

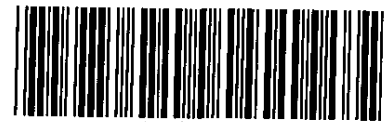


Wittington
INVESTMENTS

Financial Statements

17 September 2022

THURSDAY



ACØWKNGR

A20

06/04/2023

#149

COMPANIES HOUSE

Wittington Investments Limited

Registered number 00366054

Contents

<i>Strategic report</i>	1
Directors' report	5
Statement of directors' responsibilities	7
Independent Auditor's Report	8
Consolidated income statement	11
Consolidated statement of comprehensive income	12
Consolidated balance sheet	13
Consolidated cash flow statement	14
Consolidated statement of changes in equity	15
Notes to the consolidated financial statements	16
Company balance sheet	73
<i>Company statement of changes in equity</i>	74
Company accounting policies	75
Notes to the company financial statements	76

Strategic report

Group Business Model and Strategy

The business of Wittington Investments Limited (the 'Group') is the management of investments in a wide range of assets.

The Group's investments are managed in five business segments, being Luxury Retail, Real Estate, Hotels, Private Markets & Other Investments and Associated British Foods plc ('ABF'). The latter refers to the Group's 54.5% shareholding in ABF, which is quoted on The London Stock Exchange.

The Group takes a long-term approach to investment and is committed to increasing shareholder value through sound business decisions which will deliver sustainable growth in earnings and dividends.

Given the materiality of the ABF business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

The Garfield Weston Foundation ('The Foundation') is an English charitable trust, established in 1958 by the late W Garfield Weston. As at 17 September 2022, the Foundation holds 683,073 shares (2021 - 683,073) in Wittington Investments Limited representing 79.2% (2021 - 79.2%) of the Group's issued share capital and is, therefore, the Group's ultimate controlling party.

The Trustees of the Foundation made total grants of £89.9 million (year to 5 April 2022) in support of 1,988 appeals (2021: £98.3 million in support of 2,129 appeals). The Foundation accepts appeals from UK registered charities. No applications from individuals are considered and the Trustees do not typically fund projects outside the UK.

Business Strategies

Luxury Retail

Luxury Retail comprises Fortnum & Mason plc and Heal & Sons Ltd, two long-established retailers. The aim for each of these businesses is to build a sustainable and profitable business over the long term by providing an outstanding customer experience through all channels and by developing the product offer. They also aim to develop their respective digital businesses and, where appropriate, international activities.

Real Estate

The Group invests in high-quality investment properties in the retail, office and distribution sectors across the UK. It also takes strategic positions in selected development opportunities, alongside local partners or sector specialists, where it can use its patient capital to unlock the potential in those sites.

Hotels

As an extension of its Real Estate strategy, the Group invests in hotels with high-quality real estate backing and with a broad mix of customers from corporate, event and leisure markets.

Private Markets & Other Investments

The Group invests both directly and via externally managed funds in private equity and private debt markets. This is a long-term asset class and exposures are

managed to provide a diverse portfolio by sector, geography and age of company. It also invests selectively in special situations.

Other investments are principally composed of liquid investments in short-dated investment grade bonds as well as listed equities, which provides portfolio diversification and enables liquidity and portfolio needs to be met.

Associated British Foods plc

ABF is a diversified international food, ingredients and retail group with revenue of £17bn, 132,000 employees and operations in 53 countries across Europe, southern Africa, the Americas, Asia and Australia. Further details can be found in ABF's Annual Report 2022 which can be found at www.abf.co.uk.

Business Review

Luxury Retail

Fortnum & Mason

Fortnum & Mason's financial year encompassed a period of significant disruption, with the last remaining COVID-19 restrictions worldwide being removed in July 2021 but followed almost immediately by fractured global supply chains and a tightening labour market in the UK; by the start of the war in Ukraine which precipitated rapid inflation; and by greater economic and political uncertainty. The Fortnum & Mason team has navigated this disruption well. The online channel has attracted many new customers to Fortnum & Mason and is now three times larger than pre-pandemic level, while physical stores returned to 2019 levels of revenue and footfall by the end of the period. Revenue grew 42% to £186.5m (2021: £131.2m); profit before taxation was £5.8m (2021: Loss of £2.4m) and EBITDA grew to £14.2m (2021: £5.1m). Capital investment in the year amounted to £4.9m (£2021: £5.2m) centred on further improvements in our digital and store experiences. Closing cash was £17m (2021: £10m), with no debt.

Heal's

Revenue remained materially flat at £37.0m (2021: £38.0m), however the dual challenges of supply chain and wage inflation drove a 20% reduction in operating profit to £1.6m (2021: £2.0m). The strategic focus of the company going forward is to continue to build its digital brand and to combine its online presence with a small number of showrooms.

Real Estate

One property was sold (West End Retail Park in Glasgow for proceeds of £34.2m) driving an increase in operating profit to £16.3m (2021: £3.9m). This included an impairment charge of £5.6m (2021: £6.2m) in respect of the carrying value of some of the office and retail properties and a residential development. Three properties were acquired during the year with an aggregate consideration of £64m. Over the year, 99% of rents were collected (2021: 92%) comparing very favourably with the sector as a whole.

Hotels

Grand Hotel, Brighton

The Grand Hotel has recovered strongly from the COVID-19 pandemic, with unprecedented demand in the leisure market driving record levels of occupancy. Revenue for the period was the highest in the hotel's history at £17.0m (2021: £9.2m), helping the business to record an operating profit for the year of £2.7m (2021: £7.1m). In 2021 a third-

Strategic report

party valuation supported a £7.9m reversal of impairment charges previously recorded in 2019 and 2020.

Richmond Hill Hotel

Richmond Hill Hotel also recovered strongly from COVID-19 and benefitted from unprecedented demand in the leisure market. Revenue for the period was the highest in the hotel's history at £9.2m (2021: £3.9m), whilst current and future bookings remain strong. A third party valuation of the property at 17 September 2022 supported a £12.5m reversal of previous impairment charges primarily booked in 2020 during the COVID-19 pandemic. This reversal, together with record levels of occupancy, drove an operating profit of £13.4m (2021: loss of £1.8m).

Private Markets & Other Investments

Performance of the closed-end funds portfolio has been resilient during a volatile year. During the year, the Group committed to six new funds with existing managers.

Performance elsewhere in the remaining direct portfolio companies continues to be mixed, with some still trading below pre pandemic levels.

Profit after tax for the year for Private Markets & Other Investments was £28.3m (2021: £82.2m, including £62m profit realised on the sale of the Company's investment in Lady of Leisure Investco Limited (holding company for Sweaty Betty, the athleisure brand)).

Associated British Foods plc

ABF delivered strong revenue and profit growth this year in a clear demonstration of the benefits of its diversification, brand strength, and of its commitment to disciplined financing and investment. The performance was achieved despite pandemic-induced disruption being followed by high and volatile input cost inflation. ABF's food businesses continued to play an important role providing safe, nutritious food in an era of supply chain disruption and high inflation with revenue increasing by 10% driven by price recovery and with adjusted operating profit proving resilient. Revenue, margin and profits at Primark increased significantly as more normal customer behaviour resumed after the pandemic. Significant progress was made in building out Primark's digital capability, which will be a key element in the future development of Primark. Substantial and volatile input cost inflation will be the most significant challenge in the new financial year, and ABF's businesses will continue to seek to recover these higher costs in the most appropriate way.

ABF posted statutory operating profit for the year of £1,178m (2021: £808m) net of exceptional charges of £206m (2021: £151m). Given the strength of ABF's balance sheet and its confidence in the future, ABF announced a £500m share buyback programme on November 8th 2022.

Directors' duties

The directors are required to act in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

Stakeholder engagement

The Company engages regularly with stakeholders at Group and/or business unit level, depending on the particular issue. Regardless of the legal duties, the directors consider regular engagement with stakeholders to be part and parcel of our value of progressing through

collaboration and to be fundamental to the success of the group.

The Board has identified the following stakeholder groups with whom engagement is fundamental to the Group's ongoing success:

1. **The Garfield Weston Foundation:** The largest single shareholder of the Group is the Garfield Weston Foundation, a charitable grant-making body which supports a wide range of causes across the UK. The Group engages regularly with the Foundation to understand its grant pipeline and to ensure that it is in a position to pay dividends to a level commensurate with the Foundation's objectives. An additional key concern for the Foundation is that the Group operate with high ethical standards so as not to undermine the Foundation's charitable aims and objectives.
2. **Governments:** The Group is impacted by changes in laws and public policy. The key issues of concern in relation to the government are regulatory changes (including COVID 19 and tax legislation), climate and environmental related matters and support of businesses and workers. The directors of The Group engage with this stakeholder group in various ways including meetings, responding to requests for inputs (e.g. on sustainability reporting guidelines) and applications to participate in government schemes.
3. **Communities and the environment:** As The Group's controlling shareholder, the Foundation is heavily engaged in national efforts to mitigate climate change. This is primarily achieved through the award of grants to relevant bodies. Through the ABF business segment, the Group is also engaged in community relations at a national and international level and with the design and implementation of strategies to promote climate change mitigation and a circular economy. ABF engages with these stakeholder groups in various ways including coaching and training programmes and community programmes and schemes.
4. **Customers / consumers:** The Group depends heavily on its reputation with customers, in the UK and globally, across its grocery, retail and hotel operations. The key issues of concern to customers are health and safety, products and services, value for money, availability of products and services, impact on the environment, store and hotel environments and customer relations. The business engages with this stakeholder group in various ways including customer surveys, labelling, social media and customer/consumer information lines.
5. **Employees:** Our people are central to our success. The Group employs 133,895 people of which 132,000 are employed by ABF. Given this, responsibility for engagement with employees lies principally with the ABF business segment. ABF engages with its employees in various ways including email, health and safety programmes, intranet, newsletters, surveys, town halls, training, virtual meetings and notice boards. The key issues of concern to employees are health and safety, engagement & development and diversity & inclusion.

The Group is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotions to retirement. It is our policy to promote an environment free from discrimination,

Strategic report

harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. It is our policy that people with disabilities who fulfil the minimum criteria should have full and fair consideration for all vacancies. We endeavour to retain employees in the workforce if they become disabled during employment. It is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

6. **Suppliers:** Through the ABF business segment, the Group is indirectly dependent on many complex supply chains operating at an international level. The key issues of concern with regards to supply chains are payment practices, responsible sourcing and supply chain sustainability. The Group engages with this stakeholder group in various ways including conversations (face-to-face or virtual), training, communications fora, correspondence, press releases and audits.

Principal decisions

An example of a principal decision taken during the year that took stakeholder views into account is the decision to pay a first interim dividend in December 2021 and a second interim dividend in May 2022, with the primary beneficiary of the decision being the Garfield Weston Foundation and – indirectly – the recipients of the grants awarded by the Foundation.

As of December 2021, both hotels as well as Fortnum & Mason, Heal's and ABF's Primark stores were all open again. All were mostly free of trading restrictions and were trading well. The uncertainty around future cash flows was considerably lower than the previous year although the possibility of further trading restrictions could not be ruled out.

The Directors agreed a first interim dividend of 71.25p per share in December 2021 which, together with the second interim dividend paid in May 2022 of 49p per share, made a total of 120.25p per share for the year. This dividend was consistent with that for the previous year and is more than four times covered by the earnings per share of 516p.

The decision to pay both dividends factored in the net cash position before lease liabilities for the Group of £3.15 bn at the 2021 year end.

Principal Risks and Uncertainties

The Group's board reviews annually the material risks facing the business together with the internal control procedures and resources devoted to them.

The principal risks currently identified are:

External Risks: the war in Ukraine and its impact on the UK and Global economy; events impacting consumer confidence leading to reduced consumer spending; movement in exchange rates; wage and materials inflation; fluctuations in commodity and energy prices; operating in global markets; health and nutrition concerns.

Operational Risks: supply chain interruptions and labour shortages; workplace health and safety; social distancing rules; product safety and quality; use of natural resources

and managing environmental impact; ethical business practices; and breaches of IT and information security.

Energy and Global Greenhouse Gas Emissions

The Group is committed to making year-on-year improvements in operational energy efficiency.

ABF's emissions (Scopes 1 and 2) reduced by 2% to 3.11 million tonnes CO₂e (2021: 3.16 million tonnes CO₂e). ABF's energy consumption reduced by 4% to 21,046 GWh (2021: 21,990 GWh). The principal energy efficiency measures to reduce ABF's carbon emissions include the introduction of energy monitoring systems; conversions to LED lighting; and upgrades to production machinery such as compressors and boilers to improve efficiencies.

Fortnum & Mason is also committed to decreasing its reliance on the planet's resources and is working hard to ensure that all packaging is either reusable, home compostable or fully recyclable by 2024. Fortnum & Mason's emissions (Scopes 1 and 2) were 1,608.11 tonnes CO₂e.

Corporate Responsibility

The Group's corporate responsibilities centre on those of ABF. As a diversified international food, ingredients and retail group with 132,000 employees and operations in 53 countries across Europe, southern Africa, the Americas, Asia and Australia, ABF takes its responsibilities to wider society seriously. ABF publishes a full corporate responsibility report every three years, most recently in 2022. Corporate responsibility is a central part of how the business is run and is incorporated into the day to day decision making processes. In the Corporate Responsibility Report, ABF shares information on its anti-bribery and corruption policy, whistleblowing policy, approach to human rights, social matters, environment policy, employees and diversity. Further information and a copy of the 2022 ABF Corporate Responsibility Report are available at www.abf.co.uk/responsibility/cr_downloads.

ABF is committed to gender diversity and, across the business overall, the gender split is close to equal with 54% of the workforce last year being female. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 were introduced in April 2017, and ABF has collected the required data for all of its relevant employees. Further details for each of the UK legal entities that are required to report data is published online and submitted to the Government's Gender Pay Reporting website in accordance with the legislation. Further information can be found in the ABF 2022 Annual Report at www.abf.co.uk/investorrelations/reports.

Being a responsible company means respecting the human rights of all the people who interact with the business, whether they are direct employees, temporary workers or those in the supply chain. ABF's approach to human rights and the steps it takes to try to ensure that modern slavery, in any of its forms, is not present within its operations or supply chains is set out in the 2022 Modern Slavery and Human Trafficking Statement. Many of the businesses have compiled their own statements, and all published statements can be found at http://www.abf.co.uk/responsibility/responsibility_policies.

ABF is committed to maintaining the highest standard of ethics and compliance with all relevant laws wherever it does business. Compliance with anti-bribery and anti-corruption laws is an essential part of this and ABF maintains a robust compliance system which is designed to respect both the spirit and letter of the relevant laws. A

Strategic report

copy of the group's Anti-Bribery and Corruption Policy is available at http://www.abf.co.uk/responsibility/responsibility_policies.

Effective and honest communication is essential if *malpractice and wrongdoing are to be dealt with* effectively. ABF's Whistleblowing Policy provides guidelines for people who feel they need to raise certain issues in confidence. A copy of the Whistleblowing Policy is available at http://www.abf.co.uk/responsibility/responsibility_policies.

Fortnum & Mason, as a business that has been around for over 300 years, sees its primary responsibility as conducting business today in a way that truly considers the next 300 years. Fortnum & Mason's strategy is called Future Matters within which are four sustainability and social responsibility pillars: People, Product, Packaging and Planet. These drive a commitment to doing more things more often to create long-lasting change, with the help of suppliers, employees and customers. More information is available in the Fortnum & Mason PLC Annual Directors Report and Consolidated Financial Statements which can be found at the Companies House website (<https://find-and-update.company-information.service.gov.uk/>).

Geopolitical uncertainty and Russia's war in Ukraine

The global inflationary impacts of COVID-19 have been exacerbated by the geopolitical uncertainty caused by Russia's war in Ukraine. For the avoidance of doubt, the Group does not have any operations or investments in Russia. Nevertheless, the war has resulted in economic uncertainty in almost all of the markets in which the Group operates, and has adversely impacted energy pricing, commodity costs and supply chains. Our management teams in all business segments are monitoring the situation closely. This is an ongoing challenge and its impacts on the Group's trading and investing activities will depend on the duration of the current crisis and on geopolitical repercussions.



Sir Guy Weston
Chairman

12 January 2023

Wittington Investments Limited
Registered office:
Weston Centre
10 Grosvenor Street
London
W1K 4QY
Company Number 00366054

Directors' report

The directors present their annual report and audited financial statements for the 52 weeks ended 17 September 2022, in accordance with section 415 of the Companies Act 2006. The Board considers that the Group's Report and Accounts 2022, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Group's performance, business model and strategy.

Given the materiality of the ABF (Associated British Foods plc) business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

Results and Dividends

The consolidated income statement is on page 11. Profit for the financial period amounted to £783m (2021: £612m) and dividends to £104m (2021: £104m). Dividends are detailed in note 8. Profit for the financial period attributable to equity shareholders amounted to £445m (2021: £375m).

Directors

The Directors who held office throughout the year were as follows:

Sir Guy Weston (Chairman)
Emma Adamo
Sir Harry Djanogly
Martin Hattrell
Anna Catrina Hobhouse
Charles Mason
Lindsay Pearson
Alannah Weston
Garth Weston
George Weston
Graham Weston

The Company Secretary was Jennifer Dooley.

Directors' Indemnities

The Group has in place appropriate directors' and officers' liability insurance cover in respect of legal action against its executive and non-executive directors amongst others. The directors of a subsidiary company that acts as trustee of a pension scheme benefited from a qualifying pension scheme indemnity provision during the financial year and at the date of the ABF 2022 Annual Report. Other than these, there were no qualifying third-party indemnity provisions provided by the Group or its subsidiaries during the financial year and as at the date of the ABF 2022 Report.

Controlling Shareholder Relationship Agreement

Any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast at general meetings of a company are known as a 'controlling shareholder' under the Listing Rules. The Listing Rules require companies with controlling shareholders to enter into an agreement which is intended to ensure that the controlling shareholders comply with certain independence provisions in the Listing Rules. The Group and, through their control of the Group, the trustees of the Garfield Weston Foundation are controlling shareholders of ABF. On 14 November 2014 the Group entered into a relationship agreement with ABF and the trustees of the Garfield Weston Foundation containing the required undertakings. The Relationship Agreement was amended and restated on 25 June 2020.

Controlling Interest

Details of a controlling interest in the shares of the Group are given in note 32. Other than as noted, so far as is known, no other person holds or is beneficially interested in a disclosable holding in the Group.

Engagement with suppliers

The way the Group engages with suppliers is outlined in the Strategic Report in the section concerned with directors' duties.

Branches

The Group, through various subsidiaries, has established branches in a number of different countries in which the group operates.

Financial risk management

Details of the Group's use of financial instruments, together with information on our risk objectives and policies and our exposure to price, credit, liquidity, cash flow and interest rate risks, can be found in note 28.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware, and each director has taken all the reasonable steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information. For these purposes, relevant audit information means information needed by the auditor in connection with the preparation of its report on pages 8-10.

Directors' report

Auditors

In accordance with section 485(4) of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the Group will be proposed at the forthcoming annual general meeting.

London
W1K 4QY

Company Number 00366054

Corporate Governance

Maintaining effective corporate governance is fundamental to the Board's ability to discharge its duties to shareholders.

The Board considers that the Group has, throughout the 52 weeks ended 17 September 2022, applied the main principles and complied with the provisions set out in the UK Corporate Governance Code.

The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk. Effective controls ensure that the Group's exposure to avoidable risk is minimised, that proper accounting records are maintained, that the financial information used within the business is reliable and that the consolidated accounts preparation and financial reporting processes comply with all relevant regulatory reporting requirements. The directors confirm that there is a process for identifying, evaluating and managing the risks faced by the Group and the operational effectiveness of the related controls. They also confirm that they have regularly reviewed the system of internal controls.

Going concern

The global inflationary impacts of COVID-19 have been exacerbated by the geopolitical uncertainty caused by Russia's war in Ukraine. For the avoidance of doubt, the Group does not have any operations or investments in Russia. Nevertheless, the war has resulted in economic uncertainty in almost all of the markets in which the Group operates, and has adversely impacted energy pricing, commodity costs and supply chains. Our management teams in all business segments are monitoring the situation closely. This is an ongoing challenge and its impacts on the Group's trading and investing activities will depend on the duration of the current crisis and the geopolitical repercussions. However, the directors believe the Group's resilience has been evidenced by the year-on-year growth in profit and operating cash flows in excess of £1bn set out in these statements and that the Group is well placed to trade through the uncertain times with adequate resources to continue to meet its commitments when called. As such these financial statements are prepared on a going concern basis (see note 1).



Sir Guy Weston
Chairman

12 January 2023

Wittington Investments Limited
Registered office:
Weston Centre
10 Grosvenor Street

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The directors have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

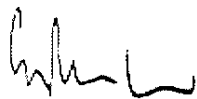
Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



Sir Guy Weston
Chairman

12 January 2023

Wittington Investments Limited
Registered office:
Weston Centre
10 Grosvenor Street
London
W1K 4QY
Company Number 00366054

Independent Auditor's Report

to the Members of Wittington Investments Limited

Opinion

We have audited the financial statements of Wittington Investments Limited ('the parent company') and its subsidiaries (the 'group') for the 52 weeks ended 17th September 2022 which comprise consolidated statements such as the Group Profit and Loss Account, the Group and Parent company Balance Sheet, Group statement of cash flows, the Group statement of comprehensive income, the Group and Parent statement of changes in equity, and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 17 September 2022 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

Challenging the assumptions underpinning the Group's forecasts and going concern period until January 2024.

- Understanding the process taken by management to evaluate the operational and economic impacts of macroeconomic factors on the Group and to reflect these in the group's forecasts.
- Considering the downside scenario identified by management and assessing whether any other scenarios should be considered, and the potential impact on the assessment of such scenarios.
- Performing a reverse stress test to establish the reduction in revenue and related impact on cash flows that could lead to a loss of liquidity.
- Assessing the appropriateness of the Group's disclosure concerning the going concern basis of preparation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report

to the Members of Wittington Investments Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests both with those charged with governance of the entity and with management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are International Accounting Standards in conformity with the requirements of the Companies Act 2006, the reporting framework (FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, GDPR, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the Company operates.
- We understood how Wittington Investments Limited is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the review of the following documentation:
 - o all minutes of board meetings held during the period; and
 - o any relevant correspondence with local tax authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies. In doing so we focused on the value of investments held and designed and executed additional audit procedures to address the risk of material misstatement, placing emphasis on testing to third party confirmation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and enquiries of management.

