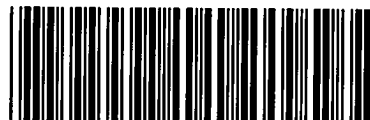


BRITISH SUGAR PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
27 AUGUST 2022

(Registered Number: 315158)

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Company information

Directors

QH Heath
PR Kenward
C Noble
JP Willis

Company secretary

RG Cahill

Business address

1 Samson Place
London Road
Hampton
Peterborough
PE7 8QJ

Registered office

Weston Centre
10 Grosvenor Street
London
W1K 4QY

Independent auditor

Ernst & Young LLP
Statutory Auditor
Cowley Road
Cambridge
CB4 0WZ

Strategic Report

The directors present their Strategic Report for the 52 weeks ended 27 August 2022.

Principal activities

British Sugar plc (“the Company”) is a wholly owned subsidiary of Associated British Foods plc (“ABF”). During the period, the principal activities continued to be the processing of sugar beet and the manufacture and sale of sugar, animal feed, bioethanol and other co-products of the sugar manufacturing process. These activities are expected to continue for the foreseeable future.

Review of the business

European sugar production in 2021/22 was marginally higher than the previous year with a recovery in sugar yields to more normal levels marginally offsetting a reduction in crop area. European sugar prices were much higher this year with demand again exceeding supply with low stock levels and support from higher world sugar prices. Looking ahead to the coming year, European sugar demand is expected to exceed production again and sugar beet costs will increase significantly with growers facing higher input costs.

Revenue was 21% higher than last year and the Company recorded an operating profit of £69.5m (2021: £59.8m).

UK sugar production was 1.03 million tonnes in the year 2021/22, up on the 0.9 million tonnes produced in the last campaign with good growing conditions supporting higher yields which more than offset a reduced growing area. The factories performed well despite a delay at the start of the campaign which affected throughput. Energy costs were at high levels although forward cover of gas mitigated much of the impact this financial year.

Principal risks and uncertainties

A full description of the principal risks and uncertainties applicable to the ABF group, of which the Company is a wholly owned subsidiary, are disclosed on pages 94 to 101 of the ABF 2022 annual report and accounts, which is available at www.abf.co.uk.

The Company’s functional currency is sterling but sugar prices within the EU sugar market are generally quoted in euros. Accordingly, the Company is exposed to currency risk which is managed using a range of financial instruments. The following table shows the euro/sterling exchange rates for the period:

	52 weeks ended 27 August 2022	52 weeks ended 28 August 2021
Euro/sterling spot rate at period end	1.1771	1.1675
Euro/sterling average rate for the period	1.1826	1.1390

Sugar production requires substantial energy use which exposes the Company to fluctuations in energy prices. This exposure is managed using a range of financial instruments.

The business is exposed to the risk of poor crop harvests as a result of variable weather conditions and also crop diseases that can affect yield. These risks are closely monitored and management actions are taken as appropriate to mitigate the risks.

Strategic Report (continued)

Engaging with our stakeholders - Section 172 statement

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 (amongst other matters) to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

The Company is a subsidiary of Associated British Foods plc and, as such, the Company has adopted and the directors have due regard to applicable group policies and procedures which impact on the Company's stakeholders, including those referred to on page 71 of the ABF 2022 annual report and accounts. Please see also ABF's Section 172 Statement on pages 64 to 68 of that document.

As part of the identification of key stakeholders, the directors have identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:

- Employees
- Suppliers
- Customers
- Communities and environment
- Government and regulators
- Shareholder
- ABF and other group companies

Employees

The Company employs around 1,500 people. Our people are central to the Company's success and employee engagement is crucial to embedding our culture and values, and to helping our people see how their efforts contribute to their Company's strategic objectives. The directors take their responsibility to communicate well and build engaged teams seriously. During the year, the Company has focused on embedding its engagement tools and focusing on leadership development. Everyone at British Sugar is a leader – whether they're leading themselves, leading a team or leading the business. Designed to support culture change, the Company's Leadership Model has set a course for how we want everyone at British Sugar to behave and aims to improve leadership capability at all levels and contribute to employee engagement. To embed this with managers in particular, we launched a leadership development programme last year, with bespoke training designed to develop skills.

Last year we also introduced a new Performance and Development Cycle, which enables everyone to take the wheel and steer their own development. People set clear objectives and work with their manager throughout the year to check in, share wins and reach their goals.

To reinforce great behaviour in line with the Leadership Model and values our recognition programme, including an online platform and associated app, makes it easy for colleagues to highlight the great work of other team members.

Ensuring our employees' working environment is safe is a non-negotiable for our directors – nothing we do is worth getting hurt for. The Safety Steering Group continues to drive stronger leadership behaviours and encourages our people to share learnings with each other.

