Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Statement of accounting policies

General information

Kerry Group plc is a public limited company incorporated in the Republic of Ireland. The registered number is 111471 and registered office address is Prince's Street, Tralee, Co. Kerry, V92 EH11, Ireland. The principal activities of the Company and its subsidiaries are described in the Business Reviews and note 36 'Group entities'.

Basis of preparation

The consolidated financial statements of Kerry Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the notes to the financial statements. The financial statements include the information in the remuneration report that is described as being an integral part of the financial statements. Both the Parent Company and Group financial statements have also been prepared in accordance with IFRS adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group 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 Parent Company's financial statements are prepared using accounting policies consistent with the accounting policies applied to the consolidated financial statements by the Group.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) and financial asset investments which are held at fair value. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The investments in joint ventures are accounted for using the equity method.

The consolidated financial statements contained herein are presented in euro, which is the functional currency of the Parent Company, Kerry Group plc. The functional currencies of the Group's main subsidiaries are euro, US dollar and sterling.

In the 2021 consolidated financial statements, the Group has re-presented corresponding 2020 balances to align with current year presentation in the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, note 5 'Non-trading items', note 26 'Retirement benefit obligations' and note 29 'Cash flow components'.

Certain income statement headings and other financial measures included in the consolidated financial statements are not defined by IFRS. The Group make this distinction to give a better understanding of the financial performance of the business.

The consolidated and company financial statements have been prepared on the going concern basis of accounting. The Directors have considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance including liquidity and access to financing as outlined in note 24. The position of the Group including the impact of the ongoing COVID-19 pandemic and the potential impact of climate related risks on profitability and liquidity was also considered. The foodservice business in our Taste & Nutrition segment has shown good recovery in 2021 to record third party revenues of €1,616.1m (2020: €1,390.5m). There are no material uncertainties that cast significant doubt on the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of these financial statements.

The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's forecast for a period not less than 12 months, the five year medium term plan, and have taken into account the cash flow implications of the plans, including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries), all of which prepare financial statements up to 31 December. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Control is achieved where the Company has the power over the investee, has exposure or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the financial year are included in the Consolidated Income Statement from the date the Company gains control until the date the Company ceases to control the subsidiary. All inter-group transactions and balances are eliminated on consolidation.

1. Statement of accounting policies (continued)

Basis of consolidation (continued)

Joint ventures

Joint ventures are all entities over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying value of the investment.

The Group's share of its joint ventures post-acquisition profits or losses is recognised in 'Share of joint ventures profit after taxation during the financial year' within Trading Profit in the Consolidated Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves until the date on which joint control ceases. 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 is tested for impairment by comparing its recoverable amount with its carrying amount.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated to the extent that they do not provide evidence of impairment. The accounting policies of joint ventures are amended where necessary to ensure consistency of accounting treatment at Group level.

Revenue

Revenue represents the value of the consideration received or receivable, for taste and nutrition applications and consumer foods chilled food products, from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. Revenue is recognised when control of the products has transferred, which is usually upon shipment, or in line with terms agreed with individual customers. Revenue is recorded when there is no unfulfilled obligation on the part of the Group. An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the expected value method. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is highly improbable.

The Group disaggregates revenue by End Use Market (EUM) and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

Trading profit

Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading profit represents operating profit before specific items that are not reflective of underlying trading performance and therefore hinder comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

Segmental analysis

Operating segments are reported in a manner consistent with the internal management structure of the Group and the internal financial information provided to the Group's Chief Operating Decision Maker (the Executive Directors) who is responsible for making strategic decisions, allocating resources, monitoring and assessing the performance of each segment. Trading profit as reported internally by segment is the key measure utilised in assessing the performance of operating segments within the Group. Other Corporate activities, such as the cost of corporate stewardship and the cost of the KerryConnect programme, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'. Intangible asset amortisation, non-trading items, net finance costs and income taxes are managed on a centralised basis and therefore, these items are not allocated between operating segments and are not reported per segment in note 2.

The Group has determined it has two reportable segments: Taste & Nutrition and Consumer Foods. The Taste & Nutrition segment is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, whilst ensuring better impact for the planet. The Taste & Nutrition segment supplies industries across Ireland, Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Consumer Foods segment is a leader in our consumer foods categories in the chilled cabinet primarily in Ireland and in the UK.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs. Freehold land is stated at cost and is not depreciated. Depreciation on the remaining property, plant and equipment is calculated by charging equal annual instalments to the Consolidated Income Statement at the following annual rates:

- Buildings	2% - 5%
- Plant, machinery and equipment	7% - 25%
- Motor vehicles	20%

The charge in respect of periodic depreciation is calculated after establishing an estimate of the asset's useful life and the expected residual value at the end of its life. Increasing/(decreasing) an asset's expected life or its residual value would result in a (decreased)/increased depreciation charge to the Consolidated Income Statement as well as an increase/(decrease) in the carrying value of the asset.

The useful lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. These lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology or the location of the asset and its climate related risk. Historically, changes in useful lives or residual values have not resulted in material changes to the Group's depreciation charge.

Assets in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property assets.

1. Statement of accounting policies (continued)

Leasing

At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which consists of the initial measurement of the lease liability, any initial direct costs incurred by the Group in setting up/entering into the lease, an estimate of any costs to dismantle and remove the asset at the end of the lease and any payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term. The carrying amounts of right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the applicable incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of fixed or variable payments (based on an index or rate), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for the interest applied and it is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or in the Consolidated Income Statement if the right-of-use asset is already reduced to zero.

The Group has elected to record short-term leases of less than 12 months and leases of low-value assets as defined in IFRS 16 as an operating expense in the Consolidated Income Statement on a straight-line basis over the lease term.

The Group has also elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component further increasing the lease liability.

Assets classified as held for sale

Assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if, at the financial year end, the sale is highly probable, the asset is available for immediate sale in its present condition, management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Intangible assets

Goodwill

Goodwill arises on business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Irish/UK GAAP amounts subject to impairment testing. Goodwill written off to reserves under Irish/UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

At the date control is achieved, goodwill is allocated for the purpose of impairment testing to groups of cash generating units (CGUs) provided they represent the lowest level at which management monitor goodwill for impairment purposes. Goodwill is not amortised but is reviewed for indications of impairment at least annually and is carried at cost less accumulated impairment losses, where identified. Impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill (not previously written off to reserves) is included in the determination of the profit or loss on disposal.

Brand related intangibles

Brand related intangibles acquired as part of a business combination are valued at their fair value at the date control is achieved. Intangible assets determined to have an indefinite useful life are not amortised and are tested for impairment at least annually. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. In arriving at the conclusion that these brand related intangibles have an indefinite life, management considers the nature and type of the intangible asset, the absence of any legal or other limits on the assets' use, the fact the business and products have a track record of stability, the high barriers to market entry and the Group's commitment to continue to invest for the long-term to extend the period over which the intangible asset is expected to continue to provide economic benefits. The classification of intangible assets as indefinite is reviewed annually. The future expectation of potential market disruption due to changing consumer preferences or changes in supply chain of raw materials linked to sustainability and climate change were assessed as part of this review and were deemed to have no material impact.

Finite life brand related intangible assets are amortised over the period of their expected useful lives, which predominantly range from 2 to 20 years, by charging equal annual instalments to the Consolidated Income Statement. The useful life used to amortise finite intangible assets relates to the future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. Historically, changes in useful lives have not resulted in material changes to the Group's amortisation charge.

Computer software

Computer software separately acquired, including computer software which is not an integral part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

1. Statement of accounting policies (continued)

Intangible assets (continued)

Computer software (continued)

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined as follows are met:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Computer software is amortised over its expected useful life, which ranges from 3 to 7 years, by charging equal annual instalments to the Consolidated Income Statement. Amortisation commences when the assets are ready for use.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation. They are tested annually for impairment or when indications exist that the asset may be impaired. For the purpose of assessing impairment, these assets are allocated to groups of cash generating units (CGUs) using a reasonable and consistent basis. An impairment loss is recognised immediately in the Consolidated Income Statement for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Value in use is determined as the discounted future cash flows of the CGU. The key assumptions during the financial year for the value in use calculations are discount rates, cash flows and growth rates.

When an impairment loss (other than on goodwill) subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding its carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is reviewed by assessing the asset's value in use when compared to its carrying value.

The carrying amounts 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 when the carrying value of an asset exceeds its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes raw materials, direct labour and all other expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is calculated at the weighted average cost incurred in acquiring inventories. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in distribution and selling. Write-downs of inventories are primarily recognised under 'Raw materials and consumables' in the Consolidated Income Statement.

Income taxes

Income taxes include both current and deferred taxes. Income taxes are charged or credited to the Consolidated Income Statement except when they relate to items charged or credited directly in other comprehensive income or shareholders' equity. In this instance the income taxes are also charged or credited to other comprehensive income or shareholders' equity.

The current tax charge is calculated as the amount payable based on taxable profit and the tax rates applying to those profits in the financial year together with adjustments relating to prior years. Deferred taxes are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Group is subject to uncertainties, including tax audits, in any of the jurisdictions in which it operates. The Group accounts for uncertain tax positions in line with IFRIC 23 'Uncertainty over Income Tax Treatments'. The Group considers each uncertain tax treatment separately or together with one or more uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that a taxation authority will accept an uncertain tax treatment the Group reflects the effect of the uncertainty in determining the related taxable profit, tax bases, unused tax losses, unused tax credits or tax rate. The Group reflects the effect of uncertainty for each uncertain tax treatment using an expected value approach or a most likely approach depending on which method the Group expects to better predict the resolution of the uncertainty. The unit of account for recognition purposes is the income tax/deferred tax assets or liabilities and the Group does not provide separately for uncertain tax positions. When the final tax outcome for these items is different from amounts recorded, such differences will impact the income tax and deferred tax in the period in which such a determination is made, as well as the Group's cash position.

Deferred taxes are calculated based on the temporary differences arising between the tax base of the asset or liability and its carrying value in the Consolidated Balance Sheet. Deferred taxes are recognised on all temporary differences in existence at the balance sheet date except for:

- temporary differences which arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, or on the initial recognition of goodwill for which a tax deduction is not available; and
- temporary differences which arise on investments in subsidiaries where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of a deferred tax asset is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Deferred tax assets are reviewed at each reporting date.

1. Statement of accounting policies (continued)

Income taxes (continued)

Current income tax assets and current income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis. Deferred income tax assets and deferred income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts, the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Retirement benefits obligation

Payments to defined contribution schemes are recognised in the Consolidated Income Statement as they fall due and any contributions outstanding at the financial year end are included as an accrual in the Consolidated Balance Sheet.

Actuarial valuations for accounting purposes are carried out at each balance sheet date in relation to defined benefit schemes, using the projected unit credit method, to determine the schemes' liabilities and the related cost of providing benefits. Scheme assets are accounted for at fair value using bid prices.

Current service cost is recognised as it arises within staff costs in the Consolidated Income Statement. Net interest which is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets is recognised in interest costs in the Consolidated Income Statement. Gains or losses on the curtailment or settlement of a scheme are recognised in the Consolidated Income Statement when the curtailment or settlement occurs. Re-measurement of retirement benefits obligation, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest cost) are recognised in full in the period in which they occur in the Consolidated Statement of Comprehensive Income.

The defined benefit liability recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of any scheme assets. Defined benefit assets are also recognised in the Consolidated Balance Sheet but are limited to the present value of available refunds from, and reductions in future contributions to, the scheme.

Provisions

Provisions can be distinguished from other types of liability by considering the events that give rise to the obligation and the degree of uncertainty as to the amount or timing of the liability. These are recognised in the Consolidated Balance Sheet when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date, after taking account of the risks and uncertainties surrounding the obligation.

The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. Provisions are disclosed in note 25 to the consolidated financial statements.

Non-trading items

Certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'.

Non-trading items include gains or losses on the disposal of businesses, disposal of assets (non-current assets and assets classified as held for sale), costs in preparation of disposal of assets, material restructuring costs and material transaction, integration and restructuring costs associated with acquisitions. Non-trading items are disclosed in note 5 to the consolidated financial statements.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial year it is incurred.

Development expenditure is assessed and capitalised as an internally generated intangible asset only if it meets all of the following criteria:

- it is technically feasible to complete the asset for use or sale;
- it is intended to complete the asset for use or sale;
- the Group has the ability to use or sell the intangible asset;
- it is probable that the asset created will generate future economic benefits;
- adequate resources are available to complete the asset for sale or use; and
- the development cost of the asset can be measured reliably.

Capitalised development costs are amortised over their expected economic lives. Where no internally generated intangible asset can be recognised, product development expenditure is recognised as an expense in the financial year it is incurred. Accordingly, the Group has not capitalised product development expenditure to date.

Grants

Grants of a capital nature are accounted for as deferred income in the Consolidated Balance Sheet and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement to offset the matching expenditure.

Dividends

Dividends are accounted for when they are approved, through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved. Dividends are disclosed in note 10 to the consolidated financial statements.

Share-based payments

The Group has granted share-based payments to Executive Directors and senior executives under a long-term incentive plan and to Executive Directors under a short-term incentive plan.

The equity-settled share-based awards granted under these plans are measured at the fair value of the equity instrument at the date of grant. The cost of the award is charged to the Consolidated Income Statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity.

1. Statement of accounting policies (continued)

Share-based payments (continued)

For the purposes of the long-term incentive plan, the fair value of the award is measured using the Monte Carlo Pricing Model. For the short-term incentive plan, the fair value of the expense equates directly to the cash value of the portion of the short-term incentive plan that will be settled by way of shares/share options.

At the balance sheet date, the estimate of the level of vesting is reviewed and any adjustment necessary is recognised in the Consolidated Income Statement and in the Statement of Changes in Equity. Share-based payments are disclosed in note 28 to the consolidated financial statements.

Foreign currency

Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation, the income statements of foreign currency subsidiaries are translated into euro at the average exchange rate. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, a weighted average rate is used. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

On disposal of a foreign currency subsidiary, the cumulative translation difference for that foreign subsidiary is recycled to the Consolidated Income Statement as part of the profit or loss on disposal.

Borrowing costs

Borrowing costs incurred for qualifying assets, which take a substantial period of time to construct, are added to the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

Business combinations

The acquisition method of accounting is used for the acquisition of businesses. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the date the Group assumes control of the acquiree. Acquisition related costs are recognised in the Consolidated Income Statement as incurred. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Certain assets and liabilities are not recognised at their fair value at the date control was achieved as they are accounted for using other applicable IFRSs. These include deferred tax assets/liabilities and also any assets related to employee benefit arrangements.

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.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement measured at fair value at the date control is achieved. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Any fair value adjustments in relation to acquisitions completed prior to 1 January 2010 have been accounted for under IFRS 3 'Business Combinations (2004)'.

Investments in subsidiaries

Investments in subsidiaries held by the Parent Company are carried at cost less accumulated impairment losses.

Investments in joint ventures

Investments in joint ventures held by the Group are accounted for using the equity method, after initially being recognised at cost in the Consolidated Balance Sheet.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value.

All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Financial assets and liabilities are offset and presented on a net basis in the Consolidated Balance Sheet, only if the Group holds an enforceable legal right of set off for such amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously. In all other instances they are presented gross in the Consolidated Balance Sheet.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

1. Statement of accounting policies (continued)

Financial instruments (continued)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Debt instruments:

Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement. Impairment losses are presented in the Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group have no debt instruments measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss (FVPL). In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement.

Equity instruments:

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Consolidated Income Statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the Consolidated Income Statement when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL (Rabbi Trust assets) are recognised in the Consolidated Income Statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Trade and other receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents:

Cash and cash equivalents carried at amortised cost consists of cash at bank and in hand, bank overdrafts held by the Group and short-term bank deposits with a maturity of three months or less from the date of placement. Cash at bank and in hand and short-term bank deposits are shown under current assets on the Consolidated Balance Sheet under the heading 'Cash at bank and in hand'. Bank overdrafts are shown within 'Borrowings and overdrafts' in current liabilities on the Consolidated Balance Sheet but are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. The carrying amount of these assets and liabilities approximates to their fair value.

Financial liabilities measured at amortised cost

Other non-derivative financial liabilities consist primarily of trade and other payables and borrowings. Trade and other payables are stated at amortised cost, which approximates to their fair value given the short-term nature of these liabilities. Trade and other payables are non-interest bearing.

Debt instruments are initially recorded at fair value, net of transaction costs. Subsequently they are reported at amortised cost, except for hedged debt. To the extent that debt instruments are hedged under qualifying fair value hedges, the carrying value of the debt instrument is adjusted for changes in the fair value of the hedged risk, with changes arising recognised in the Consolidated Income Statement. The fair value of the hedged item is primarily determined using the discounted cash flow basis

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL arise when the financial liabilities are either derivative liabilities held for trading or they are designated upon initial recognition as FVPL.

The Group classifies as held for trading certain derivatives that are not designated and effective as a hedging instrument. The Group does not have any other financial liabilities classified as held for trading.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further detail is provided in note 19.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or expired.

Derivative financial instruments and hedge accounting

Derivatives are carried at fair value. The Group's activities expose it to risks of changes in foreign currency exchange rates and interest rates in relation to international trading and long-term debt. The Group uses foreign exchange forward contracts, interest rate swaps and forward rate agreements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. When cross currency interest rate swaps are used to hedge interest rates and foreign exchange rates, the change in the foreign currency basis spreads element of the contract that relates to the hedged item is recognised within other reserves under the cost of hedging reserve.

1. Statement of accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)
At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Fair value of financial instrument derivatives
The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available a discounted cash flow analysis is used based on the applicable yield curve adjusted for counterparty risk for the duration and currency of the instrument, which are observable:
- foreign exchange forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts; and
- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves adjusted for counterparty credit risk.

Cash flow hedges
Where derivatives, including forward foreign exchange contracts and floating to fixed interest rate swaps or cross currency swaps are used, they are primarily treated as cash flow hedges. The gain or loss relating to the effective portion of the interest rate swaps and cross currency interest rate swaps is recognised in OCI and is reclassified to profit or loss in the period when the hedged item is recognised through profit or loss. All effective amounts are directly offset against movements in the underlying hedged item. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in OCI and is reclassified to profit or loss in the period the hedged item is recognised through profit or loss. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the hedged firm commitment or forecasted transaction occurs and results in the recognition of an asset or liability, the amounts previously recognised in the hedge reserve, within OCI are reclassified through profit or loss in the periods when the hedged item is impacting the Consolidated Income Statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred cost of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset, such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

Cash flow hedge accounting is applied to foreign exchange forward contracts which are expected to offset the changes in fair value of expected future cash flows. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable.

Fair value hedges
Where fixed to floating interest rate swaps are used, they are treated as fair value hedges when the qualifying conditions are met. Changes in the fair value of derivatives that are designated as fair value hedges are recognised directly in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is derecognised when the hedging relationship ceases to exist. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised over the remaining maturity of the hedged item through the Consolidated Income Statement from that date.

Trading derivatives
Certain derivatives which comply with the Group's financial risk management policies are not accounted for using hedge accounting. This arises where the derivatives; (a) provide a hedge against foreign currency borrowings without having to apply hedge accounting; or (b) where management have decided not to apply hedge accounting. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement. In all other instances, cash flow or fair value hedge accounting is applied.

Critical accounting estimates and judgements

The Preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

In particular, information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described below and in the respective notes to the consolidated financial statements.

The impact of COVID-19 on the critical accounting estimates and judgements as outlined below has been assessed and is not considered material in the context of the consolidated financial statements.

Impairment of goodwill and intangible assets (Estimation)
Determining whether goodwill and intangible assets are impaired or whether a reversal of an impairment of intangible assets (other than on goodwill) should be recorded requires comparison of the value in use for the relevant groups of cash generating units (CGUs) to the net assets attributable to those CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long-term growth rate of the applicable businesses and terminal values. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Group successfully leveraging its base of intangible assets over the long-term, estimates are required in relation to future cash flows which will support the asset value.

1. Statement of accounting policies (continued)

Critical accounting estimates and judgements (continued)

Impairment of goodwill and intangible assets (Estimation) (continued)
These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. The impact of COVID-19 on the Group was considered and has been reflected in the cash flow forecasts employed in the value in use calculations. The potential impact of climate related events was also considered under two different temperature scenarios and had no impact on our conclusions. Details of the assumptions used and key sources of estimation involved are outlined in note 12 to these consolidated financial statements.