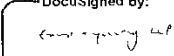
Independent Auditor's Report

to the Members of Wittington Investments Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

AFCFE9BF66FA4BE

Julie Carlyle (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place,
London,
United Kingdom
SE1 2AF

13 January 2023

Consolidated income statement

for the 52 weeks ended 17 September 2022

	Note	2022 £m	2021 £m
Continuing operations			
Revenue	3	17,258	14,079
Operating costs before exceptional items	4	(15,969)	(13,195)
Exceptional items	4	(206)	(151)
		1,083	733
Share of profit after tax from joint ventures and associates	13	109	80
Profits less losses on disposal of non-current assets		16	5
Operating profit		1,208	818
Adjusted operating profit	3	1,456	1,020
Profits less losses on disposal of non-current assets		16	5
Amortisation of non-operating intangibles	9	(47)	(50)
Acquired inventory fair value adjustments	4	(5)	(3)
Transaction costs	4	(6)	(3)
Exceptional items	4	(206)	(151)
Profits less losses on sale and closure of businesses	25	(23)	20
Profit before interest		1,185	838
Finance income	6	44	137
Finance expense	6	(116)	(114)
Other financial income/(expense)	6	40	(9)
Profit before taxation		1,153	852
Adjusted profit before taxation		1,424	1,034
Profits less losses on disposal of non-current assets		16	5
Amortisation of non-operating intangibles	9	(47)	(50)
Acquired inventory fair value adjustments	4	(5)	(3)
Transaction costs	4	(6)	(3)
Exceptional items	4	(206)	(151)
Profits less losses on sale and closure of businesses	25	(23)	20
Taxation – UK (excluding tax on exceptional items)		(64)	(81)
– UK (on exceptional items)		3	3
– Overseas (excluding tax on exceptional items)		(243)	(196)
– Overseas (on exceptional items)		(66)	34
	7	(370)	(240)
Profit for the period		783	612
Attributable to			
Equity shareholders		445	375
Non-controlling interests		338	237
Profit for the period		783	612

Consolidated statement of comprehensive income

for the 52 weeks ended 17 September 2022

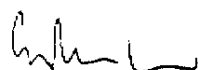
	Note	2022 £m	2021 £m
Profit for the period recognised in the income statement		783	612
Other comprehensive income			
Remeasurements of defined benefit schemes	14	825	559
Deferred tax associated with defined benefit schemes	15	(199)	(144)
Items that will not be reclassified to profit or loss		626	415
Effect of movements in foreign exchange		445	(365)
Net (loss)/gain on hedge of net investment in foreign subsidiaries		(1)	14
Net gain on other investments held at fair value through other comprehensive income		4	-
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed		-	(6)
Movement in cash flow hedging position	28c	419	39
Deferred tax associated with movement in cash flow hedging position	7, 28c	(28)	(14)
Deferred tax associated with movement in other investments		(1)	-
Share of other comprehensive income of joint ventures and associates		28	(10)
Effect of hyperinflationary economies		46	18
Items that are or may be subsequently reclassified to profit or loss		912	(324)
Other comprehensive income for the period		1,538	91
Total comprehensive income for the period		2,321	703
Attributable to			
Equity shareholders		1,281	419
Non-controlling interests		1,040	284
Total comprehensive income for the period		2,321	703

Consolidated balance sheet

at 17 September 2022

	Note	2022 £m	2021 £m
Non-current assets			
Intangible assets	9	1,879	1,591
Property, plant and equipment	10	5,727	5,406
Right-of-use assets	11	2,477	2,674
Investment property	12	246	214
Investments in joint ventures	13	303	278
Investments in associates	13	89	67
Employee benefits assets	14	1,393	640
Investments	28	142	101
Income tax	7	23	23
Deferred tax assets	15	160	221
Other receivables	16	58	60
Total non-current assets		12,497	11,283
Current assets			
Assets classified as held for sale	17	45	13
Inventories	18	3,296	2,179
Biological assets	19	105	85
Trade and other receivables	16	1,789	1,388
Derivative assets	28	475	124
Investments	28	1,243	1,093
Income tax		76	63
Cash and cash equivalents	20	2,226	2,509
Total current assets		9,255	7,454
Total assets		21,752	18,737
Current liabilities			
Liabilities classified as held for sale	17	(14)	–
Lease liabilities	11	(320)	(293)
Loans and overdrafts	21	(157)	(376)
Trade and other payables	22	(3,165)	(2,432)
Derivative liabilities	28	(205)	(34)
Income tax		(170)	(179)
Provisions	23	(87)	(71)
Total current liabilities		(4,118)	(3,385)
Non-current liabilities			
Lease liabilities	11	(2,955)	(3,015)
Loans	21	(481)	(76)
Provisions	23	(26)	(31)
Deferred tax liabilities	15	(664)	(376)
Employee benefits liabilities	14	(86)	(157)
Total non-current liabilities		(4,212)	(3,655)
Total liabilities		(8,330)	(7,040)
Net assets		13,422	11,697
Equity			
Issued capital		–	–
Share premium		382	382
Other reserves		97	95
Translation reserve		235	(19)
Hedging reserve		84	24
Retained earnings		7,308	6,617
Total equity attributable to equity shareholders		8,106	7,099
Non-controlling interests		5,316	4,598
Total equity		13,422	11,697

The financial statements on pages 11 to 72 were approved by the Board of Directors on 12 January 2023 and were signed on its behalf by:



Sir Guy Weston
Chairman

Consolidated cash flow statement

for the 52 weeks ended 17 September 2022

	Note	2022 £m	2021 £m
Cash flow from operating activities			
Profit before taxation		1,153	852
Profits less losses on disposal of non-current assets		(16)	(5)
Profits less losses on sale and closure of businesses		23	(20)
Transaction costs	4	6	3
Finance income	6	(44)	(137)
Finance expense	6	116	114
Other financial (income)/expense	6	(40)	9
Share of profit after tax from joint ventures and associates	13	(109)	(80)
Amortisation		71	76
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)		816	845
Reversal of impairment of property, plant & equipment and right-of-use assets		(13)	(8)
Impairment of investment properties		6	6
Exceptional items	4	206	151
Acquired inventory fair value adjustments		5	3
Effect of hyperinflationary economies		16	7
Net change in the fair value of current biological assets		(8)	(12)
Share-based payment expense	26	19	17
Pension costs less contributions		7	4
Increase in inventories		(964)	(130)
Increase in receivables		(288)	(78)
Increase in payables		514	135
Purchases less sales of current biological assets		(4)	(1)
Increase/(decrease) in provisions		7	(40)
Cash generated from operations		1,479	1,711
Income taxes paid		(313)	(304)
Net cash generated from operating activities		1,166	1,407
Cash flow from investing activities			
Dividends received from joint ventures and associates	13	96	63
Purchase of property, plant and equipment		(683)	(555)
Purchase of intangibles		(92)	(78)
Sale of property, plant and equipment		30	21
Purchase of investment properties		(63)	(2)
Sale of investment properties		34	6
Purchase of subsidiaries, joint ventures and associates		(154)	(57)
Sale of subsidiaries, joint ventures and associates		2	38
Purchase of non-current investments		(31)	(14)
(Purchase)/sale of current investments	27	(122)	130
Interest and dividends received	6	26	16
Net cash used in investing activities		(957)	(432)
Cash flow from financing activities			
Dividends paid to non-controlling interests		(180)	(26)
Dividends paid to equity shareholders	8	(104)	(104)
Interest paid		(114)	(117)
Lease incentives received		46	10
Repayment of lease liabilities	27	(325)	(295)
Decrease in short-term loans	27	(58)	(10)
Increase/(decrease) in long-term loans	27	179	(20)
Purchase of shares in subsidiary undertaking from non-controlling interests		—	(24)
Movement from changes in own shares held		(50)	—
Net cash used in financing activities		(606)	(586)
Net (decrease)/increase in cash and cash equivalents	27	(397)	389
Cash and cash equivalents at the beginning of the period		2,423	2,098
Effect of movements in foreign exchange		74	(64)
Cash and cash equivalents at the end of the period	27	2,100	2,423

Consolidated statement of changes in equity

for the 52 weeks ended 17 September 2022

	Attributable to equity shareholders							Non-controlling interests	Total equity
	Issued capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	£m	£m
Balance as at 12 September 2020	1	382	52	186	(3)	6,174	6,792	4,314	11,106
Total comprehensive income									
Profit for the period recognised in the income statement	-	-	-	-	-	375	375	237	612
Remeasurements of defined benefit schemes	-	-	-	-	-	304	304	255	559
Deferred tax associated with defined benefit schemes	-	-	-	-	-	(78)	(78)	(66)	(144)
Items that will not be reclassified to profit or loss	-	-	-	-	-	226	226	189	415
Effect of movements in foreign exchange	-	-	-	(205)	-	-	(205)	(160)	(365)
Net gain on hedge of net investment in foreign subsidiaries	-	-	-	8	-	-	8	6	14
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	-	-	(3)	-	-	(3)	(3)	(6)
Movement in cash flow hedging position	-	-	-	-	21	-	21	18	39
Deferred tax associated with movements in cash flow hedging position	-	-	-	-	(8)	-	(8)	(6)	(14)
Share of other comprehensive income of joint ventures and associates	-	-	-	(5)	-	-	(5)	(5)	(10)
Effect of hyperinflationary economies	-	-	-	-	-	10	10	8	18
Items that are or may be subsequently reclassified to profit or loss	-	-	-	(205)	13	10	(182)	(142)	(324)
Other comprehensive income	-	-	-	(205)	13	236	44	47	91
Total comprehensive income	-	-	-	(205)	13	611	419	284	703
Inventory cash flow hedge movements									
Gains transferred to cost of inventory	-	-	-	-	14	-	14	11	25
Total inventory cash flow hedge movements	-	-	-	-	14	-	14	11	25
Transactions with owners									
Dividends paid to equity shareholders	-	-	-	-	-	(104)	(104)	-	(104)
Net movement in own shares held	-	-	-	-	-	9	9	8	17
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(26)	(26)
Acquisition of non-controlling interests	-	-	-	-	-	(4)	(4)	(20)	(24)
Reclassification of reserves	(1)	-	43	-	-	(69)	(27)	27	-
Total transactions with owners	(1)	-	43	-	-	(168)	(126)	(11)	(137)
Balance as at 18 September 2021	-	382	95	(19)	24	6,617	7,099	4,598	11,697
Total comprehensive income									
Profit for the period recognised in the income statement	-	-	-	-	-	445	445	338	783
Remeasurements of defined benefit schemes	-	-	-	-	-	451	451	374	825
Deferred tax associated with defined benefit schemes	-	-	-	-	-	(109)	(109)	(90)	(199)
Items that will not be reclassified to profit or loss	-	-	-	-	-	342	342	284	626
Effect of movements in foreign exchange	-	-	-	240	-	-	240	205	445
Net loss on hedge of net investment in foreign subsidiaries	-	-	-	(1)	-	-	(1)	-	(1)
Net gain on other investments held at fair value through other comprehensive income	-	-	3	-	-	-	3	1	4
Movement in cash flow hedging position	-	-	-	-	228	-	228	191	419
Deferred tax associated with movements in cash flow hedging position	-	-	-	-	(15)	-	(15)	(13)	(28)
Deferred tax associated with movements in other investments	-	-	(1)	-	-	-	(1)	-	(1)
Share of other comprehensive income of joint ventures and associates	-	-	-	15	-	-	15	13	28
Effect of hyperinflationary economies	-	-	-	-	-	25	25	21	46
Items that are or may be subsequently reclassified to profit or loss	-	-	2	254	213	25	494	418	912
Other comprehensive income	-	-	2	254	213	367	836	702	1,538
Total comprehensive income	-	-	2	254	213	812	1,281	1,040	2,321
Inventory cash flow hedge movements									
Losses transferred to cost of inventory	-	-	-	-	(153)	-	(153)	(127)	(280)
Total inventory cash flow hedge movements	-	-	-	-	(153)	-	(153)	(127)	(280)
Transactions with owners									
Dividends paid to equity shareholders	-	-	-	-	-	(104)	(104)	-	(104)
Net movement in own shares held	-	-	-	-	-	(16)	(16)	(15)	(31)
Deferred tax associated with share-based payments	-	-	-	-	-	(1)	(1)	-	(1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(180)	(180)
Total transactions with owners	-	-	-	-	-	(121)	(121)	(195)	(316)
Balance as at 17 September 2022	-	382	97	235	84	7,308	8,106	5,316	13,422

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies

Wittington Investments Limited (the "Group") is a private company limited by shares incorporated in the United Kingdom.

The consolidated financial statements for the 52 weeks ended 17 September 2022 comprise those of the Group, its subsidiaries and its interests in joint ventures and associates.

The directors authorised the consolidated financial statements for issue on 12 January 2023.

Statement of compliance

The consolidated financial statements have been prepared and approved by the directors in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('UK Adopted IFRS').

Given the materiality of the ABF (Associated British Foods plc) business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

The directors have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. These are presented on pages 73 to 78.

Basis of preparation

The Company presents its consolidated financial statements in sterling, rounded to the nearest million, prepared on the historical cost basis except that current biological assets held by ABF (Associated British Foods plc) and certain financial instruments are stated at fair value. Assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements under UK-Adopted IFRS requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on experience. Actual results may differ from these estimates.

Judgements made by management in the application of UK-Adopted IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment next year, are discussed in Accounting estimates and judgements detailed in note 2.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised from the period in which the estimates are revised.

The accounting policies set out below have been applied to all periods presented, except where stated otherwise.

Details of new accounting standards which came into force in the year are set out at the end of this note.

The Group's consolidated financial statements are prepared to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 weeks ended 17 September 2022 (2021 - 53 weeks ended 18 September 2021).

To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint ventures and associates are included up to 31 August each year and Fortnum and Mason plc is included up to 10 July 2022. Adjustments are made as appropriate for significant transactions or events occurring between 17 September and these other balance sheet dates.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic report on pages 1 to 4. The Principal risks and uncertainties on page 3 and note 28 on pages 50 to 61 provide details of the Group's policy on managing its financial and commodity risks. The group has considerable financial resources, good access to debt markets, a diverse range of businesses and a wide geographic spread. It is therefore well placed to manage business risks successfully.

Going concern

The global inflationary impacts of COVID-19 have been exacerbated by the geopolitical uncertainty caused by Russia's war in Ukraine. This has resulted in economic uncertainty in almost all of the markets in which we operate, and has adversely impacted energy pricing, commodity costs and supply chains. Our management teams in all business segments are monitoring the situation closely. This is an ongoing challenge and its impacts on the Group's trading and investing activities will depend on the duration of the current crisis and the geopolitical repercussions. However, the directors believe the Group's resilience has been evidenced by the year-on-year growth in profit and operating cash flows in excess of £1bn set out in these statements. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the consolidated financial statements.

Having reviewed the Board's best estimate of future cash flow to January 2024, and having applied reverse stress tests, the possibility that the financial headroom could be exhausted is considered to be extremely remote. The directors understand the risks, sensitivities and judgements included in the cash flow forecast and have a high degree of confidence in these cash flows. There is substantial financial headroom between this cash flow forecast and the cash on hand and funding available to the Group over the period. This is evidenced by the net cash position before lease liabilities for the Group of £2.83bn at 17th September 2022 (2021: £3.15 bn).

Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries from the date that control commences to the date that control ceases.

They also include the Group's share of the after-tax results, other comprehensive income and net assets of its joint ventures and associates on an equity-accounted basis from the point at which joint control or significant influence respectively commences, to the date that it ceases.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies continued

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to direct the activities of an entity so as to affect significantly the returns of that entity.

Changes in the group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity.

All the group's joint arrangements are joint ventures, which are entities over whose activities the Group has joint control, typically established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions.

Associates are those entities in which the group has significant influence, being the power to participate in the financial and operating policy decisions of the entity, but which does not amount to control or joint control.

Where the Group's share of losses exceeds its interest in a joint venture or associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Control, joint control and significant influence are generally assessed by reference to equity shareholdings and voting rights.

Business acquisitions

On acquisition of a business, the Group attributes fair values to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. These include aligning accounting policies with those of the Group.

The Group finalises provisional fair values within 12 months of the date of acquisition and, where significant, reflects them by restatement of the comparative period in which the acquisition occurred. The Group measures non-controlling interests at the proportionate share of the net identifiable assets acquired.

The Group remeasures existing equity interests in the acquiree to fair value at the date of acquisition, with any resulting gain or loss taken to the income statement.

Goodwill arising on acquisition of a business is the excess of the remeasured carrying amount of any existing equity interest plus the fair value of consideration payable for the additional stake over the fair value of the share of net identifiable assets and liabilities acquired (including separately identified intangible assets), net of non-controlling interests. Total consideration does not include transaction costs, which the Group expenses as incurred.

The Group measures contingent consideration at fair value at the date of acquisition, classified as a liability or equity (usually as a liability).

Other than for the finalisation of provisional fair values, the Group accounts for changes in contingent consideration classified as a liability in the income statement.

Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructurings, significant onerous contract charges/releases, debt

repurchase costs, certain pension past service credits/costs, asset impairments/write-backs and the tax effects of these items.

The Group distinguishes between exceptional and non-exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group give rise to exceptional impairments. Additionally, impairment charges that are of a one-off nature and significant enough value to distort the underlying results of the business are considered to be exceptional.

Revenue

Revenue represents the value of sales made to customers after deduction of discounts, sales taxes and a provision for returns. Discounts include sales rebates, price discounts, customer incentives, certain promotional activities and similar items. Revenue does not include sales between Group companies.

The Group recognises revenue when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer.

In the Food businesses of ABF, the Group generally recognises revenue from the sale of goods on dispatch or delivery to customers, dependent on shipping terms, and provides for discounts and returns as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account contractual and legal obligations, historical trends and past experience.

In the Retail business of ABF, the Group generally recognises revenue from the sale of goods when a customer purchases goods, and provides for returns as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account historical trends and past experience.

Borrowing costs

The Group accounts for borrowing costs using the effective interest method. The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying items of property, plant and equipment as part of their cost.

Foreign currencies

Individual Group companies record transactions in foreign currencies at the exchange rate at the date of the transaction, and translate monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date, with any resulting differences taken to the income statement, unless designated in a hedging relationship, in which case hedge accounting applies.

On consolidation, the Group translates the assets and liabilities of operations denominated in foreign currencies into sterling at the exchange rate at the balance sheet date. The Group translates the income statements of those operations into sterling at average exchange rates.

The Group records differences arising from the retranslation of opening net assets of Group companies, together with differences arising from the restatement of the net results of Group companies from average exchange rates to those at the balance sheet date, in the translation reserve in equity.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies continued

Pensions and other post-employment benefits

The Group's pension and other post-employment benefit arrangements comprise defined benefit plans, defined contribution plans and other unfunded post-employment plans.

For defined benefit plans, the income statement charge comprises the cost of benefits earned by members and benefit improvements granted to members during the year, as well as net interest income/(expense) calculated by applying the liability discount rate to the opening net pension asset or liability.

The Group records the difference between the market value of scheme assets and the present value of scheme liabilities on a scheme-by-scheme basis as net pension assets (to the extent recoverable) or liabilities.

The Group recognises remeasurements and movements in irrecoverable surpluses in other comprehensive income.

The Group charges contributions payable in respect of defined contribution plans to operating profit as incurred.

The Group accounts for other unfunded post-employment plans in the same way as defined benefit plans.

Income tax

Income tax on profit or loss for the period comprises current and deferred tax. The Group recognises income tax in the income statement except to the extent that it relates to items taken directly to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted for the period, together with any adjustment to tax payable in respect of previous years.

The Group provides for deferred tax using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The Group does not provide for the following temporary differences: initial recognition of goodwill; initial recognition of assets or liabilities affecting neither accounting nor taxable profit other than those acquired in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The Group bases the amount of deferred tax provided on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The Group offsets deferred tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Group recognises income tax arising from dividend distributions at the same time as the liability to pay the related dividend.

Financial assets and liabilities

The Group recognises financial assets and liabilities when it becomes a party to the contractual provision of the relevant financial instrument.

Trade and other receivables

The Group records trade and other receivables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value less an expected credit loss provision, which is recognised based on management's expectation of losses without regard to whether or not a specific impairment trigger has occurred.

Other non-current receivables

Other non-current receivables comprise finance lease receivables due from a joint venture and minority shareholdings in private companies. The Group accounts for finance lease receivables in the same way as for trade and other receivables.

The Group records minority shareholdings in designated private companies initially at fair value, including directly attributable transaction costs, and subsequently at fair value through other comprehensive income (FVOCI).

On disposal of a minority shareholding, the cumulative gain or loss previously recognised in other comprehensive income is included directly in retained earnings, without recycling it to the income statement.

Bank and other borrowings

The Group records bank and other borrowings initially at fair value, which equals the proceeds received, net of direct issue costs, and subsequently at amortised cost. The Group accounts for finance charges, including premiums payable on settlement or redemption and direct issue costs, using the effective interest rate method.

Trade payables

The Group records trade payables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value.

Other financial assets

Other financial assets are classified, at initial recognition, as valued at amortised cost or fair value through profit and loss (FVTPL). The classification of financial assets depends on the financial asset's cash flow characteristics and the business model for managing them. Financial assets at amortised costs are subject to impairments with gains and losses being recognised in the profit and loss when the assets are derecognised or impaired. Financial assets at fair value through profit and loss are typically held for trading and are carried in the statement of financial position at fair value with net changes in fair value recognised in profit and loss. Equity investments where the Company does not have significant influence, control or joint control are measured at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less.

For the purposes of the cash flow statement, the Group includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management as a component of cash and cash equivalents.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies continued

Intangible assets other than goodwill

Non-operating intangible assets are intangible assets that arise on business combinations and typically include technology, brands, customer relationships and grower agreements. The Group acquires operating intangible assets in the ordinary course of business, typically including computer software, land use rights and emissions trading licences.

The Group records intangible assets other than goodwill at cost less accumulated amortisation and impairment charges.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are generally deemed to be no longer than:

Technology and brands	– up to 15 years
Customer relationships	– up to 10 years
Grower agreements	– up to 10 years

Goodwill

Goodwill is defined under 'Business acquisitions' on page 17. Certain commercial assets associated with the acquisition of a business are not capable of being recognised in the acquisition balance sheet. In such circumstances, goodwill is recognised, which may include, but is not necessarily limited to, workforce assets and the benefits of expected future synergies.

Goodwill is subject to an annual impairment review.

Impairment

The Group reviews the carrying amounts of its intangible assets and property, plant and equipment at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the Group estimates the indicated asset's recoverable amount. For goodwill and intangibles without a finite life, the Group does this at least annually.

The Group recognises an impairment charge in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

The Group allocates impairment charges recognised in respect of CGUs first to reduce the carrying amount of any goodwill relating to that CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the Group discounts estimated future cash flows to present value using a pre-tax discount rate reflective of current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the Group determines recoverable amount for the CGU to which the asset belongs.

Reversals of impairment

The Group does not subsequently reverse impairments of goodwill. For other assets, the Group does reverse an impairment charge if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been

determined, net of depreciation or amortisation, if no impairment charge had previously been recognised.

Property, plant & equipment

The Group records property, plant and equipment at cost less accumulated depreciation and impairment charges.

The Group charges depreciation to the income statement on a straight-line basis over the estimated useful economic lives of each item sufficient to reduce it to its estimated residual value. Land is not depreciated. Estimated useful economic lives are generally deemed to be no longer than:

Freehold buildings	up to 66 years
Plant and equipment, fixtures and fittings	
– sugar factories, yeast plants, mills and bakeries	up to 20 years
– other operations	up to 12 years
Vehicles	up to 10 years
Sugar cane roots	up to 10 years

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period.

Where the Group is a lessee, the following accounting policy applied.

Right-of-use assets

The Group records right-of-use assets at cost at the commencement date of the lease, which is the date the underlying asset is available for use, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities.

Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The Group charges depreciation to the income statement on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

The Group records lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The Group subsequently measures lease liabilities at amortised cost using the effective interest rate method. The Group records the accretion and settlement of interest through accruals and reduces the carrying amount of lease liabilities for the capital element of lease payments made.

The carrying amount of lease liabilities is also remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies continued

fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases considered uniformly low-value.

The Group expenses lease payments on short-term leases and leases of low-value assets in the income statement.

Lessor accounting

When subleasing assets, the Group assesses the sublease classification with reference to the head lease right-of-use asset, which considers, among other factors, whether the sublease represents a majority of the remaining life of the head lease.

The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, taking into account whether the sublet/head lease are above or below market rate.

The Group records amounts due from lessees under finance leases as a receivable at an amount equal to the net investment in the lease, calculated using the incremental borrowing rate at the date of recognition. The Group recognises any difference between the derecognised right-of-use asset and the newly recognised amounts due from lessees under finance leases in the income statement.

The Group recognises finance income over the lease term, reflecting a constant periodic rate of return on the net investment in the lease.

The Group recognises operating lease income as earned on a straight-line basis over the lease term.

Inventories

The Group records inventories at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses and an appropriate proportion of production and other overheads, calculated on a first-in first-out basis.

The Group records retail inventories at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less appropriate trading margin. All retail inventories are finished goods.

On acquisition of a business, the Group records inventories at fair value. Subsequently, the Group charges the book value of the inventories to adjusted operating profit as they are sold or used. Any fair value uplift, if significant, is charged below adjusted operating profit as the inventories are sold or used.

Investment property

Investment properties are held at cost less provision for impairment. Impairment is determined by reference to the fair value of property estimated either by independent valuers or by the directors. Depreciation is provided where the directors consider that the residual value of major components of the property is less than current book value.

The following accounting policies relate exclusively to the income, expenditure, assets and liabilities of the Associated British Foods plc ("ABF") segment within the

consolidated Group financial statements of Wittington Investments Limited.

Share-based payments

The Group recognises the fair value of share awards at grant date as an employee expense with a corresponding increase in equity, spread over the period during which the employees become unconditionally entitled to the shares.

The Group adjusts the amount recognised to reflect expected and actual levels of vesting except where the failure to vest is as a result of not meeting a market condition.

Derivative financial instruments and hedging

The Group primarily uses derivatives to manage economic exposure to financial and commodity risks. The principal instruments used are foreign exchange and commodity contracts, futures, swaps or options. The Group does not use derivatives for speculative purposes.

The Group recognises derivatives at fair value based on market prices or rates, or calculated using discounted cash flow or option pricing models.

The Group recognises changes in the fair value of derivatives in the income statement unless the derivative is designated in a hedging relationship, when recognition of the change in fair value depends on the nature of the item being hedged.

The purpose of hedge accounting is to mitigate the impact on the Group of changes in foreign exchange or interest rates and commodity prices.

At the inception of each hedging relationship, the Group documents the hedging instrument, the hedged item, the risk management objectives and strategy for undertaking the hedge and assesses hedge effectiveness.

During the life of each hedging relationship, the Group performs testing to demonstrate that the hedge remains effective.

For derivatives used as hedges of future cash flows, the Group recognises the change in fair value through other comprehensive income in either the cost of hedging reserve (for the element of the change in fair value relating to the currency spread) or in the hedging reserve (for the remaining change in fair value). Any ineffective portion is recognised immediately in the income statement.

When the future cash flow results in the recognition of a non-financial asset or liability, then at the time that asset or liability is recognised, the Group includes the associated gains and losses previously recognised in the hedging reserve in the initial measurement of that asset or liability.

When the future cash flow does not result in the recognition of a non-financial asset or liability, the Group includes the associated gains and losses previously recognised in the hedging reserve in the income statement in the same period in which the hedged item affects profit or loss.

Hedges of the Group's net investment in foreign operations principally comprise borrowings in the currency of the investment's net assets.

For derivative or non-derivative financial instruments used as hedges of the Group's net investment in foreign operations, the Group recognises the change in fair value

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

1. Significant Accounting policies continued

through other comprehensive income in the net investment hedging reserve. Any ineffective portion is recognised immediately in the income statement.

The Group discontinues hedge accounting when a hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.

At that time, the Group retains the cumulative associated gain or loss recognised in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments relating to an underlying exposure that no longer exists are taken to the income statement.

The Group economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting. The Group records any derivatives held to hedge this exposure at fair value through profit and loss.