Strategic Report (continued)

Section 172 statement (continued)

Suppliers

Our Supplier Code of Conduct, which applies to all companies in the ABF group and which can be found on the ABF website (www.abf.co.uk), sets out our values and standards on how we work and engage with our suppliers on ethical, environmental and other relevant matters including on key issues such as payment practices, responsible sourcing, supply chain sustainability, human rights and modern slavery. The Company is a signatory to the Prompt Payment Code and also makes public disclosure twice a year of its payment practices.

A critical supplier group is our 3,000 growers, hauliers and harvester contractors. Through deep and well-established relationships with individual growers and businesses we drive better decision-making and collaborative working. This year, we have developed our *Field to Factory* programme to further strengthen working relationships within our supply chain. This has resulted in more regular, open and transparent communications. Through the British Beet Research Organisation, a non-profit making company funded jointly by British Sugar and UK sugar beet growers, we collaborate on research to increase the competitiveness and profitability of our industry in a sustainable and environmentally acceptable manner.

Our commercial relationship with the National Farmers Union (“NFU”), through NFU Sugar, the representative body for our growers, supports effective advocacy and a well-understood contractual dialogue. As an industry we continue to focus on science-led decisions to support sustainable growth. This year, the industry was successful in its application for an emergency authorisation for a neonicotinoid seed treatment to help deal with the pernicious virus yellows disease which has a huge impact on crop. The treatment is tightly controlled and regulated through a joint stewardship agreement between British Sugar and the NFU.

As part of our work on the future of UK agriculture, we are keen to harness improvements in modern breeding techniques and to reduce use of pesticides, while also improving yields. We want to see a long-term sustainable set of policies for the beet sugar industry that enhance the use of modern plant breeding techniques, uphold the highest environmental and food safety standards for the future, and ensure that the regulation of plant protection products remains risk-based and science-led.

Customers

Customer needs are at the heart of business decision-making, whether from new products and services, order fulfilment or sustainability and quality policies. The Board and senior management teams are regularly updated on key customer needs from direct engagement with customers, anonymous customer surveys and market insights. We uphold the highest standards for quality and service flexibility and aim to stay one step ahead of our customers’ needs, scanning the consumer and supply markets for changes that can impact our customers. We regularly track customer feedback, adopt a continuous improvement approach and strive to be our customers’ supplier of choice.

Communities and environment

Supporting the communities in which our sites are based is important to us and where we tend to contribute the majority of our charitable donations. Through our *Neighbourhood Support* programme, all five of our sites have a budget of £5,000 which is allocated on behalf of employees and put towards local charities, community groups and causes of their choice (up to £350 a time), within a 30 mile radius of their respective site.

Strategic Report (continued)

Section 172 statement (continued)

Communities and environment (continued)

Another element of our Charities Support Scheme is our *Money Match* programme, which as the name suggests is where we match fund the money raised (up to £250 per individual) by employees when they are fundraising for regional or national charities.

The final element is our volunteering programme; we are proud to support our employees, whether as individuals or teams, when they wish to give up their time to get involved in local community projects.

We are committed to fulfilling our compliance obligations for all applicable environmental legislation and protecting the environment through the prevention of pollution from our sites. We have continued to meet all of these requirements and worked on enhancing our environmental performance through the continual improvement of our environment management system and process of monitoring, measuring and reviewing our potential environmental impacts. We are certified by both the ISO 14001 environment and ISO 50001 energy management systems.

We put sustainability at the heart of everything we do and are focused on reducing our environmental impact not just in our factories, but across every aspect of our business. Our track record includes investing in combined heat and power (“CHP”) plants at Wisington and anaerobic digestion at Bury St Edmunds. Our ambitious decarbonisation plan to 2030 comprises over twenty projects focused on process optimisation, energy efficiency and fuel switching.

We continue to work closely with our growers to improve on-farm environmental performance and to maintain and improve soil health. We manage waste and water usage carefully across our sites which means that we generate only 200 grammes of waste per tonne of sugar produced. Our target is to reduce the carbon emissions across our beet sugar supply chain by 30% by 2030 and we have plans to reduce our energy usage to support this and we are working in partnership with our inbound and outbound logistics partners to drive fuel efficiency. Our sites are good places to continue to encourage biodiversity development; we continue to support nesting birds and wildflowers, and continue to plant trees and work with the Norfolk Rivers Trust on water stewardship programmes on farm.

Government and regulators

The Company can be impacted by changes in laws and public policy. To mitigate the Company’s exposure to such risks and to contribute to, and anticipate, important changes in public policies impacting our operations and sites, the directors have a regular dialogue, either directly or through being part of the broader ABF group, with government ministers, officials and constituency MPs. The directors recognise the importance of an open dialogue with our regulatory bodies which include the Environment Agency and the Health and Safety Executive.

Shareholder

The Company reports up to its immediate shareholder, ABF Investments plc, and ultimately to the board of ABF, through reports up to the senior management of the Sugar and Grocery divisions of which the Company forms a significant part. The Company takes appropriate steps to ensure that its shareholder is kept up to date on key business activities and decisions.

