potential liability under the UK pension guarantee is reducing annually by the contributions paid into these plans.

Any Irish registered wholly-owned subsidiary of the Company may avail of the exemption from filing its statutory financial statements for the year ended 4 January 2020 as permitted by section 357 of the Companies Act 2014 and if an Irish registered wholly-owned subsidiary of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 4 January 2020.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2019 of Glanbia Foods B.V. (see note 37), Glanbia plc, a Subsidiary of the Society up to 30 June 2020, has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2019 in accordance with and to the extent as set out in section 2:403.1(b and f) of the Dutch Civil Code. Therefore Glanbia Foods B.V. is exempt from the obligation to publish its statutory financial statements and its obligations to file statutory financial statements has been fulfilled by means of the publication of the declaration of consent and the declaration of liability.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2019 of the three Luxembourg subsidiaries (see note 37), Glanbia plc, a Subsidiary of the Society up to 30 June 2020, has guaranteed the liabilities of these subsidiaries in respect of any losses or liabilities (as provided by Article 70 (c) of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings) for the financial year ended on 31 December 2019. These subsidiaries avail of the exemption from filing of their statutory financial statements, as permitted by Article 70 of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

The Group's financial liabilities are secured by cross-guarantees by the Company and certain principal subsidiaries. Expected credit loss allowance in relation to these guarantees is not material.

32. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Group financial statements is as follows:

	2020 €'m	2019 €'m
Property, plant and equipment	-	17.8

Other commitments

The Group had committed to provide a facility of €3.8 million under the Glanbia Milk Flex Fund. €0.7 million was repaid in 2020 (2019: €0.6 million).

The Group has a commitment in relation to the Patronage Bonus scheme amounting to €25.7 million in 2020 (2019: €30.0 million). These were approved at an SGM in 2019 and 2018. The Patronage Bonus will be paid out based on events that will be at the discretion of the Board.

Commitments in relation to joint ventures are disclosed in note 16.

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33. Cash generated from operations

	Notes	2020 €'m	2019 €'m
Profit after taxation		**782.2**	211.4
Income taxes		**9.5**	27.9
Reversal/creation of write–down of inventories		**3.5**	9.6
Non-cash movement in allowance of impairment of receivables		**1.2**	2.7
Non–cash element of exceptional charge before taxation		**(652.7)**	27.1
Non–cash move on cross currency swaps and fair value hedges		**(0.7)**	0.7
Share of results of joint ventures & associates (pre-exceptional)		**(60.9)**	(28.0)
Depreciation of tangible assets	13	**40.2**	80.7
Depreciation of right of use assets		**12.5**	-
Amortisation of intangible assets	14	**31.6**	63.3
Fair value of convertible bond		**-**	0.2
Cost of share based payments – equity settled	9	**3.9**	4.6
Cost of share based payments – cash settled	9	**-**	(0.3)
Difference between pension charge and cash contributions		**(8.5)**	(14.0)
Loss on disposal of property, plant and equipment		**0.4**	0.3
Non cash movements on fair value of assets through the income statement		**(0.2)**	0.2
Non–cash movement on provision		**2.0**	0.2
Finance income	10	**(3.8)**	(5.1)
Finance expense	10	**22.1**	42.8
Impairment of intangibles		**-**	1.9
Impairment of capital grants	28	**-**	(1.5)
Amortisation of capital grants received	28	**(0.9)**	(1.8)
Cash generated before changes in working capital		**181.4**	422.9
Change in net working capital:			
– Increase in inventories	34	**(70.4)**	(5.9)
– Increase in short term receivables	34	**(80.0)**	(3.4)
– Increase in short term liabilities	34	**9.6**	10.0
– Decrease in provisions	34	**(0.8)**	(6.3)
Cash generated from operating activities		**39.8**	417.3

34. Movement in working capital

2020	Notes	Inventories €'m	Trade and other receivables €'m	Trade and other payables €'m	Provisions €'m	Total €'m
At 4 January 2020		**668.9**	**605.3**	**(779.9)**	**(10.0)**	**484.3**
Exchange differences		**(4.5)**	**(4.9)**	**2.3**	**-**	**(7.1)**
Exceptional items, interest accruals, revolving share plan, capital creditors and other non–operating items		**(3.5)**	**85.8**	**9.4**	**(12.2)**	**79.5**
Deemed disposal	3	**(731.3)**	**(686.7)**	**760.4**	**21.4**	**(636.2)**
Increase in working capital	33	**70.4**	**80.0**	**(9.6)**	**0.8**	**141.6**
2 January 2021		**-**	**79.5**	**(17.4)**	**-**	**62.1**

2019	Notes	Inventories €'m	Trade and other receivables €'m	Trade and other payables €'m	Provisions €'m	Total €'m
At 30 December 2018		665.7	579.6	(772.2)	(38.0)	435.1
Exchange differences		9.5	10.8	(10.8)	(0.1)	9.4
Arising on acquisition	35	15.3	10.5	(8.1)	-	17.7
Reclassification		-	-	-	22.7	22.7
Exceptional items, interest accruals, revolving share plan, capital creditors and other non–operating items		(27.5)	1.0	21.2	(0.9)	(6.2)
Increase in working capital	33	5.9	3.4	(10.0)	6.3	5.6
At 4 January 2020		668.9	605.3	(779.9)	(10.0)	484.3

35. Business combinations

Acquisitions in 2019

The Group acquired Watson LLC and Polymer Films LLC (collectively known as 'Watson') in 2019. Refer to 2019 Group financial statements for details of the Watson acquisition.