The Group continues to monitor its assessment of the economic environment particularly due to the pace and extent of recovery in some markets as a result of COVID-19. The long-term outlook for our businesses currently remains positive, supports our CGU valuations and no impairment was identified as a result of the impairment testing review carried out. There is significant headroom in the recoverable amount of the related CGUs as compared to their carrying value and the likelihood of impairment is considered remote.

Business combinations (Estimation)
When acquiring a business, the Group is required to bring acquired assets and liabilities on to the Consolidated Balance Sheet at their fair value, the determination of which requires a significant degree of estimation.

Acquisitions may also result in intangible benefits being brought into the Group, some of which qualify for recognition as intangible assets while other such benefits do not meet the recognition requirements of IFRS and therefore form part of goodwill. Estimation is required in the assessment and valuation of these intangible assets. For intangible assets acquired, the Group bases valuations on expected future cash flows taking into consideration the impact of COVID-19 where applicable. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates, revenue forecasts and estimated customer attrition as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Depending on the nature of the assets and liabilities acquired, determined provisional fair values may possibly be adjusted within the measurement period as allowed by IFRS 3 'Business Combinations'.

Business combinations are disclosed in note 30 to the consolidated financial statements.

Non-trading items (Judgement)
The Group considers certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'. Determining which transactions are to be disclosed separately is often a subjective matter. Circumstances that the Group believes would give rise to non-trading items for separate disclosure are outlined in the accounting policy on non-trading items. For clarity, separate disclosure is made of all items in one column on the face of the Group Consolidated Income Statement.

Income tax charge and income/deferred tax assets and liabilities (Estimation and Judgement)
Significant judgement and a high degree of estimation is required in determining the income tax charge as the Group operates in many jurisdictions and the tax treatment of many items is uncertain with tax legislation being open to different interpretation. Furthermore, the Group can also be subject to uncertainties, including tax audits in any of the jurisdictions in which it operates, which by their nature, are often complex and can require several years to conclude. The Group considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. In line with its accounting policy, the Group bases its assessment on the probability of a tax authority accepting its general treatment having regard to all information available on the tax matter and when it is not probable reflects the uncertainty in income tax/deferred tax assets or liabilities. When applying its accounting policy at the year end the Group generally considered each uncertain tax treatment separately and reflected the effect of the uncertainty in the income tax/deferred tax assets or liabilities using an expected value approach as this better predicts the resolution of the uncertainty. Such estimates are determined based on management judgement, interpretation of the relevant tax laws, correspondence with the relevant tax authorities and external tax advisors and past practices of the tax authorities. Where the final outcome of these tax matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax charge in the period in which such determination is made.

Income taxes and deferred tax assets and liabilities are disclosed in notes 7 and 17 to the consolidated financial statements, respectively.

1. Statement of accounting policies (continued)

New standards and interpretations

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and the Group's assessment of the impact of these standards and interpretations is set out below.

The following Standards and Interpretations are effective for the Group in 2021 but do not have a material effect on the results or financial position of the Group:		***Effective Date***
- IFRS 16 (Amendments)	Leases	1 April 2021
- IFRS 7, IFRS 4 & IFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2	1 January 2021

The following Standards and Interpretations are not yet effective for the Group and are not expected to have a material effect on the results or financial position of the Group:		***Effective Date***
- IAS 16 (Amendments)	Property, Plant and Equipment	1 January 2022
- IAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
- IFRS 9 (Amendments)	Financial Instruments	1 January 2022
- IFRS 3 (Amendments)	Business Combinations	1 January 2022
- IAS 41 (Amendments)	Agriculture	1 January 2022
- IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2023
- IFRS 17	Insurance Contracts	1 January 2023
- IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
- IAS 12 (Amendments)	Income Taxes	1 January 2023

2. Analysis of results

The Group has determined it has two reportable segments: Taste & Nutrition and Consumer Foods. The Taste & Nutrition segment is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, whilst ensuring better impact for the planet. The Taste & Nutrition segment supplies industries across Ireland, Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Consumer Foods segment is a leader in our consumer foods categories in the chilled cabinet primarily in Ireland and in the UK.

	Taste & Nutrition 2021 €'m	Consumer Foods 2021 €'m	Group Eliminations and Unallocated 2021 €'m	Total 2021 €'m	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Group Eliminations and Unallocated 2020 €'m	Total 2020 €'m
External revenue	6,209.0	1,141.6	-	7,350.6	5,678.4	1,275.0	-	6,953.4
Inter-segment revenue	64.3	2.3	(66.6)	-	74.8	3.6	(78.4)	-
Revenue	6,273.3	1,143.9	(66.6)	7,350.6	5,753.2	1,278.6	(78.4)	6,953.4
Trading profit	913.4	82.1	(120.0)	875.5	814.2	99.2	(116.2)	797.2
Intangible asset amortisation				(80.8)				(70.1)
Non-trading items				91.5				(19.4)
Operating profit				886.2				707.7
Finance income				0.3				0.2
Finance costs				(70.2)				(72.6)
Profit before taxation				816.3				635.3
Income taxes				(53.3)				(81.2)
Profit after taxation attributable to owners of the parent				763.0				554.1
Segment assets and liabilities								
Segment assets	8,101.9	361.9	2,931.6	11,395.4	6,370.1	877.2	2,195.8	9,443.1
Segment liabilities	(1,605.4)	(235.2)	(3,953.6)	(5,794.2)	(1,295.0)	(332.9)	(3,159.7)	(4,787.6)
Net assets	6,496.5	126.7	(1,022.0)	5,601.2	5,075.1	544.3	(963.9)	4,655.5
Other segmental information								
Property, plant and equipment additions	272.2	20.4	0.2	292.8	225.0	20.7	-	245.7
Depreciation (net)	183.3	17.7	0.5	201.5	178.5	21.7	0.5	200.7
Intangible asset additions	1.3	0.2	32.6	34.1	0.9	1.0	50.2	52.1
Intangible asset amortisation	28.9	3.9	48.0	80.8	23.7	6.4	40.0	70.1

2. Analysis of results (continued)

Revenue analysis

Disaggregation of revenue from external customers is analysed by End Use Market (EUM), which is the primary market in which Kerry's products are consumed and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma and within the primary geographic markets which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

Analysis by EUM

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Food	**4,283.3**	**1,141.6**	**5,424.9**	3,974.6	1,275.0	5,249.6
Beverage	**1,589.1**	**-**	**1,589.1**	1,407.1	-	1,407.1
Pharma	**336.6**	**-**	**336.6**	296.7	-	296.7
External revenue	**6,209.0**	**1,141.6**	**7,350.6**	5,678.4	1,275.0	6,953.4

Analysis by primary geographic market

Disaggregation of revenue from external customers is analysed by geographical split:

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Republic of Ireland	**201.2**	**257.5**	**458.7**	171.1	262.2	433.3
Rest of Europe	**1,374.2**	**884.1**	**2,258.3**	1,204.0	1,012.8	2,216.8
Americas	**3,235.2**	**-**	**3,235.2**	3,085.4	-	3,085.4
APMEA	**1,398.4**	**-**	**1,398.4**	1,217.9	-	1,217.9
External revenue	**6,209.0**	**1,141.6**	**7,350.6**	5,678.4	1,275.0	6,953.4

Information about geographical areas

	Europe 2021 €'m	**Americas 2021 €'m**	**APMEA 2021 €'m**	**Total 2021 €'m**	Europe 2020 €'m	Americas 2020 €'m	APMEA 2020 €'m	Total 2020 €'m
Segment assets by location	**5,205.1**	**4,959.2**	**1,231.1**	**11,395.4**	4,986.5	3,362.6	1,094.0	9,443.1
Property, plant and equipment additions	**83.7**	**152.5**	**56.6**	**292.8**	61.1	130.2	54.4	245.7
Intangible asset additions	**33.1**	**1.0**	**-**	**34.1**	51.6	0.5	-	52.1

The revenue and non-current assets (as defined in IFRS 8 'Operating Segments') attributable to the country of domicile and all foreign countries of operation, for which revenue exceeds 10% of total external Group revenue, are set out below.

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from external customers in the Republic of Ireland were **€458.7m** (2020: €433.3m). The non-current assets located in the Republic of Ireland are **€1,598.4m** (2020: €903.1m).

Revenues from external customers include **€1,379.5m** (2020: €1,420.6m) in the UK and **€2,610.7m** (2020: €2,509.8m) in the USA. The non-current assets in the UK are **€391.9m** (2020: €692.4m) and in the USA are **€3,166.1m** (2020: €2,035.6m).

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8 'Operating Segments'. The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the Statement of Accounting Policies. Under IFRS 15 'Revenue from Contracts with Customers' revenue is primarily recognised at a point in time. Revenue recorded over time during the year was not material to the Group.

3. Operating profit

(i) Analysis of costs by nature

	Notes	Continuing Operations 2021 €'m	Continuing Operations 2020 €'m
Revenue		**7,350.6**	6,953.4
Less operating costs:			
Raw materials and consumables		**4,023.2**	3,699.8
Other general overheads		**1,000.8**	895.6
Staff costs	4	**1,349.3**	1,356.9
Depreciation:			
- property, plant and equipment	11(i)	**172.0**	169.4
- right-of-use assets	11(ii)	**31.4**	33.8
Capital grants amortisation	21	**(1.9)**	(2.5)
Loss allowances on trade receivables	19	**9.8**	9.6
Foreign exchange gains		**(8.6)**	(2.2)
Change in inventories of finished goods		**(97.0)**	(2.6)
Share of joint ventures profit after taxation during the financial year	14	**(3.9)**	(1.6)
Trading profit		**875.5**	797.2
Intangible asset amortisation	12	**80.8**	70.1
Non-trading items	5	**(91.5)**	19.4
Operating profit		**886.2**	707.7
And is stated after charging:			
Research and development costs		**297.2**	281.9

(ii) Auditors' remuneration

	PwC Ireland 2021 €'m	PwC Other 2021 €'m	PwC Worldwide 2021 €'m	PwC Ireland 2020 €'m	PwC Other 2020 €'m	PwC Worldwide 2020 €'m
Statutory disclosure:						
Group audit	**1.4**	**1.8**	**3.2**	1.5	1.7	3.2
Other assurance services	**0.1**	**-**	**0.1**	0.1	-	0.1
Total assurance services	**1.5**	**1.8**	**3.3**	1.6	1.7	3.3
Tax advisory services	**-**	**-**	**-**	-	-	-
Other non-audit services	**-**	**0.1**	**0.1**	-	-	-
Total non-audit services	**-**	**0.1**	**0.1**	-	-	-
Total auditors' remuneration	**1.5**	**1.9**	**3.4**	1.6	1.7	3.3
Assurance services			**97%**			100%
Non-audit services			**3%**			-
Total			**100%**			100%

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries. Included in Group audit are total fees of **€4,720** (2020: €4,720) which are due to the Group's auditor in respect of the Parent Company. Reimbursement of auditors' expenses amounted to **€0.2m** (2020: €0.1m).

4. Total staff numbers and costs

The average number of people employed by the Group was:

	Taste & Nutrition 2021 Number	Consumer Foods 2021 Number	Total 2021 Number	Taste & Nutrition 2020 Number	Consumer Foods 2020 Number	Total 2020 Number
Europe	**5,137**	**4,803**	**9,940**	5,291	5,888	11,179
Americas	**10,034**	**-**	**10,034**	9,961	-	9,961
APMEA	**5,221**	**-**	**5,221**	4,879	-	4,879
	20,392	**4,803**	**25,195**	20,131	5,888	26,019

The aggregate payroll costs of employees (including Executive Directors) was:

	Taste & Nutrition 2021 €'m	Consumer Foods 2021 €'m	Total 2021 €'m	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Europe	**326.3**	**219.6**	**545.9**	347.1	226.1	573.2
Americas	**615.0**	**-**	**615.0**	621.0	-	621.0
APMEA	**188.4**	**-**	**188.4**	162.7	-	162.7
	1,129.7	**219.6**	**1,349.3**	1,130.8	226.1	1,356.9

Social welfare costs of **€145.6m** (2020: €144.7m) and share-based payment expense of **€17.2m** (2020: €12.5m) are included in payroll costs. Pension costs included in the payroll costs are disclosed in note 26.

5. Non-trading items

	Notes	2021 €'m	2020 €'m
Profit/(loss) on disposal of businesses and assets	(i)	**179.7**	(1.9)
Acquisition integration costs	(ii)	**(54.9)**	(13.1)
Global Business Services expansion	(iii)	**(33.3)**	(4.4)
		91.5	(19.4)
Tax on above	7	**26.3**	3.9
Tax on inter-group transfer	(iv)/7	**16.6**	-
Non-trading items (net of tax)		**134.4**	(15.5)

5. Non-trading items (continued)

(i) Profit/(loss) on disposal of businesses and assets

	Notes	Businesses 2021 €'m	*Assets 2021 €'m	Total 2021 €'m
Property, plant and equipment - disposed	11	(132.5)	(13.5)	(146.0)
Property, plant and equipment - impaired	11	-	(17.1)	(17.1)
Goodwill	12	(286.0)	-	(286.0)
Brand related intangible assets	12	(40.7)	-	(40.7)
Computer software	12	(2.7)	(0.5)	(3.2)
Inventories		(47.2)	-	(47.2)
Deferred tax liabilities		12.8	-	12.8
Assets classified as held for sale - disposed		-	(4.5)	(4.5)
Trade and other receivables		(38.1)	-	(38.1)
Trade and other payables		6.8	-	6.8
Deferred income	21	2.3	-	2.3
Other non-current liabilities		12.2	-	12.2
		(513.1)	(35.6)	(548.7)
Consideration				
Cash received		813.6	19.4	833.0
Disposal related costs		(53.4)	(35.0)	(88.4)
		760.2	(15.6)	744.6
Cumulative exchange difference on translation recycled on disposal		(16.2)	-	(16.2)
Profit/(loss) on disposal of businesses and assets		230.9	(51.2)	179.7

Net cash inflow on disposal:	Businesses 2021 €'m	*Assets 2021 €'m	Total 2021 €'m
Cash	813.6	19.4	833.0
Less: disposal related costs paid	(38.4)	(15.4)	(53.8)
	775.2	4.0	779.2

* Assets represent non-current assets and assets classified as held for sale

On 27 September 2021 the Group disposed of its Meats and Meals business operating in Ireland and the UK from the Consumer Foods division and during the year also disposed of a small operation in Taste & Nutrition Europe for a consideration of **€813.6m** resulting in a gain of **€230.9m**. The consideration of €813.6m comprises of the €819.0m as previously announced for the sale of the Meats and Meals business net of working capital and debt adjustments and €2.9m for a small operation disposed of in Taste & Nutrition Europe. A tax credit of **€0.5m** (2020: €nil) arose on the disposal of these businesses. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'.

During the year, the Group disposed of property, plant and equipment and computer software in North America, Europe and APMEA for a combined consideration of **€19.4m** resulting in a loss of **€2.6m** for the year ended 31 December 2021. In 2020, the Group disposed of property, plant and equipment primarily in North America, Europe and APMEA for a consideration of €2.4m resulting in a loss of €1.9m. A tax credit of **€nil** (2020: a tax credit of €0.4m) arose on the disposal of assets.

In 2021, assets classified as held for sale of property, plant and equipment based in the USA and Europe were impaired to their fair value less costs to sell by **€48.6m** (2020: €nil), consisting of €17.1m of property, plant and equipment impairment and €31.5m of estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposal. These assets held for sale are expected to sell in 2022. The related tax credit was **€12.2m** (2020: €nil).

5. Non-trading items (continued)

(ii) Acquisition integration costs

Acquisition integration costs of **€54.9m** (2020: €13.1m) primarily related to costs of integrating recent acquisitions into the Group's operations. These costs reflect the relocation of resources, the restructuring of operations in order to integrate the acquired businesses into the existing Kerry operating model and external costs associated with deal preparation, integration planning and due diligence. A tax credit of **€12.4m** (2020: €3.0m) arose due to tax deductions available on acquisition related costs.

(iii) Global Business Services expansion

In 2020, the Group commenced a programme to evolve, migrate and expand its Global Business Services model to better enable the business and support further growth. For the year ended 31 December 2021, the Group incurred costs of **€33.3m** (2020: €4.4m) reflecting initial set up costs, relocation of resources, advisory fees, redundancies and the streamlining of operations. The associated tax credit was **€1.2m** (2020: €0.5m).

(iv) Tax on inter-group transfer

During 2021, a net tax credit of **€16.6m** (2020: €nil) arose as a result of the transfer of intangible assets between two wholly owned subsidiaries based in two different tax jurisdictions.

6. Finance income and costs

	Notes	**2021 €'m**	2020 €'m
Finance income:			
Interest income on deposits		**0.3**	0.2
Finance costs:			
Interest payable		**(66.7)**	(67.6)
Interest on lease liabilities	11(iii.i)	**(4.4)**	(5.9)
Interest rate derivative		**1.6**	0.9
		(69.5)	(72.6)
Net interest cost on retirement benefits obligation	26	**(0.7)**	-
Finance costs		**(70.2)**	(72.6)

7. Income taxes

	Notes	2021 €'m	2020 €'m
Recognition in the Consolidated Income Statement (before credit on non-trading items)			
Current tax expense in the financial year		**79.5**	78.4
Adjustments in respect of prior years		**(2.9)**	1.6
		76.6	80.0
Deferred tax in the financial year		**19.6**	5.1
Income tax expense (before credit on non-trading items)		**96.2**	85.1
On non-trading items:			
Current tax		**(1.3)**	(1.8)
Deferred tax		**(41.6)**	(2.1)
	5	**(42.9)**	(3.9)
Recognition in the Consolidated Income Statement (after credit on non-trading items)			
Current tax expense in the financial year		**78.2**	76.6
Adjustments in respect of prior years		**(2.9)**	1.6
		75.3	78.2
Deferred tax in the financial year	17	**(22.0)**	3.0
Income tax expense (after credit on non-trading items)		**53.3**	81.2

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

	2021 €'m	2020 €'m
Profit before taxation	**816.3**	635.3
Taxed at Irish Standard Rate of Tax (12.5%)	**102.0**	79.4
Adjustments to current tax and deferred tax in respect of prior years	**(0.9)**	(0.1)
Net effect of differing tax rates	**4.2**	2.0
Changes in standard rates of taxes	**5.2**	3.9
Income not subject to tax	**(42.7)**	(1.6)
Net credit arising on inter-group intangible assets transfer	**(16.6)**	-
Other adjusting items	**2.1**	(2.4)
Income tax expense	**53.3**	81.2

An increase in the Group's applicable tax rate of 1% would reduce profit after taxation by **€8.2m** (2020: €6.3m). Factors that may affect the Group's future tax charge include the effects of restructuring, acquisitions and disposals, changes in tax legislation and rates and the use of brought forward losses. In 2021, political agreement was reached by the OECD Inclusive Framework on a two-pillar approach to international tax reform, which aims to address the tax challenges arising from digitalisation and globalisation of the economy. In the absence of any finalised or substantively enacted legislation, the Group continues to monitor developments as they may apply to the Group.

8. Profit attributable to Kerry Group plc

In accordance with section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit after taxation for the financial year is **€319.8m** (2020: €174.8m).

9. Earnings per A ordinary share

	EPS cent	2021 €'m	EPS cent	2020 €'m
Basic earnings per share				
Profit after taxation attributable to owners of the parent	**430.6**	**763.0**	313.0	554.1
Diluted earnings per share				
Profit after taxation attributable to owners of the parent	**429.9**	**763.0**	312.5	554.1

Number of Shares	Note	2021 m's	2020 m's
Basic weighted average number of shares		**177.2**	177.0
Impact of share options outstanding		**0.3**	0.3
Diluted weighted average number of shares		**177.5**	177.3
Actual number of shares in issue as at 31 December	27	**176.8**	176.7

10. Dividends

	2021 €'m	2020 €'m
Group and Company:		
Amounts recognised as distributions to equity shareholders in the financial year		
Final 2020 dividend of **60.60 cent** per A ordinary share paid 14 May 2021 (Final 2019 dividend of 55.10 cent per A ordinary share paid 15 May 2020)	**107.1**	97.3
Interim 2021 dividend of **28.50 cent** per A ordinary share paid 12 November 2021 (Interim 2020 dividend of 25.90 cent per A ordinary share paid 13 November 2020)	**50.4**	45.8
	157.5	143.1

Since the financial year end the Board has proposed a final 2021 dividend of **66.70 cent** per A ordinary share which amounts to €118.0m. The payment date for the final dividend will be 6 May 2022 to shareholders registered on the record date as at 8 April 2022. The consolidated financial statements do not reflect this dividend.