Strategic Report (continued)

Section 172 statement (continued)

ABF and other group companies

The Company forms part of the group of companies headed by ABF and the Company's accounts are consolidated into the ABF annual report and accounts. Group companies can provide financial and other support to the Company and the sharing of best practice and know-how between the businesses within the broader group is actively encouraged.

Principal decisions

Below are some examples of the principal decisions taken during the year, how the directors considered stakeholder views and interests and how such consideration impacted on decision-making.

Investment in our growers: In the contract package agreed with NFU Sugar for our growers this year and in response to challenges on farm we have increased the one-year deal for 2023/24 to £40 per tonne and given an option for multi-year contracted growers to extend for a year in return for £40 per tonne fixed. For those multi-year growers who choose not to extend, we have uplifted the price to £32 per tonne to reflect the increased input costs with all other terms remaining the same. The virus yellows assurance fund introduced from 2021, which compensates growers for a proportion of yield losses suffered where a grower has virus yellows present in their crop, continues to run for those not extending their multi-year contracts. This is a three-year, £12 million fund underwritten by the Company covering existing multi-year contracts. The directors also agreed with the NFU to extend the pilot for futures-linked variable priced contracts to all growers with a maximum allowance of 20% of their entitlement, giving growers the ability to make their own pricing decisions for a portion of their contract. Growers will have access to the sugar futures market in the UK in order to decide when to fix the price of beet on their contracts. Together with continued investment in our *My British Sugar* digital platform for growers we have put grower feedback at the centre of our decision-making.

By Order of the Board



PR Kenward

Director

13 December 2022

Directors' Report

The directors present their Annual Report and financial statements for the 52 weeks ended 27 August 2022.

Directors

The directors and Company secretary who served during the year and to the date of signing are detailed below:

MI Carr (resigned 3 October 2022)
QH Heath
PR Kenward
C Noble (appointed 3 October 2022)
JP Willis

Company secretary:
RG Cahill

Directors' and officers' liability insurance

During the 52 weeks ended 27 August 2022, ABF maintained insurance for the directors and officers to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, as permitted by section 233 of the Companies Act 2006.

Corporate governance

The Company is a wholly owned subsidiary of ABF and is part of the broader ABF group of companies. ABF reports against the 2018 UK Corporate Governance Code. The Company is heavily influenced by the governance arrangements relating to ABF but the Company itself does not apply the 2018 Code or Wates Principles. Instead, the corporate governance framework followed is generally based on that of ABF.

Purpose and leadership

The purpose of the Company is to process sugar beet and the manufacture and sale of sugar, animal feed, bioethanol and other co-products of the sugar manufacturing process.

Board composition

The board of the Company comprises the Group CEO, Finance Director and HR Director of the AB Sugar business, and the Finance Director of the British Sugar business. The composition of the board ensures a range of views and experience can be taken into account in making decisions, as well as the know-how of the broader AB Sugar business.

Director responsibilities - policies and procedures

The directors meet formally at least four times per year and more frequently as and when required. Due to the involvement of the Group CEO, Finance Director and HR Director of the AB Sugar business, one of the world's largest and most efficient sugar businesses, the board has ready access to a broad range of information sources and a better scope to identify opportunities and risks from experience across the broader AB Sugar businesses and markets.

Directors' Report (continued)

Corporate governance (continued)

Opportunity and risk

In terms of oversight and management of risk, key policies flow down from ABF group level. Key policies, such as minimum standards on whistleblowing, competition law and Anti-Bribery and Corruption policies, are set centrally, as are financial control requirements. Support in respect of these areas is provided by group central functions such as legal, finance and internal audit.

Stakeholder relationships and engagement

See pages 3 to 6 of the section 172 statement for details of engagement with stakeholders.

Streamlined energy and carbon reporting

In compliance with UK reporting requirements (Streamlined energy and carbon reporting), the directors provide the Company's UK energy and greenhouse ("GHG") emissions data in the table below.

Scope 1 emissions	868,637 tCO ₂ e
Scope 2 emissions	5,267 tCO ₂ e
Energy use	3,740,321,903 kWh
Emissions intensity (scopes 1 and 2 emissions)	1,009 tonnes of CO ₂ e per £1m of revenue

The period for which the information is reported (namely 1 August 2021 to 31 July 2022) is different to the period in respect of which the Directors' Report is prepared as the information for the period 1 August 2021 to 31 July 2022 has been externally assured.

The principal energy efficiency measures to reduce our carbon emissions in the year included animal feed dryer efficiency improvements, pulp-pressing improvements, and steam reduction at our Wisington site. Projects to further reduce our carbon emissions in the coming year include a Wisington energy reduction project, further pulp-pressing improvements across our sites, and a fuel-switching project at Newark to convert the coal animal feed dryer to gas.