36. Related party transactions

Related parties of the Group include subsidiary undertakings, joint ventures & associates, key management personnel and connected parties. A listing of the principal subsidiary and associated undertakings is provided in note 37.

Transactions with joint ventures & associates

The Group trades in the normal course of business with its joint ventures & associates. Up to 1 July 2020, the Group has certain agency agreements in place with its joint ventures & associates. The commission income receivable is included in sales of services, see note 36a and the year end balance receivable is included in note 36c. The Group provides management and administrative services to its joint ventures & associates, which are settled in cash. Dividends received by the Group from its joint ventures & associates are as follows:

	Notes	**2020 €'m**	2019 €'m
Southwest Cheese Company, LLC (up to 30 June 2020)	16	-	11.2
Glanbia Cheese Limited (up to 30 June 2020)	16	**5.3**	12.5
Glanbia Ireland (from 1 July 2020)	16	-	-
Glanbia plc (from 1 July 2020)	15	**9.9**	-
South East Port Services Limited		-	0.4

The following transactions were carried out with related parties:

36a. Sales of goods and services

	2020 €'m	2019 €'m
Sales of goods:		
– Associates	-	-
– Joint Ventures	-	104.8
– Key management	-	2.7
Sales of services:		
– Associates	**0.2**	-
– Joint Ventures	**7.2**	10.7

Sales to related parties were carried out under normal commercial terms and conditions.

36b. Purchase of goods and services

	2020 €'m	2019 €'m
Purchases of goods:		
– Associates	-	21.1
– Joint Ventures	**527.1**	1,025.8
– Key management	-	6.8
Purchases of services:		
– Associates	**1.2**	-
– Joint Ventures	**0.2**	0.2

Purchases from related parties were carried out under normal commercial terms and conditions.

36c. Year end balances

	Notes	**2020 €'m**	2019 €'m
Receivables from related parties:			
– Associates		-	-
– Joint Ventures	18	-	6.1
– Key management		-	1.0
Payables to related parties:			
– Associates		**0.3**	-
– Joint Ventures		**0.4**	87.4
– Key management		-	0.4

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash. No guarantees have been given or received. All outstanding balances are deemed to be fully recoverable by the Group.

36d. Contribution to retirement benefit plans

Information in relation to the Group's contributions to retirement benefit plans is disclosed in note 8.

36e. Key management compensation

Key management compensation includes the compensation of the Board of Directors (Executive and Non–Executive) and members of the Glanbia Operating Executive, including the Group Secretary. Dividends totalling €0.3 million (2019: €0.3 million) were received by key management personnel during the year, based on their personal shareholdings in Glanbia plc.

Key management personnel and connected parties

The Board of Directors and Glanbia Operating Executive are deemed to be key management personnel as they are responsible for planning, directing and controlling the activities of the Group. The Group trades in the normal course of business with key management personnel and connected parties who are involved in farming activities.

In addition to their salaries and short term benefits, the Group contributes to post retirement benefit plans on behalf of key management personnel and these personnel also participate in the Group's Annual Incentive Scheme and Long Term Incentive Plan, see notes 8 and 9. No loans were made to key management during the year (2019: nil).

	2020 €'m	2019 €'m
Salaries and other short–term employee benefits	**5.7**	8.9
Post–employment benefits	**0.7**	1.2
Share based payments	**0.7**	0.5
Non–Executive Directors fees	**1.2**	1.9
	8.3	12.5

Retirement benefits of €0.4 million (2019: €0.4 million) were accrued in the year to four members of key management (2019: four) under a post retirement defined benefit plan. Total retirement benefits accrued to directors under the post retirement defined benefit plan are €8.6 million (2019: €7.6 million).

36f. Loans to joint ventures & associates

	2020 €'m	2019 €'m
Loans receivable		
At the beginning of the year	**1.9**	2.9
Deemed disposal	**(1.9)**	-
Movement during the year arising from deemed disposal (note 3)*	**103.2**	-
Loans repaid during the year	**-**	(1.0)
At the end of the year	**103.2**	1.9
Interest on loans receivable		
At the beginning of the year	**0.1**	-
Deemed disposal	**(0.1)**	-
Interest charged	**-**	0.1
At the end of the year	**-**	0.1
Total loan and interest receivable at the end of the year	**103.2**	2.0

* Prior to 1 July 2020, there were loans amounting to €103.2 million due from Glanbia Ireland DAC, a subsidiary of the Group. Following the deemed disposal (note 3), Glanbia Ireland DAC became a joint venture of the Group. Accordingly, loans to joint ventures & associates increased by €103.2 million during the year.