Research and development

The Group expenses research and development expenditure as incurred, unless development expenditure relates to products or processes which are technically and commercially feasible, in which case it is capitalised. The Group records capitalised development expenditure at cost less accumulated amortisation and impairment charges.

Current Biological Assets

The Group records current biological assets at fair value less costs to sell.

The basis of valuation for growing cane is estimated sucrose content valued at estimated sucrose price for the following season, less the estimated costs for harvesting and transport.

When harvested, growing cane is transferred to inventory at fair value less costs to sell.

Grants

The Group recognises grants only when there is reasonable assurance that the Group will comply with the conditions attached and that the grants will be received. Grants receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Hyperinflation

The Argentinian economy was designated hyperinflationary from 1 July 2018. In the current financial year, the Turkish economy was designated hyperinflationary from 1 July 2022.

The Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to the Group's Argentinian operations from the beginning of the 2019 financial year and for its Turkish operations from the beginning of the 2022 financial year. IAS 29 requires that hyperinflationary adjustments are reflected from the start of the reporting period in which it is applied. For the Group's Argentinian operations this was 1 September 2018, and for the Group's Turkish operations this was 1 September 2021.

In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, the comparative figures for 2021 for the Turkish operations have not been modified. The adjustments required by IAS 29 are set out below:

- adjustment of historical cost non-monetary assets and liabilities from their date of initial recognition to the balance sheet date to reflect the changes in

purchasing power of the currency caused by inflation, according to the official indices published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) and for Turkey published by Turkish Statistical Institute ('TUIK');

adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively;

adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency;

- the financial statements of the Group's Argentinian and Turkish operations have been translated into sterling at the closing exchange rate at 17 September 2022 (ARS 164.02:£1; TRY 20.89:£1); and
- the cumulative impact corresponding to previous years has been reflected in other comprehensive income in the year.
- the cumulative impact corresponding to previous years has been reflected in other comprehensive income in the year.

In Argentina, the FACPCE index was 510.3942 at 31 August 2021 and 911.1316 at 31 August 2022. The inflation index for the year is therefore 1.7852.

In Turkey, the TUIK index was 19.25 at 31 August 2021 and 80.21 at 31 August 2022. The inflation index for the year is therefore 4.167.

The Venezuelan economy has been designated hyperinflationary for a number of years, but the impact on the Group's results remains immaterial.

New accounting policies

The following accounting standards and amendments were adopted during the year and had no significant impact on the Group:

- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendment to IFRS 16 Leases (COVID-19-Related Rent Concessions beyond 30 June 2021); and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2. Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories, with remaining USD tenors expected to cease in 2023.

The Group is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the UKES, these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKES, the adoption date is less certain:

- Amendments to IFRS 3 Business Combinations effective 2023 financial year;
- Amendment to IFRS 9 Financial Instruments effective 2023 financial year;
- Annual Improvements to IFRS Standards 2018-2020 effective 2023 financial year;
- IFRS 17 Insurance Contracts effective 2024 financial year;

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective 2024 financial year (not yet endorsed by the UKEB);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective 2024 financial year (not yet endorsed by the UKEB);

2. Accounting estimates and judgements for the 52 weeks ended 17 September 2022

- Definition of Accounting Estimates (Amendments to IAS 8) effective 2024 financial year (not yet endorsed by the UKEB);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) effective 2024 financial year (not yet endorsed by the UKEB);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) effective 2023 financial year; and
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) effective 2023 financial year.

In applying the accounting policies detailed on pages 16 to 22, the directors have made estimates in a number of areas. The actual outcome may differ from those estimates. Key sources of estimation uncertainty at the balance sheet date, with the potential for material adjustment to the carrying value of assets and liabilities within the next financial year, are set out below.

Forecasts and discount rates

The carrying values of a number of items on the balance sheet are dependent on estimates of future cash flows arising from the Group's operations and investments which, in some circumstances, are discounted to arrive at a net present value.

Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

Further details are included in note 9 for intangible assets, note 10 for property, plant and equipment and note 12 for investment property.

The recovery of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets to the extent that it is considered probable that sufficient taxable profits will be available in the future. This involves a significant degree of estimation uncertainty.

When considering sources of future taxable profit, the Group firstly considers existing deferred tax liabilities. However, the majority of deferred tax assets are recognised based on future profit forecasts, including the deferred tax assets in ABF's most material jurisdictions of the United Kingdom, the United States, Australia, Germany and Spain.

When relying on profit forecasts, the assessment of whether to recognise deferred tax assets is based on the following year's budget and expectations of the future performance of individual businesses (or groups of

businesses in the case of national tax groups). Where possible, this is consistent with forecasts used for impairment assessments. Forecasts for impairment assessments are discounted, but this is not permitted for recognition of deferred tax assets.

Deferred tax assets are reduced when it is no longer considered probable that the related tax benefit will be realised.

The widespread nature of the ABF's activities across multiple jurisdictions means that it is not practical to provide detailed sensitivities in respect of individual deferred tax assets.

Further details of deferred tax assets are included in note 15.

Post-retirement benefits

The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19 Employee Benefits. The accounting valuations, assessed using assumptions determined with independent actuarial advice, resulted in a significant net surplus as at 17 September 2022, principally relating to the UK defined benefit scheme, which is separately disclosed.

The net surplus is highly sensitive to the market value of scheme assets, to discount rates used in assessing liabilities, to actuarial assumptions (including price inflation, rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions.

Further details are included in note 14, including associated sensitivities.

The following accounting estimates and judgements relate exclusively to the income, expenditure, assets and liabilities of the Associated British Foods plc ("ABF") segment within the consolidated Group financial statements of Wittington Investments Limited.

Biological assets

In valuing growing cane, estimating sucrose content requires the Group to assess expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. Estimating sucrose price requires the Group to assess into which markets the forthcoming crop will be sold and assess domestic and export prices as well as related foreign currency exchange rates. The carrying value of growing cane and associated sensitivities is disclosed in note 19.

Income tax

The Group is exposed to a range of uncertain tax positions. It provides for open tax matters, where it believes it is probable that payments will be required, including those for routine tax audits, which are by nature complex and may take a number of years to resolve. Uncertainty is driven by the resolution of the issue and estimation process in arriving at the amount. The Group has recognised potential current corporate tax liabilities for a number of uncertain tax positions, none of which are individually material. The provision for these uncertain tax positions was 2022 - £102m (2021 - £100m). The majority of these provisions relate to transfer pricing risks across a number of jurisdictions in which the Group has operations. Transfer pricing is a complex area with resolution of matters taking many years. Given the underlying nature of these risks, the timing of when they will resolve is uncertain.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

The Group has applied IFRIC 23 Uncertainty over Income Tax Treatments to measure uncertain tax positions. The Group calculates each provision using management's best estimate of the liability based on interpretation of tax law in each jurisdiction and ongoing monitoring of tax cases and rulings. The Group believes it has adequate provision for these matters. Final conclusion of each matter may result in an outcome different to any amounts provided, but the Group has concluded that this is unlikely to have a material impact.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

3. Our businesses

ABF has five operating divisions, as described below, plus Central ABF. These are ABF's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered by each business, but also the production processes involved and the manner of the distribution and sale of goods.

Inter-division pricing is determined on an arm's length basis. Division result is adjusted operating profit, as shown on the face of the consolidated income statement. Division results include items directly attributable to a division as well as those that can be allocated on a reasonable basis. ABF is comprised of the following operating divisions:

Grocery

The manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, balsamic vinegars, bread and baked goods, cereals, ethnic foods, and meat products, which are sold to retail, wholesale and foodservice businesses.

Sugar

The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.

Agriculture

The manufacture of animal feeds and the provision of other products and services for the agriculture sector.

Ingredients

The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.

Retail

Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

In addition to ABF, the Group presents the revenue and adjusted operating profit of 'Luxury retail' and 'Other'. The latter includes the Group's 'Real Estate', 'Hotels' and 'Private Markets & Other Investments' business segments, none of which are individually material for separate disclosure. For more information see pages 1-2.

Adjusted operating profit

Adjusted operating profit is a key measure used in the ABF performance framework as outlined in the ABF remuneration report on page 126 of the ABF consolidated financial statements. Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items.

Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.

A reconciliation of this measure is provided on the face of the consolidated income statement.

	Revenue		Adjusted operating profit	
	2022	2021	2022	2021
	£m	£m	£m	£m
Grocery	3,735	3,595	399	413
Sugar	2,016	1,650	162	152
Agriculture	1,722	1,537	47	44
Ingredients	1,827	1,509	159	151
Retail	7,697	5,593	756	321
Central ABF	-	-	(88)	(70)
ABF Total	16,997	13,884	1,435	1,011
Luxury retail	224	169	7	(1)
Other	37	26	14	10
Group Total	17,258	14,079	1,456	1,020

	Revenue	
	2022	2021
	£m	£m
Geographical information		
United Kingdom	6,628	5,168
Europe, Middle East & Africa	6,292	4,945
The Americas	2,029	1,679
Asia Pacific	2,309	2,287
Group Total	17,258	14,079

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

4. Operating costs

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Operating costs					
Costs of sales (including amortisation of intangibles)		13,219	10,753	13,349	10,854
Distribution costs		1,465	1,303	1,481	1,317
Administration expenses		1,045	952	1,139	1,024
Exceptional items		206	151	206	151
		15,935	13,159	16,175	13,346

Operating costs are stated after charging/(crediting):

Employee benefits expense	5	2,812	2,639	2,875	2,687
Amortisation of non-operating intangibles	9	44	48	44	48
Amortisation of operating intangibles	9	24	26	27	28
Acquired inventory fair value adjustments		5	3	5	3
Profits less losses on disposal of non-current assets		(7)	(4)	(16)	(5)
Depreciation of owned property, plant & equipment	10	521	535	530	544
Depreciation of right-of-use assets and non-cash lease adjustments	11	281	288	286	301
Impairment of property, plant & equipment and right-of-use assets		–	–	(13)	(8)
Impairment of investment property	12	–	–	6	6
Transaction costs		6	3	6	3
Effect of hyperinflationary economies		16	7	16	7
Other operating income		(25)	(23)	(31)	(26)
Research and development expenditure		37	34	37	34
Fair value gains on financial assets and liabilities held for trading		(23)	(15)	(23)	(15)
Fair value losses on financial assets and liabilities held for trading		17	12	17	12
Foreign exchange gains on operating activities		(36)	(31)	(37)	(31)
Foreign exchange losses on operating activities		37	33	37	33

Transaction costs of £6m and amortisation of non-operating intangibles of £47m (2021 – £3m and £50m) shown as adjusting items in the income statement, include £nil and £3m respectively (2021 – £nil and £2m respectively) incurred by joint ventures, in addition to the amounts shown above.

Auditor's remuneration		ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Fees payable to the Company's auditor and its associates in respect of the audit					
Group audit of these financial statements		–	–	0.2	0.2
Audit of Company's subsidiaries pursuant to legislation		9.2	8.4	9.8	8.5
Total audit remuneration		9.2	8.4	10.0	8.7

Fees payable to the Company's auditor and its associates in respect of non-audit related services

Audit-related assurance services		0.4	0.4	0.4	0.4
All other services		0.5	0.3	0.5	0.3
Total non-audit related remuneration		0.9	0.7	0.9	0.7

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

4. Operating costs continued

Exceptional items

2022

The income statement this year included an exceptional charge of £206m comprising non-cash write-downs of £72m against property, plant and equipment and a write-down of £134m of right-of-use assets relating to the capitalisation of store leases for Primark. ABF first entered the German market in 2009 and achieved very high sales densities in the early stores. ABF then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre-COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in ABF's revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. ABF remain committed to our loyal customers in this important market and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio. Also £49m of the £63m exceptional charge included in the Group's total tax charge for this financial year was the de-recognition of the deferred tax assets relating to Germany.

2021

Exceptional items of £151m comprise impairments of £141m in property, plant and equipment at Azucarera and other sugar businesses, a £21m inventory charge in Primark, the reversal of £20m of the £22m Primark inventory provision raised in 2020, a £5m provision for excessive stock of COVID-19 related items in Primark and a £4m pension past service cost following a further High Court ruling on 20 November 2020 regarding the equalisation of Guaranteed Minimum Pensions.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

5. Employees and directors

	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Average number of employees				
United Kingdom	41,526	42,696	43,086	44,070
Europe & Africa	73,155	67,681	73,155	67,681
The Americas	6,102	6,081	6,102	6,081
Asia Pacific	11,490	11,454	11,552	11,516
	132,273	127,912	133,895	129,348

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Employee benefits expense					
Wages and salaries		2,350	2,209	2,406	2,251
Social security contributions		311	282	316	286
Contributions to defined contribution schemes	14	87	81	89	83
Charge for defined benefit schemes	14	45	50	45	50
Equity-settled share-based payment schemes		19	17	19	17
		2,812	2,639	2,875	2,687

	2022 £'000	2021 £'000
Directors' remuneration		
Aggregate directors' emoluments	6,095	4,802

The aggregate emoluments of the highest paid director were £2,286,000 (2021: £3,329,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £719,918 (2021: £693,361).

	Number of directors 2022	2021
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	4	4

6. Interest and other financial and expense

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Finance income					
Cash and cash equivalents		19	9	24	12
Gain on sales of investments ¹		–	–	–	62
Fair value gains on investments		–	–	18	59
Dividends receivable		–	–	2	4
		19	9	44	137
Finance expense					
Bank loans and overdrafts		(20)	(16)	(20)	(17)
All other borrowings		(8)	(10)	(8)	(10)
Fair value losses on investments		–	–	(4)	(1)
Lease liabilities		(81)	(84)	(82)	(85)
Other payables		(2)	(1)	(2)	(1)
		(111)	(111)	(116)	(114)
Other financial (expense)/income					
Interest income on employee benefit scheme assets	14	84	69	84	69
Interest charge on employee benefit scheme liabilities	14	(74)	(69)	(74)	(69)
Interest charge on irrecoverable surplus	14	(1)	(1)	(1)	(1)
Net financial income/(expense) in respect of employee benefit schemes		9	(1)	9	(1)
Net foreign exchange gains/(losses) on financing activities		4	–	31	(8)
Total other financial income/(expense)		13	(1)	40	(9)

¹ During 2021 the Company sold its investment in Lady of Leisure Investco Limited, receiving proceeds of £79m.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

7. Income tax expense

	ABF		Consolidated Group	
	2022	2021	2022	2021
	£m	£m	£m	£m
Current tax expense				
UK – corporation tax at 19% (2021 – 19%)	44	46	55	51
Overseas – corporation tax	244	208	244	208
UK – (over)/under provided in prior periods	(12)	9	(13)	12
Overseas – under/(over) provided in prior periods	1	(9)	1	(9)
	277	254	287	262
Deferred tax expense				
UK deferred tax	18	13	22	19
Overseas deferred tax	72	(37)	72	(37)
UK – over provided in prior periods	(3)	(3)	(3)	(4)
Overseas – over provided in prior periods	(8)	–	(8)	–
	79	(27)	83	(22)
Total income tax expense in income statement	356	227	370	240
Reconciliation of effective tax rate				
Profit before taxation	1,076	725	1,153	852
Less share of profit after tax from joint ventures and associates	(109)	(79)	(109)	(80)
Profit before taxation excluding share of profit after tax from joint ventures and associates	967	646	1,044	772
Nominal tax charge at UK corporation tax rate of 19% (2021 – 19%)	184	123	198	147
Effect of higher and lower tax rates on overseas earnings	4	33	4	33
Effect of changes in tax rates on the income statement	2	17	3	19
Expenses not deductible for tax purposes	63	51	60	47
Disposal of assets covered by tax exemptions or unrecognised capital losses	6	(3)	6	(15)
Deferred tax not recognised	120	9	119	7
Adjustments in respect of prior periods	(23)	(3)	(23)	(1)
Other tax adjustments	–	–	3	3
	356	227	370	240
Income tax recognised directly in equity				
Deferred tax associated with defined benefit schemes	198	144	199	144
Deferred tax associated with share-based payments	1	–	1	–
Deferred tax associated with movements in cash flow hedging position	28	14	28	14
Deferred tax associated with movements in other investments	1	–	1	–
	228	158	229	158

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect these changes was enacted before the balance sheet date and UK deferred tax has been calculated accordingly.

In April 2019 the European Commission published its decision on the Group Financing Exemption in the UK's controlled foreign company legislation. The Commission found that the UK law did not comply with EU State Aid rules in certain circumstances. The Group has arrangements that may be impacted by this decision as might other UK-based multinational groups that had financing arrangements in line with the UK's legislation in force at the time. The UK Government, the Group and a number of other UK companies appealed against this decision to the General Court of the European Union ('GCEU'). On 8 June 2022, the GCEU found in favour of the Commission's original decision. As a result of this, in August 2022, the UK Government, the Group and various other UK companies appealed GCEU's decision to the Court of Justice of the European Union. We have calculated our maximum potential liability to be £26m (2021: £26m), however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. Following receipt of charging notices from HM Revenue & Customs ('HMRC'), we made payments to HMRC in the prior year. Our assessment remains that no provision is required in respect of this amount. We will continue to consider the impact of the Commission's decision on the Group and the potential requirement to record a provision.

Deferred taxation balances are analysed in note 15.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

8. Dividends

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
First interim	71.25	71.25	62	62
Second interim	49.00	49.00	42	42
	120.25	120.25	104	104

9. Intangible assets

	Consolidated Group							
	Goodwill £m	Technology £m	Brands £m	Non-operating Customer relationships £m	Grower agreements £m	Other £m	Other £m	Total £m
Cost								
At 12 September 2020	1,281	210	441	281	103	5	565	2,886
Acquisitions – externally purchased	–	–	–	–	–	–	98	98
Acquired through business combinations	–	16	–	3	–	–	1	20
Other disposals	–	–	–	–	–	–	(25)	(25)
Effect of hyperinflationary economies	4	–	–	–	–	–	–	4
Effect of movements in foreign exchange	(49)	(12)	(12)	(13)	6	–	(33)	(113)
At 18 September 2021	1,236	214	429	271	109	5	606	2,870
Acquisitions – externally purchased	–	–	–	–	–	–	141	141
Acquired through business combinations	85	49	33	6	–	–	–	173
Other disposals	–	–	–	–	–	–	(49)	(49)
Transfer to assets classified as held for sale	–	–	–	–	–	–	(16)	(16)
Effect of hyperinflationary economies	9	–	–	–	–	–	–	9
Effect of movements in foreign exchange	84	22	26	13	1	–	33	179
At 17 September 2022	1,414	285	488	290	110	5	715	3,307
Amortisation and impairment								
At 12 September 2020	115	204	363	182	103	5	274	1,246
Amortisation for the year	–	2	20	26	–	–	28	76
Impairment	–	–	–	–	–	–	2	2
Other disposals	–	–	–	–	–	–	(5)	(5)
Effect of movements in foreign exchange	(3)	(11)	(11)	(8)	6	–	(13)	(40)
At 18 September 2021	112	195	372	200	109	5	286	1,279
Amortisation for the year	–	7	22	15	–	–	27	71
Other disposals	–	–	–	–	–	–	(2)	(2)
Transfer to assets classified as held for sale	–	–	–	–	–	–	(4)	(4)
Effect of movements in foreign exchange	10	19	21	11	1	–	22	84
At 17 September 2022	122	221	415	226	110	5	329	1,428
Net book value								
At 18 September 2021	1,124	19	57	71	–	–	320	1,591
At 17 September 2022	1,292	64	73	64	–	–	386	1,879

i. All Goodwill and Non operating Intangible assets are ABF assets. Of the total Operating Intangible assets of £386m (2021: £320m), £375m (2021: £310m) are ABF assets.

In addition to the amounts disclosed above, there are £12m (2021 – £nil) intangible assets classified as assets held for sale (see note 17). Amortisation of non-operating intangibles of £47m (2021 – £50m) shown as an adjusting item in the income statement includes £3m (2021 – £2m) incurred by joint ventures in addition to the amounts shown above.

Impairment

As at 17 September 2022, the consolidated balance sheet included goodwill of £1,292m (2021 – £1,124m). Goodwill is allocated to the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill, as follows:

CGU or group of CGUs	Primary reporting segment within ABF business segment*	Discount rate	2022 £m	2021 £m
Acetum	Grocery	12.3%	93	90
ACH	Grocery	13.0%	208	174
AB Mauri	Ingredients	16.2%	289	267
Twinings Ovaltine	Grocery	12.2%	119	119
Illovo	Sugar	23.4%	105	104
AB World Foods	Grocery	12.4%	79	78
Other (not individually significant)	Various	Various	399	292
			1,292	1,124

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

9. Intangible assets continued

A CGU, or group of CGUs, to which goodwill has been allocated must be assessed for impairment annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. There has been no change in CGUs or group of CGUs from the prior year.

The carrying value of goodwill is assessed by reference to its value in use reflecting the projected cash flows of each of the CGUs or group of CGUs. These projections are based on the most recent budget and reflects management's expectations of sales growth, operating costs and margin, based on past experience and external sources of information. Long-term growth rates for periods not covered by the annual budget reflect the products, industries and countries in which the relevant CGU, or group of CGUs, operate.

Management expects to achieve growth over the next three to five years in excess of the long-term growth rates for the applicable country or region. In these circumstances, budgeted cash flows are extended, generally to between three and five years, using specific growth assumptions and taking into account the specific business risks.

The key assumptions in the most recent annual budget on which the cash flow projections are based relate to discount rates, growth rates and expected changes in volumes, selling prices and direct costs.

The cash flow projections have been discounted using a pre-tax weighted average cost of capital for each business, adjusted for country, industry and market risk. Inflation assumptions used to calculate discount rates are aligned with those used in the cash flow projections. The rates used were between 9.8% and 23.4% (2021 – between 9.8% and 25.7%).

The long-term growth rates beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that are significant to the total carrying amount of goodwill, were in a range between 0% and 6.7%, consistent with the inflation factors included in the discount rates applied (2021 – between 0% and 8.3%).

Changes in volumes, selling prices and direct costs are based on past results and expectations of future changes in the market.

Sensitivity to changes in key assumptions

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, the discount rates selected and expected long-term growth rates. Each of the Group's CGUs had headroom under the annual impairment review.

AB Mauri full year trading was lower than the prior year and profitability has been impacted by the challenges of passing on high levels of input cost inflation to customers, including in hyperinflationary economies (Argentina and Turkey), compounded by competitive pricing pressures in some of its businesses and currency devaluations. Estimation uncertainty is increased as a result of the multiple locations the AB Mauri division operates in, the macroeconomic challenges described above, the continued development of new products and any residual impact of COVID-19. Accordingly, management has again undertaken an impairment review. Detailed forecasts for a period of five years to reflect the time required for completion of the business plan were prepared and management concluded that the assets were not impaired. The moderate forecast improvement has been driven off successful pricing actions in response to significant global input cost inflation across key commodities, energy and freight in addition to a number of cost reduction actions, and continued growth in the global bakery ingredients business. However, the increase in the discount rate significantly reduced overall headroom. Headroom was \$72m on a CGU carrying value of \$1,044m (2021 – headroom of \$232m on a CGU carrying value of \$1,003m). The geographic diversity and varying local economic environments of AB Mauri's operations mean that the critical assumptions underlying the detailed forecasts used in the impairment model are wide-ranging. It is therefore impractical to provide meaningful sensitivities to these assumptions other than the discount rate. The discount rate used was 16.2% (2021 – 14.1%) and would have to increase to more than 18.0% (2021 – 16.3%) before value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2–3% (2021 – 2–3%) per annum dependent on location.