In addition, the Company's operations continue to be certified to the ISO 50001 energy management system.

We report our GHG inventory using the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework for calculations and disclosure. We use carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy in July 2022, other internationally recognised sources and bespoke factors based on laboratory calculations at selected locations. This includes all activities where we have operational control.

Dividends

No dividends were paid during the period (2021: £nil) and the directors do not recommend the payment of a final dividend (2021: £nil).

Directors' Report (continued)

Going concern

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of twelve months from the date of signing of these financial statements.

After making enquiries and considering the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for twelve months from the date of signing of these financial statements. These considerations included the ABF group's directors' assessment of going concern (set out on pages 102 and 103 of the ABF 2022 annual report and accounts dated 8 November 2022 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to 2 March 2024, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Research and development

The Company spent £0.4m on research and development during the period (2021: £1.1m).

Health, safety and environment

The Company, and the broader group of which it forms part, keeps its health, safety and environmental performance and levels of legal compliance under regular review and ensures that its risk management controls are appropriate and effective.

In addition to the consumption of purchased energy, the Company generates electricity from highly efficient CHP plants and supplies surplus electricity to the National Grid. The Company participates in the UK Government's CHP quality assurance scheme and its plants qualify for exemptions from the UK's Climate Change Levy of between 67.5% and 100%.

During the period the Company participated in the UK emissions trading scheme which is designed to incentivise an overall reduction in carbon emissions.

Directors' Report (continued)

Employment policies

Details of the number of employees and related costs can be found in Note 10 to the financial statements.

The Company aims to involve employees in all aspects of its development. This is achieved through well-established communication channels and consultation processes that exist between management, trades unions, works advisory committees and individual employees which help to foster the mutual trust and recognition of common goals, essential to the smooth running of the business.

Every effort is made to ensure that people's race, religion, age or gender do not hinder them from obtaining jobs or in the development of their careers. Comprehensive training programmes are designed to give employees the opportunity to improve their skills.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person not living with a disability.

Disclosure of information to auditor

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 Company's auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

It will be proposed that that Ernst & Young LLP be re-appointed as the Company's auditor for the financial year ending 26 August 2023 pursuant to section 489(4)(a) of the Companies Act 2006.

Engagement with employees

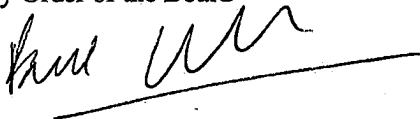
Details of how the directors have engaged with employees and how the directors have had regard to employee interests, and the effect of that regard including on the principal decisions taken by the Company are set out on pages 3 to 6.

Directors' Report (continued)

Engagement with suppliers, customers and others in a business relationship with the Company

Details of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard including on the principal decisions taken by the Company are set out on pages 3 to 6.

By Order of the Board

A handwritten signature in black ink, appearing to read 'PR Kenward', is written over a horizontal line.

PR Kenward
Director

13 December 2022

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of British Sugar plc

Opinion

We have audited the financial statements of British Sugar plc for the 52 weeks ended 27 August 2022 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in shareholder's equity and the related Notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 27 August 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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 company's ability to continue to adopt the going concern basis of accounting included obtaining the letter of support received by ABF Investments plc and assessing the ability of ABF Investments plc to provide such support over the going concern period.

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 company's ability to continue as a going concern for a period of 12 months to 31 December 2023.

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 company's ability to continue as a going concern.

Independent auditor's report to the members of British Sugar plc (continued)

Other information

The other information comprises the information included in the Annual Report set out on pages 2 to 12, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

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

Independent auditor's report to the members of British Sugar plc (continued)

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 12, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 - United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006) and the relevant tax laws and regulations. In addition, the Company complies with those laws and regulations relating to health and safety, employee matters, food standards and food safety.
- We understood how British Sugar plc is complying with those frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

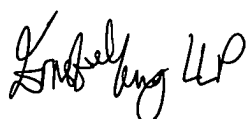
Independent auditor's report to the members of British Sugar plc (continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand their assessment of the susceptibility of the accounts to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings. In addition, we performed procedures to test manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing with a focus on unusual transactions, enquiries of legal counsel and enquiries of management.

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



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge 14 December 2022

Profit and loss account

for the 52 weeks ended 27 August 2022

		52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
	Note		
Revenue	5	866.3	714.1
Cost of sales		(674.3)	(541.9)
Gross profit		192.0	172.2
Distribution costs		(69.4)	(62.0)
Administrative expenses		(53.1)	(50.4)
Operating profit		69.5	59.8
Interest receivable and similar income	6	0.3	0.2
Interest payable and similar charges	7	(1.3)	(0.9)
Profit on ordinary activities before taxation	8	68.5	59.1
Tax charge	13	(18.4)	(23.8)
Profit for the period		50.1	35.3

The Notes on pages 21 to 39 form part of these financial statements.