Notes to the Financial Statements
for the financial year ended 2 January 2021

37. Principal subsidiary and associated undertakings

The information outlined below relates to the principal undertakings in the Group as at 2 January 2021 following the deemed disposal of Glanbia plc and Glanbia Ireland DAC (note 3). For the principal undertakings as at 4 January 2020, refer to the 2019 Group financial statements.

Incorporated and operating in	Relationship	Principal activity	Beneficial % interest
Ireland			
Glanbia Services Society Limited	Subsidiary	Holding society	100
Quinport Limited		Holding company	100
Robinfield Co-operative Society Limited	Subsidiary	Holding society	100
Slademore Limited	Subsidiary	Holding company	100
Glanbia plc	Associate	Holding company	31.7
Glanbia Ireland Designated Activity Company	Joint venture	Milk Products	60%

The registered office of the above undertakings is Glanbia House, Kilkenny, Ireland, R95 E866. The Group has no significant restrictions in relation to the Group's ability to access or use the assets and settle the liabilities of its subsidiaries.

38. Events after the reporting period

Subsequent to the year end, the Society, who is the largest shareholder of Glanbia plc, an associate of the Society, announced that it will further reduce its representation on the Board of Glanbia plc, in order to facilitate the appointment of additional independent non-executive directors. Accordingly, the current Society representation on the Board of Glanbia plc will reduce from seven to three directors by June 2023. In addition, the overall board size of Glanbia plc will reduce from 15 to 13 by 2023.

39. Statement of directors' responsibilities

The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts 1893-2014 and IFRSs as adopted by the European Union. In preparing the financial statements, the Board of Directors is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements. The Board of Directors is responsible for keeping proper books of account, such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions. The Board of Directors is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Glanbia Co-operative Society Limited
Cooperative only Financial Statements
Registered number 4928R
Financial statements
2 January 2021

Income Statement
for the financial year ended 2 January 2021

	Notes	2020 €'m	2019 €'m
Revenue	3	**-**	-
Administration expenses	4	**(4.3)**	(6.9)
Operating loss		**(4.3)**	(6.9)
Income from shares in Group companies	5	**41.8**	39.1
Interest receivable and similar income	6	**2.8**	2.6
Interest payable and similar charges	7	**(3.4)**	(1.9)
Profit before taxation		**36.9**	32.9
Income taxes	8	**-**	-
Profit for the year		**36.9**	32.9

On behalf of the Board

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John Murphy
J.G.Murphy
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Hannah Josephine Talbot
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14 May, 2021

Statement of Other Comprehensive Income
for the financial year ended 2 January 2021

	Notes	**2020 €'m**	2019 €'m
Profit for the year		**36.9**	32.9
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurement of defined benefit liability	18	**0.3**	-
Revaluation of equity investments at FVOCI, net of deferred tax	12	**0.2**	(0.2)
Other comprehensive income for the year, net of income tax		**0.5**	(0.2)
Total comprehensive income for the year		**37.4**	32.7

Balance Sheet
as at 2 January 2021

	Notes	2020 €'m	2019 €'m
Non-current assets			
Tangible assets	10	**0.8**	0.9
Intangible assets	11	**0.5**	0.4
Financial assets	12	**267.2**	267.2
Other financial assets	12	**-**	0.9
Debtors	13	**43.3**	43.3
		311.8	312.7
Current assets			
Debtors	13	**154.0**	154.8
Cash and cash equivalents	14	**22.9**	24.5
		176.9	179.3
Creditors: amounts falling due within one year	15	**(118.1)**	(29.9)
Net current assets		**58.8**	149.4
Total assets less current liabilities		**370.6**	462.1
Creditors: amounts falling due after more than one year	16	**-**	(98.2)
Provisions for liabilities			
Net retirement benefit obligations	18	**(0.3)**	(0.6)
Net assets		**370.3**	363.3
Capital and reserves			
Share capital and share premium	19	**161.6**	161.2
Capital reserve		**17.4**	17.4
FVOCI reserve		**-**	(2.3)
Retained earnings		**191.3**	187.0
Shareholders' equity		**370.3**	363.3

On behalf of the Board

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J.G Murphy
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14 May, 2021

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Statement of Changes in Equity
for the financial year ended 2 January 2021