11. Property, plant and equipment

	Notes	2021 €'m	2020 €'m
Group:			
Property, plant and equipment	(i)	**2,026.1**	1,916.2
Right-of-use assets	(ii)	**65.2**	74.4
		2,091.3	1,990.6

11. Property, plant and equipment (continued)

(i) Property, plant and equipment analysis

	Notes	Land and Buildings €'m	Plant, Machinery and Equipment €'m	Construction in Progress €'m	Motor Vehicles €'m	Total €'m
Group:						
Cost						
At 1 January 2020		1,309.1	2,170.7	228.1	14.8	3,722.7
Businesses acquired		16.8	3.9	0.4	0.1	21.2
Additions		10.1	35.2	181.3	1.0	227.6
Purchase adjustments		(2.7)	(3.8)	-	-	(6.5)
Transfer from construction in progress		42.4	110.1	(152.5)	-	-
Disposals		(3.8)	(16.7)	-	(0.9)	(21.4)
Exchange translation adjustment		(73.2)	(122.1)	(18.9)	(1.2)	(215.4)
At 31 December 2020		1,298.7	2,177.3	238.4	13.8	3,728.2
Businesses acquired	30	**47.7**	**23.9**	**17.6**	**-**	**89.2**
Additions		**20.4**	**80.2**	**158.4**	**1.0**	**260.0**
Purchase adjustments		**(0.9)**	**(0.6)**	**-**	**-**	**(1.5)**
Transfer from construction in progress		**36.1**	**138.5**	**(174.6)**	**-**	**-**
Businesses disposed	5	**(143.6)**	**(243.4)**	**(15.0)**	**(0.8)**	**(402.8)**
Disposals	5	**-**	**(45.9)**	**-**	**(0.9)**	**(46.8)**
Transfer to held for sale		**(33.2)**	**(18.7)**	**-**	**-**	**(51.9)**
Exchange translation adjustment		**83.1**	**101.5**	**15.8**	**0.7**	**201.1**
At 31 December 2021		**1,308.3**	**2,212.8**	**240.6**	**13.8**	**3,775.5**
Accumulated depreciation and impairment						
At 1 January 2020		446.8	1,301.1	-	11.4	1,759.3
Charge during the financial year	3	38.5	129.8	-	1.1	169.4
Disposals		(2.9)	(13.4)	-	(0.8)	(17.1)
Exchange translation adjustment		(23.8)	(75.2)	-	(0.6)	(99.6)
At 31 December 2020		458.6	1,342.3	-	11.1	1,812.0
Charge during the financial year	3	**36.3**	**134.7**	**-**	**1.0**	**172.0**
Businesses disposed	5	**(90.6)**	**(193.0)**	**-**	**(0.4)**	**(284.0)**
Disposals	5	**-**	**(32.4)**	**-**	**(0.9)**	**(33.3)**
Transfer to held for sale		**(13.6)**	**(15.0)**	**-**	**(0.1)**	**(28.7)**
Impairments	5	**2.5**	**14.6**	**-**	**-**	**17.1**
Exchange translation adjustment		**27.1**	**66.6**	**-**	**0.6**	**94.3**
At 31 December 2021		**420.3**	**1,317.8**	**-**	**11.3**	**1,749.4**
Carrying value						
At 31 December 2020		840.1	835.0	238.4	2.7	1,916.2
At 31 December 2021		**888.0**	**895.0**	**240.6**	**2.5**	**2,026.1**

11. Property, plant and equipment (continued)

(i) Property, plant and equipment analysis (continued)

	Land and Buildings Total €'m
Company:	
Cost	
At 1 January 2020	4.7
At 31 December 2020 and 2021	**4.7**
Accumulated depreciation	
At 1 January 2020	4.4
Charge during the financial year	-
At 31 December 2020	4.4
Charge during the financial year	**0.1**
At 31 December 2021	**4.5**
Carrying value	
At 31 December 2020	0.3
At 31 December 2021	**0.2**

11. Property, plant and equipment (continued)

(ii) Right-of-use assets analysis

	Notes	Land and Buildings €'m	Plant, Machinery and Equipment €'m	Motor Vehicles €'m	Total €'m
Group:					
Cost					
At 1 January 2020		94.5	19.7	16.9	131.1
Businesses acquired		-	-	-	-
Additions		11.8	5.0	1.3	18.1
Terminations		(8.9)	(3.6)	(2.3)	(14.8)
Exchange translation adjustment		(6.8)	(1.4)	(0.9)	(9.1)
At 31 December 2020		90.6	19.7	15.0	125.3
Businesses acquired	30	**0.8**	**0.5**	**1.1**	**2.4**
Additions		**23.7**	**6.5**	**2.6**	**32.8**
Businesses disposed	5	**(16.4)**	**(3.4)**	**(0.9)**	**(20.7)**
Terminations		**(12.0)**	**(1.3)**	**(1.5)**	**(14.8)**
Exchange translation adjustment		**5.5**	**1.1**	**0.5**	**7.1**
At 31 December 2021		**92.2**	**23.1**	**16.8**	**132.1**
Accumulated depreciation					
At 1 January 2020		21.2	4.8	5.6	31.6
Charge during the financial year	3	22.5	5.9	5.4	33.8
Terminations		(5.8)	(2.8)	(2.3)	(10.9)
Exchange translation adjustment		(2.5)	(0.6)	(0.5)	(3.6)
At 31 December 2020		35.4	7.3	8.2	50.9
Charge during the financial year	3	**21.6**	**5.8**	**4.0**	**31.4**
Businesses disposed	5	**(5.4)**	**(1.2)**	**(0.4)**	**(7.0)**
Terminations		**(10.4)**	**(0.9)**	**(0.8)**	**(12.1)**
Exchange translation adjustment		**2.6**	**0.7**	**0.4**	**3.7**
At 31 December 2021		**43.8**	**11.7**	**11.4**	**66.9**
Carrying value					
At 31 December 2020		55.2	12.4	6.8	74.4
At 31 December 2021		**48.4**	**11.4**	**5.4**	**65.2**

The right-of-use assets consist of:

- land and buildings for warehouse space, offices and manufacturing facilities. The lease terms vary and range from 1 to 93 years for buildings and range from 1 to 90 years for land;
- machinery, equipment, tools, furniture and other equipment when combined are insignificant to the total leased assets portfolio and have an average remaining lease term of 2 years; and
- motor vehicles for management and sales functions and trucks for distribution in specific businesses. The lease terms for motor vehicles range from 1 to 6 years with an average remaining term of 2 years.

11. Property, plant and equipment (continued)

(iii) Lease disclosures

(iii.i) Amounts recognised in the Consolidated Income Statement:	Note	2021 €'m	2020 €'m
Depreciation charged during the financial year		**31.4**	33.8
Expenses relating to short-term leases		**2.1**	2.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**0.1**	0.2
Interest on lease liabilities charged during the financial year	6	**4.4**	5.9

(iii.ii) Amounts recognised in the Consolidated Statement of Cash Flows:	2021 €'m	2020 €'m
Total cash outflow for leases during the year*	**41.5**	45.2

* includes interest expense and principal repayments of lease liabilities and short-term and low-value lease expenses

(iii.iii) Lease liabilities	2021 €'m	2020 €'m
At beginning of the financial year	81.5	109.4
Additions	**39.7**	16.2
Terminations	**(2.4)**	(3.8)
Remeasurements	**1.8**	1.9
Payments	**(34.9)**	(37.0)
Businesses disposed	**(16.3)**	-
Exchange translation adjustment	**4.8**	(5.2)
At end of the financial year	**74.2**	81.5

Analysed as:	2021 €'m	2020 €'m
Current liabilities	**28.0**	27.0
Non-current liabilities	**46.2**	54.5
At end of the financial year	**74.2**	81.5

(iii.iv) At the balance sheet date the Group had commitments under non-cancellable leases which fall due as follows:	Discounted 2021 €'m	Undiscounted 2021 €'m	Discounted 2020 €'m	Undiscounted 2020 €'m
Within 1 year	**28.0**	**31.0**	27.0	31.4
Between 1 and 2 years	**19.7**	**22.2**	20.6	22.6
Between 2 and 5 years	**20.9**	**22.3**	26.6	29.0
After 5 years	**5.6**	**6.9**	7.3	9.1
	74.2	**82.4**	81.5	92.1

12. Intangible assets

	Notes	Goodwill €'m	Brand Related Intangibles €'m	Computer Software €'m	Total €'m
Cost					
At 1 January 2020		2,624.2	2,143.7	317.0	5,084.9
Businesses acquired		149.2	124.1	-	273.3
Additions		-	-	52.1	52.1
Purchase adjustment		20.2	(0.4)	-	19.8
Exchange translation adjustment		(127.0)	(78.8)	(0.7)	(206.5)
At 31 December 2020		2,666.6	2,188.6	368.4	5,223.6
Businesses acquired	30	**657.1**	**440.0**	**0.5**	**1,097.6**
Additions		**-**	**-**	**34.1**	**34.1**
Purchase adjustment		**8.2**	**2.8**	**-**	**11.0**
Businesses disposed	5	**(292.6)**	**(91.7)**	**(5.8)**	**(390.1)**
Disposals	5	**-**	**-**	**(1.0)**	**(1.0)**
Exchange translation adjustment		**96.2**	**93.5**	**2.0**	**191.7**
At 31 December 2021		**3,135.5**	**2,633.2**	**398.2**	**6,166.9**
Accumulated amortisation and impairment					
At 1 January 2020		20.6	279.2	195.4	495.2
Charge during the financial year	3	-	41.7	28.4	70.1
Exchange translation adjustment		(4.0)	(24.4)	(0.4)	(28.8)
At 31 December 2020		16.6	296.5	223.4	536.5
Charge during the financial year	3	**-**	**46.2**	**34.6**	**80.8**
Businesses disposed	5	**(6.6)**	**(51.0)**	**(3.1)**	**(60.7)**
Disposals	5	**-**	**-**	**(0.5)**	**(0.5)**
Exchange translation adjustment		**4.2**	**22.7**	**3.2**	**30.1**
At 31 December 2021		**14.2**	**314.4**	**257.6**	**586.2**
Carrying value					
At 31 December 2020		2,650.0	1,892.1	145.0	4,687.1
At 31 December 2021		**3,121.3**	**2,318.8**	**140.6**	**5,580.7**

Allocation of the purchase price in a business combination affects the results of the Group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised. This could result in differing amortisation charges based on the allocation to finite life and indefinite life intangible assets.

Included in the cost of brand related intangibles are intangibles of **€1,621.9m** (2020: €1,262.4m) which have indefinite lives.

Approximately **€11.4m** (2020: €17.5m) of computer software additions during the year were internally generated, included in this are payroll costs of **€10.0m** (2020: €13.1m). The Group has not capitalised product development expenditure in 2021 (2020: €nil).

The Group has no separate individual intangible asset that is material, as all intangibles acquired are integrated and developed within the existing business.

12. Intangible assets (continued)

Impairment testing

Goodwill and indefinite life intangibles are subject to impairment testing on an annual basis, or more frequently if there are indicators of impairment. These assets are allocated to groups of cash generating units (CGUs). The recoverable amount of each of the four CGUs is determined on value in use calculations. Intangible assets acquired in a business combination are allocated to CGUs that are expected to benefit from the business acquisition, rather than where the assets are owned.

Cash flow forecasts employed for the value in use calculations are for a five year period approved by management and a terminal value which is applied to the year five cash flows. The terminal value reflects the discounted value of the cash flows beyond year five which is based on the weighted average long-term growth rates for each CGU.

No impairment was recognised in 2021 or 2020 as a result of the impairment testing which identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value. In 2021, there was no specific impairment charge (2020: €nil) in relation to goodwill recorded in non-trading items in the Consolidated Income Statement due to the classification of a business as held for sale.

A summary of the allocation of the carrying value of goodwill and indefinite life intangible assets by CGU, is as follows:

	Goodwill 2021 €'m	Goodwill 2020 €'m	**Indefinite Life Intangibles 2021 €'m**	Indefinite Life Intangibles 2020 €'m
Taste & Nutrition				
Europe	**564.5**	496.5	**196.6**	77.0
Americas	**2,150.1**	1,507.3	**1,356.4**	1,088.1
APMEA	**263.5**	243.5	**47.9**	51.4
Consumer Foods				
Europe	**143.2**	402.7	**21.0**	45.9
	3,121.3	2,650.0	**1,621.9**	1,262.4

Key assumptions

Forecasts are generally derived from a combination of internal and external factors based on historical experience and take account of expected growth in the relevant region. The key assumptions for calculating value in use calculations are those relating to the discount rate, growth rate and cash flows. The table below outlines the weighted average discount rates and weighted average long-term growth rates used in the terminal value for each CGU:

	Discount Rates 2021	Discount Rates 2020	**Growth Rates 2021**	Growth Rates 2020
Taste & Nutrition				
Europe	**6.3%**	6.7%	**1.4%**	1.4%
Americas	**7.1%**	7.1%	**1.1%**	1.1%
APMEA	**8.9%**	9.5%	**3.6%**	3.5%
Consumer Foods				
Europe	**6.1%**	6.6%	**1.7%**	1.5%

Management estimate discount rates using pre-tax rates consistent with the Group's weighted average cost of capital and the risks specific to the CGUs. A higher discount rate is applied to higher risk markets, while a lower rate is applied to more stable markets.

Long-term growth rates are based on external market data, are broadly in line with long-term industry growth rates and are conservative in nature. Generally, lower growth rates are used in mature markets while higher growth rates are used in emerging markets.

12. Intangible assets (continued)

Impairment testing (continued)

The assumptions used by management in estimating cash flows for each CGU include future profitability and capital expenditure requirements. The cash flows included in the value in use calculations are generally determined based on historical performance, management's past experience, management's expectation of future trends affecting the industry and other developments and initiatives in the business. Management also considered the impact of COVID-19 on the Group which has been reflected in the cash flow forecasts employed in the value in use calculations. Capital expenditure requirements to maintain the CGUs performance and profitability are based on the Group's strategic plans, excluding future development activity, and broadly assume that historic investment patterns will be maintained.

Sensitivity analysis

Sensitivity analysis has been performed across the four CGUs. If the discount rate was 1% higher than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. Further, a 5% increase would not have resulted in an impairment charge in 2021 or 2020 as there is headroom in the discounted cash flows. If the estimated growth rate was 1% lower than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. If the estimated cash flows were 5% lower than management's estimates, again there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. Management believes that no reasonable change, in normal circumstances, in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount. The potential impact of climate related events was also considered as part of the sensitivity analysis and had no impact on our conclusions.

13. Financial asset investments

	FVOCI Investments €'m	Other Investments €'m	Total €'m
At 1 January 2020	4.3	37.4	41.7
Additions	-	2.0	2.0
Disposals	(3.0)	(2.8)	(5.8)
Fair value movements	(1.3)	3.6	2.3
Exchange translation adjustment	-	(3.2)	(3.2)
At 31 December 2020	-	37.0	37.0
Additions	**4.4**	**4.5**	**8.9**
Disposals	**-**	**(2.1)**	**(2.1)**
Fair value movements	**-**	**3.1**	**3.1**
Exchange translation adjustment	**-**	**3.0**	**3.0**
At 31 December 2021	**4.4**	**45.5**	**49.9**

Investments held at fair value through other comprehensive income

During 2021, the Group made an investment of **€4.4m** in new equity securities. These investments have no fixed maturity or coupon rate. A fair value assessment was performed at 31 December 2021 which did not result in a change to the carrying value of these assets. In October 2020, the Group disposed of its investments in equity securities for a total consideration of €5.3m following a fair value assessment in June 2020, resulting in a decrease to the carrying value of these assets of €1.3m through other comprehensive income.

Other investments

The Group maintains a Rabbi Trust in respect of a non-qualified deferred compensation plan in the USA. The assets of the trust primarily consist of equities, bonds and cash which are restricted for use. These assets are fair valued through profit or loss at each financial year end using quoted market prices. The corresponding liability is recognised within other non-current liabilities (note 22).

14. Investments in joint ventures

	Note	2021 €'m	2020 €'m
At 1 January		17.8	16.2
Share of profit after taxation during the financial year	3	**3.9**	1.6
At 31 December		**21.7**	17.8

The Group has a call option to acquire the remaining 45% interest in Proparent B.V. under an agreed valuation methodology in 2022. The Group is satisfied that the fair value attached to this call option is nominal.

15. Investments in subsidiaries

	2021 €'m	2020 €'m
Company:		
At 1 January	714.4	714.4
Additions	**129.1**	-
At 31 December	**843.5**	714.4

In 2021, the Company increased its investment in Kerry Holding Co. in the US in order to fund acquisitions.

16. Inventories

	2021 €'m	2020 €'m
Raw materials and consumables	**527.2**	409.3
Finished goods and goods for resale	**614.8**	517.8
Expense inventories	**62.2**	48.5
At 31 December	**1,204.2**	975.6

Write-downs of inventories recognised as an expense approximates to **1.4%** (2020: 1.4%) of raw materials and consumables in the Consolidated Income Statement.

17. Deferred tax assets and liabilities

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group:

	Note	Property, Plant and Equipment €'m	Intangible Assets €'m	Tax Credits and NOLs €'m	Retirement Benefits Obligation €'m	Short-Term Temporary Differences and Other Differences €'m	Total €'m
At 1 January 2020		80.6	281.6	(20.0)	(3.3)	(38.9)	300.0
Consolidated Income Statement movement	7	(2.5)	3.8	2.0	3.6	(3.9)	3.0
Recognised in OCI during the financial year		-	-	-	(11.8)	2.0	(9.8)
Related to businesses acquired/(disposed)		-	23.0	-	-	-	23.0
Exchange translation adjustment		(5.7)	(19.7)	1.6	0.1	3.9	(19.8)
At 31 December 2020		72.4	288.7	(16.4)	(11.4)	(36.9)	296.4
Consolidated Income Statement movement	7	**18.4**	**(36.2)**	**0.6**	**0.9**	**(5.7)**	**(22.0)**
Recognised in OCI during the financial year		**-**	**-**	**-**	**20.0**	**(0.1)**	**19.9**
Related to businesses (disposed)/acquired		**(1.8)**	**96.3**	**(11.1)**	**(0.4)**	**(10.4)**	**72.6**
Exchange translation adjustment		**4.6**	**13.4**	**(0.5)**	**(0.7)**	**(4.2)**	**12.6**
At 31 December 2021		**93.6**	**362.2**	**(27.4)**	**8.4**	**(57.3)**	**379.5**

The short-term temporary differences and other temporary differences recognised in other comprehensive income comprise fair value movements on cash flow hedges of **(€0.1m)** (2020: €2.0m). In the above table, NOLs refers to Net Operating Losses.

The following is an analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2021 €'m	2020 €'m
Deferred tax assets	**(67.8)**	(33.8)
Deferred tax liabilities	**447.3**	330.2
	379.5	296.4

The total deductible temporary differences for which deferred tax assets have not been recognised is **€26.9m** (2020: €21.8m). The Group does not have any unrecognised losses which have an expiry date.

Deferred tax has not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The deferred tax liabilities which have not been recognised in respect of these temporary differences are not material as the Group can rely on the availability of participation exemptions and tax credits in the context of the Group's investments in subsidiaries.

An increase of 1% in the tax rates at which deferred tax is calculated would increase the net deferred tax balance of the Group by **€16.7m** (2020: €15.0m).

18. Assets classified as held for sale

	2021 €'m	2020 €'m
Property, plant and equipment	**18.7**	-
	18.7	-

In 2021, the Group held certain property, plant and equipment classified as held for sale in the Taste & Nutrition segment in Europe and North America.