Statement of comprehensive income

for the 52 weeks ended 27 August 2022

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Profit for the period	50.1	35.3
Items that may be reclassified subsequently to profit and loss:		
Movement in cash flow hedging position	112.4	28.9
Deferred tax associated with movement in cash flow hedging position	(24.7)	(5.4)
Other comprehensive income	87.7	23.5
Total comprehensive income for the period	137.8	58.8

Balance sheet

at 27 August 2022

		27 August 2022 £m	28 August 2021 £m
	Note		
Fixed assets			
Intangible assets	14	55.4	28.2
Tangible assets	15	396.4	386.6
Right-of-use assets	16	2.2	3.4
Fixed asset investments	17	3.6	3.6
Total fixed assets		457.6	421.8
Current assets			
Stocks	18	107.4	86.2
Debtors	19	173.0	128.3
Derivative assets		300.0	34.6
Assets classified as held for sale	20	0.4	0.4
Cash at bank and in hand		0.2	0.2
Total current assets		581.0	249.7
Creditors: amounts falling due within one year	21	(163.7)	(114.7)
Derivative liabilities		(158.3)	(5.8)
Total current liabilities		(322.0)	(120.5)
Net current assets		259.0	129.2
Total assets less current liabilities		716.6	551.0
Creditors: amounts falling due after more than one year			
Provisions for liabilities and charges	22	(165.7)	(169.1)
	23	(88.5)	(59.1)
Net assets		462.4	322.8
Capital and reserves			
Called-up share capital	25	80.0	80.0
Share-based payment reserve		13.9	12.1
Revaluation reserve		12.6	14.9
Hedging reserve		109.8	22.1
Profit and loss account		246.1	193.7
Total shareholder's equity		462.4	322.8

The Notes on pages 21 to 39 form part of these financial statements.

The financial statements were approved by the Board on 13 December 2022 and signed on its behalf by:



PR Kenward

Director

Registered Number: 315158

Statement of changes in shareholder's equity

for the 52 weeks ended 27 August 2022

	Called up share capital¹ £m	Share- based payment reserve £m	Reval- uation reserve² £m	Hedging reserve £m	Profit and loss account £m	Total share- holder's equity £m
At 29 August 2020	80.0	10.5	16.7	(1.4)	156.6	262.4
Profit for the period	-	-	-	-	35.3	35.3
Other comprehensive income	-	-	-	23.5	-	23.5
Total comprehensive income for the period	-	-	-	23.5	35.3	58.8
Credit in respect of share-based payments	-	1.6	-	-	-	1.6
Transfer from revaluation reserve to profit and loss account	-	-	(1.8)	-	1.8	-
At 28 August 2021	80.0	12.1	14.9	22.1	193.7	322.8
Profit for the period	-	-	-	-	50.1	50.1
Other comprehensive income	-	-	-	87.7	-	87.7
Total comprehensive income for the period	-	-	-	87.7	50.1	137.8
Credit in respect of share-based payments	-	1.8	-	-	-	1.8
Transfer from revaluation reserve to profit and loss account	-	-	(2.3)	-	2.3	-
At 27 August 2022	80.0	13.9	12.6	109.8	246.1	462.4

1 See Note 25 for further details.

2 This relates to the revaluation of the majority of the Company's freehold land and buildings in September 1990, as carried out by a firm of independent chartered surveyors.

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of British Sugar plc ("the Company") for the period ended 27 August 2022 were authorised for issue by the board of directors on 13 December 2022. The Company is a public limited company incorporated in Great Britain and domiciled in England and Wales.

As set out in Note 4, these financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and in accordance with applicable accounting standards. The Company's financial statements are presented in sterling and all values are rounded to the nearest one hundred thousand pounds except where otherwise indicated. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ABF. The results of the Company are included in the consolidated financial statements of ABF which are available from Weston Centre, 10 Grosvenor Street, London W1K 4QY.

The principal accounting policies adopted by the Company are set out in Note 4.

2. Accounting reference date

The accounting reference date of the Company is 31 August in each year and, in accordance with section 390(3) of the Companies Act 2006, these accounts have been prepared for the financial year of 52 weeks ended 27 August 2022.

3. Group accounts

These financial statements present information about the Company as an individual undertaking and not about its group.

4. Accounting policies

The following accounting policies have been applied consistently to items considered material to the financial statements:

Basis of preparation: (i) Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures* in respect of disclosure of key management personnel compensation;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets* which deal with certain assumptions and sensitivities significant for an impairment review;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which deals with IFRSs issued but not yet effective; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Basis of preparation: (i) Disclosure exemptions (continued)

Other exemptions are available under FRS 101 but these have not been set out above as they are not relevant to the Company's financial statements.

Basis of preparation: (ii) Going concern

As set out in Note 29, the smallest group in which the results of the Company are consolidated is that headed by ABF, which confirmed in the annual report and accounts dated 8 November 2022 that its directors have a reasonable expectation that ABF has adequate resources to continue in operational existence for the foreseeable future.