In light of the supply side inflationary pressures combined with the cost of living crisis faced by ABF's UK Grocery business, management performed a detailed impairment review of Jordans Dorset Ryvita, and concluded no impairment was deemed necessary. Key drivers of the forecast improvement in performance include achievement of price increases in high inflation environments, strategic initiatives in the UK and US markets, implementation of a number of margin improvement initiatives, particularly in cost reduction, and conservative volume elasticity estimations. Headroom was £26m on a CGU carrying value of £147m (2021 – headroom of £47m on a CGU carrying value at £164m). The discount rate used was 12.0% and would have to increase to more than 13.5% before value in use fell below the CGU carrying value.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

10. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Consolidated Group Fixtures and fittings £m	Assets under construction £m	Sugar cane roots £m	Total £m
Cost						
At 12 September 2020	2,864	4,044	4,073	370	84	11,435
Acquisitions – externally purchased	56	50	122	305	10	543
Other disposals	(15)	(40)	(10)	–	–	(65)
Transfers from assets under construction	10	127	77	(214)	–	–
Transfers to assets classified as held for sale	(6)	(25)	–	–	–	(31)
Effect of movements in foreign exchange	(81)	(138)	(182)	(20)	(2)	(423)
At 18 September 2021	2,828	4,018	4,080	441	92	11,459
Acquisitions – externally purchased	40	78	204	421	11	754
Acquired through business combinations	1	4	1	–	–	6
Other disposals	(14)	(3)	(20)	–	(4)	(41)
Transfers from assets under construction	33	164	96	(293)	–	–
Transfer to assets classified as held for sale	(32)	(53)	(2)	–	–	(87)
Effect of movements in foreign exchange	98	223	119	37	6	483
At 17 September 2022	2,954	4,431	4,478	606	105	12,574
Depreciation and impairment						
At 12 September 2020	760	2,688	2,176	–	43	5,667
Depreciation for the year	53	180	303	–	8	544
Impairment	24	112	3	–	–	139
Reversal of impairment of Brighton Grand hotel	(8)	–	–	–	–	(8)
Reversal impairment on sale and closure of business	(3)	(7)	–	–	–	(10)
Other disposals	(7)	(36)	(8)	–	–	(51)
Transfer to assets classified as held for sale	(3)	(18)	–	–	–	(21)
Effect of movements in foreign exchange	(24)	(85)	(98)	–	–	(207)
At 18 September 2021	792	2,834	2,376	–	51	6,053
Depreciation for the year	48	176	296	–	10	530
Impairment	(6)	–	72	–	–	66
Impairment on sale and closure of business	11	19	–	–	–	30
Other disposals	(1)	–	(19)	–	(4)	(24)
Transfer to assets classified as held for sale	(17)	(60)	(2)	–	–	(79)
Effect of movements in foreign exchange	35	160	73	–	3	271
At 17 September 2022	862	3,129	2,796	–	60	6,847
Net book value						
At 18 September 2021	2,036	1,184	1,704	441	41	5,406
At 17 September 2022	2,092	1,302	1,682	606	45	5,727
					2022 £m	2021 £m
Capital expenditure commitments – contracted but not provided for					364	307

In addition to the amounts disclosed above, there are £18m (2021 – £10m) of property, plant and equipment classified as assets held for sale (see note 17). Of this, £18m (2021 – £3m) is freehold land and buildings.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

10. Property, plant and equipment continued

	Land and buildings £m	Plant and machinery £m	ABF: Fixtures and fittings £m	Assets under construction £m	Sugar cane roots £m	Total £m
Cost						
At 12 September 2020	2,743	4,035	4,014	369	84	11,245
Acquisitions – externally purchased	56	50	119	304	10	539
Other disposals	(15)	(40)	(8)	–	–	(63)
Transfers from assets under construction	10	126	77	(213)	–	–
Transfer to assets classified as held for sale	(6)	(25)	–	–	–	(31)
Effect of movements in foreign exchange	(81)	(138)	(183)	(20)	(2)	(424)
At 18 September 2021	2,707	4,008	4,019	440	92	11,266
Acquisitions – externally purchased	32	76	203	421	11	743
Acquired through business combinations	1	4	1	–	–	6
Other disposals	(14)	(3)	(17)	–	(4)	(38)
Transfers from assets under construction	33	164	96	(293)	–	–
Transfer to assets classified as held for sale	(32)	(53)	(2)	–	–	(87)
Effect of movements in foreign exchange	98	223	119	37	6	483
At 17 September 2022	2,825	4,419	4,419	605	105	12,373
Depreciation and impairment						
At 12 September 2020	721	2,682	2,148	–	43	5,594
Depreciation for the year	51	180	296	–	8	535
Impairment	24	112	3	–	–	139
Reversal of impairment on sale and closure of business	(3)	(7)	–	–	–	(10)
Other disposals	(7)	(36)	(6)	–	–	(49)
Transfer to assets classified as held for sale	(3)	(18)	–	–	–	(21)
Effect of movements in foreign exchange	(24)	(86)	(98)	–	–	(208)
At 18 September 2021	759	2,827	2,343	–	51	5,980
Depreciation for the year	47	174	290	–	10	521
Impairment	–	–	72	–	–	72
Impairment on sale and closure of business	11	19	–	–	–	30
Other disposals	(1)	–	(17)	–	(4)	(22)
Transfer (to)/from assets classified as held for sale	(17)	(60)	(2)	–	–	(79)
Effect of movements in foreign exchange	35	160	74	–	3	272
At 17 September 2022	834	3,120	2,760	–	60	6,774
Net book value						
At 18 September 2021	1,948	1,181	1,676	440	41	5,286
At 17 September 2022	1,991	1,299	1,659	605	45	5,599

Impairment

The methodology used to assess property, plant and equipment for impairment is the same as that described for impairment assessments of goodwill. See note 9 for further details. In addition where the fair value less costs of disposal is higher than value in use, this methodology has been used to determine the recoverable amount. This method uses inputs that are unobservable, using the best information available in the circumstances for valuing the CGU, and therefore falls into the Level 3 category of fair value measurement.

An impairment of A\$150m (£98m) was recorded in 2012 in the Australian ABF meat business. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A\$46m on a CGU carrying value of A\$302m (2021 – headroom of A\$63m on a CGU carrying value of A\$292m). The discount rate used was 11.9% (2021 – 8.5%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2021 – 2.0%) per annum. A sensitivity of +/- 1% on the discount rate decreases/increases headroom by A\$53m either way (2021 – A\$51m either way respectively).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

10. Property, plant and equipment continued

The income statement this year included an exceptional charge of £206m comprising non-cash write-downs of £72m against property plant and equipment and a write-down of £134m of right-of-use assets relating to the capitalisation of Primark Germany store leases. ABF first entered the German market in 2009 and achieved very high sales densities in the early stores. ABF then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre-COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in ABF's revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. The impairment models assume that sales densities will decline for years 2 to 5 of these cashflows. Estimates of long-term growth rates beyond the forecast periods were 2% per annum. Key assumptions were revenue growth, sales density projections, assumptions on operating costs, margin and discount rates. The discount rate used was 8.05%.

The Brighton Grand hotel recorded impairment charges in 2019 and 2020 following UK lockdowns triggered by the COVID-19 pandemic. The hotel has since benefited from a very strong UK leisure market following its re-opening in May 2021 and a third-party valuation of the property in 2021 supported a £7.9m reversal of the impairment charges previously recorded. In 2022, the remaining £0.4m impairment against the hotel was also reversed.

11. Leases

Most of the Group's right-of-use assets are associated with ABF's leased property portfolio in its Retail segment.

Right-of-use assets

	Consolidated Group			
	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,378	47	1	3,426
Additions	97	18	1	116
Lease incentives	(18)	–	–	(18)
Other movements	(6)	–	–	(6)
Effect of movements in foreign exchange	(157)	(2)	–	(159)
At 18 September 2021	3,294	63	2	3,359
Additions	161	10	–	171
Lease incentives	(46)	–	–	(46)
Acquired through business combinations	8	–	–	8
Other disposals	(1)	(1)	(1)	(3)
Other movements	12	2	–	14
Effect of movements in foreign exchange	108	2	–	110
At 17 September 2022	3,536	76	1	3,613
Depreciation and impairment				
At 12 September 2020	389	17	1	407
Depreciation for the year	283	18	–	301
Other movements	–	(2)	–	(2)
Effect of movements in foreign exchange	(20)	(1)	–	(21)
At 18 September 2021	652	32	1	685
Depreciation for the year	268	18	–	286
Impairment	134	–	–	134
Other disposals	(1)	(1)	(1)	(3)
Effect of movements in foreign exchange	33	1	–	34
At 17 September 2022	1,086	50	–	1,136
Net book value				
At 18 September 2021	2,642	31	1	2,674
At 17 September 2022	2,450	26	1	2,477

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

11. Leases continued

Right-of-use assets continued

	Land and buildings £m	Plant and machinery ABF £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,345	47	1	3,393
Additions	97	18	1	116
Lease incentives	(18)	—	—	(18)
Other movements	(6)	—	—	(6)
Effect of movements in foreign exchange	(157)	(2)	—	(159)
At 18 September 2021	3,261	63	2	3,326
Additions	161	10	—	171
Lease incentives	(46)	—	—	(46)
Acquired through business combinations	8	—	—	8
Other disposals	(1)	(1)	(1)	(3)
Other movements	12	2	—	14
Effect of movements in foreign exchange	107	2	—	109
At 17 September 2022	3,502	76	1	3,579
Depreciation and impairment				
At 12 September 2020	385	17	1	403
Depreciation for the year	279	17	—	296
Other movements	—	(1)	—	(1)
Effect of movements in foreign exchange	(20)	(1)	—	(21)
At 18 September 2021	644	32	1	677
Depreciation for the year	263	18	—	281
Impairment	134	—	—	134
Other disposals	(1)	(1)	(1)	(3)
Effect of movements in foreign exchange	33	1	—	34
At 17 September 2022	1,073	50	—	1,123
Net book value				
At 18 September 2021	2,617	31	1	2,649
At 17 September 2022	2,429	26	1	2,456

Impairment

The methodology used to assess right-of-use assets for impairment is the same as that described for impairment assessments of goodwill. See note 9 for further details.

In the year there was a £134m (2021 - £nil) impairment of right-of-use assets relating to Primark (included within exceptional items).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

11. Leases continued

Lease liability

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,650	35	–	3,685
Additions	92	18	1	111
Interest expense relating to lease liabilities	84	1	–	85
Repayment of lease liability	(359)	(19)	(1)	(379)
Other movements	(11)	1	–	(10)
Effect of movements in foreign exchange	(167)	(2)	–	(169)
At 18 September 2021	3,289	34	–	3,323
Additions	161	9	–	170
Interest expense relating to lease liabilities	81	1	–	82
Repayment of lease liability	(390)	(18)	–	(408)
Acquisition of businesses	8	–	–	8
Other movements	14	2	–	16
Effect of movements in foreign exchange	97	1	–	98
At 17 September 2022	3,260	29	–	3,289

	Consolidated Group 2022 £m	2021 £m
Current	334	308
Non-current	2,955	3,015
	3,289	3,323

Lease liabilities comprise £3,275m (2021 – £3,308m) capital payable and £14m (2021 – £15m) interest payable. The interest payable is all current and disclosed within trade and other payables. Repayments comprise £326m (2021 – £295m) capital and £82m (2021 – £84m) interest.

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,620	35	–	3,655
Additions	91	18	1	110
Interest expense relating to lease liabilities	83	1	–	84
Repayment of lease liability	(354)	(19)	(1)	(374)
Other movements	(11)	1	–	(10)
Effect of movements in foreign exchange	(167)	(2)	–	(169)
At 18 September 2021	3,262	34	–	3,296
Additions	161	9	–	170
Interest expense relating to lease liabilities	80	1	–	81
Repayment of lease liability	(385)	(18)	–	(403)
Acquisition of businesses	8	–	–	8
Other movements	14	2	–	16
Effect of movements in foreign exchange	97	1	–	98
At 17 September 2022	3,237	29	–	3,266

	ABF 2022 £m	2021 £m
Current	330	304
Non-current	2,936	2,992
	3,266	3,296

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

11. Leases continued

Other information relating to leases

The Group had the following expense relating to short-term leases and low-value leases:

	ABF		Consolidated Group	
	2022	2021	2022	2021
	£m	£m	£m	£m
Land and buildings	–	1	–	1
Plant and machinery	2	1	2	1
Fixtures and fittings	1	2	1	2
	3	4	3	4

The Group expensed £1m (2021 – £1m) of variable lease payments that do not form part of the lease liability. Cash outflows of £4m (2021 – £2m) that do not form part of the lease liability are expected to be made in the next 12 months.

Rental receipts of £4m (2021 – £6m) were recognised relating to operating leases. The total of future minimum rental receipts expected to be received is £36m (2021 – £45m). £11m (2021 – £17m) is due to be received in respect of sub-leasing right-of-use assets.

12. Investment property

	Consolidated Group
	£m
At 12 September 2020	223
Additions	2
Disposals	(5)
Impairment losses	(6)
At 18 September 2021	214
Additions	63
Disposals	(25)
Impairment losses	(6)
At 17 September 2022	246

Impairment losses were recorded in both 2021 and 2022 to reflect the fair value of investment properties as determined by an independent value. The impairments were primarily recognised against properties with tenants operating in the retail sector, reflecting prevailing market conditions.

13. Investments in joint ventures and associates

	ABF		Consolidated Group	
	Joint ventures	Associates	Joint ventures	Associates
	£m	£m	£m	£m
At 12 September 2020	233	56	238	59
Acquisitions	43	–	40	1
Profit for the period	66	13	64	16
Dividends received	(58)	(5)	(58)	(5)
Effect of movements in foreign exchange	(6)	(4)	(6)	(4)
At 18 September 2021	278	60	278	67
Acquisitions	4	–	6	–
Profit for the period	90	19	90	19
Dividends received	(88)	(5)	(88)	(8)
Effect of movements in foreign exchange	17	11	17	11
At 17 September 2022	301	85	303	89

Details of joint ventures and associates are listed in note 32.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

13. Investments in joint ventures and associates continued

Included in the consolidated financial statements are the following items that represent the Group's share of the assets, liabilities and profit of joint ventures and associates:

	ABF				Consolidated Group			
	Joint ventures		Associates		Joint ventures		Associates	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Non-current assets	202	160	46	38	202	160	48	45
Current assets	641	441	427	302	643	457	432	310
Current liabilities	(475)	(285)	(386)	(278)	(475)	(301)	(389)	(284)
Non-current liabilities	(87)	(57)	(3)	(3)	(87)	(57)	(3)	(5)
Goodwill	20	19	1	1	20	19	1	1
Net assets	301	278	85	60	303	278	89	67
Revenue	2,165	1,566	1,313	914	2,165	1,574	1,343	923
Profit for the period	90	66	19	13	90	64	19	16

14. Employee entitlements

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the UK and overseas.

The defined benefit schemes expose the Group to a variety of actuarial risks including demographic assumptions such as mortality and financial assumptions such as discount rate, inflation risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks. All schemes comply with local legislative requirements.

UK defined benefit scheme

The Group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme (the 'Scheme'), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit scheme represents 90% (2021 – 91%) of the Group's defined benefit scheme assets and 86% (2021 – 88%) of defined benefit scheme liabilities. The Scheme is governed by a trustee board which is independent of the Group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2020, using the current unit method, and revealed a deficit of £302m. The market value of the Scheme assets was £3,317m, representing 92% of members' accrued benefits after allowing for expected future salary increases.

The Scheme's assets are managed using a risk-controlled investment strategy, which includes a liability-driven investment policy that seeks to match, where appropriate, the profile of the liabilities. This includes the use of derivative instruments to hedge inflation, interest and foreign exchange risks. The Scheme utilises both market and solvency triggers to develop the level of hedges in place. To date, the Scheme is fully hedged for 74% of inflation sensitivity and 53% of interest rate risk. It is intended to hedge 80% of total exposure.

The Scheme is forbidden by the trust deed from holding direct investments in the equity of ABF, although it is possible that the Scheme may hold indirect interests through investments in some equity funds.

Overseas defined benefit schemes

The Group also operates defined benefit retirement schemes in a number of overseas businesses, which are primarily funded final salary schemes, as well as a small number of unfunded post-retirement medical benefit schemes, which are accounted for in the same way as defined benefit retirement schemes.

Defined contribution schemes

The Group operates a number of defined contribution schemes for which the charge was £44m in the UK and £45m overseas, totalling £89m (2021 – UK £42m, overseas £41m, totalling £83m).

Actuarial assumptions

The principal actuarial assumptions for the Group's defined benefit schemes at the year end were:

	2022 UK %	2022 Overseas %	2021 UK %	2021 Overseas %
Discount rate	4.6	0.9-13.5	1.8	0-14.1
Inflation	2.6-3.4	0-55.0	2.6-3.4	0-12.4
Rate of increase in salaries	3.7-4.3	0-40.0	3.7-4.3	0-12.0
Rate of increase for pensions in payment	1.9-3.2	0-40.0	2.1-3.2	0-12.0
Rate of increase for pensions in deferment (where provided)	2.5-2.8	0-2.3	2.5-2.7	0-2.0

Discount rates are determined by reference to market yields at the balance sheet date on high-quality corporate bonds consistent with the estimated term of the obligations. This has been done in conjunction with independent actuaries in each jurisdiction.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

14. Employee entitlements continued

The UK inflation assumption includes assumptions on both the Retail Price Index and Consumer Price Index measures of inflation on the basis that the gap between the two measures is expected to remain stable in the long term.

The mortality assumptions used to value the UK defined benefit schemes in 2022 are derived from the S3 mortality tables with improvements in line with the 2020 projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession (2021 – S3 mortality tables with improvements in line with the 2019 projection model), with a 0-year rating movement for males and females (2021 – 0-year rating movement for males and females), both with a long-term trend of 1.5% (2021 – 1.5%). These mortality assumptions take account of experience to date, and assumptions for further improvements in life expectancy of scheme members. Examples of the resulting life expectancies in the UK defined benefit schemes are as follows:

Life expectancy from age 65 (in years)	2022		2021	
	Male	Female	Male	Female
Member aged 65 in 2022 (2021)	22.1	24.3	22.1	24.3
Member aged 65 in 2042 (2041)	23.7	26.1	23.7	26.1

An allowance has been made for cash commutation in line with emerging scheme experience. Other demographic assumptions for the UK defined benefit schemes are set having regard to the latest trends in scheme experience and other relevant data.

The assumptions are reviewed and updated as necessary as part of the periodic funding valuation of the schemes.

For the overseas schemes, regionally appropriate assumptions for mortality, financial and demographic factors have been used.

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 17 September 2022 is:

	Change in assumption	Impact on scheme liabilities
Discount rate	decrease/increase by 0.1%	Increase/decrease by 1.5%
Inflation	increase/decrease by 0.1%	increase by 0.9%/decrease by 1.2%
Rate of real increase in salaries	increase/decrease by 0.1%	increase/decrease by 0.3%
Rate of mortality	members assumed to be one year younger/older	increase/decrease by 4.2%

A sensitivity to the rate of increase in pensions in payment and pensions in deferment is represented by the inflation sensitivity, as all pensions increases and deferred revaluations are linked to inflation.

The sensitivity analysis above has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the period and may not be representative of the actual change. It is based on a change in the specific assumption while holding all other assumptions constant. When calculating the sensitivities, the same method used to calculate scheme liabilities recognised in the balance sheet has been applied. The method and assumptions used in preparing the sensitivity analysis have not changed since the prior year.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

14. Employee entitlements continued

Balance sheet

	2022			Consolidated Group		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Equities	1,135	188	1,323	1,246	194	1,440
Government bonds	308	92	400	840	86	926
Corporate and other bonds	767	47	814	812	49	861
Property	398	37	435	360	29	389
Cash and other assets	1,126	53	1,179	1,057	55	1,112
Scheme assets	3,734	417	4,151	4,315	413	4,728
Scheme liabilities	(2,397)	(405)	(2,802)	(3,729)	(490)	(4,219)
Aggregate net surplus/(deficit)	1,337	12	1,349	586	(77)	509
Irrecoverable surplus*	–	(42)	(42)	–	(26)	(26)
Net pension asset/(liability)	1,337	(30)	1,307	586	(103)	483
Analysed as						
Schemes in surplus	1,366	27	1,393	633	7	640
Schemes in deficit	(29)	(57)	(86)	(47)	(110)	(157)
	1,337	(30)	1,307	586	(103)	483
Unfunded liability included in the present value of scheme liabilities above	(29)	(52)	(81)	(47)	(66)	(113)

* The surpluses in the plans are only recoverable to the extent that the Group can benefit from either refunds formally agreed or from future contribution reductions.

UK Scheme

Scheme assets include £50m (2021 – £345m) of derivative instruments, £441m (2021 – £482m) of corporate debt instruments and £861m (2021 – £1,394m) of government debt.

Corporate and other bonds assets of £767m (2021 – £812m) include £248m (2021 – £225m) of assets whose valuation is not derived from quoted market prices. The valuation for all other equity assets, government bonds, and corporate and other bonds is derived from quoted market prices. The carrying value of UK property assets is based on a 30 June market valuation, adjusted for purchases, disposals and price indexation between the valuation and the balance sheet date. Cash and other assets includes £820m (2021 – £697m) of assets whose valuation is not derived from quoted market prices.

For financial reporting in the Group's financial statements, liabilities are assessed by actuaries using the projected unit method.

The accounting value is different from the result obtained using the funding basis, mainly due to different assumptions used to project scheme liabilities.

The defined benefit scheme liabilities comprise 24% (2021 – 26%) in respect of active participants, 20% (2021 – 23%) for deferred participants and 56% (2021 – 51%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 1.5 years for both UK and overseas schemes (2021 – 17 years for both UK and overseas schemes).

Income statement

The charge to the income statement for employee benefit schemes comprises:

	Consolidated Group	
	2022 £m	2021 £m
Charged to operating profit:		
Defined benefit schemes		
Current service cost	(46)	(46)
Past service cost	–	(4)
Defined contribution schemes	(89)	(83)
Total operating cost	(135)	(133)
Reported in other financial (expense)/income:		
Net interest income on the net pension asset	10	–
Interest charge on irrecoverable surplus	(1)	(1)
Net impact on profit before tax	(126)	(134)

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

14. Employee entitlements continued

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £36m (2021 – £39m) and benefits paid in respect of unfunded schemes of £2m (2021 – £3m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £89m (2021 – £83m).

Total contributions to funded schemes and benefit payments by the Group in respect of unfunded schemes in 2022 are currently expected to be approximately £29m in the UK and £10m overseas, totalling £39m (2021 – UK £30m, overseas £10m, totalling £40m).

Other comprehensive income

Remeasurements of the net pension asset recognised in other comprehensive income are as follows:

	Consolidated Group	
	2022 £m	2021 £m
Return on scheme assets excluding amounts included in net interest in the income statement	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	1,444	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	11	(4)
Experience (losses)/gains on scheme liabilities	(38)	12
Change in unrecognised surplus	(10)	(12)
Remeasurements of the net pension asset	825	559

Reconciliation of change in assets and liabilities

	2022 assets £m	2021 assets £m	2022 liabilities £m	2021 liabilities £m	2022 net £m	2021 net £m
At beginning of year	4,728	4,153	(4,219)	(4,206)	509	(53)
Current service cost	–	–	(46)	(46)	(46)	(46)
Employee contributions	8	7	(8)	(7)	–	–
Employer contributions	36	39	–	–	36	39
Benefit payments	(154)	(179)	156	182	2	3
Past service cost	–	–	–	(4)	–	(4)
Interest income/(expense)	84	69	(74)	(69)	10	–
(Loss)/return on scheme assets less interest income	(582)	664	–	–	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	–	–	1,444	(101)	1,444	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	–	–	11	(4)	11	(4)
Experience (losses)/gains on scheme liabilities	–	–	(38)	12	(38)	12
Effect of movements in foreign exchange	31	(25)	(28)	34	3	9
Transfer from Trade and other payables	–	–	–	(10)	–	(10)
At end of year	4,151	4,728	(2,802)	(4,219)	1,349	509

Reconciliation of change in irrecoverable surplus

	Consolidated Group	
	2022 £m	2021 £m
At beginning of year	(26)	(13)
Change recognised in other comprehensive income	(10)	(12)
Interest charge on irrecoverable surplus	(1)	(1)
Effect of movements in foreign exchange	(5)	–
At end of year	(42)	(26)

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

15. Deferred tax assets and liabilities

	Consolidated Group							
	Property, plant and equipment £m	Intangible assets £m	Leases £m	Employee benefits £m	Financial assets and liabilities £m	Provisions and other temporary differences £m	Tax value of carry- forward losses £m	Total £m
At 12 September 2020	144	90	(93)	(16)	4	(91)	(34)	4
Amount credited to the income statement	(36)	(6)	(8)	(1)	–	8	2	(41)
Amount credited to equity	–	–	–	105	14	–	–	119
Acquired through business combinations	–	5	–	–	–	–	–	5
Effect of changes in tax rates on the income statement	29	6	(6)	(3)	–	(3)	(4)	19
Effect of changes in tax rates on equity	–	–	–	39	–	–	–	39
Effect of hyperinflationary economies taken to operating profit	2	–	–	–	–	–	–	2
Effect of movements in foreign exchange	1	(5)	6	1	–	5	–	8
At 18 September 2021	140	90	(101)	125	18	(81)	(36)	155
Amount credited to the income statement	34	(5)	27	1	–	13	8	78
Amount credited to equity	–	–	–	155	28	2	–	185
Acquired through business combinations	–	22	–	–	–	2	–	24
Effect of changes in tax rates on the income statement	2	–	–	–	–	–	–	2
Effect of changes in tax rates on equity	–	–	–	44	–	–	–	44
Effect of hyperinflationary economies taken to operating profit	3	–	–	–	–	–	–	3
Transfer to assets/liabilities held for sale	5	–	–	–	–	–	–	5
Effect of movements in foreign exchange	6	10	(4)	–	–	(4)	–	8
At 17 September 2022	190	117	(78)	325	46	(68)	(28)	504

Provisions and other temporary differences include provisions of £(93)m (2021 - £(93)m), biological assets of £32m (2021 - £29m), tax credits of £(16)m (2021 - £(15)m) and other temporary differences of £9m (2021 - £(2)m).