19. Trade and other receivables

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Trade receivables	**1,131.1**	993.2	**-**	-
Loss allowances	**(42.1)**	(37.1)	**-**	-
Trade receivables due within 1 year	**1,089.0**	956.1	**-**	-
Other receivables and prepayments	**55.7**	45.8	**-**	3.9
Amounts due from subsidiaries	**-**	-	**218.9**	165.0
VAT receivable	**31.2**	39.4	**-**	-
Receivables due after 1 year	**5.8**	0.7	**-**	-
	1,181.7	1,042.0	**218.9**	168.9

All receivable balances are due within 1 year except for **€5.8m** (2020: €0.7m) outlined above. All receivable balances are within terms with the exception of certain trade receivables which are past due and are detailed below.

The following table shows an analysis of trade receivables split between past due and within terms accounts, where past due is deemed to be when an account exceeds the agreed terms of trade:

	2021 €'m	2020 €'m
Within terms	**940.1**	829.4
Past due not more than 1 month	**107.2**	92.8
Past due more than 1 month but less than 2 months	**28.3**	22.5
Past due more than 2 months but less than 3 months	**10.5**	9.6
Past due more than 3 months	**2.9**	1.8
Trade receivables (net)	**1,089.0**	956.1

The following table summarises the movement in loss allowances:

	Note	2021 €'m	2020 €'m
At beginning of financial year		37.1	35.7
Increase in loss allowance charged to the Consolidated Income Statement	3	**9.8**	9.6
Utilised during the financial year		**(6.6)**	(5.5)
Exchange translation adjustment		**1.8**	(2.7)
At end of the financial year		**42.1**	37.1

Trade and other receivables are stated at amortised cost less loss allowances. The fair value of these receivables approximates their carrying value as these are short-term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The Group applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors, including the GDP of the countries in which the Group sells its goods and services, that affect the ability of customers to settle receivables.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. These credit limits are reviewed regularly throughout the financial year. The Group does not typically require collateral in respect of trade receivables.

There is no significant concentration of credit risk or transaction currency risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Further disclosures on currency risk are provided in note 24 to the financial statements.

20. Trade and other payables

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Trade payables	**1,577.9**	1,293.9	**7.7**	6.4
Other payables and accruals	**161.9**	186.5	**-**	-
Lease liabilities	**28.0**	27.0	**-**	-
Deferred payments on acquisition of businesses	**4.0**	17.1	**2.3**	4.0
PAYE	**13.1**	11.7	**-**	-
Social security costs	**6.6**	7.1	**-**	-
	1,791.5	1,543.3	**10.0**	10.4

Trade and other payables are stated at amortised cost, which approximates to fair value given the short-term nature of these liabilities. The above balances are all due within 1 year.

21. Deferred income

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Grants					
At beginning of the financial year		21.8	23.1	0.1	0.1
Grants received during the financial year		**3.1**	0.3	**-**	-
Amortised during the financial year	3	**(1.9)**	(2.5)	**-**	-
Businesses disposed	5	**(2.3)**	-	**-**	-
Exchange translation adjustment		**0.2**	0.9	**-**	-
At end of the financial year		**20.9**	21.8	**0.1**	0.1
Analysed as:					
Current liabilities		**3.0**	2.4	**-**	-
Non-current liabilities		**17.9**	19.4	**0.1**	0.1
		20.9	21.8	**0.1**	0.1

There are no material unfulfilled conditions or other contingencies attaching to any government grants received.

22. Other non-current liabilities

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Other payables and accruals	**96.7**	85.3	**-**	-
Lease liabilities	**46.2**	54.5	**-**	-
Deferred payments on acquisition of businesses	**11.0**	5.1	**-**	-
	153.9	144.9	**-**	-

All of the above balances are due within 2 to 5 years except for **€5.6m** (2020: €7.3m) which is not due until after 5 years.

23. Analysis of financial instruments by category

The following table outlines the financial assets and liabilities held by the Group at the balance sheet date:

	Notes	Financial Assets/ (Liabilities) at Amortised Cost 2021 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2021 €'m	Derivatives Designated as Hedging Instruments 2021 €'m	Assets/ (Liabilities) at FVOCI 2021 €'m	Total 2021 €'m
Group:						
Financial asset investments	13	-	45.5	-	4.4	49.9
Forward foreign exchange contracts	24 (i.i)	-	-	15.4	-	15.4
Interest rate swaps	24 (ii.ii)	-	-	34.6	-	34.6
Trade and other receivables	19	1,181.7	-	-	-	1,181.7
Cash at bank and in hand	24 (iii.i)	1,039.1	-	-	-	1,039.1
Total financial assets		2,220.8	45.5	50.0	4.4	2,320.7
Current assets		2,220.8	-	15.2	-	2,236.0
Non-current assets		-	45.5	34.8	4.4	84.7
		2,220.8	45.5	50.0	4.4	2,320.7
Borrowings and overdrafts	24 (iii.i)	(3,112.7)	(10.9)	-	-	(3,123.6)
Forward foreign exchange contracts	24 (i.i)	-	-	(40.6)	-	(40.6)
Interest rate swaps	24 (ii.ii)	-	-	-	-	-
Trade and other payables	20/22	(1,945.4)	-	-	-	(1,945.4)
Total financial liabilities		(5,058.1)	(10.9)	(40.6)	-	(5,109.6)
Current liabilities		(1,797.1)	-	(40.1)	-	(1,837.2)
Non-current liabilities		(3,261.0)	(10.9)	(0.5)	-	(3,272.4)
		(5,058.1)	(10.9)	(40.6)	-	(5,109.6)
Total net financial (liabilities)/assets		(2,837.3)	34.6	9.4	4.4	(2,788.9)

Included in the above table are the following components of total net debt:

Analysis of total net debt by category					
Bank overdrafts	(5.3)	-	-	-	(5.3)
Bank loans	(2.9)	-	-	-	(2.9)
Senior notes	(3,104.5)	(10.9)	-	-	(3,115.4)
Borrowings and overdrafts	(3,112.7)	(10.9)	-	-	(3,123.6)
Interest rate swaps	-	-	34.6	-	34.6
Cash at bank and in hand	1,039.1	-	-	-	1,039.1
Net debt - pre lease liabilities	(2,073.6)	(10.9)	34.6	-	(2,049.9)
Lease liabilities	(74.2)	-	-	-	(74.2)
Total net debt	(2,147.8)	(10.9)	34.6	-	(2,124.1)

23. Analysis of financial instruments by category (continued)

All Group borrowings and overdrafts and interest rate swaps are guaranteed by Kerry Group plc. No assets of the Group have been pledged to secure these items.

As at 31 December 2021 and at 31 December 2020, the Group's debt portfolio included:

- US$750m of senior notes issued in 2013 maturing in 2023 (the 2023 senior notes), of which US$250m were swapped, using cross currency swaps, to euro;
- €750m of senior notes issued in 2015 and €200m issued in April 2020 as a tap onto the original issuance (the 2025 senior notes). €175m of the issuance in 2015 were swapped, using cross currency swaps, to US dollar; and
- €750m of senior notes issued in 2019 (the 2029 senior notes). No interest rate derivatives were entered into for this issuance.

In addition as at 31 December 2021, the Group's debt portfolio includes the December 2021 €750m of euro sustainability-linked bond notes (2031 SLB senior notes) and no interest rate derivatives were entered into for this issuance.

As at 31 December 2020, the Group's debt portfolio included US$200m of senior notes issued in 2010 (private placement notes) which were swapped using cross currency swaps to euro. These notes were repaid in full in June 2021 ahead of their scheduled maturity date. The related cross currency swaps also matured during the same period.

The adjustment to senior notes classified under liabilities at fair value through profit or loss of **€10.9m** (2020: €33.7m) represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is primarily offset by the fair value adjustment on the corresponding hedge items being the underlying cross currency interest rate swaps.

	Notes	Financial Assets/ (Liabilities) at Amortised Cost 2020 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2020 €'m	Derivatives Designated as Hedging Instruments 2020 €'m	Assets/ (Liabilities) at FVOCI 2020 €'m	Total 2020 €'m
Group:						
Financial asset investments	13	-	37.0	-	-	37.0
Forward foreign exchange contracts	24 (i.i)	-	-	14.2	-	14.2
Interest rate swaps	24 (ii.ii)	-	-	81.9	-	81.9
Trade and other receivables	19	1,042.0	-	-	-	1,042.0
Cash at bank and in hand	24 (iii.i)	563.1	-	-	-	563.1
Total financial assets		1,605.1	37.0	96.1	-	1,738.2
Current assets		1,605.1	-	14.1	-	1,619.2
Non-current assets		-	37.0	82.0	-	119.0
		1,605.1	37.0	96.1	-	1,738.2
Borrowings and overdrafts	24 (iii.i)	(2,474.9)	(33.7)	-	-	(2,508.6)
Forward foreign exchange contracts	24 (i.i)	-	-	(10.5)	-	(10.5)
Interest rate swaps	24 (ii.ii)	-	-	-	-	-
Trade and other payables	20/22	(1,688.2)	-	-	-	(1,688.2)
Total financial liabilities		(4,163.1)	(33.7)	(10.5)	-	(4,207.3)
Current liabilities		(1,546.1)	-	(10.0)	-	(1,556.1)
Non-current liabilities		(2,617.0)	(33.7)	(0.5)	-	(2,651.2)
		(4,163.1)	(33.7)	(10.5)	-	(4,207.3)
Total net financial (liabilities)/assets		(2,558.0)	3.3	85.6	-	(2,469.1)

23. Analysis of financial instruments by category (continued)

Included in the above table are the following components of total net debt:

	Financial Assets/ (Liabilities) at Amortised Cost 2020 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2020 €'m	Derivatives Designated as Hedging Instruments 2020 €'m	Assets/ (Liabilities) at FVOCI 2020 €'m	Total 2020 €'m
Analysis of total net debt by category					
Bank overdrafts	(2.8)	-	-	-	(2.8)
Bank loans	-	-	-	-	-
Senior notes	(2,472.1)	(33.7)	-	-	(2,505.8)
Borrowings and overdrafts	(2,474.9)	(33.7)	-	-	(2,508.6)
Interest rate swaps	-	-	81.9	-	81.9
Cash at bank and in hand	563.1	-	-	-	563.1
Net debt - pre lease liabilities	(1,911.8)	(33.7)	81.9	-	(1,863.6)
Lease liabilities	(81.5)	-	-	-	(81.5)
Total net debt	(1,993.3)	(33.7)	81.9	-	(1,945.1)

The following table outlines the financial assets and liabilities held by the Company at the balance sheet date:

	Notes	**2021 €'m**	2020 €'m
Company:			
Financial assets at amortised cost			
Cash at bank and in hand		**0.1**	-
Trade and other receivables	19	**218.9**	168.9
Total financial assets - all current		**219.0**	168.9
Financial liabilities at amortised cost			
Borrowings and overdrafts		**-**	-
Trade and other payables	20	**(10.0)**	(10.4)
Total financial liabilities - all current		**(10.0)**	(10.4)
Total net financial assets		**209.0**	158.5

24. Financial instruments

Capital management

The financing structure of the Group is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business. The Group targets acquisition and investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow or borrowings while maintaining its strong investment grade credit rating.

The capital structure of the Group consists of debt related financial liabilities, cash and cash equivalents, deferred payments on acquisitions of businesses and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings are disclosed in the Consolidated Statement of Changes in Equity, as represented in the table below:

	Notes	2021 €'m	2020 €'m
Issued capital and reserves attributable to owners of the parent		**5,601.2**	4,655.5
Net debt - pre lease liabilities	23	**2,049.9**	1,863.6
Lease liabilities	20/22	**74.2**	81.5
Deferred payments on acquisition of businesses	20/22	**15.0**	22.2
		7,740.3	6,622.8

During the financial year the Group undertook four notable debt financing events, the first three of which were completed in June.

The Group entered into a dedicated bridge facility for US$1,000m for the acquisition of Niacet. This facility was drawn on the closure of the acquisition in late Q3 2021 and was repaid and cancelled in early Q4 2021, with repayment funded predominantly out of the proceeds from the sale of the Consumer Foods Meats and Meals business.

The Group exercised the second of the two 'plus one' extension options on its €1,100m revolving credit facility to extend the maturity date of this facility for the full €1,100m to June 2026. As part of this process the Group amended and restated the facility agreement to allow for IBOR replacement language. This amendment to immediately adopt SONIA for GBP loans and to allow for switch language for US Dollars at a future date has no commercial impact on the Group. In keeping with the Group's commitment to Sustainability, the facility incorporates a price adjustment mechanism which is linked to the Group meeting or exceeding its carbon, water and food waste reduction targets.

The Group repaid US$200m of outstanding private placement notes ahead of the scheduled maturity date (Tranche C US$125m and Tranche D US$75m of the 2010 senior notes). At the time of issuance the US$200m of private placement notes were swapped from US dollar fixed rate to euro floating rate using cross currency interest rate swaps which were closed out at the time of the repayment. The net cash outflow was funded from existing cash resources of the Group. Following repayment of the US$200m of private placement notes, the Group has no borrowings that carry financial covenants.

In December 2021 the Group issued €750m 10-year euro sustainability-linked bond notes (2031 SLB senior notes). The issuance is listed on the Euronext Dublin - Global Exchange Market. The proceeds of the issuance will be used for general corporate purposes including the repayment of indebtedness and the funding of acquisitions in the ordinary course of business. The SLB senior notes embed key 'Beyond the Horizon' sustainability commitments into our financing.

All senior notes issued by the Group are rated by S&P (BBB+) and Moody's (Baa2).

Net debt is subject to seasonal fluctuations that can be up to 25% above year end debt levels, before allowance for acquisition activity undertaken during the financial year.

Capital is managed by setting net debt to earnings before finance income and costs, income taxes, depreciation (net), intangible asset amortisation and non-trading items (EBITDA) targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible in a period of time that retains our strong investment grade credit rating, otherwise consideration would be given to issuing additional equity in the Group.

	2021 Times	2020 Times
Net debt: EBITDA	**2.0**	1.9
EBITDA: Net interest	**14.9**	13.8

The Net debt: EBITDA and EBITDA: Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

For the financial year end 31 December 2020, the private placement notes issued in 2010 had $200m outstanding and this series of notes carry financial covenants calculated in accordance with the Note Purchase Agreement. The principal financial covenants were that the ratio of Net debt to EBITDA of a maximum of 3.5 times and EBITDA to Net interest charge of a minimum of 4.0 times. The actual outturn for 2020 were 1.9 times and 13.8 times respectively.

24. Financial instruments (continued)

Financial risk management objectives

The Group has a clearly defined Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Audit. The Group operates a centralised treasury function, which manages the principal financial risks of the Group and Company.

The principal objectives of the Group's Financial Risk Management Programme are:
- to manage the Group's exposure to foreign exchange rate risk;
- to manage the Group's exposure to interest rate risk;
- to ensure that the Group has sufficient credit facilities available to fund the Group and manage liquidity risk; and
- to ensure that counterparty credit risk is monitored and managed.

Residual exposures not managed commercially are hedged using approved financial instruments. The use of financial derivatives is governed by the Group's policies and procedures. The Group does not engage in speculative trading.

The principal objectives of the Group's Financial Risk Management Programme are further discussed across the following categories:
(i) Foreign exchange rate risk management - key foreign exchange exposure of the Group and the disclosures on forward foreign exchange contracts.
(ii) Interest rate risk management - key interest rate exposures of the Group and the disclosures on interest rate derivatives.
(iii) Liquidity risk management - key banking facilities available to the Group and the maturity profile of the Group's debt.
(iv) Credit risk management - details in relation to the management of credit risk within the Group.
(v) Price risk management - key price risk exposures of the Group.
(vi) Fair value of financial instruments - disclosures in relation to the fair value of financial instruments.
(vii) Offsetting financial instruments - disclosures in relation to the potential offsetting values in financial instruments.

(i) Foreign exchange rate risk management

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency. Group policy is to manage foreign currency exposures commercially and through netting of exposures wherever possible. Any residual exposures arising on foreign exchange transactions are hedged in accordance with Group policy using approved financial instruments, which consist primarily of spot and forward exchange contracts and currency swaps.

As at 31 December, the Group had an exposure to a US dollar liability of **€13.1m** (2020: €29.4m asset) and a sterling asset of **€36.5m** (2020: €8.4m). Based on these net positions, as at 31 December 2021, a weakening of 5% of the US dollar and sterling against all other key operational currencies, and holding all other items constant, would have impacted the profit after taxation of the Group for the financial year by a decrease of €1.0m (2020: €1.6m).

The Group's gain or loss on the retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve. As at 31 December 2021 a 5% strengthening of the euro against the US dollar and sterling, holding all other items constant, would have resulted in an additional translation reserve loss of **€25.9m** (2020: €21.6m) and **€23.2m** (2020: €22.9m), respectively.

(i.i) Forward foreign exchange contracts

The Group's activities expose it to risks of changes in foreign currency exchange rates in relation to international trading, primarily sales in US dollar and sterling out of the Eurozone and sales and purchases in US dollar in APMEA. The Group uses forward foreign exchange contracts to hedge these exposures. All such exposures are highly probable. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

The following table details the portfolio of forward foreign exchange contracts* at the balance sheet date:

	2021 €'m Asset	**2021 €'m Liability**	**2021 €'m Total**	2020 €'m Asset	2020 €'m Liability	2020 €'m Total
Designated in a hedging relationship:						
- current [1]	**15.2**	**(40.1)**	**(24.9)**	14.1	(10.0)	4.1
- non-current [2]	**0.2**	**(0.5)**	**(0.3)**	0.1	(0.5)	(0.4)
Forward foreign exchange contracts	**15.4**	**(40.6)**	**(25.2)**	14.2	(10.5)	3.7

* Location of line item in the Consolidated Balance Sheet
[1] Other current financial instruments
[2] Other non-current financial instruments

24. Financial instruments (continued)

Financial risk management objectives (continued)

(i) Foreign exchange rate risk management (continued)

(i.i) Forward foreign exchange contracts (continued)

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 twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the underlying highly probable forecasted transactions (hedged item) and the forward foreign exchange contracts (hedged instruments). As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the forward foreign currency exchange contract are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hypothetical derivative method to assess effectiveness.

The Group does not hold any forward foreign exchange contracts classified as fair value hedges.

The following table details the foreign exchange contracts classified as cash flow hedges at 31 December:

	Fair Value Asset/(Liability)		Notional Principal	
	2021 €'m	2020 €'m	**2021 €'m**	2020 €'m
Forward foreign exchange contracts				
less than 1 year	**(24.9)**	4.1	**2,798.0**	1,105.0
1 - 2 years	**(0.3)**	(0.4)	**50.2**	31.4
Forward foreign exchange contracts - cash flow hedges	**(25.2)**	3.7	**2,848.2**	1,136.4

The following table details the impact of forward foreign exchange contracts - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Forward foreign exchange contracts - cash flow hedges	**(25.2)**	3.7
Retained earnings and other reserves:		
Cash flow hedging reserve	**(3.2)**	(2.9)
Amount reclassified from OCI to profit or loss	**28.4**	(0.8)
	25.2	(3.7)

The fair value included in the hedging reserve will primarily be released to the Consolidated Income Statement within **9 months** (2020: 7 months) of the balance sheet date. All forward contracts relate to sales revenue and purchases made in their respective currencies and forward foreign exchange contracts that provide a hedge against foreign currency receivables from 'within Group' lending.