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of twelve months from the date of signing of these financial statements.

After making enquiries and considering the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for twelve months from the date of signing of these financial statements. These considerations included the ABF group's directors' assessment of going concern (set out on pages 102 and 103 of the ABF 2022 annual report and accounts dated 8 November 2022 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to 2 March 2024, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Basis of preparation: (iii) Other

The financial statements have been prepared under the historical cost convention modified for the revaluation of property, plant and equipment as determined by the relevant accounting standard.

Notes to the financial statements (continued)**4. Accounting policies (continued)****Intangible assets**

Intangible assets comprise purchased goodwill and operating intangibles (primarily computer software and EU emissions trading scheme assets). See page 26 for the Company's accounting policy in respect of internally-generated intangible assets arising from development activities.

Under the EU emissions trading scheme, allowances purchased are recognised at cost and are amortised over their life. Free allowances received from the government are initially recognised at fair value with a corresponding government grant recognised in deferred income. The government grant is subsequently recognised in the profit and loss account in line with the utilisation of the allowances. The emissions liability incurred by the Company is dependent on emissions incurred during the production process. The allowances held as assets are used to settle the liability.

Property, plant and equipment

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

Depreciation is calculated on a straight-line basis and is applied to completed capital expenditure from the month in which the asset is brought into use, at rates calculated to write off the relevant assets over their expected useful lives. Land is not depreciated. Estimated useful lives are generally deemed to be no longer than:

Industrial buildings and freehold property	66 years
Plant and machinery	20 years
Fixtures, fittings and equipment	20 years

Motor vehicles' cost and depreciation are disclosed within fixtures, fittings and equipment in Note 15 and are typically depreciated over a period of five years.

Investments in subsidiaries and associated undertakings

Investments in subsidiaries and associated undertakings are stated at cost, less any provision for impairment. The carrying amounts of these investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the investment's recoverable amount is estimated and an impairment loss is recognised in the profit and loss account whenever the recoverable amount of an asset is lower than its carrying amount. The recoverable amount of an investment is the greater of the net realisable value of the investment and its value-in-use. In assessing value-in-use, the expected future cash flows are discounted to their 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 investment.

Deferred income

Government grants, including EU energy trading scheme credits, are released to the profit and loss account in line with the utilisation of the allowances.

Notes to the financial statements (continued)

4. Accounting policies (continued)

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 of time.

The Company recognises a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of the right-of-use assets is calculated as the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any incentive receivable. The lease payment also includes any penalty payments for cancellation of the lease if applicable. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event occurs. In calculating the present value of lease payments, the Company uses the Group's incremental borrowing rate. After the commencement date the lease liability is increased by the interest and reduced for lease payments made. Remeasurements of lease liabilities occur if any modifications to the lease agreements occurs.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Stocks

These are valued as follows:

Consumable stores	At the lower of cost and net realisable value.
Sugar and other products	At the lower of cost and net realisable value. Cost comprises the direct cost of materials and labour together with associated overheads allocated on the basis of activity levels.
New crop expenditure	All expenditure relating to the following year's crop is carried forward to the next financial period, as production work-in-progress or finished goods at the lower of cost and net realisable value.

Revenue

Revenue comprises the net invoiced value of sales of sugar and other products delivered to customers and excludes sales tax.

The Company recognises sales in respect of bioethanol, animal feeds and other co-products (horticulture, surplus electricity generation and betaine) within revenue as these income streams are relevant to revenue rather than waste products.

Revenue is recognised when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer. In practice this means that revenue is recognised when goods are supplied to external customers in accordance with the terms of sale. Receipts are received after the performance obligations are met. Revenue is stated net of price discounts, certain promotional activities and similar items.

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are presented on a net basis in the balance sheet as they relate to income taxes levied by the same taxation authority.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company is able to demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete, and its ability to use or sell, the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Pension costs

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they arise.

The Company is a member of ABF's UK defined benefit scheme, the assets of which are held in trustee-administered funds. The scheme is a multi-employer scheme. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme is accounted for by the Company as if it was a defined contribution scheme.

Share-based payments

The ABF group operates a share incentive plan which allows certain employees to receive allocations of shares subject to the attainment of financial performance criteria, typically after a three-year performance period. The fair value of the shares awarded at grant date is recognised as an employee expense with a corresponding increase in equity. The fair value is charged to the profit and loss account over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

Foreign currencies

The Company's functional currency is pounds sterling. Transactions in foreign currencies are translated into sterling at the rate ruling on the day of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate prevailing at the balance sheet date. Any resulting differences are taken to the profit and loss account.

Notes to the financial statements (continued)**4. Accounting policies (continued)****Derivative financial instruments and hedging activities**

Derivatives are used to manage the Company's economic exposure to financial and commodity risks. The principal instruments used are foreign exchange and commodity contracts.