	ABF							
	Property, plant and equipment £m	Intangible assets £m	Leases £m	Employee benefits £m	Financial assets and liabilities £m	Provisions and other temporary differences £m	Tax value of carry- forward losses £m	Total £m
At 12 September 2020	141	90	(93)	(16)	(2)	(90)	(32)	(2)
Amount credited to the income statement	(36)	(6)	(8)	(1)	–	5	2	(44)
Amount credited to equity	–	–	–	105	14	–	–	119
Acquired through business combinations	–	5	–	–	–	–	–	5
Effect of changes in tax rates on the income statement	29	6	(6)	(3)	–	(5)	(4)	17
Effect of changes in tax rates on equity	–	–	–	39	–	–	–	39
Effect of hyperinflationary economies taken to operating profit	2	–	–	–	–	–	–	2
Effect of movements in foreign exchange	1	(5)	6	1	–	6	–	9
At 18 September 2021	137	90	(101)	125	12	(84)	(34)	145
Amount credited to the income statement	34	(5)	27	1	–	13	8	78
Amount credited to equity	–	–	–	154	28	2	–	184
Acquired through business combinations	–	22	–	–	–	2	–	24
Effect of changes in tax rates on the income statement	2	–	–	–	–	–	–	2
Effect of changes in tax rates on equity	–	–	–	44	–	–	–	44
Effect of hyperinflationary economies taken to operating profit	3	–	–	–	–	–	–	3
Transfer to assets/liabilities held for sale	5	–	–	–	–	–	–	5
Effect of movements in foreign exchange	6	10	(4)	–	–	(8)	–	4
At 17 September 2022	187	117	(78)	324	40	(75)	(26)	489

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

15. Deferred tax assets and liabilities continued

Certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Deferred tax assets	(158)	(218)	(160)	(221)
Deferred tax liabilities	647	363	664	376
	489	145	504	155

In addition to the amounts disclosed above, there are £5m (2021 – £nil) deferred tax assets classified as assets held for sale (see note 17).

Deferred tax assets have not been recognised in respect of tax losses of £348m (2021 – £310m). Of these tax losses, £188m (2021 – £170m) will expire at various dates between 2022 and 2027 (2021 – 2021 and 2026). Deferred tax assets have also not been recognised in respect of other temporary differences of £520m (2021 – £111m). This includes £378m (2021 – £nil) relating to property, plant and equipment and leases in Germany which were derecognised during the year as a result of the impairment charge (see notes 10 and 11 for further details). These deferred tax assets have not been recognised on the basis that their future economic benefit is uncertain.

In addition, the Group's overseas subsidiaries have net unremitted earnings of £2.029m (2021 – £2.537m), resulting in temporary differences of £1,495m (2021 – £1,167m). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

16. Trade and other receivables

	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Non-current – other receivables				
Loans and receivables	29	32	29	45
Investments designated FVOCI	29	23	29	23
	58	55	58	68
Current – trade and other receivables				
Trade receivables	1,311	1,021	1,321	1,032
Other receivables	218	178	232	181
Accrued income	35	16	38	19
	1,564	1,215	1,591	1,232
Prepayments and other non-financial receivables	194	152	198	156
	1,758	1,367	1,789	1,388

In addition to the amounts disclosed above, there are £3m (2021 – £nil) trade and other receivables classified as assets held for sale (see note 17).

The directors consider that the carrying amount of receivables approximates fair value.

For details of credit risk exposure on trade and other receivables, see note 28.

Trade and other receivables include £29m (2021 – £32m) in respect of finance lease receivables, with £25m in non-current loans and receivables and £4m in current other receivables (2021 – £28m in non-current loans and receivables and £4m in current other receivables). Minimum lease payments receivable are £4m within one year, £16m between one and five years and £9m in more than five years (2021 – £4m within one year, £17m between one and five years and £11m in more than five years).

The finance lease receivables relate to property, plant and equipment leased to a joint venture of the Group (see note 30).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

17. Assets and liabilities classified as held for sale

ABF currently expects to dispose of its north China sugar business, subject to competition and administrative requirements. In the prior year, held for sale assets and liabilities related to an ABF Chinese yeast business expected to be sold to a Chinese joint venture.

	Consolidated Group	
	2022 £m	2021 £m
Assets classified as held for sale		
Intangible assets	12	–
Property, plant and equipment	18	10
Inventories	7	3
Taxation	5	–
Trade and other receivables	3	–
	45	13
Liabilities classified as held for sale		
Trade and other payables	(14)	–
	(14)	–
	31	13

18. Inventories

	ABF		Consolidated Group	
	2022 £m	2021 £m	2022 £m	2021 £m
Raw materials and consumables	607	411	607	411
Work in progress	70	55	70	55
Finished goods and goods held for resale	2,582	1,685	2,619	1,713
	3,259	2,151	3,296	2,179
Write down of inventories	(115)	(95)	(115)	(96)

In addition to the amounts disclosed above, there are £7m (2021 – £3m) of inventories classified as assets held for sale (see note 17).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

19. Biological assets

	Consolidated Group		
	Growing cane £m	Other £m	Total £m
At 12 September 2020	66	6	72
Transferred to inventory	(92)	(13)	(105)
Purchases	–	1	1
Changes in fair value	105	12	117
At 18 September 2021	79	6	85
Transferred to inventory	(113)	(13)	(126)
Purchases	–	5	5
Other disposals	–	(1)	(1)
Changes in fair value	124	10	134
Effect of movements in foreign exchange	7	1	8
At 17 September 2022	97	8	105

Growing cane

The fair value of growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for valuing the growing cane, and therefore falls into the Level 3 category of fair value measurement. The following assumptions were used in the determination of the estimated sucrose tonnage at 17 September 2022:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	6,028	19,207	16,163	8,419	9,612	5,802
Estimated yield (tonnes cane/hectare)	67.9	103.7	115.9	99.5	72.6	71.0
Average maturity of growing cane	47.6%	67.4%	65.7%	67.7%	46.2%	72.4%

The following assumptions were used in the determination of the estimated sucrose tonnage at 18 September 2021:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	6,363	18,911	16,584	8,664	9,526	5,545
Estimated yield (tonnes cane/hectare)	66.9	108.4	115.7	102.0	73.9	83.6
Average maturity of growing cane	46.1%	67.4%	65.7%	67.7%	46.2%	71.6%

A 1% change in the unobservable inputs could increase or decrease the fair value of growing cane as follows:

	2022		2021	
	+1%	-1%	+1%	-1%
	£m	£m	£m	£m
Estimated sucrose content	1.2	(1.2)	1.1	(1.1)
Estimated sucrose price	1.4	(1.4)	1.4	(1.4)

20. Cash and cash equivalents

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Cash					
Cash at bank and in hand		674	759	779	993
Cash equivalents		1,447	1,516	1,447	1,516
Cash and cash equivalents	28	2,121	2,275	2,226	2,509
Reconciliation to the cash flow statement					
Bank overdrafts	21	(126)	(86)	(126)	(86)
Cash and cash equivalents in the cash flow statement		1,995	2,189	2,100	2,423
Cash and cash equivalents on the face of the balance sheet		2,121	2,275	2,226	2,509
		2,121	2,275	2,226	2,509

Cash at bank and in hand generally earns interest at rates based on the daily bank deposit rate.

Cash equivalents generally comprise deposits placed on money markets for periods of up to three months which earn interest at a short-term deposit rate; and funds invested with fund managers that have a maturity of less than or equal to three months and are at fixed rates.

The carrying amount of cash and cash equivalents approximates fair value.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

21. Loans and overdrafts

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Current loans and overdrafts					
Secured loans		1	-	1	46
Unsecured loans and overdrafts		156	330	156	330
		157	330	157	376
Non-current loans					
Secured loans		-	1	1	1
Unsecured loans		480	75	480	75
		480	76	481	76
	28	637	406	638	452

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Secured loans					
- GBP floating rate		-	-	1	46
- Other floating rate		1	1	1	1
Unsecured bank loans and overdrafts					
- Bank overdrafts	20	126	86	126	86
- GBP fixed rate		390	80	390	80
- USD floating rate		8	3	8	3
- USD fixed rate		87	217	87	217
- EUR floating rate		2	7	2	7
- Other floating rate		13	7	13	7
- Other fixed rate		10	5	10	5
		637	406	638	452

Secured loans comprise amounts borrowed from commercial banks and are secured by floating charges over the assets of subsidiaries. Bank overdrafts generally bear interest at floating rates.

22. Trade and other payables

	Note	ABF 2022 £m	2021 £m	Consolidated Group 2022 £m	2021 £m
Trade payables		1,362	938	1,377	952
Accruals		1,275	997	1,296	1,011
		2,637	1,935	2,673	1,963
Deferred income and other non-financial payables		477	451	492	469
		3,114	2,386	3,165	2,432

In addition to the amounts disclosed above, there are £14m trade and other payables (2021 – £nil) classified as liabilities held for sale (see note 17).

For payables with a remaining life of less than one year, carrying amount is deemed to reflect fair value.

In a small number of businesses, the Group utilises supplier financing arrangements to enable participating suppliers, at each supplier's sole discretion, to sell any or all amounts due from the Group to a third-party bank earlier than the invoice due date, at better financing rates than the supplier alone could achieve.

Payment terms for suppliers are identical, irrespective of whether they choose to participate. The Group receives no benefit from these arrangements.

Contractual terms and invoice due dates are unchanged and the Group considers amounts owed to the third-party bank as akin to amounts owed to the supplier. Such amounts are therefore included within trade payables and associated cash flows are included within operating cash flows, as they continue to be part of the Group's normal operating cycle.

At year end, the value of invoices sold by suppliers under supply chain financing arrangements was £45m (2021 – £27m).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

23. Provisions

	Restructuring £m	Consolidated Group Deferred consideration £m	Other £m	Total £m
At 18 September 2021	52	14	36	102
Created	31	14	16	61
Utilised	(16)	(9)	(7)	(32)
Released	(13)	–	(9)	(22)
Effect of movements in foreign exchange	1	1	2	4
At 17 September 2022	55	20	38	113
Current	49	16	22	87
Non-current	6	4	16	26
	55	20	38	113

Financial liabilities within provisions comprised deferred consideration in both years (see note 28).

Restructuring

Restructuring provisions include business restructure costs, including redundancy, associated with the Group's announced reorganisation plans. These restructuring provisions are largely expected to be utilised in the next financial year.

Deferred consideration

Deferred consideration comprises estimates of amounts due to the previous owners of businesses acquired by the Group which are often linked to performance or other conditions.

Other

Other provisions mainly comprise litigation claims and warranty claims arising from the sale and closure of businesses. The extent and timing of the utilisation of these provisions is more uncertain given the nature of the claims and the period of the warranties.

24. Share capital and reserves

Share capital

At 18 September 2021 and 17 September 2022, the Group's issued and fully paid share capital comprised 862,022 ordinary shares of 50p, each carrying one vote per share. Total nominal value was £431,011.

Other reserves

Other reserves are non-distributable.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

Hedging reserve

The hedging reserve comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

25. Acquisitions and disposals

Acquisitions

2022

In January, the ABF acquired 100% of Fytexia, a B2B specialty ingredients business in France and Italy producing and formulating polyphenols-based active ingredients for the dietary supplements industry. This acquisition will expand ABF's portfolio of products and capabilities to serving the pharmaceutical, nutritional and food market sectors.

In July, ABF acquired Greencoat, a UK-based animal supplement and care business. This acquisition contributes to AB Agri's strategic goal to expand its international animal nutrition and technology business.

During the year, ABF also acquired a small grocery company in New Zealand, a small agriculture business in Finland and a small ingredients business in Australia.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

25. Acquisitions and disposals continued

The acquisitions had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying values £m	Recognised values on acquisition			Total £m
		Fyfe's £m	Greencoat £m	Other £m	
Net assets					
Intangible assets	–	54	27	7	88
Property, plant and equipment and right-of-use assets	14	1	1	12	14
Working capital	17	3	11	11	25
Cash and overdrafts	10	6	1	3	10
Loans	(23)	(11)	(3)	(9)	(23)
Lease liabilities	(8)	–	–	(8)	(8)
Provisions	(7)	(7)	–	–	(7)
Taxation	(8)	(14)	(8)	(2)	(24)
Net identifiable assets and liabilities	(5)	32	29	14	75
Goodwill		61	12	12	85
Total consideration		93	41	26	160

	Recognised values on acquisition £m
Satisfied by:	
Cash consideration	153
Deferred consideration	7
	160

Net cash:	
Cash consideration	153
Cash and cash equivalents acquired	(10)
	143

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £88m of non-operating intangibles in respect of brands, technology and customer relationships, an £8m uplift to inventory, a £16m related deferred tax liability and goodwill of £85m (none of which is tax-deductible) reflecting the benefits of expected future synergies. Cash flow on acquisition of subsidiaries, joint ventures and associates of £154m comprised £153m cash consideration less £10m cash and overdrafts acquired, £7m of deferred consideration relating to previous acquisitions and a £4m contribution to an existing joint venture in China.

2021

In the prior period, ABF's Ingredients business acquired DR Healthcare España, a Spanish enzymes producer. Total consideration for this transaction was £14m, comprising £12m cash consideration and £2m deferred consideration. Net assets acquired included non-operating intangible assets of £19m, which were recognised with their related deferred tax of £5m.

ABF also contributed £43m to the bakery ingredients joint venture in China with Wilmar International and paid £2m of deferred consideration on acquisitions made in prior years.

Disposals

2022

The proposed sale of a yeast company to the joint venture with Wilmar International in China (classified as held for sale at the 2021 year end) is not going ahead. The £10m non-cash impairment reversed in 2021 through profit/(loss) on sale and closure of business has been reinstated at a cost of £11m.

ABF's investment in north China Sugar is classified as held-for-sale at year end and an associated £19m non-cash write-down has been charged to loss on sale and closure of business.

ABF also released £3m of closure provisions in Vivergo in the UK and £4m of warranty provisions no longer required for a disposed Ingredients business in the United States.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

25. Acquisitions and disposals continued

2021

ABF sold a number of Chinese yeast and bakery ingredients businesses into a new Chinese joint venture with Wilmar International. Gross cash consideration was £39m with £5m of cash disposed with the businesses. The joint venture also assumed £11m of debt, resulting in net proceeds of £45m. Net assets disposed were £33m with provisions of £6m for associated restructuring costs and a £6m gain on the recycling of foreign exchange differences. The gain on disposal was £6m.

ABF agreed the sale of a factory in China to the same joint venture, subject to regulatory approval. These assets were fully written down in 2019 when the proposed joint venture with Wilmar was first announced. A non-cash reversal of impairment of £10m was included in profit on sale and closure of business. This was reversed in 2022 (see above).

Closure provisions of £3m relating to disposals made in previous years were no longer required and were released to sale and closure of business in Ingredients and Grocery, both in Asia Pacific. Property provisions of £1m held in previous years were also no longer required.

26. Share-based payments

The annual charge in the income statement for equity-settled share-based payments schemes was £19m (2021 – £17m). The Group had the following principal equity-settled share-based payment plans in operation during the period:

Associated British Foods 2016 Long-term Incentive Plan ('the 2016 LTIP')

The 2016 LTIP was approved and adopted by the Group at the ABF AGM held on 9 December 2016. It takes the form of conditional allocations of shares which are released if, and to the extent that, performance targets are satisfied, typically over a three-year vesting period.

Associated British Foods 2016 Short-term Incentive Plan ('the 2016 STIP')

The 2016 STIP was approved and adopted by the ABF Board on behalf of the Group on 2 November 2016. It takes the form of conditional allocations of shares which are released at the end of a three-year vesting period if, and to the extent that, performance targets are satisfied, over a one-year performance period.

Further information regarding the operation of the above plans can be found in the Remuneration Report in the annual report and accounts of ABF on pages 126 to 153.

Total conditional allocations under the Group's equity-settled share-based payment plans are as follows:

	Balance outstanding at the beginning of the period	Grants/ awarded	Vested	Expired/ lapsed	Balance outstanding at the end of the period
2022	5,419,237	2,445,814	(718,185)	(1,056,861)	6,090,005
2021	5,030,360	2,498,918	(440,870)	(1,669,171)	5,419,237

Employee Share Ownership Plan Trust

Shares subject to allocation under the Group's equity-settled share-based payment plans are held in a separate Employee Share Ownership Plan Trust funded by the Group. Voting rights attached to shares held by the Trust are exercisable by the trustee, who is entitled to consider any recommendation made by a committee of ABF. At 17 September 2022 the Trust held 3,042,132 (2021 – 1,347,089) ordinary shares of ABF. The market value of these shares at the year-end was £40m (2021 – £25m). The Trust has waived its right to dividends. Movements in the year were a release of 718,185 shares and the purchase of 2,413,228 shares (2021 – release of 440,870 shares).

Fair values

The weighted average fair value of conditional grants made was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 1.837p (2021 – 1.879p) and the weighted average share price was 1.975p (2021 – 2.021p). The dividend yield used was 2.5% (2021 – 2.5%).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

27. Analysis of net debt

	At 18 September 2021 £m	Cash flow £m	Consolidated Group Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	At 17 September 2022 £m
Short-term loans	(290)	58	(23)	224	–	(31)
Long-term loans	(76)	(179)	–	(224)	(2)	(481)
Lease liabilities	(3,308)	325	(8)	(186)	(98)	(3,275)
Total liabilities from financing activities	(3,674)	204	(31)	(186)	(100)	(3,787)
Cash at bank and in hand, cash equivalents and overdrafts	2,423	(397)	–	–	74	2,100
Current investments designated FVTPL	1,093	122	–	(3)	31	1,243
	(158)	(71)	(31)	(189)	5	(444)

	At 12 September 2020 £m	Cash flow £m	Consolidated Group Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	At 18 September 2021 £m
Short-term loans	(65)	10	10	(248)	3	(290)
Long-term loans	(365)	20	–	248	21	(76)
Lease liabilities	(3,669)	295	–	(103)	169	(3,308)
Total liabilities from financing activities	(4,099)	325	10	(103)	193	(3,674)
Cash at bank and in hand, cash equivalents and overdrafts	2,098	389	–	–	(64)	2,423
Current investments designated FVTPL	1,204	(51)	(17)	(43)	–	1,093
	(797)	663	(7)	(146)	129	(158)

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less. £126m (2021 – £86m) of bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement (see note 20 for a reconciliation).

Net cash excluding lease liabilities is £2,831m (2021 – £3,150m).

Current and non-current lease liabilities shown on the face of the balance sheet of £320m and £2,955m respectively (2021 – £293m and £3,015m respectively) comprise the £3,275m (2021 – £3,308m) of lease liabilities shown above.

Current investments designated FVTPL comprise term deposits and short-term investments with original maturities of greater than three months but less than one year.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments

Financial instruments include £3m (2021 – £nil) of trade and other receivables and £14m (2021 – £nil) of trade and other payables which are classified as held for sale (see note 17). All disclosures in this note are given gross, before the held-for-sale reclassification is made.

a) Carrying amount and fair values of financial assets and liabilities

Note	ABF		Consolidated Group	
	2022	2021	2022	2021
	£m	£m	£m	£m
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents	2,121	2,275	2,226	2,509
Investments	4	32	4	32
Trade and other receivables	1,567	1,215	1,594	1,232
Other non-current receivables	29	32	29	45
At fair value through other comprehensive income				
Investments	29	23	29	23
At fair value through profit and loss				
Investments	–	–	1,381	1,162
Derivative assets not designated in a cash flow hedging relationship:				
- currency derivatives	50	9	50	9
- commodity derivatives	3	–	3	–
Designated cash flow hedging relationships				
Derivative assets designated and effective as cash flow hedging instruments:				
- currency derivatives (excluding cross-currency swaps)	70	22	70	22
- cross-currency swaps	29	44	29	44
- commodity derivatives	323	49	323	49
Total financial assets	4,225	3,701	5,738	5,127
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	(2,651)	(1,935)	(2,687)	(1,963)
Secured loans	(1)	(1)	(2)	(47)
Unsecured loans and overdrafts (fair value 2022 – £571m; 2021 – £417m)	(636)	(405)	(636)	(405)
Lease liabilities (fair value 2022 – £3,494m; 2021 – £3,320m)	(3,252)	(3,281)	(3,275)	(3,308)
Deferred consideration	(20)	(14)	(20)	(14)
At fair value through profit and loss				
Derivative liabilities not designated in a cash flow hedging relationship:				
- currency derivatives (excluding cross-currency swaps)	(5)	(1)	(5)	(1)
- commodity derivatives	(3)	–	(3)	–
Designated net investment hedging relationships				
Derivative liabilities designated as net investment hedging instruments:				
- cross-currency swaps	(7)	(12)	(7)	(12)
Designated cash flow hedging relationships				
Derivative liabilities designated and effective as cash flow hedging instruments:				
- currency derivatives (excluding cross-currency swaps)	(17)	(5)	(17)	(5)
- interest derivatives	(3)	–	(3)	–
- commodity derivatives	(170)	(16)	(170)	(16)
Total financial liabilities	(6,765)	(5,670)	(6,825)	(5,771)
Net financial liabilities	(2,540)	(1,969)	(1,087)	(644)

Except where stated, carrying amount is equal to fair value.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

Valuation of financial instruments carried at fair value

Financial instruments carried at fair value on the balance sheet comprise derivatives and investments. The Group classifies these financial instruments using a fair value hierarchy that reflects the relative significance of both objective evidence and subjective judgements on the inputs used in making the fair value measurements:

Level 1: financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.

Level 2: financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.

Level 3: financial instruments are valued using techniques involving significant unobservable inputs.

The table below analyses the level in the fair value hierarchy into which their fair value measurement method is categorised for Investments held at fair value through profit and loss:

	2022				2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments designated FVTPL	695	682	4	1,381	690	469	3	1,162

Included within the level 2 investments is the Group's aggregate £138m interest (2021: £101m) in 46 separate Partnerships, each of which held investments in unquoted investments. Such investments represent the Group's allocable share of Partnership investments and include interests in non-redeemable, closed-end private investment funds that do not trade in an active market and represent illiquid long-term investments that generally require future capital commitments.

The fair value of such investments are determined by the General Partners of the funds invested in. Unquoted investments are valued in accordance with the International Private Equity and Venture Capital Valuations Guidelines as endorsed by the British Venture Capital Association. The basis of valuation in these guidelines include valuing investments at the price of recent comparative industry price earnings ratios discounted for marketability and performance of the investment, by review of comparable M&A deals in appropriate sectors, and net asset valuations for asset based investments.

Because of the inherent uncertainties of valuing unquoted investments, the eventual realisation proceeds may differ from the estimated fair value and the difference could be significant. Appropriate provisions are made against all individual values where necessary to reflect unsatisfactory financial performance or a fall in comparable ratings, leading to impairment in value.

b) Derivatives

All derivatives are classified as current on the face of the balance sheet. The table below analyses the carrying amount of derivatives and their contractual/notional amounts, together with an analysis of derivatives by the level in the fair value hierarchy into which their fair value measurement method is categorised.

	2022				2021			
	Contractual/ notional amounts £m	Level 1 £m	Level 2 £m	Total £m	Contractual/ notional amounts £m	Level 1 £m	Level 2 £m	Total £m
Financial assets								
Currency derivatives (excluding cross-currency swaps)	2,193	–	120	120	1,360	–	31	31
Cross-currency swaps	94	–	29	29	228	–	44	44
Commodity derivatives	439	3	323	326	188	4	45	49
	2,726	3	472	475	1,776	4	120	124
Financial liabilities								
Currency derivatives (excluding cross-currency swaps)	921	–	(22)	(22)	702	–	(6)	(6)
Cross-currency swaps	68	–	(7)	(7)	196	–	(12)	(12)
Interest-rate swaps	400	–	(3)	(3)	–	–	–	–
Commodity derivatives	366	–	(173)	(173)	166	(1)	(15)	(16)
	1,755	–	(205)	(205)	1,064	(1)	(33)	(34)

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

c) Cash flow hedging reserve

The following table identifies the movements in the cash flow hedging reserve during the year, and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact profit or loss are materially the same.

	2022					Consolidated Group 2021				
	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest Derivatives £m	Commodity derivatives £m	Total £m	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest Derivatives £m	Commodity derivatives £m	Total £m
Opening balance	(14)	(1)	–	(28)	(43)	6	(1)	–	2	7
(Gains)/losses recognised in the hedging reserve	(295)	(20)	3	(234)	(546)	3	16	–	(55)	(36)
Amount removed from the hedging reserve and included in the income statement:										
– revenue	5	–	–	(4)	1	8	–	–	(4)	4
– cost of sales	–	–	–	105	105	–	–	–	9	9
– other financial expense/(income)	–	21	–	–	21	–	(16)	–	–	(16)
Amount removed from the hedging reserve and included in a non-financial asset:										
– inventory	258	–	–	22	280	(37)	–	–	12	(25)
Deferred tax	5	–	(1)	24	28	6	–	–	8	14
Closing balance	(41)	–	2	(115)	(154)	(14)	(1)	–	(28)	(43)
Cash flows are expected to occur:										
– within six months	(36)	–	2	(105)	(139)	(9)	–	–	(25)	(34)
– between six months and one year	(6)	–	–	(10)	(16)	(4)	–	–	(2)	(6)
– between one and two years	1	–	–	–	1	(1)	–	–	(1)	(2)
– between two and five years	–	–	–	–	–	–	(1)	–	–	(1)
	(41)	–	2	(115)	(154)	(14)	(1)	–	(28)	(43)

Of the closing balance of £(154)m, £(84)m is attributable to equity shareholders and £(70)m to non-controlling interests (2021 – £(43)m, £(24)m attributable to equity shareholders and £(19)m to non-controlling interests). Of the net movement in the year of £(111)m, £(60)m is attributable to equity shareholders and £(51)m to non-controlling interests (2021 – £(50)m, £(27)m is attributable to equity shareholders and £(23)m to non-controlling interests).

The balance remaining in the commodity cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied is £1m (2021 – £(1)m).