The following table details the impact of forward foreign exchange contracts* - cash flow hedges on the Consolidated Income Statement and Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Movements recognised in the Consolidated Statement of Comprehensive Income		
Total hedging gain recognised in OCI in the financial year	**0.8**	(2.1)
Amount reclassified from OCI to profit or loss	**(0.5)**	3.4
	0.3	1.3
Movements recognised in the Consolidated Income Statement		
Income reclassified from OCI to profit or loss [1]	**0.5**	(3.4)
Ineffectiveness recognised in profit or loss [1]	**-**	-
	0.5	(3.4)

* Location of line item in the Consolidated Income Statement

[1] Other general overheads

There were no transactions during 2021 or 2020 which were designated as hedges that did not occur, nor are there hedges on forecast transactions that are no longer expected to occur.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management

The Group is exposed to interest rate risk as the Group holds borrowings on both a fixed and floating basis. This exposure to interest rate risk is managed by optimising the mix of fixed and floating rate borrowings and by using interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures, in accordance with Group policy as approved by the Board of Directors. The Group reviews the mix of fixed and floating rate borrowings on an ongoing basis and adjusts where necessary to comply with Group policy. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

(ii.i) Interest rate profile of financial liabilities excluding related derivatives fair value

The Group's exposure to interest rates on financial assets and liabilities are detailed in the table below including the impact of cross currency swaps (CCS) on the currency profile of net debt (including lease liabilities):

	Total Pre CCS €'m	Impact of CCS €'m	Total after CCS €'m	Floating Rate Debt €'m	Fixed Rate Debt €'m
Euro	**(1,831.1)**	**(45.9)**	**(1,877.0)**	**618.9**	**(2,495.9)**
Sterling	**74.5**	**-**	**74.5**	**74.5**	**-**
US Dollar	**(513.5)**	**45.9**	**(467.6)**	**(246.7)**	**(220.9)**
Others	**122.3**	**-**	**122.3**	**122.3**	**-**
At 31 December 2021	**(2,147.8)**	**-**	**(2,147.8)**	**569.0**	**(2,716.8)**
Euro	(1,562.0)	(191.7)	(1,753.7)	(25.0)	(1,728.7)
Sterling	78.2	-	78.2	78.2	-
US Dollar	(591.5)	191.7	(399.8)	(196.1)	(203.7)
Others	82.0	-	82.0	82.0	-
At 31 December 2020	(1,993.3)	-	(1,993.3)	(60.9)	(1,932.4)

The currency profile of debt highlights the impact of the **US$250m** (2020: US$450m) of cross currency swaps entered into at the time of issuance of senior notes. For the 2013 senior notes, US$250m were swapped from US dollar fixed to euro fixed and accounted for as cash flow hedges. As at 31 December 2020, the US$200m private placement notes were swapped from US dollar fixed to euro floating and are accounted for as fair value hedges. All cross currency swaps relating to the private placements notes matured in June 2021. The retranslation of the foreign currency debt of **US$250m** (2020: US$450m) to the balance sheet rate resulted in a foreign currency loss of **€25.5m** (2020: €36.8m) which is directly offset by a gain of **€25.5m** (2020: €36.8m) on the application of hedge accounting on the cross currency swaps.

In addition, the Group holds €950m of 2025 senior notes of which €750m were issued in 2015 and €200m were issued in 2020. €175m of the 2025 senior notes from 2015 were swapped, using cross currency swaps, from euro fixed to US dollar floating and are accounted for as fair value hedges of the related debt. The fair value of the related derivative includes an asset of **€2.9m** (2020: €16.2m) for movement in exchange rates since the date of execution which is directly offset by a loss of **€2.9m** (2020: €16.2m) on the application of hedge accounting on the cross currency swaps.

The floating rate financial liabilities are at rates which fluctuate mainly based upon LIBOR or EURIBOR and comprise of bank borrowings and other financial liabilities bearing interest rates fixed in advance for periods ranging from 1 to 6 months. At the financial year end **15%** (2020: 24%) of gross debt was held at floating rates.

If the interest rates applicable to floating rate net debt were to rise by 1% holding all other items constant, the profit of the Group before taxation and non-trading items in the Consolidated Income Statement could decrease by 1% (2020: 1%).

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts

The Group's activities expose it to risks of changes in interest rates in relation to long-term debt. The Group uses interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair values.

The Group adopts an 'exit price' approach to valuing interest rate derivatives to allow for credit risk.

The following table details the portfolio of interest rate derivative contracts* at the balance sheet date:

	Notes	2021 €'m Asset	2021 €'m Liability	2021 €'m Total	2020 €'m Asset	2020 €'m Liability	2020 €'m Total
Designated in a hedging relationship:							
Interest rate swap contracts - cash flow hedges	(a)	**23.8**	**-**	**23.8**	8.4	-	8.4
- non-current [2]		**23.8**	**-**	**23.8**	8.4	-	8.4
Interest rate swap contracts - fair value hedges	(b)	**10.8**	**-**	**10.8**	73.5	-	73.5
- non-current [2]		**10.8**	**-**	**10.8**	73.5	-	73.5
Interest rate swap contracts		**34.6**	**-**	**34.6**	81.9	-	81.9

* Location of line item in the Consolidated Balance Sheet
1 Other current financial instruments
2 Other non-current financial instruments

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the identified notional amount of the underlying debt instrument (hedged item) and the interest rate swap contract (hedged instrument).

Interest rate swap

As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness may occur due to the credit/debit value adjustment on the interest rate swaps which is not matched by the loan.

Cross currency interest rate swap

The Group uses the hypothetical derivative method to assess effectiveness for such swaps as while the critical terms match, both qualitative and quantitative assessments are required to be performed as there remains characteristics in cross currency interest rate swap contracts that are not present in the hedged item, being basis risks. The Group has established a 1:1 hedge ratio as the underlying risks in the cross currency interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship and at each reporting date.

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 twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months. The classification of the maturity profile of the interest rate derivative contracts are set out in the following tables (a) and (b).

The tables as set out reflect the hedging relationships affected by interest rate benchmark reform (IBOR reform) as financial instruments transition to risk free rates. Group Treasury are managing the IBOR transition process. The principal change is expected to be for the contractual terms of IBOR-referenced interest rate swaps and debt instruments and the related impact on hedge designation, systems and processes. While general communication with swap and debt counterparties has commenced, no specific changes have been agreed to date. In assessing the potential impact the Group has assumed that the uncertainty in relation to the IBOR reform will remain until the Group has completed specific changes with the swap and debt counterparties and the Group will continue to apply the amendments to IFRS 9 'Financial Instruments' until this date.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts (continued)

Cross currency interest rate swap (continued)

(a) Interest rate swap contracts - cash flow hedges

Under interest rate swap contracts, including cross currency interest rate swaps, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the cash flow hedges, where the Group receives a floating or a fixed interest rate and pays fixed interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset		Notional Principal	
	2021 %	2020 %	**2021 €'m**	2020 €'m	**2021 €'m**	2020 €'m
Interest rate swap contracts						
2 - 5 years	**2.58**	2.58	**23.8**	8.4	**220.9**	203.7
Interest rate swap contracts - cash flow hedges			**23.8**	8.4	**220.9**	203.7

The following table details the impact of interest rate swap contracts* - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Interest rate swap contracts - cash flow hedges	**23.8**	8.4
Fixed rate borrowings:		
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations[1]	**(25.5)**	(8.3)
Retained earnings and other reserves:		
Cash flow hedging reserve	**1.8**	0.3
Cost of hedging reserve	**(0.3)**	(0.6)
Accumulated hedge ineffectiveness	**0.2**	0.2
	(23.8)	(8.4)

* Location of line item in the Consolidated Balance Sheet

[1] Borrowings and overdrafts

The following table details the impact of interest rate swap contracts - cash flow hedges on the Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Total hedging loss recognised in cash flow hedging reserve	**19.1**	(27.7)
Total hedging gain recognised in cost of hedging reserve	**0.3**	0.7
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations	**(17.2)**	18.9
Amount reclassified from OCI to profit or loss re: interest rate fluctuations	**(0.4)**	(0.5)
Ineffectiveness recognised in profit or loss	**-**	(0.2)
Net impact	**1.8**	(8.8)

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts (continued)

(a) Interest rate swap contracts - cash flow hedges (continued)

The following table details the income/(expense) impact of interest rate swap contracts* - cash flow hedges and the hedged item on the Consolidated Income Statement during the financial year:

	2021 €'m	2020 €'m
Interest rate swap contracts - cash flow hedges:		
Foreign exchange rate fluctuations [1]	**17.2**	(18.9)
Amount reclassified from OCI to profit or loss re: interest rate fluctuations [2]	**0.4**	0.5
Ineffectiveness recognised in profit or loss [2]	**-**	0.2
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**(17.2)**	18.9
Net impact	**0.4**	0.7

* Location of line item in the Consolidated Income Statement
[1] Other general overheads
[2] Finance costs

The interest rate swaps settle on a 6 monthly basis, the difference between the floating rate or fixed rate due to be received and the fixed rate to be paid are settled on a net basis.

(b) Interest rate swap contracts - fair value hedges

Under interest rate swap contracts including cross currency interest rate swaps, the Group agrees to exchange the difference between the floating and fixed interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the fair value hedges, where the Group receives a fixed interest rate and pays a floating interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset		Notional Principal	
	2021 %	2020 %	2021 €'m	2020 €'m	2021 €'m	2020 €'m
Interest rate swap contracts						
less than 1 year	**-**	-	**-**	-	**-**	-
1 - 2 years	**3.2**	4.9	**3.8**	21.9	**220.9**	101.9
2 - 5 years	**2.4**	3.1	**7.0**	51.6	**175.0**	439.8
> 5 years	**-**	-	**-**	-	**-**	-
Interest rate swap contracts - fair value hedges			**10.8**	73.5	**395.9**	541.7

The interest rate swaps settle on a 6 monthly or annual basis. The floating interest rate paid by the Group is based on 6 month EURIBOR or LIBOR. All hedges are highly effective on a prospective and retrospective basis.

24. Financial instruments (continued)

Financial risk management objectives (continued)
(ii) Interest rate risk management (continued)
(ii.ii) Interest rate swap contracts (continued)
(b) Interest rate swap contracts - fair value hedges (continued)

The following table details the impact of interest rate swap contracts* - fair value hedges and the hedged items on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Interest rate swap contracts - fair value hedges	**10.8**	73.5
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**-**	(28.5)
Interest rate movements [1]	**(10.9)**	(33.7)
Receivables:		
Foreign exchange rate fluctuations [2]	**(2.9)**	(16.2)
Retained earnings and other reserves:		
Hedge ineffectiveness	**0.4**	2.0
Cost of hedging reserve	**2.6**	2.9
	(10.8)	(73.5)

* Location of line item in the Consolidated Balance Sheet
[1] Borrowings and overdrafts
[2] Receivables: €175m of the 2015 senior notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity

The following table details the impact of interest rate swap contracts - fair value hedges on the Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Amounts recognised in the cost of hedging reserve	**(0.3)**	0.1

The following table details the income/(expense) impact of interest rate swap contracts*/** - fair value hedges and the hedged items on the Consolidated Income Statement during the financial year:

	2021 €'m	2020 €'m
Interest rate swap contracts - fair value hedges:		
Foreign exchange rate fluctuations [1]	**(12.1)**	(0.4)
Interest rate movements [2]	**(12.3)**	8.7
Ineffectiveness recognised in profit or loss [2]	**1.1**	0.7
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**(1.3)**	15.2
Interest rate movements [2]	**12.3**	(8.7)
Receivables:		
Foreign exchange rate fluctuations [3]	**13.4**	(14.8)
Net impact	**1.1**	0.7

* Location of line item in the Consolidated Income Statement
** Location of line item in the Consolidated Balance Sheet
[1] Other general overheads
[2] Finance costs
[3] Receivables: €175m of the 2015 senior notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity within the Group

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management

Liquidity risk considers the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There is no significant concentration of liquidity risk.

The Group entered 2021 with significant available liquidity and no significant loan maturities arising until April 2023. During 2021, this position was further strengthened by (a) completing a €750m sustainability-linked bond issuance (2031 SLB Senior Notes) and (b) the exercise of the second of the two 'plus one year' extension options on our June 2019 revolving credit facility.

Group funding and liquidity is managed by ensuring that sufficient facilities are available from diverse funding sources with an appropriate spread of debt maturities. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group.

Group businesses are funded from cash generated from operations, borrowings from banks and senior notes from capital markets. It is Group policy to ensure that:

- sufficient facilities are available to cover its gross forecast debt by at least 1.25 times; and
- at least 75% of total facilities available are committed.

Both targets were met at 31 December 2021 and 2020.

All Group credit facilities are arranged and managed by Group Treasury and approved by the Board of Directors. Where possible, facilities have common security and terms and conditions. Other than the pre existing contractual exercise of the 'plus one year' extension option on the revolving credit facility agreement, the Group did not undertake any liability modifications to contracts for existing debt during 2021.

At 31 December 2021, the Group had undrawn committed bank facilities of **€1,100m** (2020: €1,100m), and a portfolio of undrawn standby facilities amounting to **€337m** (2020: €320m). The undrawn committed facilities comprise primarily of a revolving credit facility maturing between **4 - 5 years** (2020: between 4 - 5 years). As set out above during the year the Group exercised the second of its two 'plus one year' extension options on the revolving credit facility. As a result of the extension option the Group now holds a committed facility until June 2026 for €1,100m.

(iii.i) Contractual maturity profile of non-derivative financial instruments

The following table details the Group's remaining contractual maturity of its non-derivative financial instruments, including lease liabilities and deferred payments on acquisitions of businesses, excluding the remaining trade and other payables (note 20) and other non-current liabilities (note 22), of which **€1,759.5** (2020: €1,499.2m) is payable within 1 year, **€96.7m** (2020: €85.3m) between 2 and 5 years. This information has been drawn up based on the undiscounted cash flows of financial liabilities to the earliest date on which the Group can be required to repay. The analysis includes both interest commitments and principal cash flows. To the extent that interest rates are floating, the rate used is derived from interest rate yield curves at the end of the reporting date and as such, are subject to change based on market movements.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.i) Contractual maturity profile of non-derivative financial instruments (continued)

	Note	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Bank overdrafts		(5.3)	-	-	-	(5.3)
Bank loans		(0.3)	(2.6)	-	-	(2.9)
Senior notes		-	(662.6)	(956.4)	(1,485.5)	(3,104.5)
Borrowings and overdrafts		(5.6)	(665.2)	(956.4)	(1,485.5)	(3,112.7)
Lease liabilities (undiscounted)	11 (iii.iv)	(31.0)	(22.2)	(22.3)	(6.9)	(82.4)
Deferred payments on acquisition of businesses		(4.0)	(4.6)	(6.4)	-	(15.0)
		(40.6)	(692.0)	(985.1)	(1,492.4)	(3,210.1)
Interest commitments on borrowings and overdrafts		(55.0)	(39.6)	(72.0)	(45.0)	(211.6)
At 31 December 2021		**(95.6)**	**(731.6)**	**(1,057.1)**	**(1,537.4)**	**(3,421.7)**
Reconciliation to net debt position:						
Borrowings and overdrafts		(5.6)	(665.2)	(956.4)	(1,485.5)	(3,112.7)
Senior notes - fair value adjustment		-	(3.8)	(7.1)	-	(10.9)
Borrowings and overdrafts		(5.6)	(669.0)	(963.5)	(1,485.5)	(3,123.6)
Interest rate swaps		-	27.6	7.0	-	34.6
Cash at bank and in hand		1,039.1	-	-	-	1,039.1
Net debt - pre lease liabilities		1,033.5	(641.4)	(956.5)	(1,485.5)	(2,049.9)
Lease liabilities (discounted)	11 (iii.iv)	(28.0)	(19.7)	(20.9)	(5.6)	(74.2)
Total net debt as at 31 December 2021		**1,005.5**	**(661.1)**	**(977.4)**	**(1,491.1)**	**(2,124.1)**

	Note	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Bank overdrafts		(2.8)	-	-	-	(2.8)
Bank loans		-	-	-	-	-
Senior notes		-	(101.9)	(1,630.3)	(739.9)	(2,472.1)
Borrowings and overdrafts		(2.8)	(101.9)	(1,630.3)	(739.9)	(2,474.9)
Lease liabilities (undiscounted)	11 (iii.iv)	(31.4)	(22.6)	(29.0)	(9.1)	(92.1)
Deferred payments on acquisition of businesses		(17.1)	(1.6)	(3.5)	-	(22.2)
		(51.3)	(126.1)	(1,662.8)	(749.0)	(2,589.2)
Interest commitments on borrowings and overdrafts		(54.9)	(50.2)	(86.4)	(17.4)	(208.9)
At 31 December 2020		(106.2)	(176.3)	(1,749.2)	(766.4)	(2,798.1)
Reconciliation to net debt position:						
Borrowings and overdrafts		(2.8)	(101.9)	(1,630.3)	(739.9)	(2,474.9)
Senior notes - fair value adjustment		-	(4.3)	(29.4)	-	(33.7)
Borrowings and overdrafts		(2.8)	(106.2)	(1,659.7)	(739.9)	(2,508.6)
Interest rate swaps		-	21.9	60.0	-	81.9
Cash at bank and in hand		563.1	-	-	-	563.1
Net debt - pre lease liabilities		560.3	(84.3)	(1,599.7)	(739.9)	(1,863.6)
Lease liabilities (discounted)	11 (iii.iv)	(27.0)	(20.6)	(26.6)	(7.3)	(81.5)
Total net debt as at 31 December 2020		533.3	(104.9)	(1,626.3)	(747.2)	(1,945.1)

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.ii) Contractual maturity profile of derivative financial instruments

The following table details the Group's remaining contractual maturity of its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis. To the extent that the amounts payable or receivable are not fixed, the rate used is derived from interest rate yield curves at the end of the reporting date and as such are subject to change based on market movements.

	On demand & up to 1 year €'m	**Up to 2 years €'m**	**2 - 5 years €'m**	**> 5 years €'m**	**Total €'m**
Interest rate swaps inflow	**18.3**	**33.5**	**9.9**	**-**	**61.7**
Interest rate swaps outflow	**(12.4)**	**(7.6)**	**(9.3)**	**-**	**(29.3)**
Net interest rate swaps inflow	**5.9**	**25.9**	**0.6**	**-**	**32.4**
Forward foreign exchange contracts outflow	**(24.9)**	**(0.3)**	**-**	**-**	**(25.2)**
At 31 December 2021	**(19.0)**	**25.6**	**0.6**	**-**	**7.2**

	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Interest rate swaps inflow	25.3	38.4	52.2	-	115.9
Interest rate swaps outflow	(12.5)	(11.7)	(9.0)	-	(33.2)
Net interest rate swaps inflow	12.8	26.7	43.2	-	82.7
Forward foreign exchange contracts inflow/ (outflow)	4.1	(0.4)	-	-	3.7
At 31 December 2020	16.9	26.3	43.2	-	86.4

Included in the interest rate swaps inflow and outflow is the foreign currency differential on final maturity of the cross currency interest rate swaps as follows:

Swaps inflow
- Up to 1 year - swaps inflow of **€nil** (2020: €nil)
- 1 - 2 years - swaps inflow of **€25.5m** (2020: €17.8m)
- 2 - 5 years - swaps inflow of **€2.9m** (2020: €35.2m)
- Greater than 5 years - swaps inflow of **€nil** (2020: €nil)

(iii.iii) Summary of borrowing arrangements

(a) Bank loans

Bank loans comprise committed term loan facilities, committed revolving credit facilities, bilateral term loans and other uncommitted facilities:
- Demand facilities;
- Committed Syndicate revolving credit facilities of €1,100m to June 2026;
- Bilateral term loans with maturities ranging up to 1 year; and
- The Group also held a dedicated bridge facility of US$1,000m during the financial year under review. This facility was drawn on the closure of the acquisition of Niacet in late Q3 2021 and was repaid and cancelled in early Q4 2021, funded predominantly out of the proceeds from the sale of the Consumer Foods Meats and Meals business.

(b) 2031 Euro Senior Notes - public

In 2021 the Group issued €750m of euro sustainability-linked bond notes (2031 SLB Senior Notes) at an interest rate of 0.875% with a maturity date on 1 December 2031. The Notes include targets to 1) Reduce absolute Scope 1 & 2 carbon emissions by 55% by 2030 against the 2017 baseline; 2) Reduce Food Waste by 50% by 2030 against the 2017 baseline. Should either of these targets not be met by 2030 there is a +0.5% increase in the final interest coupon. If both targets are not met there is a 1% increase in the final interest coupon. The step up in the interest coupon (if any) is payable to investors on the last interest payment date in December 2031.

(c) 2029 Euro Senior Notes - public (2029 Senior Notes)

In 2019 the Group issued a 10 year euro note of €750m at an interest rate of 0.625% with a maturity date on 20 September 2029.

(d) 2025 Euro Senior Notes - public (2025 Senior Notes)

In 2015 the Group issued a debut 10 year euro note of €750m at an interest rate of 2.375% with a maturity date on 10 September 2025. During 2020 the Group completed a €200m tap issuance of the onto our 2025 Euro Senior Notes.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.iii) Summary of borrowing arrangements (continued)

(e) 2023 US dollar Senior Notes - public (2023 Senior Notes)

In 2013 the Group issued a debut 10 year USA public note of US$750m at an interest rate of 3.2% with a maturity date on 9 April 2023.