	Share capital and share premium (note 19) €'m	Retained Earnings €'m	Capital Reserve (note a) €'m	FVOCI Reserve (note b) €'m	Total Equity €'m
Balance at 4 January 2020	**161.2**	**187.0**	**17.4**	**(2.3)**	**363.3**
Profit for the year	**-**	**36.9**	**-**	**-**	**36.9**
Other comprehensive income	**-**	**0.3**	**-**	**0.2**	**0.5**
Total comprehensive income for the year	**-**	**37.2**	**-**	**0.2**	**37.4**
Transactions with owners, recorded directly in equity					
Issue of share capital and share premium	**0.4**	**-**	**-**	**-**	**0.4**
Ordinary share interest (note 9)	**-**	**(5.6)**	**-**	**-**	**(5.6)**
Transfer of FVOCI reserve to retained earnings	**-**	**(2.1)**	**-**	**2.1**	**-**
Distribution to members (note 9)	**-**	**(25.2)**	**-**	**-**	**(25.2)**
Balance at 2 January 2021	**161.6**	**191.3**	**17.4**	**-**	**(370.3)**
Balance at 30 December 2018	160.7	201.0	17.4	(2.1)	377.0
Profit for the year	-	32.9	-	-	32.9
Other comprehensive income	-	-	-	(0.2)	(0.2)
Total comprehensive income for the year	-	32.9	-	(0.2)	32.7
Transactions with owners, recorded directly in equity					
Issue of share capital and share premium	0.5	-	-	-	0.5
Ordinary share interest (note 9)	-	(5.6)	-	-	(5.6)
Dividend payable to Society shareholders (note 9)	-	(5.0)	-	-	(5.0)
Distribution to members (note 9)	-	(36.3)	-	-	(36.3)
Balance at 4 January 2020	161.2	187.0	17.4	(2.3)	363.3

(a) The capital reserve comprises of a capital redemption reserve which arose on the re-nominalisation of the Society's share capital on conversion to euro and a capital reserve which relates to the cancellation of Society shares.

(b) Unrealised gains and losses arising from changes in the fair value of equity instruments measured at FVOCI are recognised in the FVOCI reserve. On derecognition of such an equity instrument, the accumulated balances of an instrument associated with it will be reclassified to retained earnings.

Notes to the Financial Statements
for the financial year ended 2 January 2021

1. Accounting policies
Basis of preparation
Glanbia Co-operative Society Limited (the 'Society') is a society incorporated and domiciled in Ireland. The address of its registered office is Glanbia House, Kilkenny.

These financial statements are prepared for the 52-week period ended 2 January 2021. Comparatives are for the 53 week period ended 4 January 2020. The balance sheets for 2020 and 2019 have been drawn up as at 2 January 2021 and 4 January 2020 respectively.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Society applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with the Industrial and Provident Societies Acts 1893 to 2014 and has set out below where advantage of the FRS 101 disclosures exemptions has been taken.

The Society has taken advantage of the following disclosure exemptions under FRS 101, where applicable:
- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the Society and its subsidiaries include the equivalent disclosures, the Society has also taken the exemptions under FRS 101 available in respect of the following disclosures, where applicable:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared in euro and presented in euro millions (€'m).

During the year ended 2 January 2021, the Society adopted IFRS 16 'Leases' with no material impact to the financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis except, where applicable, the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments measured at fair value.

Tangible assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The rates of depreciation are as follows:

- Buildings 4%
- Plant and machinery 10%
- Hardware 20%

Impairment
In accordance with IAS 36 'Impairment of Assets', the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Financial assets
Investments in subsidiaries, associates and joint ventures are held at cost in financial assets and are reviewed for impairment annually. An impairment loss is recognised in the income statement for the amount by which the carrying value exceeds its recoverable amount.

Other financial assets
The Company classifies and initially measures its equity instruments at fair value and are subsequently adjusted to fair value at each reporting date. If the market for a financial asset is not active or unquoted, the Group establishes fair value using valuation techniques. Changes in their fair value are recognised in the profit and loss account unless management has elected to present changes in fair value through other comprehensive income ('FVOCI') on an investment by investment basis. When an election is made for an investment, there is no subsequent reclassification of fair value gains and losses related to the investment to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Debtors
Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any allowance for expected credit loss for receivables. These are classified as non-current except for those maturing within 12 months of the reporting date or repayable on demand.

Impairment
An allowance for expected credit loss is made when the Company will be unable to recover receivable balances in full. Balances are written off when the probability of recovery is assessed as being remote. The loss allowance of expected credit loss for amounts owed by subsidiary undertakings is not material at year end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short–term highly liquid investments with original maturities of three months or less.

Trade and other creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial liabilities
Financial liabilities are recognised initially at fair value and subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the financial liabilities using the effective interest method.

Financial liabilities are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments
The convertible bond includes a cash settlement option whereby the Society may deliver either a fixed number of shares to the holder, or an amount of cash equal to the market value of the fixed number of shares at the date of conversion. This convertible bond option is accounted for as a derivative liability. The convertible bond is a hybrid instrument containing a host debt contract and a conversion option component (written call option over Glanbia plc shares). The conversion option element is measured at fair value with changes in fair value recognised in profit or loss. The host bond is initially recognised at fair value and subsequently amortised at cost.

Employee benefits
Pension obligations
The Society has both defined benefit and defined contribution plans.

Defined contribution pension
A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. The Society has no legal or constructive obligation 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 contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation
Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Society significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:
(a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
(b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

Dividend income
Dividend income is recognised in the income statement on the date the entity’s right to receive payment is established.