The balance in the cost of hedging reserve was not significant at 18 September 2021 or 17 September 2022.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

d) Financial risk identification and management

The Group is exposed to the following financial risks from the use of financial instruments:

- market risk; and
- credit risk.

The Group's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Risk management policies and systems have been established and are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group sources and sells products and manufactures goods in many locations around the world. These operations expose the Group to potentially significant price volatility in the financial and commodity markets. Risk management teams have been established in the Group's major businesses to manage this exposure by entering into a range of products, including physical and financial forward contracts, futures, swaps, and, where appropriate, options. These teams work closely with Group Treasury and report regularly to executive management.

Treasury operations and commodity procurement and hedging are conducted within a clearly defined framework of Board-approved policies and guidelines to manage the Group's financial and commodity risks. Group Treasury works closely with the Group's procurement teams to manage commodity risks. Group Treasury policy seeks to ensure that adequate financial resources are available at all times for the management and development of the Group's businesses, whilst effectively managing its market risk and credit risk. The Group's risk management policy explicitly forbids the use of financial or commodity derivatives (outside its risk management framework of mitigating financial and commodity risks) for speculative purposes.

e) Foreign currency translation

The Group presents its financial statements in sterling. As a result of its worldwide operations, the Group is exposed to foreign currency translation risk where overseas operations have a functional currency other than sterling. Changes in foreign currency exchange rates impact the translation into sterling of both the income statement and net assets of these foreign operations.

Where appropriate, the Group finances its operations using own funds generated in the functional currency of its operations and where appropriate, by borrowing locally in the same functional currency. This reduces net asset values reported in functional currencies other than sterling, thereby reducing the economic exposure to fluctuations in foreign currency exchange rates on translation.

The Group also finances its operations by obtaining funding at Group level through external borrowings and, where they are not in sterling, these borrowings may be designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations. At year end, the Group had no borrowings (2021 – none) that were designated as hedges of its net investment in foreign operations.

The Group also holds cross-currency interest rate swaps to hedge its fixed rate non-sterling debt. These are reported as cash flow hedges and net investment hedges. The change in fair value of the hedging instrument, to the degree effective, is retained in other comprehensive income. Under IFRS 9, the currency basis on the cross-currency swaps is excluded from the hedge designation and recognised in other comprehensive income – cost of hedging. The value of the currency basis is not significant. Effectiveness is measured using the hypothetical derivative approach. The hypothetical derivative is based on the critical terms of the debt and therefore the only ineffectiveness that might arise is in relation to credit risk. Credit risk is monitored regularly and is not a significant factor in the hedge relationship.

The Group does not actively hedge the translation impact of foreign exchange rate movements on the income statement (other than via the partial economic hedge arising from the servicing costs on non-sterling borrowings).

The Group designates certain of its intercompany loan arrangements as quasi-equity for the purposes of IAS 21. The effect of the designation is that any foreign exchange volatility arising within the borrowing entity and/or the lending entity is accounted for directly within other comprehensive income.

A net foreign exchange of £nil (2021 – £nil) on retranslation of these loans has been taken to the translation reserve on consolidation, all of which was attributable to equity shareholders. The Group also held cross-currency swaps that have been designated as hedges of its net investments in euros, whose change in fair value of £1m has been debited to the translation reserve, all of which was attributable to equity shareholders (2021 – £1.4m has been credited to the translation reserve, £8m attributable to equity shareholders).

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

f) Market risk

Market risk is the risk of movements in the fair value of future cash flows of a financial instrument or forecast transaction as underlying market prices change. The Group is exposed to changes in the market price of commodities, interest rates and foreign exchange rates. These risks are known as 'transaction' (or recognised) exposures and 'economic' (or forecast) exposures.

(i) Commodity price risk

Commodity price risk arises from the procurement of raw materials and the consequent exposure to changes in market prices.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities including sugar raws, energy, wheat, edible oils, soya beans, tea, lean hog, cocoa and rice is managed through the use of forward physical contracts and hedging instruments, including futures, swaps and options primarily to convert floating prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and is continually monitored by Group Treasury. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

Some of the Group's commodity forward contracts are classified as 'own use' contracts, since they are entered into, and continue to be held, for the purposes of the Group's ordinary operations. In this instance the Group takes physical delivery of the commodity concerned. Own use contracts do not require accounting entries until the commodity purchase actually crystallises. Where possible, other commodity derivatives are accounted for as cash flow hedges (typically with a one-to-one hedge ratio), but there are some commodity derivatives for which the strict requirements of hedge accounting cannot be satisfied. Such commodity derivatives are used only where the business believes they provide an economic hedge of an underlying exposure. These instruments are classified as held for trading and are marked to market through the income statement.

The majority of the Group's forward physical contracts and commodity derivatives have maturities of less than one year.

The Group's sensitivities in respect of commodity derivatives for a +/- 20% movement in underlying commodity prices are £62m (2021 - £24m) and £(57)m (2021 - £(24)m), respectively.

(ii) Interest rate risk

Interest rate risk comprises two primary elements:

- interest price risk results from financial instruments bearing fixed interest rates. Changes in floating interest rates therefore affect the fair value of these fixed rate financial instruments; and
- interest cash flow risk results from financial instruments bearing floating rates. Changes in floating interest rates affect cash flows on interest receivable or payable.

The Group's policy is to manage its mix of fixed and floating rate debt, cash and investments so that a significant change in interest rates does not have a material negative impact on the Group's cash flows.

At 17 September 2022, £487m (76%) (2021 - £303m and 75%) of total debt was subject to fixed rates of interest, the majority of which is the 2034 public bond (fixed rate of 2.5%). Floating rate debt comprises other bank borrowings bearing interest rates for various time periods up to 12 months, by reference to the relevant market rate for the currency and location of the borrowing.

The Group's cash and cash equivalents and current asset investments are subject to floating rates of interest, typically fixed for periods up to 3 months by reference to the relevant market rate for the currency of the cash placing or investment.

£400m of 12-month sterling interest rate swaps have been entered into so that the floating interest rate received on an equivalent balance of the Group's cash and cash equivalents is fixed for the 12-month period to August 2023.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

(iii) Foreign currency risk

The Group conducts business worldwide and consequently in many foreign currencies. As a result, it is exposed to movements in foreign currency exchange rates which affect the Group's transaction costs. The Group also publishes its financial statements in sterling and is therefore exposed to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into sterling.

Translation risk is discussed in section e) on page 53.

Transaction risk

Currency transaction exposure occurs where a business makes sales and purchases in a currency other than its functional currency. It also arises where monetary assets and liabilities of a business are not denominated in its functional currency, and where dividends or surplus funds are remitted from overseas. The Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign currency contracts.

The Group uses derivatives (principally forward foreign currency contracts and time options) to hedge its exposure to movements in exchange rates on its foreign currency trade receivables and payables. The Group does not seek formal fair value hedge accounting for such transaction hedges. Instead, such derivatives are classified as held for trading and marked to market through the income statement. This offsets the income statement impact of the retranslation of the foreign currency trade receivables and payables.

Economic (forecast) risk

The Group principally uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases on a rolling 12-month basis. The Group does not formally define the proportion of highly probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the Group's risk management policies and prevailing market conditions. The Group designates currency derivatives used to hedge its highly probable forecast transactions as cash flow hedges. Under IFRS 9, the spot component is designated in the hedging relationship and forward points and currency basis are excluded and recognised in other comprehensive income – cost of hedging. The cost of hedging value during the period and at the balance sheet date was not material. The economic relationship is based on critical terms and a one-to-one hedge ratio. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

The majority of the Group's currency derivatives have original maturities of less than one year.

The Group's most significant currency transaction exposures are:

- sugar sales in British Sugar to movements in the sterling/euro exchange rate; and
- sourcing for Primark – costs are denominated in a number of currencies, predominantly sterling, euros and US dollars.

Elsewhere, a number of businesses make sales and purchase a variety of raw materials in foreign currencies (primarily US dollars and euros), giving rise to transaction exposures. In all other material respects, businesses tend to operate in their functional currencies.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

The table below illustrates the effects of hedge accounting on the consolidated balance sheet and consolidated income statement by disclosing separately by risk category, and each type of hedge, the details of the associated hedging instrument and hedged item.

Consolidated Group 2022						
	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedge item used to determine hedge effectiveness £m
Current						
Designated cash flow hedging relationships:						
– currency derivatives (excluding cross currency swaps)	2,102	54	Sep 23	100%	54	(54)
– commodity derivatives	739	152	Aug 23	100%	152	(152)
– interest rate swaps	400	(3)	Aug 23	100%	(3)	3
Non-current						
Designated cash flow hedging relationships:						
– currency derivatives (excluding cross-currency swaps)	32	(1)	Sep 24	100%	(1)	1
– cross-currency swaps	94	29	Mar 24	100%	14	(14)
– commodity derivatives	20	1	Jan 24	100%	1	(1)
Designated net investment hedging relationships:						
– currency derivatives (cross-currency swaps)	68	(7)	Mar 24	100%	(3)	3

Consolidated Group 2021						
	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedge item used to determine hedge effectiveness £m
Current						
Designated cash flow hedging relationships:						
– currency derivatives (excluding cross-currency swaps)	1,367	16	Sep 22	100%	16	(16)
– cross-currency swaps	150	28	Mar 22	100%	(11)	11
– commodity derivatives	350	33	Aug 22	100%	34	(34)
Designated net investment hedging relationships:						
– currency derivatives (cross-currency swaps)	129	(8)	Mar 22	100%	10	(10)
Non-current						
Designated cash flow hedging relationships:						
– currency derivatives (excluding cross-currency swaps)	34	1	Dec 22	100%	1	(1)
– cross-currency swaps	78	16	Mar 24	100%	(6)	6
– commodity derivatives	4	–	Jan 23	100%	–	–
Designated net investment hedging relationships:						
– currency derivatives (cross-currency swaps)	67	(4)	Mar 24	100%	5	(5)

Hedging relationships are typically based on a one-to-one hedge ratio. The economic relationship between the hedged item and the hedging instrument is analysed on an ongoing basis. Sources of possible ineffectiveness include changes in forecast transactions as a result of timing or value or, in certain cases, different indices linked to the hedged item and the hedging instrument. As at 17 September 2022, £2,134m of forward foreign currency contracts designated as cash flow hedges were outstanding (2021 – £1,401m), largely in relation to purchases of USD (£1,453m) and sales of EUR (£214m) with varying maturities up to September 2024. Weighted average hedge rates for these contracts are GBPUSD: 1.21, EURUSD: 1.04 and GBPEUR: 1.16. Weighted average hedge rates for the cross-currency swaps are GBPUSD: 1.70 and GBPEUR: 1.26. Commodity derivatives designated as cash flow hedges related to a range of underlying hedged items, with varying maturities up to January 2024.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

The analysis of the Group's foreign currency exposure to financial assets and liabilities by currency of denomination is as follows:

	Consolidated Group				
	2022				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	1	86	13	38	138
Trade and other receivables	–	55	54	24	133
Investments	–	149	–	–	149
	1	290	67	62	420
Financial liabilities					
Trade and other payables	(29)	(512)	(38)	(17)	(596)
Unsecured loans and overdrafts	–	(90)	–	–	(90)
	(29)	(602)	(38)	(17)	(686)
Currency derivatives					
Gross amounts receivable	93	2,143	98	256	2,590
Gross amounts payable	(2)	(202)	(428)	(57)	(689)
	91	1,941	(330)	199	1,901
	63	1,629	(301)	244	1,635

	Consolidated Group				
	2021				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	1	83	25	40	149
Trade and other receivables	–	39	45	19	103
	1	122	70	59	252
Financial liabilities					
Trade and other payables	(19)	(381)	(36)	(8)	(444)
Unsecured loans and overdrafts	–	(218)	–	(3)	(221)
	(19)	(599)	(36)	(11)	(665)
Currency derivatives					
Gross amounts receivable	62	1,374	197	221	1,854
Gross amounts payable	(2)	(133)	(431)	(50)	(616)
	60	1,241	(234)	171	1,238
	42	764	(200)	219	825

The following major exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	2022	2021
US dollar	1.29	1.37	1.14	1.38
Euro	1.18	1.14	1.14	1.17
Australian dollar	1.80	1.82	1.70	1.89

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's transactional currencies against local functional currencies would have had on profit and equity. The analysis covers currency translation exposures at year end on businesses' financial assets and liabilities that are not denominated in the functional currencies of those businesses. A similar but opposite impact would be felt on both profit and equity if the Group's main operating currencies weakened against local functional currencies by a similar amount.

The exposure to foreign exchange gains and losses on translating the financial statements of subsidiaries into sterling is not included in this sensitivity analysis, as there is no impact on the income statement, and the gains and losses are recorded directly in the translation reserve in equity (see below for a separate sensitivity). This sensitivity is presented before taxation and non-controlling interests.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

Sensitivity analysis

	2022 impact on profit for the period £m	2022 impact on total equity £m	2021 impact on profit for the period £m	2021 impact on total equity £m
10% strengthening against other currencies of				
Sterling	–	6	–	5
US dollar	19	172	(2)	87
Euro	(19)	(41)	12	(24)
Other	16	22	12	24

A second sensitivity analysis calculates the impact on the Group's profit before tax if the average rates used to translate the results of the Group's foreign operations into sterling were adjusted to show a 10% strengthening of sterling. A similar but opposite impact would be felt on profit before tax if sterling weakened against the other currencies by a similar amount.

	2022 impact on profit for the period £m	2021 impact on profit for the period £m
10% strengthening of sterling against		
US dollar	(18)	(19)
Euro	(3)	3
Australian dollar	(6)	(4)

g) Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group's businesses are exposed to counterparty credit risk when dealing with customers, and from certain financing activities.

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 17 September 2022. The Group considers its maximum exposure to credit risk to be:

	Consolidated Group	
	2022 £m	2021 £m
Cash and cash equivalents	2,226	2,509
Investments at amortised cost	4	32
Investments at fair value through profit and loss	1,381	1,162
Trade and other receivables	1,594	1,232
Other non-current receivables	29	45
Investments at fair value through other comprehensive income	29	23
Derivative assets at fair value through profit and loss	53	9
Derivative assets in designated cash flow hedging relationships	415	103
	5,731	5,115

The significant majority of cash balances and short-term deposits are held with strong investment-grade banks or financial institutions.

The Group uses market knowledge, changes in credit ratings and other metrics to identify significant changes to the financial profile of its counterparties.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

Trade and other receivables

Significant concentrations of credit risk are very limited as a result of the Group's large and diverse customer base. The Group has an established credit policy applied by each business under which the credit status of each new customer is reviewed before credit is advanced. This includes external credit evaluations where possible and in some cases bank references. Credit limits are established for all significant or high-risk customers, which represent the maximum amount permitted to be outstanding without requiring additional approval from the appropriate level of management. Outstanding debts are continually monitored by each business. Credit limits are reviewed on a regular basis, and at least annually. Customers that fail to meet the Group's benchmark creditworthiness may only transact on a prepayment basis. Aggregate exposures are monitored at Group level.

Many customers have been transacting with the Group for many years and the incidence of bad debts has been low. Where appropriate, goods are sold subject to retention of title so that, in the event of non-payment, the Group may have a secured claim. The Group does not typically require collateral in respect of trade and other receivables.

The Group provides for impairment of financial assets including trade and other receivables based on known events, and makes a collective provision for losses yet to be identified, based on historical data. The majority of the provision comprises specific amounts.

To measure expected credit losses, gross trade receivables are assessed regularly by each business locally with reference to considerations such as the current status of the relationship with the customer, the geographical location of each customer, and days past due (where applicable).

Expected losses are determined based on the historical experience of write-offs compared to the level of trade receivables. These historical loss expectations are adjusted for current and forward-looking information where it is identified to be significant. The Group considers factors such as national economic outlooks and bankruptcy rates of the countries in which its goods are sold to be the most relevant factors. Where the impact of these is assessed as significant, the historical loss expectations are amended accordingly.

The Group considers credit risk to have significantly increased for debts aged 180 days or over and expects these debts to be provided for in full. Where the Group holds insurance or has a legal right of offset with debtors who are also creditors, the loss expectation is applied only to the extent of the uninsured or net exposure.

Trade receivables are written off when there is no reasonable expectation of recovery, indicators of which may include the failure of the debtor to engage in a payment plan, and failure to make contractual payments within 180 days past due.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

	Consolidated Group	
	2022 £m	2021 £m
UK	606	459
Europe & Africa	385	306
The Americas	230	164
Asia Pacific	373	303
	1,594	1,232

Trade receivables can be analysed as follows:

	Consolidated Group	
	2022 £m	2021 £m
Not overdue	1,134	906
Up to one month past due	141	101
Between one and two months past due	31	18
Between two and three months past due	12	7
More than three months past due	30	24
Expected loss provision	(27)	(24)
	1,321	1,032

Trade receivables are stated net of the following expected loss provision:

	Consolidated Group	
	2022 £m	2021 £m
Opening balance	24	27
Increase charged to the income statement	6	4
Amounts released	(4)	(2)
Amounts written off	(1)	(3)
Effect of movements in foreign exchange	2	(2)
Closing balance	27	24

No trade receivables were written off directly to the income statement in either year.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

The geographical and business line complexity of the Group, combined with the fact that expected credit loss assessments are all performed locally, means that it is not practicable to present further analysis of credit losses.

In relation to other receivables not forming part of trade receivables, a similar approach has been taken to assess expected credit losses. No significant expected credit loss has been identified.

The directors consider that the carrying amount of trade and other receivables approximates fair value.

Cash and cash equivalents

Banking relationships are generally selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements. The credit risk of these institutions are monitored on a continuing basis. Operating procedures including choice of bank, opening of bank accounts and repatriation of funds must be agreed with Group Treasury. The Group has not recorded impairments against cash or cash equivalents, nor have any recoverability issues been identified with such balances.

h) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. Group Treasury is responsible for monitoring and managing liquidity and ensures that the Group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The Group also has access to uncommitted facilities to assist with short-term funding requirements.

Available headroom is monitored via the use of detailed cash flow forecasts prepared by each business, which are reviewed at least quarterly, or more often, as required. Actual results are compared to budget and forecast each period, and variances investigated and explained. Particular focus is given to management of working capital.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet to ensure long-term financial stability. This includes maintaining access to significant total liquidity comprised of both net cash and undrawn committed credit facilities. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business.

Details of the Group's borrowing facilities are given in section i) on page 61.

The following table analyses the contractual undiscounted cash flows relating to financial liabilities at the balance sheet date and compares them to carrying amounts:

		Consolidated Group						
		2022						
	Note	Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
Non-derivative financial liabilities								
Trade and other payables	22	(2,659)	(28)	-	-	-	(2,687)	(2,687)
Secured loans	21	-	(1)	(1)	-	-	(2)	(2)
Unsecured loans and overdrafts	21	(153)	(17)	(103)	(31)	(470)	(774)	(636)
Lease liabilities	27	(200)	(217)	(413)	(1,127)	(2,404)	(4,361)	(3,275)
Deferred consideration	23	(4)	(12)	(1)	(3)	-	(20)	(20)
Derivative financial liabilities								
Currency derivatives (excluding cross-currency swaps) (net payments)		(15)	(2)	(1)	-	-	(18)	(22)
Commodity derivatives (net payments)		(170)	(1)	(2)	-	-	(173)	(173)
Interest rate derivatives (net payments)		(3)	-	-	-	-	(3)	(3)
Total financial liabilities		(3,204)	(278)	(521)	(1,161)	(2,874)	(8,038)	(6,818)

Consolidated Group 2021								
	Note	Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
Non-derivative financial liabilities								
Trade and other payables	22	(1,943)	(20)	–	–	–	(1,963)	(1,963)
Secured loans	21	(46)	–	–	(1)	–	(47)	(47)
Unsecured loans and overdrafts	21	(320)	(9)	(13)	(75)	–	(417)	(405)
Lease liabilities	27	(177)	(193)	(387)	(1,074)	(2,570)	(4,401)	(3,308)
Deferred consideration	23	(6)	–	(8)	–	–	(14)	(14)
Derivative financial liabilities								
Currency derivatives (excluding cross-currency swaps) (net payments)		(5)	(2)	–	–	–	(7)	(6)
Commodity derivatives (net payments)		(12)	(4)	–	–	–	(16)	(16)
Total financial liabilities		(2,509)	(228)	(408)	(1,150)	(2,570)	(6,865)	(5,759)

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

28. Financial instruments continued

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 17 September 2022.

The principal reasons for differences between carrying values and contractual undiscounted cash flows are coupon payments on the fixed rate debt to which the Group is already committed, future interest payments on the Group's lease liabilities, and cash flows on derivative financial instruments which are not aligned with their fair value.

i) Borrowing facilities

The Group has substantial borrowing facilities available to it. The undrawn committed facilities available at 17 September 2022, in respect of which all conditions precedent have been met, amounted to £1,567m (2021 – £1,145m):

	2022			2021		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Committed Revolving Credit Facility	1,500	–	1,500	1,088	–	1,088
Public Bond due in 2034	390	390	–	–	–	–
US private placement	87	87	–	297	297	–
Illovo	77	12	65	65	10	55
Other	10	8	2	49	47	2
	2,064	497	1,567	1,499	354	1,145

Uncommitted facilities available at 17 September 2022 were:

	2022			2021		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Moneymarket lines	100	–	100	100	–	100
Illovo	188	99	89	157	63	94
Azucarera	36	2	34	30	5	25
China	39	–	39	37	–	37
Other	162	40	122	161	30	131
	525	141	384	485	98	387

In addition to the above facilities there are also £114m (2021 – £114m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business.

The Group has issued a public bond of £400m due in 2034. Included are deferred financing costs totalling £10m which have been capitalised against the bond and are to be amortised over its term.

The Group has a £1.5bn Committed Revolving Credit Facility which matures in June 2027. The Group also has £87m of private placement notes remaining in issue to institutional investors in the US and Europe which are due in 2024. At 17 September 2022, these had an average remaining duration of 1.5 years and an average fixed coupon of 3.92%. The other significant core committed debt facilities are local committed facilities in Illovo.

Uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can theoretically be withdrawn at any time.

Refer to note 10 for details of the Group's capital commitments and to note 29 for a summary of the Group's guarantees.

j) Capital management

The capital structure of the Group is presented in the consolidated balance sheet. For the purpose of the Group's capital management, capital includes issued capital and all other reserves attributable to equity shareholders, totalling £8,106m (2021 – £7,099m). The consolidated statement of changes in equity provides details on equity and note 21 provides details of loans and overdrafts. Short- and medium-term funding requirements are provided by a variety of loan and overdraft facilities, both committed and uncommitted, with a range of counterparties and maturities. Longer-term funding is sourced from the 2034 Public Bond, the private placement notes and committed syndicated loan facilities.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to enable successful future development of the business. The Board monitors return on capital by division and determines the overall level of dividends payable to shareholders.

From time to time the trustee of the ABF Employee Share Ownership Plan Trust purchases ABF shares in the market to satisfy awards under the Group's incentive plans. Once purchased, shares are not sold back into the market. The Group does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries is subject to externally-imposed capital requirements.

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

29. Contingencies

Litigation and other proceedings against the Group are not considered material in the context of these financial statements.

Where Group companies enter into financial guarantee contracts to guarantee the indebtedness of other Group companies, the Group considers these to be insurance arrangements and has elected to account for them as such in accordance with IFRS 4. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the relevant Group company issuing the guarantee will be required to make a payment under the guarantee.

As at 17 September 2022, Group companies have provided guarantees in the ordinary course of business amounting to £1,754m (2021 – £1,513m).

In 2021, a Thai court ruled in favour of the Group's Ovaltine business in Thailand in a legal action it brought against one of its suppliers in respect of a contractual dispute. The court concluded that between 2009 and 2019 the supplier had overcharged Ovaltine Thailand and should pay compensation of 2.2 billion Thai baht (£52m; 2021 – £48m). The relevant contractual relationship between the Group and its supplier terminated at the end of 2019. The Group has not yet recorded an asset in respect of this matter as the defendant is appealing the judgment.

30. Related parties

The Group has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 32. The Group has a related party relationship with its associates and joint ventures (see note 32) and with its directors. In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

Material transactions and year end balances with related parties were as follows:

	Sub note	2022 £000	2021 £000
Dividends paid by Associated British Foods plc and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation and their close family	1	16,217	5,299
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family	2	3,334	1,287
Sales to and commissions paid to companies with common key management personnel on normal trading terms	3	16,891	14,980
Amounts due from companies with common key management personnel	3	2,898	1,705
Sales to joint ventures and associates on normal trading terms		127,471	90,812
Purchases from joint ventures and associates on normal trading terms		450,346	377,811
Amounts due from joint ventures and associates		58,106	52,292
Amounts due to joint ventures and associates		30,808	24,575
Provision for doubtful debts on amounts due from joint ventures and associates		(300)	(300)

1. The Garfield Weston Foundation ('the Foundation') is an English charitable trust, established in 1958 by the late W. Garfield Weston. The Foundation has no direct interest in the Company, but as at 17 September 2022 was the beneficial owner of 683,073 shares (2021 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2021 – 79.2%) of the Company's issued share capital and is, therefore, the Company's ultimate controlling party. At 17 September 2022 trustees of the Foundation comprised nine grandchildren of the late W. Garfield Weston of whom five are children of the late Garry H. Weston.

2. Details of the directors of Wittington Investments Limited are given on page 5. Directors' remuneration is disclosed in note 5.