(f) 2010 Senior Notes - private placement notes

The Group placed US$600m of senior notes with USA institutional investors in four tranches with maturity as follows:

- Tranche A of US$192m - matured and repaid on 20 January 2017
- Tranche B of US$208m - matured and repaid on 20 January 2020
- Tranche C of US$125m - repaid in June 2021 ahead of its scheduled maturity of 20 January 2022
- Tranche D of US$75m - repaid in June 2021 ahead of its scheduled maturity of 20 January 2025

The interest rates listed above are before the effects of related interest rate swaps.

(g) Lease liabilities

The Group's lease liabilities are set out in note 11 (iii).(iii).

(iv) Credit risk management

Cash deposits and other financial assets give rise to credit risk on the amounts due from counterparties.

The Group controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At 31 December 2021 and 2020 all cash, short-term deposits and other liquid investments had a maturity of less than 3 months. Cash at bank and in hand of **€1,039.1m** (2020: €554.9m) includes an amount of **€545.0m** (2020: €210.2m) held on short-term deposit of which **€100.0m** (2020: €75m) was held under a Sustainable Deposits programme.

Credit risk exposure to financial institutions is actively managed across the portfolio of institutions by setting appropriate credit exposure limits based on a value at risk calculation that takes EBITDA of the Group and calculates approved tolerance levels based on credit default swap rates for the financial institutions. These levels are applied in controlling the level of material surplus funds that are placed with counterparties and for controlling the institutions with which the Group enters into derivative contracts. Credit default swaps are updated and reviewed on an ongoing basis.

The Group's exposure to its counterparties is continuously monitored and the aggregate value of transactions entered into is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The Group's maximum exposure to credit risk consists of gross trade receivables (note 19), cash deposits (note 23) and other financial assets (note 23), which are primarily interest rate swaps and foreign exchange contracts.

(v) Price risk management

The Group's exposure to equity securities price risk, due to financial asset investments held, is considered to be low as the level of securities held versus the Group's net assets is not material.

(vi) Fair value of financial instruments

(a) Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on:

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

24. Financial instruments (continued)

Financial risk management objectives (continued)

(vi) Fair value of financial instruments (continued)

(a) Fair value of financial instruments carried at fair value (continued)

		Fair Value Hierarchy	2021 €'m	2020 €'m
Financial assets				
Interest rate swaps:	Non-current	Level 2	**34.6**	81.9
	Current	Level 2	**-**	-
Forward foreign exchange contracts:	Non-current	Level 2	**0.2**	0.1
	Current	Level 2	**15.2**	14.1
Financial asset investments:	Fair value through profit or loss	Level 1	**45.5**	37.0
	Fair value through other comprehensive income	Level 3	**4.4**	-
Financial liabilities				
Forward foreign exchange contracts:	Non-current	Level 2	**(0.5)**	(0.5)
	Current	Level 2	**(40.1)**	(10.0)

The reconciliation of Level 3 assets is provided in note 13. There have been no transfers between levels during the current or prior financial year.

(b) Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Fair Value Hierarchy	Carrying Amount 2021 €'m	Fair Value 2021 €'m	Carrying Amount 2020 €'m	Fair Value 2020 €'m
Financial liabilities					
Senior notes - Public	Level 2	**(3,104.5)**	**(3,174.7)**	(2,309.2)	(2,466.9)
Senior notes - Private	Level 2	**-**	**-**	(163.0)	(177.3)
		(3,104.5)	**(3,174.7)**	(2,472.2)	(2,644.2)

(c) Valuation principles

The fair value of financial assets and liabilities are determined as follows:

- assets and liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices. This includes equity investments;
- other financial assets and liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This includes interest rate swaps and forward foreign exchange contracts which are determined by discounting the estimated future cash flows;
- the fair values of financial instruments that are not based on observable market data (unobservable inputs) requires entity specific valuation techniques; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(vii) Offsetting financial instruments

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the Consolidated Balance Sheet. This is because the Group does not have any current legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. No collateral is paid or received.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

The table also sets out where the Group has offset bank overdrafts against cash at bank and in hand based on a legal right of offset as set out in the banking agreements.

	Gross amounts of financial assets in the Consolidated Balance Sheet €'m	Gross amounts of financial liabilities in the Consolidated Balance Sheet €'m	Amounts of financial instruments presented in the Consolidated Balance Sheet €'m	Related financial instruments that are not offset €'m	Net amount €'m
At 31 December 2021					
Financial assets					
Cash at bank and in hand	**1,039.1**	-	**1,039.1**	-	**1,039.1**
Forward foreign exchange contracts	**15.4**	-	**15.4**	**(10.1)**	**5.3**
Interest rate swaps	**34.6**	-	**34.6**	-	**34.6**
	1,089.1	-	**1,089.1**	**(10.1)**	**1,079.0**
Financial liabilities					
Bank overdrafts	-	**(5.3)**	**(5.3)**	-	**(5.3)**
Forward foreign exchange contracts	-	**(40.6)**	**(40.6)**	**10.1**	**(30.5)**
Interest rate swaps	-	-	-	-	-
	-	**(45.9)**	**(45.9)**	**10.1**	**(35.8)**
At 31 December 2020					
Financial assets					
Cash at bank and in hand	563.1	-	563.1	-	563.1
Forward foreign exchange contracts	14.2	-	14.2	(6.0)	8.2
Interest rate swaps	81.9	-	81.9	-	81.9
	659.2	-	659.2	(6.0)	653.2
Financial liabilities					
Bank overdrafts	-	(2.8)	(2.8)	-	(2.8)
Forward foreign exchange contracts	-	(10.5)	(10.5)	6.0	(4.5)
Interest rate swaps	-	-	-	-	-
	-	(13.3)	(13.3)	6.0	(7.3)

25. Provisions

	Insurance €'m	Non-Trading Items €'m	Total €'m
Group:			
At 1 January 2020	46.6	11.8	58.4
Provided during the financial year	5.2	-	5.2
Utilised during the financial year	(5.6)	(0.1)	(5.7)
Released during the financial year	(6.2)	(0.6)	(6.8)
Transferred to payables and accruals	-	(8.8)	(8.8)
Exchange translation adjustment	(1.0)	-	(1.0)
At 31 December 2020	39.0	2.3	41.3
Provided during the financial year	**15.8**	**5.1**	**20.9**
Utilised during the financial year	**(8.4)**	**-**	**(8.4)**
Released during the financial year	**(5.7)**	**-**	**(5.7)**
Transferred to payables and accruals	**-**	**-**	**-**
Exchange translation adjustment	**2.6**	**-**	**2.6**
At 31 December 2021	**43.3**	**7.4**	**50.7**

	2021 €'m	2020 €'m
Analysed as:		
Current liabilities	**13.6**	5.2
Non-current liabilities	**37.1**	36.1
	50.7	41.3

Insurance
The Group operates a level of self-insurance. Under these arrangements, the Group retains certain exposures up to pre-determined self-insurance levels. The amount of self-insurance is reviewed on a regular basis to ensure it remains appropriate. The provision for these exposures represents amounts provided based on advice from insurance consultants, industry information, actuarial valuation and historical data in respect of claims that are classified as incurred but not reported and outstanding loss reserves. The methodology of estimating the provision is periodically reviewed to ensure that the assumptions made continue to be appropriate. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 2 to 3 years from claim date.

Non-trading items
Non-trading items relate to restructuring and acquisition integration provisions incurred in 2021 and 2020; these costs are expected to be paid within 22 months.

26. Retirement benefits obligation

The Group operates post-retirement benefit schemes in a number of its businesses throughout the world. These schemes are structured to accord with local conditions and practices in each country they operate in and can include both defined contribution and defined benefit schemes. The assets of the schemes are held, where relevant, in separate trustee administered funds.

Defined benefit post-retirement schemes exist primarily in Ireland and the Netherlands (Eurozone), the UK and the USA (included in Rest of World). These defined benefit schemes comprise final salary pension schemes, career average salary pension schemes and post-retirement medical plans. All material defined benefit pension schemes are closed to future accrual. The post-retirement medical plans operated by the Group relate primarily to a number of USA employees and are closed to new entrants. Defined benefit schemes in Ireland, the UK, and the USA are administered by Boards of Trustees. The Boards of Trustees generally comprise of representatives of the employees, the employer and independent trustees. These Boards are responsible for the management and governance of the schemes including compliance with all relevant laws and regulations.

26. Retirement benefits obligation (continued)

The values used in the Group's consolidated financial statements are based on the most recent actuarial valuations and have been updated by the individual schemes' independent and professionally qualified actuaries to incorporate the requirements of IAS 19 'Employee Benefits' in order to assess the liabilities of the various schemes as at 31 December 2021 using the projected unit credit method. All assets in the schemes have been measured at their fair value at the balance sheet date. Full actuarial valuations for funding purposes are carried out for the Group's pension schemes in line with local requirements. The actuarial reports are not available for public inspection.

The Group continues to harmonise, standardise and integrate the benefit offering to employees across the countries in which it operates. As a result, a number of deferred members transferred their past service benefits out of the Irish defined benefit scheme during 2020 and 2021.

The defined benefit schemes expose the Group to risks such as interest rate risk, investment risk, inflation risk and mortality risk.

Interest rate risk
The present value of the defined benefit obligation is sensitive to the discount rate which is derived from the interest yield on high quality corporate bonds at the balance sheet date. Market conditions in recent years have resulted in volatility in discount rates which has significantly impacted the present value of the defined benefit obligation. Such changes lead to volatility in the Group's Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Interest rates also impact on the funding requirements for the schemes.

Investment risk
The net surplus/(deficit) recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of the schemes' assets. When assets generate a rate of return less than the discount rate this results in an increase/(decrease) in the net (deficit)/surplus. The schemes have a diversified portfolio of investments which include equities, bonds and other asset classes. The investment allocation for each scheme is reviewed periodically by the scheme's external investment consultants who advise on the most appropriate asset allocation taking account of asset valuations, funding requirements, liability duration and the achievement of an appropriate return on assets.

Inflation risk
A significant proportion of the defined benefit obligation is linked to inflation, therefore an increase in inflation rates will increase the defined benefit obligation. However, a portion of the schemes' assets are inflation-linked debt securities which mitigates some of the effects of inflation movements.

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

(i) Recognition in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income

The following amounts have been recognised in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income in relation to defined contribution and defined benefit post-retirement schemes:

	2021 €'m	2020 €'m
Service cost:		
- Costs relating to defined contribution schemes	**64.9**	63.9
- Current service cost relating to defined benefit schemes	**5.5**	3.2
- Past service and settlements	**(4.7)**	(12.8)
Net interest cost	**0.7**	-
Recognised in the Consolidated Income Statement	**66.4**	54.3
Re-measurements of the net defined benefit liability:		
- Return on scheme assets (excluding amounts included in net interest cost)	**(129.8)**	(95.0)
- Experience losses/(gains) on schemes' liabilities	**24.9**	(5.5)
- Actuarial losses/(gains) arising from changes in demographic assumptions	**41.9**	(3.0)
- Actuarial (gains)/losses arising from changes in financial assumptions	**(47.2)**	170.5
Recognised in the Consolidated Statement of Comprehensive Income	**(110.2)**	67.0
Total	**(43.8)**	121.3

The total service cost is included in total staff numbers and costs (note 4) and the net interest cost is included in finance income and costs (note 6).

26. Retirement benefits obligation (continued)

(ii) Recognition in the Consolidated Balance Sheet

The net defined benefit post-retirement schemes' surplus/(deficit) at 31 December, which has been recognised in the Consolidated Balance Sheet, was as follows:

	Schemes in Surplus 2021 €'m	Schemes in Deficit 2021 €'m	Total 2021 €'m	Total 2020 €'m
Present value of defined benefit obligation	(1,448.6)	(111.5)	(1,560.1)	(1,505.5)
Fair value of scheme assets	1,538.9	87.4	1,626.3	1,451.1
Net recognised surplus/(deficit) before deferred tax	90.3	(24.1)	66.2	(54.4)
Net related deferred tax (liability)/asset	(14.8)	4.9	(9.9)	10.8
Net recognised surplus/(deficit) after deferred tax	75.5	(19.2)	56.3	(43.6)

Net recognised surplus/(deficit) by region:

	Eurozone 2021 €'m	UK 2021 €'m	Rest of World 2021 €'m	Total 2021 €'m	Eurozone 2020 €'m	UK 2020 €'m	Rest of World 2020 €'m	Total 2020 €'m
Present value of defined benefit obligation	(427.4)	(1,025.0)	(107.7)	(1,560.1)	(451.8)	(946.8)	(106.9)	(1,505.5)
Fair value of scheme assets	487.0	1,051.9	87.4	1,626.3	443.4	931.8	75.9	1,451.1
Net recognised surplus/(deficit) before deferred tax	59.6	26.9	(20.3)	66.2	(8.4)	(15.0)	(31.0)	(54.4)
Net related deferred tax (liability)/asset	(7.9)	(6.9)	4.9	(9.9)	0.6	2.6	7.6	10.8
Net recognised surplus/(deficit) after deferred tax	51.7	20.0	(15.4)	56.3	(7.8)	(12.4)	(23.4)	(43.6)

The surplus at 31 December 2021 relates to the Irish and UK schemes and has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus.

(iii) Financial and demographic assumptions

The principal financial assumptions used by the Group's actuaries in order to calculate the defined benefit obligation at 31 December, some of which have been shown in range format to reflect the differing assumptions in each scheme, were as follows:

	2021			2020		
	Eurozone %	UK %	Rest of World %	Eurozone %	UK %	Rest of World %
Rate used to discount schemes' liabilities	1.50	1.95	2.25 - 2.75	1.20	1.50	1.75 - 2.25
Inflation assumption	1.90	3.25	2.50	1.50	2.80	2.50
Rate of increase in salaries	N/A*	N/A*	3.00	N/A*	N/A*	3.00
Rate of increase for pensions in payment and deferred pensions	1.90	2.50 - 3.15	-	1.50	2.00 - 2.70	-

* Not applicable due to closure of the Irish, Netherlands and UK defined benefit schemes to future accrual.

26. Retirement benefits obligation (continued)

(iii) Financial and demographic assumptions (continued)

The most significant demographic assumption is mortality. The mortality assumptions used are based on advice from the pension schemes' actuaries and reflect each scheme's population. The life expectancy of a member retiring at 31 December at age 65, now and in 20 years' time, some of which have been shown in range format to reflect the differing assumptions in each scheme, is as follows:

	2021			2020		
	Eurozone Years	**UK Years**	**Rest of World Years**	Eurozone Years	UK Years	Rest of World Years
Male - retiring now	**22**	**21**	**21 - 22**	22	20	21 - 22
Female - retiring now	**24**	**24**	**23**	24	23	22 - 23
Male - retiring in 20 years' time	**24**	**23**	**22 - 23**	24	22	22 - 23
Female - retiring in 20 years' time	**26**	**26**	**24 - 25**	25 - 26	24	24

There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. The assumptions may differ from the actual data as a result of changes in economic and market conditions as well as the actual experience within each scheme. The present value of post-retirement benefit schemes' liabilities is heavily dependent on the discount rate. As the discount rate is based on a market driven measure, which is the interest yield on high quality corporate bonds at the balance sheet date, the present value of post-retirement benefit schemes' liabilities can fluctuate significantly from valuation to valuation. The expected rate of inflation impacts the schemes' liabilities in that inflation is the basis for the calculation of the assumed future salary and revaluation increases in each scheme where applicable. In relation to demographic assumptions, differing expectations regarding current and future changes in mortality rates can have a significant impact on the schemes' liabilities.

The table below gives an approximate indication of the impact of a change in the principal financial actuarial assumptions (discount rate, inflation rate and pension increases and salary increases) and the principal demographic actuarial assumption (mortality) on the schemes' liabilities. The present value of the defined benefit obligation has been calculated using the projected unit credit method. The impact on the defined benefit obligation at 31 December 2021 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged. The assessment of the sensitivity analysis below could therefore be limited as a change in one assumption may not occur in isolation as assumptions may be correlated. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

	Impact on schemes' liabilities of changes in assumptions					
	2021			2020		
Change in Assumption	**Eurozone %**	**UK %**	**Rest of World %**	Eurozone %	UK %	Rest of World %
Discount rate						
Decrease of 0.50%	**10.4%**	**11.0%**	**5.2%**	10.5%	12.8%	5.6%
Increase of 0.50%	**(9.0%)**	**(9.5%)**	**(4.7%)**	(9.1%)	(11.0%)	(5.1%)
Inflation Rate and Pension Increases						
Increase of 0.50%	**7.9%**	**4.3%**	**-**	8.2%	8.9%	-
Decrease of 0.50%	**(7.1%)**	**(5.2%)**	**-**	(7.0%)	(7.8%)	-
Salary Increase						
Increase of 0.50%	**-**	**-**	**0.2%**	-	-	0.4%
Decrease of 0.50%	**-**	**-**	**(0.2%)**	-	-	(0.3%)
Mortality						
Increase in life expectancy of 1 Year	**3.9%**	**3.0%**	**2.5%**	3.8%	4.0%	2.5%
Decrease in life expectancy of 1 Year	**(3.9%)**	**(3.0%)**	**(2.5%)**	(3.8%)	(4.0%)	(2.5%)

26. Retirement benefits obligation (continued)

(iv) Reconciliations for defined benefit schemes

The movements in the defined benefit schemes' obligation during the financial year were:

	2021 €'m	2020 €'m
Present value of the defined benefit obligation at beginning of the financial year	(1,505.5)	(1,441.6)
Current service cost	**(5.5)**	(3.2)
Past service and settlements	**4.7**	12.8
Interest expense	**(21.9)**	(26.8)
Contributions by employees	**-**	-
Benefits paid	**46.7**	56.8
Re-measurements:		
- experience (losses)/gains on schemes' liabilities	**(24.9)**	5.5
- actuarial (losses)/gains arising from changes in demographic assumptions	**(41.9)**	3.0
- actuarial gains/(losses) arising from changes in financial assumptions	**47.2**	(170.5)
Decrease arising on settlement	**17.7**	-
Exchange translation adjustment	**(76.7)**	58.5
Present value of the defined benefit obligation at end of the financial year	**(1,560.1)**	(1,505.5)
Present value of the defined benefit obligation at end of the financial year that relates to:		
Wholly unfunded schemes	**(16.1)**	(17.2)
Wholly or partly funded schemes	**(1,544.0)**	(1,488.3)
	(1,560.1)	(1,505.5)

The weighted average duration of the defined benefit obligation at 31 December 2021 is approximately **20 years** (2020: approximately 22 years).

The movements in the schemes' assets during the financial year were:

	2021 €'m	2020 €'m
Fair value of scheme assets at beginning of the financial year	1,451.1	1,429.7
Interest income	**21.2**	26.8
Contributions by employer	**15.4**	13.8
Contributions by employees	**-**	-
Benefits paid	**(46.7)**	(56.8)
Re-measurements:		
- return on scheme assets (excluding amounts included in net interest cost)	**129.8**	95.0
Decrease arising on settlement	**(17.7)**	-
Exchange translation adjustment	**73.2**	(57.4)
Fair value of scheme assets at end of the financial year	**1,626.3**	1,451.1

26. Retirement benefits obligation (continued)

(iv) Reconciliations for defined benefit schemes (continued)

The fair values of each of the categories of the pension schemes' assets at 31 December were as follows:

	2021 €'m	2020 €'m
Liability Driven Investment	**537.7**	355.8
Other Fixed Income	**380.0**	274.6
Equities		
- Global Equities	**308.4**	566.5
- Emerging Market Equities	**24.4**	70.7
Diversified Growth Funds	**185.9**	164.4
Cash and other	**189.9**	19.1
Total fair value of pension schemes' assets	**1,626.3**	1,451.1

The majority of equity securities and bonds have quoted prices in active markets. The schemes' assets are invested with professional investment managers. Investments in the Group's own financial instruments, if any, are solely at the discretion of the investment managers concerned. The actual amount of the Group's own financial instruments held by the pension schemes during 2021 and 2020 were not material. No property held by the pension schemes was occupied by the Group nor were any other pension schemes' assets used by the Group during 2021 or 2020.

Both the UK and Irish Schemes have invested in pooled Liability Driven Investment (LDI) strategies. The primary goal of this asset class is to mitigate the impact of interest rate and inflation volatility and enable better matching of investment returns with the cash outflows required to pay benefits. The pooled LDI solutions invest in various levered and unlevered bonds and the value of the LDI assets at 31 December 2021 across the UK and Irish schemes was **€537.7m** (2020: €355.8m) which is based on the latest market bid price for the underlying investments, which are traded daily on liquid markets.