Notes to the Financial Statements
for the financial year ended 2 January 2021

Interest receivable and Interest payable
Interest payable and similar charges include where applicable, interest payable, finance charges on shares classified as liabilities and finance leases recognised in the income statement using the effective interest method and unwinding of the discount on provisions.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Taxation
The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax
Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Society balance sheet date in countries where the Society operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Principal activities
The principal activity of the Society is the holding of investments.

3. Turnover

	2020 €'m	2019 €'m
By class of business		
Milk advisory services	**-**	-
By geographical market		
Ireland	**-**	-

4. Administration expenses

	2020 €'m	2019 €'m
Employee benefits	**0.3**	0.3
Board, council and committee expenses	**0.7**	1.4
Charges for services provided by other Glanbia group companies	**1.7**	1.9
Legal and professional fees	**0.3**	0.2
Other	**1.3**	3.1
	4.3	6.9

Remuneration paid/payable to the current auditors for the statutory audit of the Society during the year ended 2 January 2021 was €0.2 million (2019: €0.1 million.

Directors' fees paid during the year ended 2 January 2021 were €0.5 million (2019: €0.5 million).

5. Income from shares in related companies

	2020 €'m	2019 €'m
Dividend income from ordinary shares in Glanbia plc	**23.0**	21.7
Dividend income from ordinary shares in Glanbia Ireland DAC	**18.8**	17.4
	41.8	39.1

6. Interest receivable and similar income

	2020 €'m	2019 €'m
Rental income	**0.3**	0.3
Interest on loan to another Group company	**2.5**	2.3
Total interest receivable and similar income	**2.8**	2.6

7. Interest payable and similar charges

	2020 €'m	2019 €'m
Glanbia Advance Payment Scheme secured exchangeable bond finance costs including cost amortisation	**1.8**	1.8
FV of convertible bond	**1.6**	0.1
Total interest payable and similar charges	**3.4**	1.9

8. Taxation

Recognised in the income statement	2020 €'m	2019 €'m
Irish corporation tax	**-**	-
Current tax on income for the year	**-**	-
Total current tax charge	**-**	-
Deferred tax (note 17)	**-**	-
Origination and reversal of temporary differences	**-**	-
Total deferred tax charge/(credit)	**-**	-
Total tax charge/(credit) on profit on ordinary activities	**-**	-

Reconciliation of the total tax expense

The tax charge for the year is different than the tax charge that would result from applying the standard rate of Irish corporation tax to the profit on ordinary activities before taxation. The differences are explained below.

	2020 €'m	2019 €'m
Profit on ordinary activities before taxation	**36.9**	32.9
Profit on ordinary activities before taxation multiplied by standard rate of Irish corporation tax of 12.5% (2019: 12.5%)	**4.6**	4.1
Income taxable at passive Irish rates	**0.4**	0.3
Non-taxable income	**(5.2)**	(4.9)
Expenses of management	**-**	(0.2)
Other differences including income/(expenses) not deductible for tax	**0.2**	0.7
Total tax charge	**-**	-

9. Ordinary share interest and appropriations

	Notes	2020 €'m	2019 €'m
Ordinary share interest paid to Society shareholders	(a)	**5.6**	5.6
Distribution to Society shareholders – Dividend payable	(b)	-	5.0
Distribution to Society shareholders – rebates	(c)	**25.2**	36.3
		30.8	46.9

(a) Ordinary share interest paid in 2020 was 15 cent per share on 37.3 million shares (2019: 15 cent per share on 37.2 million shares).

(b) During 2019, the Board approved a further ordinary share interest (Special Dividend) distribution of €5 million (13.5 cent per share) to be paid in no more than two instalments, with the final instalment being paid no later than 31st December 2020. Payment was made in May 2020.

(c) Details of the patronage rebates are as follows:

During 2019, at a Special General Meeting of the Society, members of the Society approved the setup of a patronage rebate fund of €30.0m with the nature and the timing of payments at the discretion of the Board. As at 2 January 2021 €25.7 million remains unpaid (2019: €30.0 million).

During 2017, at a Special General Meeting of the Society, members of the Society approved the payment of patronage rebate funds from the future receipts of annual dividends from Glanbia Ireland with the nature on the timing of payments at the discretion of the Board. During 2018 the Board announced the Trading Bonus Scheme as payments from these funds. During 2020 the Board announced Share of Glanbia Ireland Profits scheme as payments from these funds. As at 02 January 2021 the estimated payments were €20.4 million (2019: €13.8 million) with €7.3 million (2019: €13.3 million) remaining unpaid at year end.

During 2020, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one units of € loan stock for every 100 litres of milk supplied during 2019.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2019 and 2020.

During 2019, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 100 litres of milk supplied during 2019.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to two units of € loan stock for every 100 litres of milk supplied during 2018.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to three units of € loan stock for every one tonne of grain supplied during 2018 and 2019.