Derivatives are recognised in the balance sheet, at fair value, based on market prices or rates. Changes in the value of derivatives are recognised in the profit and loss account unless they qualify for hedge accounting.

Changes in the fair value of derivatives used as hedges of future cash flows are recognised through the hedging reserve with any ineffective portion recognised immediately within operating profit in the profit and loss account.

Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

5. Segmental information

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Revenue by class of business:		
Sugar	513.9	487.6
CHP	125.2	37.7
Animal feed	82.9	72.4
Bioethanol	66.3	38.4
Other	78.0	78.0
	866.3	714.1
Revenue by geographic destination:		
UK	849.8	698.3
Other EU countries	15.8	15.4
Rest of world	0.7	0.4
	866.3	714.1

Notes to the financial statements (continued)

6. Interest receivable and similar income

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Interest on advances	0.3	0.2
	0.3	0.2

7. Interest payable and similar charges

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Interest payable to fellow group companies	1.3	0.9
	1.3	0.9

8. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Depreciation of owned tangible assets	31.3	29.5
Depreciation of right-of-use assets	2.9	3.2
Amortisation of intangible assets	2.0	1.4
Gain on sale of property, plant and equipment	1.2	1.2
Research and development expenditure	0.4	1.1
Auditor's remuneration, including expenses:		
- for statutory audit of this Company	0.4	0.4
Inventories recognised as an expense	384.6	355.5

The gain on sale of property, plant and equipment relates to the part-disposal of a former head office site.

Notes to the financial statements (continued)**9. Directors' emoluments**

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Directors' emoluments	3.0	2.3
	3.0	2.3

The emoluments of the highest paid director were £1,403,488 (2021: £911,762). This includes a payment in lieu of pension of £114,791 (2021: £114,032).

During the period, two (2021: three) of the directors were members of the ABF defined contribution pension scheme.

Directors' emoluments exclude the aggregate amount of any gains made by directors on the exercise of share awards and excludes the share-based payments charge relating to the current period.

Three (2021: three) of the directors who served during the period, including the highest paid director, received shares under long-term incentive plans in respect of qualifying services (see Note 11 for further information).

10. Employees

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Staff costs during the period:		
Wages and salaries	86.1	87.8
Share-based payment charge	1.8	1.6
Social security costs	11.0	10.0
Other pension costs	9.2	9.5
	108.1	108.9

The average monthly number of employees, including directors, of the Company during the period was 1,498 (2021: 1,578).

Notes to the financial statements (continued)**11. Share-based payments**

The ABF Long-Term Incentive Plan (“the LTIP”) was approved and adopted by ABF at the AGM held on 9 December 2016. It takes the form of conditional allocations of shares in ABF which are released if, and to the extent that, certain performance targets are satisfied, typically over a three-year performance period.

Details of the conditional allocations of shares outstanding under ABF’s equity-settled share-based payment plan are as follows:

	52 weeks ended 27 August 2022	52 weeks ended 28 August 2021
Shares outstanding at the beginning of the period	232,699	194,752
Awarded	114,299	97,186
Vested	(35,479)	(17,073)
Lapsed	(30,159)	(42,166)
Shares outstanding at the end of the period	281,360	232,699

Fair values

The weighted average fair value of shares awarded 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 on conditionally allocated shares during the vesting period.

The weighted average fair value of conditional shares allocated during the period was 1,836 pence (2021: 1,879 pence) and the weighted average share price was 1,975 pence (2021: 2,021 pence). The dividend yield used was 2.5% (2021: 2.5%).

The Company recognised a total equity-settled share-based payment expense of £1.8m (2021: £1.6m), with a corresponding entry in equity.

12. Pensions

The Company is a member of the Associated British Foods Pension Scheme (the “Scheme”) which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the Scheme’s assets and liabilities on a consistent basis, the Scheme is accounted for by the Company as if it were a defined contribution scheme. On 30 September 2002, the Scheme was closed to new members and a defined contribution arrangement was put in place for other employees. Employer’s contributions to the defined benefit scheme for the period totalled £4.5m (2021: £4.7m) and are recorded as a cost in the profit and loss account. For the defined contribution scheme, contributions for the period amounted to £4.7m (2021: £4.8m), also recorded as a cost in the profit and loss account. No pension contributions were accrued or prepaid at the period end (2021: £nil).

The valuation of the Scheme showed a surplus of £1,366m (2021: £633m). Full IAS 19 disclosures can be found within the ABF 2022 annual report and accounts which are available for download from the group’s website at www.abf.co.uk. The most recent triennial funding valuation of the Scheme, using the current unit method, was carried out as at 5 April 2020 and revealed a deficit of £302m.