(v) Funding for defined benefit schemes

The Group operates a number of defined benefit schemes in a number of countries and each scheme is required to be operated in line with local legislation, conditions, practices and the regulatory framework in place for the specific country. As a result, there are a number of different funding arrangements in place that accord with the specific local legislative, regulatory and actuarial requirements.

Funding for each scheme is carried out by cash contributions from the Group's subsidiaries. These funding arrangements have been advised by the pension schemes' actuaries and agreed between the Group and the relevant Trustees. Actuarial valuations, which are not available for public inspection, are carried out every three years in Ireland and the UK; and every year in the USA. During the financial year ending 31 December 2022, the Group expects to make contributions of approximately €18.9m to its defined benefit schemes.

27. Share capital

	2021 €'m	2020 €'m
Group and Company:		
Authorised		
280,000,000 A ordinary shares of 12.50 cent each	**35.0**	35.0
Allotted, called-up and fully paid (A ordinary shares of 12.50 cent each)		
At beginning of the financial year	22.1	22.1
Shares issued during the financial year	**-**	-
At end of the financial year	**22.1**	22.1

The Company has one class of ordinary share which carries no right to fixed income.

27. Share capital (continued)

Shares issued

During 2021 a total of **148,415** (2020: 185,094) A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long-Term and Short-Term Incentive Plans.

The total number of shares in issue at 31 December 2021 was **176,848,451** (2020: 176,700,036).

Share buy back programme

At the 2021 Annual General Meeting, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital. In 2021 and 2020, no shares were purchased under this programme.

28. Share-based payments

The Group operates two equity-settled share-based payment plans. The first plan is the Group's Long-Term Incentive Plan and the second is the element of the Group's Short-Term Incentive Plan that is settled in shares/share options after a 2 year deferral period. Details on each of these plans are outlined below.

The Group recognised an expense of **€17.2m** (2020: €12.5m) related to equity-settled share-based payment transactions in the Consolidated Income Statement during the financial year. The expectation of meeting performance criteria was taken into account when calculating this expense.

(i) Long-Term Incentive Plan

The Group operates an equity-settled Long-Term Incentive Plan (LTIP) under which an invitation to participate was made to Executive Directors and senior executives. The proportion of each invitation which vests will depend on the Adjusted Earnings Per Share (EPS) performance, Total Shareholder Return (TSR) and Return on Average Capital Employed (ROACE) of the Group during a three year period ('the performance period'). The invitations made in 2019, 2020 and 2021 will potentially vest in 2022, 2023 and 2024 respectively. 50% of the award will be issued at the date of vesting, with 50% being issued after a 2 year deferral period.

For the 2019 and 2020 awards, up to 50% of the shares/share options subject to an invitation will vest according to the Group's Adjusted EPS growth calculated on a constant currency basis compared with target during the performance period. Up to 30% of the shares/share options subject to an invitation will vest according to the Group's TSR performance during the performance period measured against the TSR performance of a peer group of listed companies. The remaining 20% of the shares/share options will vest according to the Group's ROACE versus predetermined targets. For the 2021 awards, the performance conditions are weighted 40% for Adjusted EPS growth calculated on a constant currency basis, 25% for TSR, 15% for ROACE and the remaining 20% of the shares/share options will vest according to the Group's Sustainability metrics versus predetermined targets. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

Under the LTIP, the Group introduced career shares awards, under which an invitation to participate was made to a limited number of senior executives. The proportion of each invitation which vests will depend on personal objectives during a three year period ('the performance period') and the senior executives remaining within the Group for a four year period ('the retention period'). The invitations made in 2016, 2017, 2018, 2019 and 2020 will potentially vest in 2022, 2023, 2024, 2025 and 2026 respectively. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

28. Share-based payments (continued)

(i) Long-Term Incentive Plan (continued)

A summary of the status of the LTIP as at 31 December and the changes during the financial year are presented below:

	Number of Conditional Awards 2021	Number of Conditional Awards 2020
Outstanding at beginning of the financial year	1,256,255	1,297,017
Forfeited	**(62,724)**	(76,535)
Shares vested	**(50,382)**	(77,717)
Share options vested	**(129,018)**	(140,034)
Relinquished	**(229,909)**	(138,147)
New conditional awards	**502,120**	391,671
Outstanding at end of the financial year	**1,286,342**	1,256,255

	Number of Share Options 2021	Number of Share Options 2020
Share options arising under the LTIP		
Outstanding at beginning of the financial year	160,483	126,274
Options released at vesting date	**66,586**	74,131
Options released from deferral	**48,046**	49,552
Exercised	**(88,088)**	(89,474)
Outstanding and exercisable at end of the financial year	**187,027**	160,483

Share options under the LTIP scheme have an exercise price of 12.50 cent. The remaining weighted average life for share options outstanding is **4.4 years** (2020: 4.8 years). The weighted average share price at the date of exercise was **€113.07** (2020: €109.57). **62,432** share options (2020: 65,903 share options) which vested in the financial year are deferred and therefore are not exercisable at year end.

At the invitation grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

LTIP Scheme	2021 Conditional Award at Grant Date	2020 Conditional Award at Grant Date	2019 Conditional Award at Grant Date	2018 Conditional Award at Grant Date
Conditional Award Invitation date	March 2021	March 2020	March 2019	March 2018
Year of potential vesting	2024	2023/2026	2022/2025	2021/2024
Share price at grant date	€107.80	€109.00	€95.40	€81.95
Exercise price per share/share options	€0.125	€0.125	€0.125	€0.125
Expected volatility	25.5%	20.8%	19.3%	19.8%
Expected life	3 years	3/7 years	3/7 years	3/7 years
Risk free rate	(0.7%)	(1.0%)	(0.5%)	(0.5%)
Expected dividend yield	0.8%	0.7%	0.7%	0.7%
Expected forfeiture rate	5.0%	5.0%	5.0%	5.0%
Weighted average fair value at grant date	€89.78	€92.06/€103.97	€78.00/€95.92	€66.52/€77.96
Valuation model	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing

28. Share-based payments (continued)

(i) Long-Term Incentive Plan (continued)

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. The TSR performance over the period is measured against the TSR performance of a peer group of listed companies. Non-market based performance conditions, such as the EPS, ROACE and Sustainability conditions, were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that eventually vest.

(ii) Short-Term Incentive Plan

In 2013 the Group's Short-Term Incentive Plan (STIP) for Executive Directors was amended to incorporate a share-based payment element with 25% of the total bonus to be settled in shares/share options. The shares/share options awarded as part of this scheme will be issued 2 years after the vesting date once a deferral period has elapsed. There are no further performance conditions relating to the shares/share options during the deferral period.

There are **4,632** share options (2020: 1,114 share options) outstanding and exercisable in relation to the STIP.

A share-based payment expense is recognised in the Consolidated Income Statement for the scheme to reflect the cash value of the bonus to be paid by way of shares/share options. The issuance of shares/share options under the STIP which related to the 2020 and 2021 financial years will be released from deferral in 2022 and 2023 respectively.

29. Cash flow components

(i) Cash flow analysis

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Change in working capital					
Increase in inventories		**(192.6)**	(39.7)	**-**	-
Increase in trade and other receivables		**(98.1)**	(48.1)	**(50.0)**	(33.2)
Increase/(decrease) in trade and other payables		**102.6**	(40.6)	**3.6**	(5.5)
(Decrease)/increase in non-current liabilities		**(13.4)**	8.8	**-**	-
Share-based payment expense	28	**17.2**	12.5	**17.2**	12.5
		(184.3)	(107.1)	**29.2**	(26.2)
Purchase of assets					
Purchase of property, plant and equipment		**(263.9)**	(227.9)	**-**	-
Purchase of intangible assets	12	**(34.1)**	(52.1)	**-**	-
(Purchase)/sale of financial assets	13	**(2.4)**	3.8	**-**	-
		(300.4)	(276.2)	**-**	-
Cash and cash equivalents					
Cash at bank and in hand	23	**1,039.1**	563.1	**0.1**	-
Bank overdrafts	23	**(5.3)**	(2.8)	**-**	-
		1,033.8	560.3	**0.1**	-

(ii) Net debt reconciliation

	Note	Cash at bank and in hand €'m	Interest Rate Swaps €'m	Overdrafts due within 1 year* €'m	Borrowings due within 1 year* €'m	Borrowings due after 1 year* €'m	Net Debt - pre lease liabilities €'m	Lease liabilities* €'m	Total Net Debt €'m
At 1 January 2020		554.9	128.4	(5.2)	(185.6)	(2,355.3)	(1,862.8)	(109.4)	(1,972.2)
Cash flows		34.8	(45.5)	2.1	185.3	(211.6)	(34.9)	37.0	2.1
Foreign exchange adjustments		(26.6)	(20.1)	0.3	-	72.9	26.5	7.8	34.3
Other non-cash movements		-	19.1	-	0.3	(11.8)	7.6	(16.9)	(9.3)
At 31 December 2020	23	563.1	81.9	(2.8)	-	(2,505.8)	(1,863.6)	(81.5)	(1,945.1)
Cash flows		**447.0**	**(39.3)**	**(2.4)**	**(0.3)**	**(572.1)**	**(167.1)**	**34.9**	**(132.2)**
Foreign exchange adjustments		**29.0**	**7.8**	**(0.1)**	**-**	**(55.8)**	**(19.1)**	**(5.1)**	**(24.2)**
Other non-cash movements		**-**	**(15.8)**	**-**	**-**	**15.7**	**(0.1)**	**(22.5)**	**(22.6)**
At 31 December 2021	23	**1,039.1**	**34.6**	**(5.3)**	**(0.3)**	**(3,118.0)**	**(2,049.9)**	**(74.2)**	**(2,124.1)**

* Liabilities from financing activities.

30. Business combinations

During 2021, the Group completed a total of 5 acquisitions, all of which are 100% owned by the Group.

	Notes	Niacet* 2021 €'m	Other Acquisitions 2021 €'m	Total 2021 €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:				
Non-current assets				
Property, plant and equipment	11	**65.3**	**26.3**	**91.6**
Brand related intangibles	12	**360.4**	**79.6**	**440.0**
Computer software	12	**0.1**	**0.4**	**0.5**
Current assets				
Cash at bank and in hand		**7.8**	**9.3**	**17.1**
Inventories		**15.5**	**10.8**	**26.3**
Trade and other receivables		**25.9**	**13.7**	**39.6**
Current liabilities				
Trade and other payables		**(32.8)**	**(27.6)**	**(60.4)**
Non-current liabilities				
Deferred tax liabilities		**(68.9)**	**(15.3)**	**(84.2)**
Other non-current liabilities		**(17.7)**	**(3.4)**	**(21.1)**
Total identifiable assets		**355.6**	**93.8**	**449.4**
Goodwill	12	**524.9**	**132.2**	**657.1**
Total consideration		**880.5**	**226.0**	**1,106.5**

Satisfied by:	
Cash	**1,099.2**
Deferred payment	**7.3**
	1,106.5

Net cash outflow on acquisition:	Total 2021 €'m
Cash	**1,099.2**
Less: cash and cash equivalents acquired	**(17.1)**
Plus: debt acquired (included in other non-current liabilities above)	**2.8**
	1,084.9

* Hare Topco, Inc. (trading as Niacet Corp.)

The acquisition method has been used to account for businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, some of the above values are determined provisionally. The valuation of the fair value of assets and liabilities will be completed within the measurement period. For the acquisitions completed in 2020, there have been no material revisions of the provisional fair value adjustments since the initial values were established. The Group performs quantitative and qualitative assessments of each acquisition in order to determine whether it is material for the purposes of separate disclosure under IFRS 3 'Business Combinations' and as a result separate disclosure was made for the Niacet acquisition.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. **€11.7m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€11.0m** were charged in the Group's Consolidated Income Statement during the financial year. The fair value of the financial assets includes trade and other receivables with a fair value of **€39.6m** and a gross contractual value of **€40.4m.**

30. Business combinations (continued)

From the date of acquisition, the acquired businesses have contributed **€73.7m** of revenue and **€9.2m** of profit after taxation attributable to owners of the parent to the Group. If the acquisition dates had been on the first day of the financial year, the acquired businesses would have contributed **€241.9m** of revenue and **€31.2m** of profit after taxation attributable to owners of the parent to the Group.

From the date of acquisition, Niacet has contributed **€55.9m** of revenue and **€8.0m** of profit after taxation attributable to owners of the parent to the Group. If the acquisition date had been on the first day of the financial year, Niacet would have contributed **€186.4m** of revenue and **€26.8m** of profit after taxation attributable to owners of the parent to the Group.

As previously announced, Kerry has entered into an agreement to acquire the share capital of Natreon, Inc., which has leading capability in Ayurvedic and botanical extracts with facilities in the USA and India. The closing process for this acquisition is in progress and the Group expects to complete the transaction in Q1 2022.

The following acquisitions were completed by the Group during 2021:

Acquisition	Type	Completion date	Principal activity	Strategic rationale
National Vinegar Co.	Asset	May 2021	A producer of specialty ingredients based in the USA.	Supports the Group's growth initiatives in food protection and natural preservation.
Biosearch, S.A. (now known as Biosearch S.A.U.)	Equity	July 2021	A leading biotechnology company based in Spain with an extensive range of probiotics, botanical extracts and omega-3 oils.	Brings leading clinical research capabilities and functional food technologies across the pharmaceutical, nutraceutical and functional food sectors.
Hare Topco, Inc. (trading as Niacet Corp.)	Equity	September 2021	A global market leader in technologies for preservation. It has clear leadership positions in Bakery, Pharma, and cost-effective low-sodium preservation systems for Meat and plant based food, across both conventional and clean label solutions. Niacet is differentiated by its proprietary drying and granulation process technologies, with key manufacturing sites in the USA and the Netherlands, with customers in over 75 countries.	Brings a complementary product portfolio and enhances the Group's leadership position in this fast growing market of food protection and preservatives, led by the industry drive to reduce food waste.
Afribon Limited	Equity	December 2021	A producer of flavours for a range of food and beverage applications in East Africa.	Supports the Group's growth initiatives in emerging markets.
Enmex S.A. de C.V.	Equity	December 2021	A leading producer of enzymes across the food and beverage markets based in Mexico.	Brings leading enzyme production capabilities across a number of markets.

31. Contingent liabilities

	2021 €'m	2020 €'m
Company:		
(i) Guarantees in respect of borrowings of subsidiaries	**3,112.7**	2,474.9

(ii) For the purposes of Section 357 of the Companies Act, 2014, the Company has undertaken by Board resolution to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland, as set out in note 36, in respect of all amounts shown as liabilities or commitments in the statutory financial statements as referred to in Section 357 (1) (b) of the Companies Act, 2014 for the financial year ending on 31 December 2021 or any amended financial period incorporating the said financial year. All other provisions of Section 357 have been complied with in this regard. The Company has given similar indemnities in relation to its subsidiaries in Germany (section 264-289 and 325-329 of the Commercial Code), Luxembourg (Article 70 of the Luxembourg law of 19 December 2002 as amended) and Netherlands (Article 2:403 of the Dutch Civil Code), as set out in note 36. In addition, the Company has also availed of the exemption from filing subsidiary financial statements in Luxembourg, Germany, Netherlands and Ireland.

The Company does not expect any material loss to arise from these guarantees and considers their fair value to be negligible.

32. Other financial commitments

Commitments for the acquisition of property, plant, equipment and computer software at 31 December for which no provision has been made in the accounts are as follows:

	2021 €'m	2020 €'m
Group:		
Commitments in respect of contracts placed	**60.1**	67.0
Expenditure authorised by the Directors but not contracted for at the financial year end	**111.0**	152.2
	171.1	219.2

33. Related party transactions

(i) Trading with Directors

In their ordinary course of business as farmers, certain Directors have traded on standard commercial terms with the Group's Agribusiness division. Aggregate purchases from, and sales to, these Directors amounted to **€0.3m** (2020: €0.2m) and **€0.1m** (2020: €0.1m) respectively. The trading balance outstanding to the Group at the financial year end was **€nil** (2020: €nil).

All transactions with Directors were on standard commercial terms. No expense has been recognised in the financial year for bad or doubtful debts in respect of amounts owed by Directors.

(ii) Trading between Parent Company and subsidiaries

Transactions in the financial year between the Parent Company and its subsidiaries included dividends received of **€331.4m** (2020: €179.0m), cost recharges of **€17.6m** (2020: €14.7m), and trade and other receivables of **€216.8m** (2020: €165.0m). The Parent Company has also provided a guarantee in respect of borrowings of subsidiaries which is disclosed in note 31.

(iii) Trading with joint ventures

Details of transactions and balances outstanding with joint ventures are as follows:

	Rendering of services		Sale of goods		Amounts receivable/ (payable) at 31 December	
	2021 €'m	2020 €'m	**2021 €'m**	2020 €'m	**2021 €'m**	2020 €'m
Joint ventures	**0.1**	0.1	**1.1**	1.8	**(0.1)**	(0.2)

These trading transactions are undertaken and settled at normal trading terms.

(iv) Trading with other related parties

As detailed in the Directors' Report, Kerry Co-operative Creameries Limited is considered to be a related party of the Group as a result of its significant shareholding in the Parent Company. During 2021, dividends of **€18.8m** (2020: €18.0m) were paid to Kerry Co-operative Creameries Limited based on its shareholding. A subsidiary of Kerry Group plc traded product to the value of **€0.1m** (2020: €0.1m) on behalf of Kerry Co-operative Creameries Limited.

(v) Transactions with key management personnel

The Board of Directors are deemed to be key management personnel of Kerry Group plc as they are responsible for planning, directing and controlling the activities of the Group.

In addition to their salaries and short-term benefits, the Group also contributes to post-retirement defined benefit, defined contribution and saving plans on behalf of the Executive Directors (note 26). The Directors also participate in the Group's Long-Term Incentive Plan (LTIP) (note 28).

Remuneration cost of key management personnel is as follows:

	2021 €'m	2020 €'m
Short-term benefits (salaries, fees and other short-term benefits)	**8.1**	3.9
Post-retirement benefits	**0.5**	0.6
LTIP accounting charge	**1.9**	1.0
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Total	**10.5**	5.5

33. Related party transactions (continued)

(v) Transactions with key management personnel (continued)

Retirement benefit charges of **€0.2m** (2020: €0.2m) arise under a defined benefit scheme relating to **1** Director (2020: 1 Director) and charges of **€0.3m** (2020: €0.3m) arise under a defined contribution scheme relating to **2** directors (2020: 2 Directors). The LTIP accounting charge above is determined in accordance with the Group's accounting policy for share-based payments.

Post-retirement benefits in the above table and the statutory and listing rules disclosure in respect of pension contributions in the Executive Directors' remuneration table in the remuneration report are determined on a current service cost basis.

The aggregate amount of gains accruing to Executive Directors on the exercise of share options is **€nil** (2020: €nil). Dividends totalling **€0.1m** (2020: €0.1m) were also received by key management personnel during the financial year, based on their personal interests in the shares of the company.

34. Events after the balance sheet date

Since the financial year end, the Group has:

- entered into an agreement to acquire 100% of the shares of Almer Malaysia Sdn Bhd, based in Malaysia and 92% of the shares of c-LEcta GmbH, based in Germany. The Group also expects to complete the previously announced acquisition of 100% of the shares of Natreon, Inc., in Q1 2022. The combined consideration for these acquisitions is expected to be **€244.5m**; and
- proposed a final dividend of **66.70 cent** per A ordinary share (note 10).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2021.

35. Reserves

Fair value through other comprehensive income reserve (FVOCI)

The fair value through other comprehensive income reserve represents the unrealised gains and losses on the financial assets held at fair value through other comprehensive income by the Group.

Capital redemption reserve

Capital redemption reserve represents the nominal cost of the cancelled shares in 2007.

Other undenominated capital

Other undenominated capital represents the amount transferred to reserves as a result of renominalising the share capital of the Parent Company due to the euro conversion in 2002.

Share-based payment reserve

The share-based payment reserve relates to invitations made to employees to participate in the Group's Long-Term Incentive Plan and the element of the Group's Short-Term Incentive Plan that is settled in shares/share options. Further information in relation to this share-based payment is set out in note 28.