Notes to the Financial Statements
for the financial year ended 2 January 2021

10. Tangible assets

	Land and buildings €'m	Plant and equipment €'m	Hardware €'m	Total €'m
Cost				
Balance at 4 January 2020	**3.3**	**1.1**	**0.3**	**4.7**
Additions	-	-	-	-
Balance at 2 January 2021	**3.3**	**1.1**	**0.3**	**4.7**
Depreciation				
Balance at 4 January 2020	**2.4**	**1.1**	**0.3**	**3.8**
Depreciation charge for the year	**0.1**	-	-	**0.1**
At 2 January 2021	**2.5**	**1.1**	**0.3**	**3.9**
Carrying amount				
At 4 January 2020	**0.9**	-	-	**0.9**
At 2 January 2021	**0.8**	-	-	**0.8**

11. Intangible assets

	Total €'m
Cost	
Balance at 4 January 2020	**0.5**
Additions	**0.3**
Balance at 2 January 2021	**0.8**
Amortisation	
Balance at 4 January 2020	**0.1**
Amortisation charge for the year	**0.2**
At 2 January 2021	**0.3**
Carrying amount	
At 4 January 2020	0.4
At 2 January 2021	**0.5**

12. Financial assets and other financial assets

	Investments in related companies €'m	Other financial assets €'m	Total €'m
Carrying amount:			
Balance at 4 January 2020	**267.2**	**0.9**	**268.1**
Fair value movement	-	**0.2**	**0.2**
Disposals	-	**(1.1)**	**(1.1)**
At 2 January 2021	**267.2**	-	**267.2**
Carrying amount			
At 4 January 2020	**267.2**	**0.9**	**268.1**
At 2 January 2021	**267.2**	-	**267.2**

In the opinion of the Directors the shares in the related undertakings are worth at least the amounts at which they are stated in the balance sheet.

The investments in Group companies are as follows:

Group company	Holding %	Address of Registered Office	Country of Incorporation
Glanbia plc	31.5	Glanbia House, Kilkenny	Ireland
Glanbia Ireland DAC	60.0	Ballyragget, Kilkenny	Ireland
Quinport Limited	100.0	Glanbia House, Kilkenny	Ireland
Slademore Limited	20.0	Glanbia House, Kilkenny	Ireland
Robinfield Co-operative Society Limited	100.0	Glanbia House, Kilkenny	Ireland

The shareholdings in the above entities are considered subsidiaries of the Society as the Society under IFRS 10 is deemed to have control over these entities due to Board representation & associated voting rights. From 1 July 2020, Glanbia plc and Glanbia Ireland DAC became an associate and joint venture of the Society respectively as a result of a deemed disposal as described in note 3 of the Group Financial Statements. The Society's accounting policy is to account for investments in subsidiaries, associates and joint ventures at cost. Thus, following the deemed disposal, there was no change to the carrying amount of the investments in Glanbia plc and Glanbia Ireland DAC.

The other financial asset which was designated at fair value through other comprehensive income was disposed of in consideration for CAD$10.00 per share.

Company	Number of shares held	Address of Registered Office	Country of Incorporation
IPL Limited	160,000	Montreal, Quebec	Canada

The unlisted equity shares in IPL Plastics plc were traded on an informal 'grey' market. Fair value prior to disposal was determined by reference to these published prices.

13. Debtors

	2020 €'m	2019 €'m
Amounts owed by Group undertakings (a)	**196.0**	197.6
Other debtors	**1.3**	0.5
	197.3	198.1
Non-current		
Amounts owed by Group undertakings	**43.2**	43.2
Other debtors	**0.1**	0.1
Non-current	**43.3**	43.3
Current	**154.0**	154.8
	197.3	198.1

(a) €102.8 million (2019: €104.4 million) of amounts due from Group undertakings are interest free, unsecured and payable on demand. €93.2 million (2019: €93.2 million) of amounts due from Group undertakings are interest bearing ranging from 0.8% to 5.0% (2019: 0.8% to 5.0%) and unsecured, of which €50.0 million (2019: €50.0 million) is payable on demand.

14. Cash and cash equivalents

	2020 €'m	2019 €'m
Cash at bank and in hand	**22.9**	24.5

Notes to the Financial Statements
for the financial year ended 2 January 2021

15. Creditors: amounts falling due within one year

	2020 €'m	2019 €'m
Amounts due to Group undertakings	**0.7**	2.2
Accruals	**4.3**	3.2
Trading Bonus Scheme (note 9)	**6.8**	13.3
Loan stock – bonus issue	**1.1**	1.7
Secured exchangeable bond (note (a))	**93.4**	-
Convertible bond option – fair value through income statement (note (b))	**6.4**	-
Dividends payable (note 9)	**5.4**	9.5
	118.1	29.9

Note (a): In June 2016, a secured exchangeable bond of €100.0 million was issued at a fixed rate of 1.375% (payable half yearly) with final repayment due in June 2021 unless redeemed earlier at the option of the Society. Included within the carrying value of the secured exchangeable bond are deferred debt issue costs of €1.8 million which is recognised in finance costs in the income statement using the effective interest rate method over the remaining useful life of the bond.