3. The companies with common key management personnel are the George Weston Limited group, in Canada, and Selfridges & Co. Limited.

Amounts due from joint ventures include £29m (2021 – £32m) of finance lease receivables (see note 16). The remainder of the balance is trading balances. All but £4m (2021 – £4m) of the finance lease receivables are non-current.

Details of the group's subsidiary undertakings and joint ventures are set out in note 32.

31. Post Balance Sheet Event

On 15th December the Directors declared an Interim dividend. The dividend of £78.50, total value of £68m, was paid between the 6th and 9th January 2023 to shareholders on the register on 15 December 2022.

Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

10. Related parties

The Company has a controlling shareholder relationship with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. The Company has a related party relationship with its subsidiaries, associates and joint ventures and directors. In the course of normal operations, related party transactions entered into by the Company have been contracted on an arm's length basis.

Material transactions and year end balances with related parties (excluding wholly owned subsidiaries) were as follows:

	2022 £'000	2021 £'000
Dividends paid by Wittington Investments Limited and Associated British Foods plc ('ABF') and received in a beneficial capacity by:		
(i) Trustees of The Garfield Weston Foundation	3,856	3,729
(ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation	1,012	987
Amounts due from joint ventures and associates	11,090	12,318
Provision for doubtful debts on amounts due from joint ventures and associates	(300)	(300)

See note 30 to the consolidated financial statements for further details.

11. Other information

Emoluments of directors

Note 5 to the consolidated financial statements of the Group provides details of Directors remuneration.

Employees

The Company had an average of 32 employees in 2022 (2021 – 34).

Auditors' fees

Note 4 to the consolidated financial statements of the Group provides details of the remuneration of the Company's auditors on a Group basis.

12. Post Balance Sheet Event

On 15th December the Directors declared an Interim dividend. The dividend of £78.50, total value of £68m, was paid between the 6th and 9th January 2023 to shareholders on the register on 15 December 2022.

Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

6. Other Investments

	Listed Investments £m	Unlisted Investments £m	Total Other Investments £m
At 18 September 2021	29	1	30
Fair value loss	(1)	(1)	(2)
At 17 September 2022	28	—	28

The Group classifies these financial instruments using a fair value hierarchy outlined on page 51. The table below analyses the level in the fair value hierarchy into which their fair value measurement method is categorised for Investments held at fair value through profit and loss:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments designated FVTPL	28	—	—	28	29	—	1	30

7. Trade and other payables

	2022 £m	2021 £m
Amounts falling due within one year		
Accruals and deferred income	1	1
Amounts due to subsidiary undertakings	17	6
	18	7

The directors consider that the carrying amount of creditors approximates to their fair value.

8. Employee benefits liabilities

	£m
At 12 September 2020	10
Current service cost	—
Actuarial gain	—
At 18 September 2021	10
Current service cost	1
Actuarial gain	(4)
At 17 September 2022	7

The Company operates one unfunded post-employment plan which is accounted for in the same way as the Group's defined benefit retirement schemes detailed in note 14 of the consolidated financial statements. Applicable actuarial assumptions are stated on page 37. The Company's unfunded liability forms part of the Group's £29m (2021: £47m) unfunded UK liabilities disclosed on page 39.

9. Capital and reserves

Share capital

	Ordinary shares of 50p each	Nominal Value £
Authorised - At 17 September 2022 and 18 September 2021	900,000	450,000
Issued and fully paid - At 17 September 2022 and 18 September 2021	862,022	431,011

Dividends

Details of dividends paid are provided in note 8 to the consolidated financial statements.

Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

1. Investment Property

	£m
At 18 September 2021	3
Additions	—
At 17 September 2022	3

2. Investments in subsidiaries

	Listed	Unlisted	Total £m
At 18 September 2021	345	697	1,042
Additions	—	—	—
At 17 September 2022	345	697	1,042

Investments in subsidiary undertakings are shown at cost less amounts written off. Investments include 403,341,215 ordinary shares of 5 15/22p (2021 - 403,341,215) each in Associated British Foods plc, equivalent to 50.9% of the issued share capital of that company, which is listed on The London Stock Exchange. At 17 September 2022 the market value of the holding was £5,342m (2021 - £7,623m). Associated British Foods plc is incorporated in Great Britain and registered in England. Through its subsidiary, Howard Investments Limited, the Company holds a further 28,173,893 (2021 - 28,173,893) shares in Associated British Foods plc, representing 3.6% of the issued share capital of that company. A list of trading subsidiary undertakings is given in note 32 of the Company's consolidated financial statements. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

3. Investments in associates

	£m
At 18 September 2021	2
Reversal of impairment	1
At 17 September 2022	3

A list of associate undertakings is given in note 32 of the Company's consolidated financial statements.

4. Deferred tax assets

	£m
At 18 September 2021	3
Effect of changes in tax rate on income statement	(1)
At 17 September 2022	2

Finance Bill 2021 which was substantively enacted on 24 May 2021 increased the main rate of corporation tax in the UK to 25% with effect from 1 April 2023. Deferred tax liability on the balance sheet has been measured at 25% which is the rate expected to apply when the tax liability is settled.

5. Trade and other receivables

	2022 £m	2021 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	918	673
Other debtors	2	3
	920	676

The directors consider that the carrying amount of debtors approximates to their fair value.

Accounting policies

for the 52 weeks ended 17 September 2022

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million. They are prepared under the historical cost basis, except that Other Investments are stated at their fair value, and in accordance with FRS 101 and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the Company has not been included in these financial statements. The principal accounting policies adopted are described below. They have all been applied consistently to all years presented.

Investment property

Investment properties are held at cost less provision for impairment. Impairment is determined by reference to the fair value of property estimated either by independent valuers or by the directors. Depreciation is provided where the directors consider that the residual value of major components of the property is less than current book value.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Investments in associates

Investments in associates are stated at cost less any provision for impairment.

Impairment

The carrying amount of the Company's investments in subsidiaries and other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment charge is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

Financial assets and liabilities

The Company recognises financial assets and liabilities when it becomes a party to the contractual provision of the relevant financial instrument.

Trade and other receivables

The Company records trade and other receivables initially at fair value and thereafter at amortised cost. This generally results in recognition at nominal value less an expected credit loss provision, which is recognised based on management's expectation of losses without regard to whether or not a specific impairment trigger has occurred.

Trade payables

The Company records trade payables initially at fair value and thereafter at amortised cost. This generally results in recognition at nominal value.

Other investments

Equity investments where the Company does not have significant influence, control or joint control are measured at fair value through profit and loss (FVTPL), and are carried in the statement of financial position at fair value with net changes in fair value recognised in profit and loss.

Pensions and other post-employment benefits

The Company operates one defined contribution and one unfunded post-employment plan. For the unfunded plan, the amount charged in the income statement is the cost of benefits accruing to employees over the year, plus any benefit improvements granted to members by the Company during the year. It also includes interest expense calculated by applying the liability discount rate to the pension liability. The present value of liabilities is disclosed as a liability in the balance sheet. Any related deferred tax (to the extent recoverable) is disclosed separately in the balance sheet. Remeasurements are recognised immediately in other comprehensive income. Contributions payable by the Company in respect of defined contribution plans are charged to operating profit as incurred.

Income tax

Income tax on profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items taken directly to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less.

Company statement of changes in equity

for the 52 weeks ended 17 September 2022

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 12 September 2020	—	382	1,485	1,867
Total comprehensive income				
Profit for the period	—	—	93	93
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	93	93
Transactions with owners				
Dividends paid to equity shareholders	—	—	(104)	(104)
Balance at 18 September 2021	—	382	1,474	1,856
Total comprehensive income				
Profit for the period	—	—	284	284
Remeasurements of defined benefit schemes	—	—	4	4
Deferred tax associated with defined benefit schemes	—	—	(1)	(1)
Other comprehensive income	—	—	3	3
Total comprehensive income for the period	—	—	287	287
Transactions with owners				
Dividends paid to equity shareholders	—	—	(104)	(104)
Balance at 17 September 2022	—	382	1,657	2,039

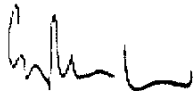
Company balance sheet

at 17 September 2022

	Note	2022 £m	2021 £m
Non-current assets			
Investment property	1	3	3
Investments in subsidiaries	2	1,042	1,042
Investments in associates	3	3	2
Deferred tax assets	4	2	3
		1,050	1,050
Current assets			
Trade and other receivables	5	920	676
Other investments	6	28	30
Income tax		9	5
Cash and cash equivalents		57	112
		1,014	823
Current liabilities			
Trade and other payables	7	(18)	(7)
Net current assets		996	816
Non-current liabilities			
Employee benefits liabilities	8	(7)	(10)
Net assets		2,039	1,856
Equity			
Called up share capital	9	–	–
Share premium account	9	382	382
Retained earnings	9	1,657	1,474
Total equity attributable to equity shareholders		2,039	1,856

The Company's profit for the 52 week period ended 17 September 2022 was £284m (53 week period ended 18 September 2021: £93m).

The financial statements on pages 73 to 78 were approved by the Board of directors on 12 January 2023 and were signed on its behalf by:



Sir Guy Weston
Chairman

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Associates

A list of the Group's associates as at 17 September 2022 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

Associates	% holding	Associates	% holding
United Kingdom		Israel	
Pacioli House, Duncan Close, Moulton Park Industrial Estate, Northampton, NN3 6WL, United Kingdom		26, Harokmim st., Holon Azireli Center Building B, Israel	
Bakers Basco Limited	20%	Sucarim (C.I.S.T.) Ltd	43%
Paternoster House, 65 St. Paul's Churchyard, London, EC4M 8AB, United Kingdom		Italy	
C. Czarnikow Limited	43%	Via Borgogna, 2-20122, Milan, Italy	
Czarnikow Group Limited	43%	Czarnikow Italia Srl	43%
C. Czarnikow Sugar Futures Limited	43%	Kenya	
C. Czarnikow Sugar Limited	43%	1 & M Bank House, Second Ngong Avenue, P.O. Box 10517, Nairobi 00100, Kenya	
Sugarworld Limited	43%	Czarnikow East Africa Limited	43%
Northants Apc, Rushton Road, Kettering, NN14 1FL England, United Kingdom		Mauritius	
Navara Oat Milling Limited	19%	No 5 President John Kennedy Street, Port Louis, Mauritius	
United Kingdom – Non ABF		Sukpak Limited	30%
Parker Cavendish, 28 Church Road, Stanmore, Middlesex, HA7 4XR,		Mexico	
Vanneck Residential LLP	41%	Jaime Balmes #8 Loc. 3-A, Los Morales Palanco, México City, 11510, Mexico	
Unit 1 Woodley Park Estate, 59-69 Reading Road, Woodley, Reading, RG5 3AN		C. Czarnikow Sugar (Mexico), S.A. de C.V.	43%
Davidson Holdings Limited	28%	Czarnikow Servicios de Personales (Mexico), S.A. de C.V.	43%
Beverley Park Golf Range, Beverley Way, New Malden, Surrey, KT3 4PH		New Zealand	
The Adventure Experience Limited	44%	c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand	
7 Savoy Court, London, WC2R 0EX		New Food Coatings (New Zealand) Limited	50%
London Theatre Company Holdings Limited	19%	Philippines	
Australia		Unit A, 103 Excellence Avenue, Carmelray Industrial Park 1, Carltubang, Calamba, Laguna, Philippines	
283 Flagstaff Road, Brinkley SA 5253, Australia		New Food Coatings (Philippines) Inc.	50%
Big Pork River (Australia) Pty Ltd	20%	5F Don Jacinto Building, Dela Rosa cor. Salcedo Streets, Legaspi Village, 1229 Makati City, Philippines	
Big River Park Pty Ltd	20%	CZ Philippines, Inc.	43%
Murray Bridge Bacon Pty Ltd	20%	Singapore	
32 Davis Road, Wetherill Park, Sydney NSW 2164, Australia		3 Phillip Street, #14-01 Royal Group Building, Singapore 048693	
New Food Coatings Pty Ltd	50%	C. Czarnikow Sugar Pte. Limited	43%
Bahrain		South Africa	
Suite No. 1959 Diplomatic Commercial Office, Tower B, Building No. 1565, Road 1722, Diplomatic Area/Manama 317, Bahrain		1 Gledhow Mill Road, Gledhow, Kwadukuza, 4450, South Africa	
Czarnikow Supply Chain Sales for Food & Beverage Ingredients Bahrain S.P.C.	43%	Gledhow Sugar Company (Pty) Limited	30%
Brazil		Tanzania	
Avenida Presidente Juscelino Kubitschek, n.º 2.041, 11º andar- Vila Olímpia, CEP 04.543-011, São Paulo, Brasil		7th Floor Amani Place, Ohio Street, PO Box 38568, Dar-es-Salaam, Tanzania	
Czarnikow Brasil Ltda	43%	Czarnikow Tanzania Limited	43%
Rua Fidêncio Ramos, 308, cj64, Torre A, Vila Olímpia, São Paulo, SP, Cep 04551-010, Brasil		Msalwa Mill Office, Kidatau, Tanzania	
Cz Energy Comercializado Ra De Etanol S.A	21%	Kilombero Sugar Distributors Limited	20%
China		Thailand	
Room 17A01, 232 Zhong Shan 6th Road, Guangzhou City, Guangdong Province, 510180, China		909 Moo 15, Teparak Road, Tambol Bangsaothong, King Amphur Bangsaothong, Samutprakarn, Thailand	
C. Czarnikow Sugar (Guangzhou) Company Ltd	43%	Newly Weds Foods (Thailand) Ltd	50%
India		1203, 12th Floor, Metropolis Building, 725 Sukhumvit Road, North Klongton, Wattana, Bangkok, 10110, Thailand	
House No. 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India		Czarnikow (Thailand) Limited	43%
C. Czarnikow Sugar (India) Private Limited	43%	United States	
Indonesia		333 SE 2nd Avenue, Suite 2860, Miami, FL 33131, USA	
Komplex Puri Mutiara Blok A21-22, JL. Griya Utama, Sunter Agung, Jakarta, 14350, Indonesia		C. Czarnikow Sugar Inc.	43%
PT Indo Fermex	49%	Vietnam	
P.T. Jaya Fermex	49%	5th Floor, IMC Tower, 62 Tan Quang Khai, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam	
PT Sama Indah	49%	Czarnikow (Vietnam) Limited	43%

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Joint ventures

A list of the Group's joint ventures as at 17 September 2022 is given below. All joint ventures are included in the Group's financial statements using the equity method of accounting.

Joint ventures	% holding	Joint ventures	% holding
United Kingdom		Room 608, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom		AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd	50%
Frontier Agriculture Limited	50%	Ta Ha Comprehensive Industrial Park, Fuyu County Economic Development Area, Qiqihar, Heilongjiang Province, China	
Boothmans (Agriculture) Limited	50%	AB Mauri Yihai Kerry (Fu Yu) Yeast Technology Co., Ltd	50%
Forward Agronomy Limited	50%	9 Tonggang Road, Shage Village, Nanpu Town, Quangang Area, Quanzhou, Fujian Province, China	
G F P (Agriculture) Limited	50%	AB Mauri Yihai Kerry (Quanzhou) Yeast Technology Co., Ltd.	50%
GH Grain Limited	50%	Intersection of Jiaotong Avenue and Zhoushan Road, Gang District, Zhoukou, Henan Province, China	
GH Grain (No. 2) Limited	50%	AB Mauri Yihai Kerry (Zhoukou) Yeast Technology Co., Ltd.	50%
Grain Harvesters Limited	50%	Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province, China	
Intracrop Limited	50%	AB Mauri Yihai Kerry (Dongguan) Food Co., Ltd	50%
Nomix Limited	50%	Finland	
North Wold Agronomy Limited	50%	Tykkimäentie 15b (PO Box 57), Rajamäki, FIN-05201, Finland	
Phoenix Agronomy Limited	50%	Real Oy	50%
SOYL Limited	50%	France	
The Agronomy Partnership Limited	50%	59, Chemin du Moulin, 695701, Carron, Dardilly, France	
Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG, United Kingdom		Synchronis	50%
Southampton Grain Terminal Limited	50%	Germany	
Kingseat, Newmachar, Aberdeenshire, AB21 0UE, Scotland, United Kingdom		Brede 4, 59368, Werne, Germany	
Euroagkem Limited	50%	UNIFERM GmbH & Co. KG	50%
Lothian Crop Specialists Limited	50%	INA Nahrnittel GmbH	50%
Riverside, Wisington Road, Nayland, Colchester, Essex, CO6 4LT, United Kingdom		UNIFERM Verwaltungs GmbH	50%
Anglia Grain Holdings Limited	50%	Brede 8, 59368, Werne, Germany	
Anglia Grain Services Limited	50%	UNILOG GmbH	50%
Unit 8, Burnside Business Park, Burnside Road, Market Brayton, TF9 3UX, United Kingdom		Japan	
B.C.W (Agriculture) Limited	50%	36F Atago Green Hills Mori Tower, 2-5-1 Atago, Minato-ku, Tokyo 105-6236, Japan	
Witham St Hughs, Lincoln, LN6 9TN, United Kingdom		Twinings Japan Co Ltd	50%
Nomix Enviro Limited	50%	Poland	
Eagle Labs Incubator, 28 Chesterton Road, Cambridge, England, CB4 3AZ		ul. Wybieg, nr 5, lok 9, miesjsc, KOD 61-315, Poznan, Poland	
Yagro Ltd	50%	Uniferm Polska Sp z o.o.	50%
United Kingdom – Non ABF		South Africa	
Prologis House, Blythe Gate, Blythe Valley Park, Solihull, B90 8AH		1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, Kwazulu Natal 4320, South Africa	
Tango Real Estate LLP	80%	Glendale Distilling Company	50%
Second Floor, 11 Waterloo Street, Birmingham B2 5TB		Spain	
Nurton Developments (Quintus) Limited	50%	C/ Raimundo Fernández, Villaverde 28, Madrid, Spain	
Australia		Compañía de Melazas, S.A.	50%
Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113, Australia		United States	
Fortnum & Masons Pty Limited	33%	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States	
Chile		Stratos Foods LLC	50%
Ave. Balmaceda 3500, Valdivia, Chile		Stratos Receivables I LLC	50%
Levaduras Collico S.A.	50%		
China			
1828 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province, China			
Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	25%		
1 East Ren Min Road, Regiment 66, Cocodala, Xinjiang, China			
AB Mauri Yihai Kerry (Cocodala) Food Co., Ltd. (previously Xinjiang Mauri Food., Ltd)	50%		
Room 607, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China			
AB Mauri Yihai Kerry Investment Company Limited	50%		

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%
Uruguay	
Cno. Carlos Antonio Lopez 7547, Montevideo, Uruguay	
Levadura Uruguaya S.A.	
Venezuela	
Oficinas Once 3 (Nº 11-3) y Once 4 (Nº 11-4), Torre Mayupan, Centro Comercial San Luis, Av. Principal Urbanización San Luis, cruce con Calle Comercio, Caracas, Bolivarian Republic of Venezuela	
Alimentos Fleischmann, C.A., Compañía de Alimentos Latinoamericana de Venezuela (CALSA) S.A.	
Vietnam	
Unit 2, 100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam	
AB Agri Vietnam Company Limited La Nga Commune, Dinh Quan District, Dong Nai Province, Vietnam	
AB Mauri Vietnam Limited	36%
Zambia	
Nakambala Estates, Plot No. 118a Lubombo Road, Off Great North Road, Zambia	
Illovo Sugar (Zambia) Limited	
Nanga Farms PLC	41%
Tukunka Agricultural Limited	41%
Zambia Sugar plc	41%

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%
South Africa	
1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, Kwazulu Natal, 4320, South Africa	
CGS Investments (Pty) Limited	
East African Supply (Pty) Limited	
Glendale Sugar (Pty) Ltd	
Illovo Distributors (Pty) Limited	
Illovo Sugar (South Africa) Proprietary Limited	
Illovo Sugar Africa Proprietary Limited	
Ilprop (Pty) Limited	
Lacsa (Pty) Limited	38%
Noodsberg Sugar Company (Pty) Ltd	
Reynolds Brothers (Pty) Ltd	
S.A. Sugar Distributors (Pty) Limited	
Spain	
Calle Cardenal Marcelo Spínola, 42, 28016, Madrid, Spain	
AB Azucarera Iberia, S.L. Sociedad Unipersonal	
AB Vista Iberia, S.L.	
Calle Levadura, 5 14710, Villarrubia, Córdoba	
AB Mauri Food, S.A	
AB Mauri Spain, S.L.U.	
ABF Iberia Holding S.L.	
C/ Escultor Coomonte nº. 2, Entreplanta, Benavente, Zamora, Spain	
Agroteo S.A.	29%
Calle Comunidad de Murcia, Parcela LIE-1-03, Plataforma Logística de Fraga, 22520, Huesca, Spain	
Alternative Swine Nutrition, S.L.	
Calle Escales Pies 49, Planta Baja, 08017 Barcelona, Spain	
DR Healthcare España, S.L.U.	
Avienda Virgen de Montserrat, 44 Castellolí, 08719, Barcelona, Spain	
Germaines Seed Technology, S.A.	
Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid, Spain	
Illovo Sugar Espana, S.L.	
Gran Via, 32 5o 28013, Madrid, Spain	
Primark Tiendas, S.L.U.	
8, 2 Calle Via Servicio I, 2 CP, 19190 Torija, Guadalajara, Spain	
Primark Logística, S.L. Sociedad Unipersonal	
Sri Lanka	
124 Templers Road, Mount Lavinia, Sri Lanka	
AB Mauri Lanka (Private) Limited	
Sweden	
Retzius väg 8, 171 65, Solna, Sweden	
Larodan AB	
Switzerland	
Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland	
Wander AG	
Taiwan	
5F, No. 217, Sec 3, Nanking E Rd, Taipei City, 104, Taiwan (R.O.C.)	
AB Food and Beverages Taiwan, Inc.	
Tanzania	
Msolwa Mill Office, Kidatau, Kilombero District, Tanzania	
Illovo Distillers (Tanzania) Limited	
Illovo Tanzania Limited	
Kilombero Sugar Company Limited	41%

Subsidiary undertakings	% effective holding if not 54.5%
Thailand	
11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakanong, Bangkok, 10260, Thailand	
AB Food & Beverages (Thailand) Ltd.	
ABF Holdings (Thailand) Ltd.	
1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand	
AB World Foods Asia Ltd	
229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540, Thailand	
Jasol Asia Pacific Limited	
Turkey	
Aksakal Mahallesi, Kavakpinari, Kume Evleri No. 5, Bandirma- Balıkesir, 10245, Turkey	
Mauri Maya Sanayi A.S.	
United Arab Emirates	
Office 604, Jafza LOB 15, Jebel Ali Freezone, Dubai, PO BOX 17620, United Arab Emirates	
AB Mauri Middle East FZE	
United States	
CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles CA 90017, United States	
AB Mauri Food Inc.	
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States	
AB Enzymes, Inc.	
AB Vista, Inc.	
AB World Foods US, Inc.	
ABF North America Corp.	
ABF North America Holdings, Inc.	
Abitec Corporation	
ACH Food Companies, Inc.	
ACH Jupiter LLC	
B.V. ABF Delaware, Inc. (in liquidation)	
BakeGood, LLC	
Germaines Seed Technology, Inc.	
PGP International, Inc.	
Primark US Corp.	
SPI Pharma, Inc.	
SPI Polyols, LLC	
Twinings North America, Inc.	
101 Arch Street, Floor 3, Boston MA 02110, United States	
Primark GCM LLC	
158 River Road, Unit B, Clifton, NJ 07014, United States	
Balsamic Express LLC	
158 River Road, Unit A, Clifton, NJ 07014, United States	
Modena Fine Foods, Inc.	
Registered Agent Solutions, 1220 S St Ste 150, Sacramento CA 95811	
PennyPacker, LLC	
Registered Agent Solutions Inc., 9 E Lookerman Street Suite 311, Dover, Kent DE 19901, United States	
Prosecco Source, LLC	
251 Little Falls Drive, Wilmington, DE 19808, United States	
Fytexia Corp.	