Translation reserve

Exchange differences relating to the translation of the balance sheets of the Group's foreign currency operations from their functional currencies to the Group's presentation currency (euro) are recognised directly in other comprehensive income and accumulated in the translation reserve.

Hedging reserve

The hedging reserve represents the effective portion of gains and losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Cost of hedging reserve

The cost of hedging reserve arises from where the Group has entered into cross currency interest rate swaps. Such cross currency interest rate swaps have basis risk as there are characteristics in the cross currency interest rate swap contracts that are not present in the hedged item, being currency basis spreads.

Retained earnings

Retained earnings refers to the portion of net income, which is retained by the Group rather than distributed to shareholders as dividends.

36. Group entities

Principal subsidiaries and joint venture undertakings

Country	Company Name	Nature of Business	Registered Office
Ireland	Accommodation Tralee Limited	Investment	1
	Ballyfree Farms Limited	Consumer Foods	1
	Breeo Brands Limited	Consumer Foods	1
	Breeo Foods Limited	Consumer Foods	1
	Carteret Investments Unlimited Company	Investment	1
	Cuarto Limited	Taste & Nutrition	1
	Dairy Consumer Foods (Ireland) Limited	Consumer Foods	1
	Dawn Dairies Limited	Consumer Foods	1
	Kerry Holdings International (Ireland) Limited	Investment	1
	Fambee Limited	Consumer Foods	1
	Glenealy Farms (Turkeys) Limited	Consumer Foods	1
	Golden Vale Clare Limited	Investment	1
	Golden Vale Dairies Limited	Agribusiness	1
	Golden Vale Food Products Unlimited Company	Investment	1
	Golden Vale Holdings Limited	Investment	1
	Golden Vale Investments Limited	Investment	1
	Golden Vale Limited	Investment	1
	Grove Farm Limited	Investment	1
	Helios Limited	Investment	1
	Henry Denny & Sons (Ireland) Limited	Consumer Foods	1
	Ichor Management Limited	Investment	1
	Ivernia Pig Developments Limited	Consumer Foods	1
	Kerry Agri Business Holdings Limited	Investment	1
	Kerry Agri Business Trading Limited	Agribusiness	1
	Kerry Creameries Limited	Agribusiness	1
	Kerry Food Ingredients (Cork) Limited	Taste & Nutrition	1
	Kerry Foods Limited	Consumer Foods	1
	Kerry Group Business Services Limited	Services	1
	Kerry Group Financial Services Unlimited Company	Services	1
	Kerry Group Finance International Limited	Services	1
	Kerry Group Services International Limited	Services	1
	Kerry Group Services Limited	Services	1
	Kerry Health and Nutrition Institute Limited	Taste & Nutrition	1
	Kerry Holdings (Ireland) Limited	Investment	1
	Kerry Ingredients & Flavours Limited	Taste & Nutrition	1
	Kerry Ingredients (Ireland) Limited	Taste & Nutrition	1
	Kerry Ingredients Holdings (Ireland) Limited	Investment	1
	Kerry Taste & Nutrition (Ireland) Limited	Taste & Nutrition	1
	Kerry Treasury Services Limited	Services	1
	Kerrykreem Limited	Consumer Foods	1
	Lifesource Foods Research Limited	Investment	1
	Linovale Limited	Investment	1

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Ireland	Maddens Milk Limited	Investment	1
	National Food Ingredients Limited	Taste & Nutrition	1
	Newmarket Co-operative Creameries Limited	Taste & Nutrition	1
	Plassey Holdings Limited	Investment	1
	Princemark Holdings Designated Activity Company	Services	1
	Putaxy Limited	Investment	1
	Rye Developments Limited	Services	1
	Rye Investments Limited	Consumer Foods	1
	Selamor Limited	Consumer Foods	1
	Tacna Investments Limited	Investment	1
	Zenbury International Limited	Services	1
UK	Henry Denny & Sons (N.I.) Limited	Consumer Foods	2
	Dairy Produce Packers Limited	Consumer Foods	2
	Golden Cow Dairies Limited	Consumer Foods	2
	Golden Vale (NI) Limited	Investment	2
	Leckpatrick Dairies Limited	Consumer Foods	2
	Leckpatrick Holdings Limited	Investment	2
	RVF (UK) Limited	Consumer Foods	2
	Kerry Foods Limited	Consumer Foods	3
	Kerry Holdings (U.K.) Limited	Investment	3
	Kerry Savoury Foods Limited	Consumer Foods	3
	Noon Group Limited	Consumer Foods	3
	Rollover Holdings Limited	Consumer Foods	3
	Rollover Group Limited	Consumer Foods	3
	Dairy Consumer Foods (UK) Limited	Investment	4
	E B I Foods Limited	Taste & Nutrition	4
	Gordon Jopling (Foods) Limited	Taste & Nutrition	4
	Kerry Ingredients (UK) Limited	Taste & Nutrition	4
	Kerry Ingredients Holdings (U.K.) Limited	Investment	4
	Titusfield Limited	Taste & Nutrition	4
	Kerry Flavours UK Limited	Taste & Nutrition	4
Belgium	Kerry Holdings Belgium NV	Taste & Nutrition	5
Netherlands	Kerry (NL) B.V.	Taste & Nutrition	6
	Kerry Group B.V.	Investment	6
	Proparent B.V. (55% shareholding)	Taste & Nutrition	7
	Niacet Cooperatief U.A.	Taste & Nutrition	8
	Niacet B.V.	Taste & Nutrition	8
Czech Republic	Kerry Ingredients & Flavours S.R.O.	Taste & Nutrition	9

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
France	Kerry Ingredients France SAS	Taste & Nutrition	10
	Kerry Ingredients Holdings France SAS	Investment	10
	Kerry Savoury Ingredients France SAS	Taste & Nutrition	10
	Kerry Flavours France SAS	Taste & Nutrition	11
Germany	Kerry Food GmbH	Taste & Nutrition	12
	Kerry Ingredients GmbH	Taste & Nutrition	12
	SuCrest GmbH	Taste & Nutrition	13
	Vicos Nahrungsmittel GmbH	Taste & Nutrition	13
	Red Arrow Handels GmbH	Taste & Nutrition	14
Belarus	Unitary Manufacturing Enterprise “Vitella”	Taste & Nutrition	15
Denmark	Cremo Ingredients A/S	Taste & Nutrition	16
Italy	Kerry Ingredients & Flavours Italia S.p.A.	Taste & Nutrition	17
Poland	Kerry Polska Sp. z.o.o.	Taste & Nutrition	18
Hungary	Kerry Hungaria Kft	Taste & Nutrition	19
Luxembourg	Kerry Luxembourg S.a.r.l.	Services	20
	Zenbury International Limited S.a.r.l.	Services	20
Romania	Kerry Romania s.r.l.	Taste & Nutrition	21
Russia	Kerry Limited Liability Company	Taste & Nutrition	22
Spain	Kerry Iberia Taste & Nutrition S.L.U.	Taste & Nutrition	23
	Harinas y Sémolas del Noroeste S.A.U.	Taste & Nutrition	24
	Pevesa Biotech S.A.U.	Taste & Nutrition	25
	Biosearch S.A.U.	Taste & Nutrition	26
Malta	Kerry Malta Limited	Services	27
Slovakia	Dera SK S.R.O.	Taste & Nutrition	28
Sweden	Tarber AB	Taste & Nutrition	29
Ukraine	Kerry Ukraine LLC	Taste & Nutrition	30
USA	Kerry Holding Co.	Investment	31
	Kerry Inc.	Taste & Nutrition	31
	Ganeden Biotech, Inc.	Taste & Nutrition	32
	Insight Beverages, Inc.	Taste & Nutrition	33
	Fleischmann’s Vinegar Company, Inc.	Taste & Nutrition	34
	Kerry Stock & Broth Company Inc.	Taste & Nutrition	35
	Bio-K Plus USA Inc.	Taste & Nutrition	36
	Hare Topco, Inc. (trading as Niacet Corp.)	Taste & Nutrition	37
Canada	Kerry (Canada) Inc.	Taste & Nutrition	38
	Bio-K Plus International Inc.	Taste & Nutrition	39
Mexico	Kerry Ingredients (de Mexico) S.A. de C.V.	Taste & Nutrition	40
	Enmex S.A. de C.V.	Taste & Nutrition	41
Brazil	Kerry do Brasil Ltda.	Taste & Nutrition	42
	Kerry da Amazonia Ingredientes e Aromas Ltda.	Taste & Nutrition	43
Costa Rica	Baltimore Spice Central America S.A.	Taste & Nutrition	44
	Global Spice S.A.	Taste & Nutrition	45

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Chile	Kerry Chile Ingredientes, Sabores Y Aromas Ltda.	Taste & Nutrition	46
Colombia	Kerry Ingredients & Flavours Colombia S.A.S.	Taste & Nutrition	47
	Real S.A.S.	Taste & Nutrition	48
Panama	Kerry Panamá S.A.	Taste & Nutrition	49
	Kerry Holdings Panama, S.A.	Taste & Nutrition	50
Guatemala	Baltimore Spice Guatemala S.A.	Taste & Nutrition	51
	Aromaticos de Centroamerica S.A.	Taste & Nutrition	52
	Kerry Guatemala S.A.	Taste & Nutrition	53
El Salvador	Baltimore Spice de El Salvador S.A. de C.V.	Taste & Nutrition	54
	Aromaticos de Centro America S.A. de C.V.	Taste & Nutrition	54
Thailand	Kerry Ingredients (Thailand) Limited	Taste & Nutrition	55
Philippines	Kerry Food Ingredients (Philippines), Inc.	Taste & Nutrition	56
	Kerry Manufacturing (Philippines), Inc.	Taste & Nutrition	57
Singapore	Kerry Ingredients (S) PTE Limited	Taste & Nutrition	58
Malaysia	Kerry Ingredients (M) Sdn. Bhd.	Taste & Nutrition	59
	Kerry Group Business Services (ASPAC) Sdn. Bhd.	Taste & Nutrition	59
Japan	Kerry Japan Kabushiki Kaisha	Taste & Nutrition	60
China	Kerry Food Ingredients (Hangzhou) Co. Ltd	Taste & Nutrition	61
	Kerry Ingredients Trading (Shanghai) Co. Ltd	Taste & Nutrition	62
	Kerry Foods (Nantong) Co Limited	Taste & Nutrition	63
	TianNing Flavor & Fragrance (JiangSu) Co. Ltd	Taste & Nutrition	64
	Zhejiang Hangmai Food Technologies Co. Ltd	Taste & Nutrition	65
	SIAS Food Co. Ltd	Taste & Nutrition	66
	Shandong Tianbo Food Ingredients Co. Ltd	Taste & Nutrition	67
Egypt	Kerry Egypt LLC	Taste & Nutrition	68
Indonesia	PT Kerry Ingredients Indonesia	Taste & Nutrition	69
	PT Kerry Trading Indonesia	Taste & Nutrition	70
India	Kerry Ingredients India Private Limited	Taste & Nutrition	71
Australia	Kerry Ingredients Australia Pty Limited	Taste & Nutrition	72
New Zealand	Kerry Ingredients (NZ) Limited	Taste & Nutrition	73
Kenya	Kerry Kenya Limited	Taste & Nutrition	74
	Afribon (K) Limited	Taste & Nutrition	75
South Africa	Kerry Ingredients South Africa (Proprietary) Limited	Taste & Nutrition	76
South Korea	Kerry Ingredients Korea LLC	Taste & Nutrition	77
	Jungjin Food Co. Limited	Taste & Nutrition	78
Saudi Arabia	AATCO Food Industries LLC	Taste & Nutrition	79
Oman	AATCO Food Industries SPC	Taste & Nutrition	80
Vietnam	Kerry Taste & Nutrition (Vietnam) Company Limited	Taste & Nutrition	81
UAE	Kerry MENAT DMCC	Taste & Nutrition	82

Notes

(a) All group entities are wholly owned subsidiaries unless otherwise stated.
(b) Country represents country of incorporation and operation. Ireland refers to the Republic of Ireland.
(c) With the exception of the USA, Canadian and Mexican subsidiaries, where the holding is in the form of common stock, all holdings are in the form of ordinary shares.

36. Group entities (continued)

Registered Office

1 Prince's Street, Tralee, Co Kerry, V92 EH11, Ireland.
2 Millburn Road, Coleraine, Northern Ireland BT52 1QZ, United Kingdom.
3 Thorpe Lea Manor, Thorpe Lea Road, Egham, Surrey TW20 8HY, United Kingdom.
4 Kerry, Bradley Road, Royal Portbury Dock, Bristol BS20 7NZ, United Kingdom.
5 Havenlaan 86C, Bus 204, 1000 Brussels, Belgium.
6 Maarssenbroeksedijk 2a, 3542 DN Utrecht, Netherlands.
7 Cuneraweg 9c, 4051 CE, Ochten, Netherlands.
8 Papesteeg 91, 4006 WC Tiel, Netherlands.
9 Pujmanové 1753/10a, Nusle, 140 00, Praha 4, Czech Republic.
10 43 Rue Louis Pasteur, 62575 Blendecques, France.
11 Zone Industrielle du Plan, BP 82067, 06131 Grasse, CEDEX, France.
12 Hauptstrasse 22-26, D-63924 Kleinheubach, Germany.
13 Neckarstraße 9, 65239 Hochheim/Main, Germany.
14 Hanna-Kunath-Strasse 25, 28199, Bremen, Germany.
15 P. Brovki Str., 44 210039 Vitebsk, Belarus.
16 Toftegardsvej 3, DK-5620, Glamsbjerg, Denmark.
17 Via Capitani di Mozzo 12/16, 24030 Mozzo, Bergamo, Italy.
18 Ul. Energetyczna 13, 56-400 Olesnica, Poland
19 Dévai utca 26-28, Budapest, H-1134, Hungary.
20 17 Rue Antoine Jans, Luxembourg L-1820, Luxembourg.
21 Biroul Nr.5, Etaj 5, Nr. 4D, Corp C, Strada Gara Herastrau, Bucureşti Sectorul 2, Romania.
22 RigaLand Business Centre, 26 km Baltiya Highway, Krasnogorskiy District, 143421, Moscow, Russia.
23 Calle Coto de Doñana, 15, 28320 Pinto, Madrid, Spain.
24 Polígono Industrial de las Gándaras de Budino, O Porrino, Pontevedra, Spain.
25 Avda de la Industria s/n, Visos del Alcor, Seville, Spain.
26 Camino del Purchill, 66, 18004, Granada, Spain.
27 4, V. Dimech Street, Floriana, FRN 1504, Malta.
28 Hodžovo námestie 1A, Bratislava, 811 06, Slovakia.
29 Box 1420 - Frejgatan 13, 114 79 Stockholm, Sweden.
30 Avenue Peremoghy, 53, Kiev, 03067, Ukraine.
31 3400 Millington Road, Beloit WI 53511, United States.
32 5800 Landerbrook Drive, Suite 300, Mayfield Heights OH 44124, United States.
33 635 Oakwood Road, Lake Zurich IL 60047, United States.
34 12604 Hiddencreek Way # Suite A, Cerritos, CA 90703, United States.
35 1711 North Liberty Street, Harrisonburg VA 22802, United States.
36 8135 Remmet Ave, Canoga Park CA 91304, United States.
37 275 Northpointe Parkway, Suite 105, Amherst NY 14228, United States.
38 615 Jack Ross Avenue Woodstock ON N4S 8A4, Canada.
39 1000 De La Gauchetière Street West, Suite 2100, Montréal Québec H3B 4W5, Canada.
40 Carretara Panamericana, Irapuato-Salamanca Km 11.2, Apartado Postal 789, Guanajuato, 36660, Mexico.
41 Rio Lerma 228, Ffraccionamiento Industrial San Nicolas, Tlalnepantla, Estado de Mexico, CP 54030, Mexico.
42 Avenida Mercedes Benz 460, Distrito Industrial, Campinas, Sao Paolo, 13054-750, Brazil.

36. Group entities (continued)

Registered Office (continued)

43 Rua Hidra 188, Santo Agostinho, Manaus, 69036-520, Brazil.

44 Liceo de Pavas 200 mts West, 100 Norte Zip Code 10909, San José, Costa Rica.

45 De la esquina noreste fabrica BTICINO, 50 mts al este, edificio a mano izquierda, San Jose, Costa Rica.

46 C.M. El Trovador No. 4280, Of 1205, Las Condes, Suc. Cerro Portezuelo 9901, Quilicura, Santiago, Chile.

47 Carrera 7 No 71-52, Torre A Piso 5, Bogota, Colombia.

48 Real SAS: carrera 3 # 6a – 100 oficina 703. Ed. Torre Protección, Cartagena, Colombia.

49 Parque Industrial Costa del Este, Calle Avenida Principal y 3ra Lote 88. Corregimiento, Parque Lefevre 0819-01869, Panama.

50 Distrito Panama, Provincia Panama, Panama.

51 Avenida Petapa 52-20, Zona 12, Guatemala, Guatemala.

52 23 Avenida 34-61, Zona 12, Colonia Santa Elisa, Guatemala, Guatemala.

53 Kilómetro 26.5 carretera al pacifico, paso a desnivel, entrada a Amatitlán, Guatemala.

54 2 Calle Oriente Avenida Melvin Jones, Local 14, Centro Comercial Argoz, Santa Tecla, La Libertad, El Salvador.

55 No 618, Moo 4, Bangpoo Industrial Estate, Praksa Sub District, Muang District, Samutprakarn Province, Thailand.

56 Room 406, Cebu Business & Investments Consultants, 4th Floor, Tulips Centre, AS Fortuna Street, Mandaune City, Cebu, 6014, Philippines.

57 8/F The W Fifth Avenue Building, Fifth Avenue , Bonifacio Global City, Taguig, Philippines.

58 8A Biomedical Grove, #02-05/12, Immunos, 138648, Singapore.

59 Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

60 Kamiyacho Sankei Building. 2F, 1-7-2, Azabudai 1-chome, Minato-ku, Tokyo 106-0041, Japan.

61 Renhne Industry Zone, Jiulong Village, Hangzhou, China.

62 Room 311, Floor 3, Building 1, No 239 Gang-Ao Road, Pilot Free Trade Zone, Shanghai, China.

63 North side of Xiangjiang Road, Rudong County, Nantong City, China.

64 Dujiashan, Huayang County, Jurong, Jiangsu Province, 212425, China.

65 26 Tai Ping Qiao Industry Park, Xin'an, Deqing County, Zheijiang Province, China.

66 North side of XinYe Road, West side of LiDaXian, DaChang Industrial District, LangFang City, HeBei Province, China.

67 No.6 Haichuan Road, Jiezhuang Street, Hi-tech Zone, Jining, Shandong Province, China.

68 Olympic Building, Ramsis Extension St., ext 6th District, Nasr City, Cairo, Egypt.

69 JL Industri Utama Blok SS No. 6, Jababeka II Mekarmukti, Cikarang Utara, Bekasi 17520, Indonesia.

70 Jalan Industri Utama Blok SS-6 Kawasan Industri Jababeka 2, Kel. Mekarmukti, Kec. Cikarang Utara, Kab, Bekasi Prov. Jawa Barat, Indonesia.

71 8th Floor, Pritech Park Annex, Marathalli-Sarjapur Outer Ring Road, Bellandur, Bangalore, Karnataka, 560103, India.

72 Suite 202, 7-9 Irvine Place Bella Vista, NSW 2153, Australia.

73 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.

74 Avocado Towers, L.R. No 209/1907, Muthithi Road, Nairobi, 00100, Kenya.

75 Kalamu House, Grevillea Grove, Brookside Westlands, P.O. Box 61120, 00200, Nairobi, Kenya.

76 Block 3 Nguni Park, 4-6 Lucas Drive, Hillcrest, Durban, Kwazulu-Natal, 3610, South Africa.

77 9th Fl., Sheenbang Bldg, 1366-18, Seocho-dong, Seocho-Gu, Seoul, 137-863, Republic of Korea.

78 #82 Yuolgum-5gil, Sunghwan-eup, Cheonan-si, Choongchungnam-do, Republic of Korea.

79 PO Box Number: 42511, PC 21551, Jeddah, Al Mehjar, 2nd Industrial City-Jeddah-Kin, Saudi Arabia.

80 PO Box 793, P.C-112, Muscat, Sultanate of Oman, Oman.

81 Me Linh Point Tower, 2 Ngo Duc De Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

82 Unit No: AG - GF - 01, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.