Note (b): The secured exchangeable bond includes a cash settlement option whereby the Society may deliver either a fixed number of shares to the holder, or an amount of cash equal to the market value of the fixed number of shares on the date of conversion. This convertible bond option is accounted for as a derivative liability containing a host debt contract and a conversion option component (written call option over Glanbia plc shares). The conversion option element is measured at fair value with changes in fair value recognised in profit or loss. Fair value movement in the year amounted to a €1.6 million loss to the income statement (2019: €0.2 million).

16. Creditors: amounts falling due after more than one year

	2020 €'m	2019 €'m
Secured exchangeable bond (note 15)	**-**	93.4
Convertible bond option – fair value through income statement (note 15)	**-**	4.8
	-	98.2

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 €'m	2019 €'m	**2020 €'m**	2019 €'m	**2020 €'m**	2019 €'m
Employee benefits	**-**	-	**-**	-	**-**	-

Movement in deferred tax during the year

	4 January 2020 €'m	Recognised in income €'m	Recognised in equity €'m	2 January 2021 €'m
Employee benefits	-	-	-	-

Movement in deferred tax during the prior year

	29 December 2018 €'m	Recognised in income €'m	Recognised in equity €'m	4 January 2020 €'m
Employee benefits	-	-	-	-

18. Retirement benefit obligations

The defined benefit pension plan is administered by Boards of Trustees through separate trustee controlled funds. These Boards are responsible for the management and governance of the plan including compliance with all relevant laws and regulations. The Society's plan operates under its respective regulatory framework and minimum funding requirements. The plan is closed to new entrants.

The defined benefit pension plan provides retirement and death benefits for the Society's scheme members. The defined benefit pension plan is a career average pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plans are in accordance with the schedule of contributions agreed between the Society and the Trustees of the plan as recommended in the actuarial valuation report or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Society. The latest actuarial valuation reports for this plan, which are not available for public inspection, is dated between 5 April 2017 and 1 January 2019.

	2020 €'m	2019 €'m
Total defined benefit asset	**2.8**	2.6
Total defined benefit liability	**(3.1)**	(3.2)
Net defined benefit pension plan liability	**(0.3)**	(0.6)

Movements in net defined benefit (liability)/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/asset	
	2020 €'m	2019 €'m	**2020 €'m**	2019 €'m	**2020 €'m**	2019 €'m
Balance at beginning of the year	(3.2)	(3.0)	2.6	2.3	(0.6)	(0.7)
Current service cost	-	-	-	-	-	-
Interest (cost)/income	-	(0.1)	-	0.1	-	-
Total amount recognised in profit or loss	-	(0.1)	-	0.1	-	-
Remeasurements						
– Assumption changes	0.2	(0.3)	-	-	0.2	(0.3)
– Experience adjustment	(0.2)	0.1	0.3	0.2	0.1	0.3
– Return on plan assets excluding interest income	-	-	-	-	-	-
Total amount recognised in other comprehensive income	-	(0.2)	0.3	0.2	0.3	-
Contributions paid by the employer	-	-	0.1	0.1	0.1	0.1
Benefits paid	0.1	0.1	(0.2)	(0.1)	(0.1)	-
Balance at end of the year	(3.1)	(3.2)	2.8	2.6	(0.3)	(0.6)

	2020			2019		
	Quoted €'m	**Unquoted €'m**	**Total €'m**	Quoted €'m	Unquoted €'m	Total €'m
Equities*	**0.7**	**-**	**0.7**	0.7	-	0.7
Corporate bonds						
– Investment grade	**0.2**	**-**	**0.2**	0.3	-	0.3
– Non–investment grade	**0.1**	**-**	**0.1**	-	-	-
Government bonds and gilts	**1.2**	**-**	**1.2**	1.1	-	1.1
Property	**-**	**0.1**	**0.1**	-	0.1	0.1
Cash	**-**	**0.2**	**0.2**	-	0.2	0.2
Investment funds	**-**	**0.4**	**0.4**	-	0.3	0.3
Other	**-**	**(0.1)**	**(0.1)**	-	(0.1)	(0.1)
	2.2	**0.6**	**2.8**	2.1	0.5	2.6

* There is no emphasis on any industry. Industries that the plan assets are invested in include consumer, financials, healthcare, industrials and information technology.

Through its defined benefit pension plan the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk
The pension plan holds investments in asset classes such as equities, which have volatile market values. While these assets are expected to provide higher returns than other asset classes over the long–term, the short–term volatility could cause an increase in the deficit at any particular point in time. When assets return less than the discount rate, this will lead to an increase in the net defined benefit obligation. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

Interest rate risk
The pension liabilities are assessed using market yields on high–quality corporate bonds to discount the liabilities. As the pension plan holds other assets such as equities, the value of the assets and liabilities may not move in the same way. A change in the defined benefit obligation as a result of changes in the discount rate leads to volatility in the Society balance sheet, Society income statement and Society statement of comprehensive income. It also impacts the funding requirements for the plans.

Inflation risk
A significant proportion of the benefits under the plan are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plan's assets are expected to provide a good hedge against inflation over the long–term, higher inflation will lead to higher liabilities.

Longevity risk
The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Defined contribution plans
The Society operates a defined contribution pension plan.