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%
Mauritius	
10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	
Illovo Group Financing Services	
Illovo Group Holdings Limited	
Illovo Group Marketing Services Limited	
Kilombero Holdings Limited	
Sucoma Holdings Limited	
Mexico	
Paseo de la Reforma No 2620, Edificio Reforma Plus, piso 8, 803, 804 y 805, Col. Lomas Atlas, DF 11950, Mexico	
AB CALSA S.A. de C.V.	
Avenida Javier Barros Sierra 495, piso 7 oficina 07-102, Col. Santa Fe, Alvaro Obregón, Ciudad de México, 01219, México	
ACH Foods Mexico, S. de R.L. de C.V.	
Mozambique	
KM75 EN1, Maçiana, Distrito de Manhica, Provincia de Maputo, Mozambique	
Maragra Açucar, S.A.	
Netherlands	
Mijlweg 77, 3316 BE, Dordrecht, Netherlands	
AB Mauri Netherlands B.V.	
AB Mauri Netherlands European Holdings B.V.	
Foods International Holding B.V.	
Van Oldenbarneveltplaats 36, 3012 AH, Rotterdam, Netherlands	
Primark Fashion B.V.	
Primark Netherlands B.V.	
Primark Stil B.V.	
Weena 505, 3013AL Rotterdam, Netherlands	
AB Vista Europe B.V.	
7122 JS Aalten, Dinxperlosestraatweg 122, Netherlands	
Germaines Seed Technology B.V.	
Oude Kerkstraat 55 4878 AK, Etten-Leur, Netherlands	
Mauri Technology B.V.	
Laarderhoogtweg 25, 1101 EB Amsterdam, Netherlands	
Westmill Foods Europe B.V.	
New Zealand	
Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand	
Allied Foods (NZ) Ltd	
Anzchem NZ Limited (dissolved 28 October 2022)	
AusPac Ingredients NZ Limited	
George Weston Foods (NZ) Limited	
57 Forge Road, Silverdale 0932 New Zealand	
Dad's Pies Limited	
Nigeria	
23 Oba Akinjobi Street, GRA, Ikeja, Lagos, Nigeria	
Twinings Ovaltine Nigeria Limited	
Pakistan	
21KM Ferozepur Road, 2 KM Hadyara Drain, Lahore, Pakistan	
AB Mauri Pakistan (Private) Limited	33%

Subsidiary undertakings	% effective holding if not 54.5%
Peru	
Av. Republica de Argentina No. 1227, Z.I. La Chalaca, Callao, Peru	
Calsa Perú S.A.C.	
Philippines	
86 E Rodriguez Jr. Ave., Ugong Norte, QC, 1604, Pasig City, Metro Manila, Philippines	
AB Food & Beverages Philippines, Inc.	54%
1201-1202 Prime Land Building, Market Street, Mudrigal Business Park, Ayala Alabang, Muntinlupa, 1770, Philippines	
AB Mauri Philippines, Inc.	
Poland	
Przemysłowa 2, 67-100 Nowa Sól, Lubuskie, Poland	
AB Foods Polska Spółka z ograniczona odpowiedzialnoscia (AB Foods Polska Sp. z o.o.)	
Towarowa 28,00-839 Warsaw, Poland	
Primark Sklepy spolka z ograniczona odpowiedzialnoscia (Primark Sklepy sp. z o.o.)	
ul. Rabowicka 29/31, 62-020, Swarzędz – Jasin, Poland	
R. Twining and Company Spółka z ograniczona odpowiedzialnoscia (R. Twining and Company Sp. z o.o.)	
ul. Główna 3A, Bruszczewo, 64-030, Śmigiel, Poland	
AB Neo Polska spolka z ograniczona odpowiedzialnoscia (AB Neo Polska Sp. z o.o.) (previously AB Agri Polska Sp. z o.o.)	
Portugal	
Avenida Salvador Allende, n.º 99, Lisboa Oeiras, Júlio da Barra, Paço de Arcos e Caxias, 2770- 157, Paço de Arcos, Portugal	
AB Mauri Portugal, S.A.	52%
Rua Castilho 50, 1250-071, Lisbon, Portugal	
Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A.	
Romania	
District 1, 165 Calea Floreasca, One Tower, 12th Floor, Bucharest, Romania	
Primark Magazine S.R.L. (previously P.S.R. Indigo)	
Rwanda	
Nyarugenge District, Nyarugenge Sector, Kigali City, Rwanda	
Illovo Sugar (Kigali) Limited	
Singapore	
80 Robinson Road, #02-00, 068898 Singapore	
AB Mauri Investments (Asia) Pte Ltd	
112 Robinson Road #05-01, 068902 Singapore	
AB Vista Asia Pte. Limited	
Slovakia	
Staromestska 3, 811 03 Bratislava - Stare Mesto, Slovakia	
Primark Slovakia s.r.o.	
Slovenia	
Bleweisova cesta 30, Ljubljana, 1000, Slovenia	
Primark Trgovine, trgovsko podjetje, d.o.o.	

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%	Subsidiary undertakings	% effective holding if not 54.5%
Germany		Primark Pension Trustees Limited	
Feldbergstrasse 78, 64293, Darmstadt, Germany		1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland	
AB Enzymes GmbH		Allied Mills Ireland Limited	
Wandsbeker Zollstrasse 59, 22041, Hamburg, Germany		Unit 5, Hebron House, Macdonagh Junction, Kilkenny, R95 T91Y, Ireland	
ABF Deutschland Holdings GmbH		Intellync Technology Limited	
Ohly GmbH		Arthur Ryan House, 22-24 Parnell Street, Dublin 1, Ireland	
Ohly Grundbesitz GmbH		Primark Limited	
Rheinische Presshefe- und Spritwerke GmbH		Primark Austria Limited	
Kennedyplatz 2, 45127, Essen, Germany		Primark Mode Limited	
Primark Mode Ltd. & Co. KG		13 Claxson House, Dundrum Business Park, Dundrum, Dublin 14, D14X9F9 Ireland	
Primark Property GmbH		Nutritional Advanced Formulas (Ireland) Limited	
Westendstrasse 28, 60325, Frankfurt am Main, Germany		Italy	
Wander GmbH		Viale Monte Nero, 84, 20135, Milan, Italy	
Marie-Kahle-Allee 2, D-53113, Bonn, Germany		AB Agri Italy S.r.l.	
Westmill Foods Europe GmbH		Via Milano 42, 27045, Casteggio, (Pavia), Italy	
Greece		AB Mauri Italy S.p.A.	
28, Dimitriou Soutsou Str. Athens, GR 115 21, Greece		ABF Italy Holdings S.r.l.	
PSH Teal Single Member S.A.		Largo Francesco Richini 2/A, 20122, Milan, Italy	
Guernsey		Primark Italy S.r.l.	
Dorey Court, Admiral Park, St. Peter Port, GY1 2HT, Guernsey		Via Rizzotto 46, 41126, Modena (MO), Italy	
Talisman Guernsey Limited		Acetaia Fini Modena S.r.l.	
Hong Kong		Via Sandro Pertini 440, 401314, Cavezzo (MO), Italy	
Workshop D, 8th Floor, Reason Group Tower, No.403 Castle Peak Road, Kwai Chung, New Territories, Hong Kong		Acetum S.p.A.	
Associated British Foods Asia Pacific Holdings Limited		Via Garibaldi 84, Magenta, 20013, Milan, Italy	38%
Hungary		ALP Immobiliare S.r.l.	
Károlyi utca 12. 3. em., Budapest, 1053, Hungary		Via Gran Sasso, 33, Corbetta, 20011, Milan, Italy	38%
PSH Violet Kft.		B Natural S.r.l.	
India		Jersey	
#218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105, India		First Floor, Durell House, 28 New Street, St. Helier, JE2 3RA, Jersey	
AB Mauri India Private Limited		Bonuit Investments Limited (dissolved on 20 September 2022)	
First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030, India		Luxembourg – Non ABF	
SPI Specialties Pharma Private Limited		3A, Val Sainte Croix, L-1371 Luxembourg	100%
G3/41, New Budge Budge Trunk Road, Old Dakghar, Kolkata, West Bengal, 700141, India		WIF Luxembourg S.à.r.l.	
Twinings Private Limited		Malawi	
Indonesia		Ilovo House, Churchill Road, Limbe, Malawi	
Wisma GKBI Lt.39, Suite 3901, No.28 Jl. Jend. Sudirman, Jakarta, Indonesia		Dwangwa Sugar Corporation Limited	41%
PT AB Food & Beverages Indonesia (in liquidation)		Ilovo Sugar (Malawi) plc	41%
Ireland		Malawi Sugar Limited	
47 Mary Street, Dublin 1, Ireland		Malaysia	
Abdale Finance Limited		Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, 59200 Jalan Kerinchi, Kuala Lumpur, Malaysia	
Primark Holdings Unlimited Company		AB Mauri Malaysia Sdn. Bhd.	28%
		Malta	
		171 Old Bakery Street, Valletta, VLT 1455, Malta	
		Relax Limited	38%

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%	Subsidiary undertakings	% effective holding if not 54.5%
China		Shanghai AB Food & Beverages Co., Ltd	
No. 1 Tongcheng Street, A Cheng District, Harbin, Heilongjiang Province, China		No. 68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province, China	
AB (Harbin) Food Ingredients Company Limited		Yantai Mauri Yeast Co., Ltd.	50%
Harbin Mauri Yeast Co., Ltd. (in liquidation)		Colombia	
North Huang He Road, Rudong New Economic Development Zone, Nantong City, Jiangsu Province, China		Cra 35# 34A-64, Palmira, Valle, Colombia	
AB Agri Animal Nutrition (Nantong) Co., Ltd		Fleischmann Foods S.A.	
AB Agri Animal Nutrition (Rudong) Co., Ltd.		Czech Republic	
No 28, South Shunjin Road, Yitilai District, Tongchuan, Shaanxi Province, China		Nádražní 523, 349 01 Stříbro, Czech Republic	
AB Agri Animal Nutrition (Shaanxi) Co., Ltd.		Bodit Tachov s.r.o.	
Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tonggu County, Jiangxi Province, China		Palladium, Na Poříčí 1079/3a, Prague 1, 110 00, Czech Republic	
AB Agri Pumeixin Tech (Jiangxi) Co. Ltd.		Primark Prodejny s.r.o.	
Room 2802, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China		Denmark	
AB Enzymes Trading (Shanghai) Co., Ltd		Skjernvej 42, Trøstrup, 6920 Videbæk, Denmark	
Room 2803, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China		AB Neo A/S	
ABNA Management (Shanghai) Co., Ltd.		Middelfartvej 77, Baring, 5466 Asperup, Denmark	
ABNA Trading (Shanghai) Co., Ltd		Cowconnect ApS	
Room 2906 Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China		Ecuador	
Associated British Foods Holdings (China) Co., Ltd		Medardo Ángel Silva 13 y Panamá, Manzana 12, El Recreo, Eloy Alfaro, Durán, Guayas, Ecuador	
Unit 006, Room 401, Floor 4, Building 1, No. 15 Guanghua Road, Chaoyang District, Beijing, China		ABCALSA S.A.	
AB Mauri (Beijing) Food Sales and Marketing Company Limited		Eswatini	
Building 1, 35 Chi Feng Road, Yangpu District, Shanghai 200092, China		Ubombo Sugar Limited, Old Main Road, Big Bend, Eswatini	
AB Mauri Foods (Shanghai) Company Limited	49%	Bar Circle Ranch Limited	33%
868 Yangpu Road, Pujiang Town, Minhang District, Shanghai 201112, China		Illovo Swaziland Limited	33%
ABNA (Shanghai) Feed Co., Ltd.		Moyeni Ranch Limited	33%
14 Juhai Road, Jinghai Development Zone, Tianjin, China		Ubombo Sugar Limited	33%
ABNA (Tianjin) Feed Co, Ltd		Finland	
Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province, China		Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200, Finland	
ABNA Feed (Anhui) Co., Ltd.		AB Enzymes Oy	
145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225, China		Tykkimäentie 15b (PO Box 57), Rajamäki, FI-05201, Finland	
ABNA Feed (Liaoning) Co., Ltd.		Enzymes Leasing Finland Oy	
17 Xiangyang Street, Tu Township, Chayou Qianqi, Inner Mongolia, China		Koskelontie 19 B, Espoo, FI-02920, Finland	
Botian Sugar Industry (Chayou Qianqi) Co., Ltd.		Alimetrics Group Oy	
No. 1 Botian Road, Economic Development Zone, Zhangbei County, Zhangjiakou City, Hebei Province, China		Alimetrics Diagnostics Oy	
Botian Sugar Industry (Zhangbei) Co., Ltd.		Alimetrics Research Oy	
Room 1110, No.368, Changjiang Road, Nangang Concentrated District, Economic Development Zone, Harbin, China		AB Vista Finland Oy	
Botian Sugar Industry Co., Ltd.		France	
1 Industrial North Street, Zhangjiakou, Zhangbei County, Hebei Province, China		40/42, avenue Georges Pompidou, 69003, à Lyon, France	
Hebei Mauri Food Co., Ltd.		AB Mauri France	
8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China		25 Rue Anatole France, 92300 Levallois-Perret, France	
		Twinings & Co SAS	
		11 Rue de Milan, 75009, Paris, France	
		ABFI France SAS	
		Centre Commercial Régional Créteil Soleil, Niveau 3, 101 Avenue du Général de Gaulle, 94000, Créteil., France	
		Primark France SAS	
		845 Chemin du Vallon du maire, 13240, Septemes les Vallons, France	
		SPI Pharma SAS	
		ZAE Via Europa, 3 rue d'Athènes, 34350 Vendres, France	
		Fytexia Group	
		Fytexia	

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

Subsidiary undertakings	% effective holding if not 54.5%	Subsidiary undertakings	% effective holding if not 54.5%
Wittington Investments (BSP VIII) Limited	100%	The Jordans and Ryvita Company Australia Pty Ltd	
Wittington Investments (BSP) Limited	100%	Yumi's Quality Foods Pty Ltd	
Wittington Investments (BSPF) Limited	100%	35-37 South Corporate Avenue, Rowville, VIC 3178, Australia	
Wittington Investments (BV III) Limited	100%	AB Food & Beverages Australia Pty. Limited	
Wittington Investments (Careplaces) Limited	100%	170 South Gippsland Highway, Dandenong, VIC 3175, Australia	
Wittington Investments (Dunedin III) Limited	100%	ABF Wynyard Park Limited Partnership	
Wittington Investments (Dunedin) Limited	100%	Austria	
Wittington Investments (FAP I II) Limited	100%	Wallzeile 11/2, OG, 1010 Vienna, Austria	
Wittington Investments (FAP I) Limited	100%	Primark Austria Ltd & Co KG	
Wittington Investments (FIPL) Limited	100%	Krottenbachstrasse, 82-88/Stg 1/Top 5, 1190 Vienna, Austria	
Wittington Investments (Graphite) Limited	100%	Nutrilabs GmbH	
Wittington Investments (Harbourvest) Limited	100%	Bangladesh	
Wittington Investments (Next Wave) Limited	100%	Level 13 Shanta Western Tower, Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka 1208, Bangladesh	
Wittington Investments (OCP) Limited	100%	Twinnings Ovalline Bangladesh Limited	
Wittington Investments (Reof) Limited	100%	Belgium	
Wittington Investments (Sandoire) Limited	100%	Industriepark 2d, 9820 Merelbeke, Belgium	
Wittington Investments (VO I) Limited	100%	AB Mauri Belgium NV	
Wittington Investments (WHEB) Limited	100%	Chaussée de la Hulpe 177/20, 1170 Bruxelles, Belgium	
Wittington Investments (WPX) Limited	100%	Primark SA	
Argentina		Brazil	
Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428, Argentina		Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pedemeiras, State of Sao Paulo, CEP 17.280-000, Brazil	
AB Mauri Hispanoamerica S.A.		AB Brasil Indústria e Comércio de Alimentos Ltda	
Surgras S.A. (in liquidation)		Alameda Madeira 328, 20th Floor, Room 2005, Alphaville – Barueri, Sao Paulo 06454-010, Brazil	
Av. Raul Alfonsín, Monte Chingolo, Buenos Aires 3145, Argentina		AB Enzimas Brasil Comercial Ltda	
Compañía Argentina De Levaduras S.A.I.C.		Avenida Dra. Ruth Cardoso, n.º 7.221, 11º Floor, Room 1.101 (parte), Condominio Edificio Birmann 21, Pinheiros, CEP 05425-902, City of São Paulo, State of São Paulo, Brazil	
Australia		AB Vista Brasil Comércio De Alimentação	
Building A, Level 2, 11 Talavera Road, North Ryde, NSW 2113, Australia		Animal Ltda	
AB Mauri Overseas Holdings Limited		Canada	
AB Mauri Pakistan Pty Limited		Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Canada	
AB Mauri ROW Holdings Pty Limited		AB Mauri (Canada) Limited	
AB Mauri South America Pty Limited		Chile	
AB Mauri South West Asia Pty Limited		Miraflores Street No. 222, 28 Floor, Santiago, Chile	
AB Mauri Technology & Development Pty Limited		Calsa Chile Inversiones Limitada	
AB Mauri Technology Pty Limited			
AB World Foods Pty Ltd			
Anzchem Pty Limited			
AusPac Ingredients Pty Ltd			
CCD Animal Health Pty Ltd			
Dagan Trading Pty. Ltd			
Food Investments Pty. Limited			
George Weston Foods (Victoria) Pty Ltd			
George Weston Foods Limited			
Indonesian Yeast Company Pty Limited			
Mauri Fermentation Brazil Pty Limited			
Mauri Fermentation Chile Pty Limited			
Mauri Fermentation China Pty Limited			
Mauri Fermentation India Pty Limited			
Mauri Fermentation Indonesia Pty Limited			
Mauri Fermentation Malaysia Pty Limited			
Mauri Fermentation Philippines Pty Limited			
Mauri Fermentation Vietnam Pty Limited			
Mauri Yeast Australia Pty Limited			
N&C Enterprises Pty Ltd			
NB Love Industries Pty Ltd			
Serrol Ingredients Pty Limited			

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities continued

Subsidiary undertakings	% effective holding if not 54.5%
Primark Stores Limited	
Primary Diets Limited	
Primary Nutrition Limited	
Pro-Active Nutrition Limited	
R. Twining and Company Limited	
Reflex Nutrition Limited	
Roses Nutrition Ltd	
Seedcote Systems Limited	
Serpentine Securities Limited	
Sizzlers Limited	
Sizzles Limited	
Spectrum Aviation Limited	
Speedibake Limited	
Sunblest Bakeries Limited	
The Bakery School Limited	
The Billington Food Group Limited	
The Home Grown Sugar Company Limited	
The Jordans & Ryvita Company Limited	
The Natural Sweetness Company Limited	
The Roadmap Company Limited	
The Silver Spoon Company Limited	
Tip Top Bakeries Limited	
Trident Feeds Limited	
Twining Crosfield & Co. Limited	
Vivergo Fuels Limited	
W. Jordan & Son (Silo) Limited	
W. Jordan (Cereals) Limited	
Wereham Gravel Company Limited (The)	
Westmill Foods Limited	
Weston Biscuit Company Limited (The)	
Weston Foods Limited	
Weston Research Laboratories Limited	
Worldwing Investments Limited	
Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
Greencoat Limited	
C/O Greencoat Limited, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
Shep-Fair Products Limited	
Unit 4, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
Greencoat Farm Limited	
Unit 4 & 5, Wonastow Road Industrial Estate (West), Monmouth NP25 5JA, United Kingdom	
Natural Vetcare Limited	
Vernon House, 40 New North Road, Huddersfield, West Yorkshire HD1 5LS, United Kingdom	
Proper Nutty Limited	
1 College Place North, Belfast, BT1 6BG, United Kingdom	
James Neill, Limited	
Unit 4, 211 Castle Road, Randalstown, Co. Antrim, BT41 2EB, United Kingdom	
Jordan Bros. (N.I.) Limited	
Nutrition Services (International) Limited	
Vistavet Limited	
180 Gientanar Road, Glasgow, G22 7UP, United Kingdom	
ABN (Scotland) Limited	
Miller Samuel LLP, RWF House, 5 Renfield Street, Glasgow, G2 5EZ, United Kingdom	

Subsidiary undertakings	% effective holding if not 54.5%
Korway Foods Limited	
Korway Holdings Limited	
Patak's Chilled Foods Limited	
Patak's Frozen Foods Limited	
United Kingdom – Non ABF	
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom</i>	
Avery Row Management Limited	100%
Listergate Student Holdings Limited	100%
WINDL Offices Limited	85%
Wittington Investments (Developments) Limited	100%
Wittington Investments (Properties) Limited	100%
Brighton Grand Hotel Operations Limited	100%
Wittington Investments (Brighton Grand) Limited	100%
Wittington Investments (Richmond Hill Hotel) Limited	100%
Richmond Hill Hotel (Operations) Limited	100%
George Weston Limited (dormant)	100%
Clinton Farms Limited	100%
Howard Investments Limited	100%
Wittington Investments (Private Equity) Limited	100%
Wittington Investments Finance Limited	100%
WILH (Investments) Limited	100%
Wittington Investments PEF (Euro) Limited (previously Wittington Investments (17) Limited)	100%
Wittington Investments PEF (GBP) Limited (previously Wittington Investments (PPE) Limited)	100%
Wittington Investments PEF (USD) Limited (previously Wittington Investments (CIP) Limited)	100%
<i>196 Tottenham Court Road, London, W1T 7LQ</i>	
Heal & Son Limited	100%
Heal's Holdings Limited	100%
Heal's Pension Fund Trustees Limited	100%
Heal's plc	100%
Heals (1810) Limited	100%
<i>181 Piccadilly, London, W1A 1ER</i>	
F. & M. Limited	100%
Fortnum & Mason (Export) Limited	100%
Fortnum & Mason (London) Limited	100%
Fortnum & Mason Hospitality Limited	100%
Fortnum & Mason Plc	100%
Fortnums Limited	100%

United Kingdom – Non ABF – audit exempt

The following subsidiary companies of Wittington Investments Limited (note that Wittington Investments (BSP) Limited is a subsidiary of Wittington Investments (Finance) Limited) have availed themselves of the audit exemption for subsidiary company under s479A-479C of the Companies Act 2006 for the financial year ending September 17th 2022.

As the parent company (or ultimate parent company in the case of Wittington Investments (BSP) Limited), Wittington Investments Limited guarantees all outstanding liabilities to which each subsidiary company listed below is subject as at September 17th 2022:

Subsidiary undertakings	% effective holding if not 54.5%
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom</i>	
Wittington Investments (Ahren) Limited	100%
Wittington Investments (Apollo) Limited	100%
Wittington Investments (Bestport) Limited	100%
Wittington Investments (BPA III) Limited	100%

Notes to the consolidated financial statements

for the 52 weeks ended 17 September 2022

32. Group entities

Control of the Group

The trustees of the Garfield Weston Foundation ('the Foundation') are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company are, under the Listing Rules, treated as acting in concert with the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company.

Subsidiary undertakings

A list of the Group's subsidiaries as at 17 September 2022 is given below. Given the Group owns 54.5% of the share capital of ABF plc, the effective ownership of subsidiaries is 54.5% except where ownership percentages are shown. These percentages give the Group's ultimate interest and therefore allow for situations where subsidiaries are owned by partly owned intermediate subsidiaries. Where subsidiaries have different classes of shares, this is largely for historical reasons and the effective percentage holdings given represent both the Group's voting rights and equity holding. All subsidiaries are consolidated in the Group's financial statements.

Subsidiary undertakings	% effective holding if not 54.5%	Subsidiary undertakings	% effective holding if not 54.5%
United Kingdom		Allied Bakeries Limited	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom		Allied Grain (Scotland) Limited	
A.B. Exploration Limited		Allied Grain (South) Limited	
A.B.F. Holdings Limited		Allied Grain (Southern) Limited	
A.B.F. Nominees Limited		Allied Grain Limited	
A.B.F. Properties Limited		Allied Mills (No.1) Limited	
AB Agri Limited		Allied Mills Limited	
AB Foods Australia Limited		Allinson Limited	
AB Ingredients Limited		Associated British Foods Pension Trustees Limited	
AB Mauri (UK) Limited		Atrium 100 Properties Limited	
AB Mauri China Limited		Atrium 100 Stores Holdings Limited	
AB Mauri Europe Limited		Atrium 100 Stores Limited	
AB Sugar China Holdings Limited		B.E. International Foods Limited	
AB Sugar China Limited		Banbury Agriculture Limited	
AB Sugar China North Limited		British Sugar (Overseas) Limited	
AB Sugar Limited		British Sugar plc	
AB Technology Limited		BSO (China) Limited	
AB World Foods (Holdings) Limited		Cereal Industries Limited	
AB World Foods Limited		Cereform Limited	
ABF (No. 1) Limited		Davjoo Food Limited	
ABF (No. 2) Limited		Dorset Cereals Limited	
ABF (No. 3) Limited		Eastbow Securities Limited	
ABF BRL Finance Ltd		Elsenham Quality Foods Limited	
ABF Energy Limited		Fishers Feeds Limited	
ABF Europe Finance Limited		Fishers Seeds & Grain Limited	
ABF European Holdings Limited		Food Investments Limited	
ABF Finance Limited		G. Costa (Holdings) Limited	
ABF Food Tech Investments Limited		G. Costa and Company Limited	
ABF Funding		Germain's (U.K.) Limited	
ABF Grain Products Limited		H 5 Limited	
ABF Green Park Limited		Illovo Sugar Africa Holdings Limited	
ABF Grocery Limited		John K. King & Sons Limited	
ABF HK Finance Limited		Kingsgate Food Ingredients Limited	
ABF Ingredients Limited		LeafTC Limited	
ABF Investments plc		Mauri Products Limited	
ABF Japan Limited		Mountsfield Park Finance Limited	
ABF MXN Finance Limited		Nere Properties Limited	
ABF Overseas Limited		Nutrition Trading (International) Limited	
ABF plc		Nutrition Trading Limited	
ABF PM Limited		Patak (Spices) Limited	
ABF UK Finance Limited		Patak Food Limited	
ABF US Holdings Limited		Patak's Breads Limited	
ABF ZMW Finance Limited		Patak's Foods 2008 Limited	
ABN (Overseas) Limited		Premier Nutrition Products Limited	
ABNA Feed Company Limited		Pride Oils Public Limited Company	
ABNA Limited		Primark (U.K.) Limited	
Acetum (UK) Limited (previously Allied Technical Centre Limited)		Primark Austria Limited	
AgriLines Limited		Primark Mode Limited	
		Primark Pension Administration Services Limited	