The total expense relating to the plan in the current year was €0.001 million (2019: €0.001 million).

Actuarial assumptions
The following are the principal actuarial assumptions at the reporting date:

	2020	2019
Discount rate	**0.70%**	1.00%
Inflation rate	**1.10%**	1.10%-1.20%
Future salary increases*	**2.10%**	2.20%
Future pension increases	**0.00%**	0.00%
Mortality rates (years)		
– Male – reaching 65 years of age in 20 years' time	**24.0**	23.8
– Female – reaching 65 years of age in 20 years' time	**26.1**	25.9
– Male – currently aged 65 years old	**21.7**	21.4
– Female – currently aged 65 years old	**24.1**	23.9

*The defined benefit pension plan is on a career average structure therefore this assumption does not have a material impact.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Society's defined benefit pension scheme. The following table analyses, for the Society's pension scheme, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, all other assumptions remaining constant. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Society balance sheet. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

2020 Assumption	Change in assumption	Increase €'m	Decrease €'m
Discount rate	0.25% movement	(0.1)	(0.1)
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	0.1
Future salary increases *			
Future pension increases **			

2019 Assumption	Change in assumption	Increase €'m	Decrease €'m
Discount rate	0.25% movement	(0.1)	(0.1)
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	0.1
Future salary increases *			
Future pension increases **			

* The majority of the defined benefit schemes are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

** There are no future pension increases agreed in the defined benefit pension scheme.

	2020	2019
Expected contributions to post-employment defined benefit plans (€'m)	**0.2**	0.1
Weighted average duration of the defined benefit obligation (years)	**17.0**	17.0

19. Capital

	Number of shares					
Share capital	Ordinary 'A' shares (millions)	'C' shares (millions)	Ordinary 'A' shares €'m	'C' shares €'m	Share premium €'m	Total €'m
At 4 January 2020	**37.2**	**11,535.8**	**37.2**	**115.4**	**8.6**	**161.2**
Shares issued - note (a)	**0.1**	**-**	**0.2**	**-**	**0.2**	**0.4**
At 2 January 2021	**37.3**	**11,535.8**	**37.4**	**115.4**	**8.8**	**161.6**

The 'A' ordinary shares have a nominal value of €1 and four classes of membership A1, A2, A3 and A4. The shares held by a member in any class carry the designation of that class of membership. The rights of each class differ as follows:

- A1 members have all the rights of membership provided for in the rules of the Society except for those applying only to A4 members;
- A2 members are entitled to vote in elections in the Society but are not entitled to participate in any such elections as a candidate or proposer or seconder of a candidate. They are not entitled to receive notice of or vote on any special resolution or on any resolution to amend, delete or add to the rules of the Society, but are entitled to receive notice of and vote on all other resolutions at any general meeting of the Society.
- A3 members do not have the right to receive notice of any meeting of the Society or to attend or vote at any such meeting or to participate in any way in any elections in the Society.
- A4 members have the rights and entitlements attaching to corporate members and A4 shares rank pari passu with the A1 shares.

The 'C' shares have five sub-classes; Class C1, Class C2, Class C3, Class C4 and Class C5. The 'C' shares each have a nominal value of €0.01. The 'C' shares are not entitled to notice of or attendance or voting at general meetings of the Society. They do not entitle the holders to participate in any allocation of net surplus, interest or dividend on share capital or allocation of bonus shares unless otherwise specifically determined by the Board at its sole discretion. The Board may redeem the 'C' shares of any member at any time with the consent of that member. The 'C' shares rank ahead of the ordinary shares in the repayment of the nominal amount paid up thereof, but do not entitle the holder to participate in the distribution of any surplus assets. The 'C' shares are held by a member of the Glanbia Co-operative Society Limited Group and therefore eliminate on consolidation.

Note (a): During 2020, 51,688 (2019: 106,272) ordinary shares with a nominal value of €1 were issued to new members of the Society at €5 per share, of which €0.2 million (2019: €0.3 million) were fully paid for at 2 January 2021. The remaining balance will be received via deduction from milk payments up to 2023.

Notes to the Financial Statements
for the financial year ended 2 January 2021

20. Statement of the Board of directors' and society's responsibilities
The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts, 1893 – 2014 and accounting standards issued by the Financial Reporting Council promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 101. In preparing the financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business; and
- to give an unreserved and unqualified statement that it has prepared the financial statements in accordance with FRS 101.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements.

The Board of Directors is responsible for keeping adequate accounting records such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions.

The Board of Directors is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

21. Auditor
Deloitte Ireland LLP have expressed their willingness to continue in office.

22. Related party transactions
The Society has availed of the exemptions available in FRS 101 "Reduced Disclosure Framework" from disclosing transactions with Group undertakings and key management personnel. Also in accordance with the provisions of IAS 24 "Related Party Disclosures", balances due to and from Group entities have been aggregated.

23. Approval of the financial statements
The Board of Directors approved the financial statements on 10 May 2021.

24. Events after the reporting period
Refer to note 38 of the Group financial statements.