Notes to the financial statements (continued)

13. Taxation

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
The tax charge for the period comprises:		
<i>UK corporation tax</i>		
Current tax on profit for the period	(11.9)	(9.5)
Adjustments in respect of prior periods	(1.7)	(0.6)
Total current tax charge	(13.6)	(10.1)
<i>Deferred tax</i>		
Reversal of timing differences	(4.4)	(2.2)
Change in tax rate	(1.5)	(11.4)
Adjustments in respect of prior periods	1.1	(0.1)
Tax charge on profit on ordinary activities	(18.4)	(23.8)

A reconciliation of total tax is as follows:

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Profit on ordinary activities before tax	68.5	59.1
Tax (charge) at effective rate of 19.0% (2021: 19.0%)	(13.0)	(10.1)
Effects of:		
Expenses not deductible for tax purposes	(3.5)	(2.4)
Change in tax rates	(1.3)	(11.2)
Adjustments to tax charge in respect of previous periods	(0.6)	(0.1)
Total tax charge	(18.4)	(23.8)

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.

Notes to the financial statements (continued)

14. Intangible assets

	Goodwill £m	Operating intangibles £m	Total £m
Cost			
At 29 August 2020	2.3	27.4	29.7
Additions	-	31.1	31.1
Disposals	-	(17.0)	(17.0)
At 28 August 2021	2.3	41.5	43.8
Additions	-	70.0	70.0
Disposals	-	(40.8)	(40.8)
At 27 August 2022	2.3	70.7	73.0
Amortisation			
At 29 August 2020	-	(14.2)	(14.2)
Charge for the period	-	(1.4)	(1.4)
At 28 August 2021	-	(15.6)	(15.6)
Charge for the period	-	(2.0)	(2.0)
At 27 August 2022	-	(17.6)	(17.6)
Net book value			
At 29 August 2020	2.3	13.2	15.5
At 28 August 2021	2.3	25.9	28.2
At 27 August 2022	2.3	53.1	55.4

Goodwill impairment review

At 27 August 2022 and 28 August 2021, £2.3m of goodwill was included in the Company's balance sheet which arose on the acquisition of The Billington Food Group Limited in 2005 and the subsequent hive-up of its trade and assets into the Company.

This balance has been allocated to one cash generating unit ("CGU"). Goodwill must be assessed for impairment annually or more frequently if events or circumstances indicate that the carrying value may not be recoverable. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Board. The cash flow projections have been discounted using a pre-tax discount rate of 9.0% (2021: 9.9%).

Notes to the financial statements (continued)

15. Tangible assets

	Freehold land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Assets under construction £m	Total £m
Cost or valuation					
At 29 August 2020	255.7	756.6	49.1	23.1	1,084.5
Additions	0.3	1.9	0.2	35.1	37.5
Transfers between categories	1.5	26.5	2.9	(30.9)	-
Disposals	(0.4)	(5.2)	(1.9)	-	(7.5)
At 28 August 2021	257.1	779.8	50.3	27.3	1,114.5
Additions	0.1	1.0	0.3	41.0	42.4
Transfers between categories	3.9	35.5	8.5	(47.9)	-
Disposals	(0.4)	(3.3)	(1.0)	-	(4.7)
At 27 August 2022	260.7	813.0	58.1	20.4	1,152.2
Depreciation					
At 29 August 2020	(140.4)	(529.1)	(34.3)	-	(703.8)
Charge for the period	(4.6)	(22.6)	(2.3)	-	(29.5)
Disposals	0.1	3.9	1.4	-	5.4
At 28 August 2021	(144.9)	(547.8)	(35.2)	-	(727.9)
Charge for the period	(6.5)	(22.3)	(2.5)	-	(31.3)
Disposals	0.1	2.4	0.9	-	3.4
At 27 August 2022	(151.3)	(567.7)	(36.8)	-	(755.8)
Net book value					
At 29 August 2020	115.3	227.5	14.8	23.1	380.7
At 28 August 2021	112.2	232.0	15.1	27.3	386.6
At 27 August 2022	109.4	245.3	21.3	20.4	396.4

The majority of the Company's freehold land and buildings were revalued in September 1990, as carried out by a firm of independent chartered surveyors, and are stated at their revalued amount less any subsequent depreciation. The difference between depreciation based on the deemed cost charged in the profit and loss account and the assets' original cost is transferred from the revaluation reserve to retained earnings.

Notes to the financial statements (continued)

16. Leases

The majority of the Company's right-of-use assets relate to material handling equipment.

Right-of-use assets

	Land and buildings £m	Plant and machinery £m	Total £m
Cost			
At 29 August 2020	1.1	4.4	5.5
Additions	-	3.1	3.1
Disposals	-	(0.1)	(0.1)
At 28 August 2021	1.1	7.4	8.5
Additions	-	1.6	1.6
At 27 August 2022	1.1	9.0	10.1
Depreciation			
At 29 August 2020	(0.3)	(1.6)	(1.9)
Charge for the period	(0.2)	(3.0)	(3.2)
At 28 August 2021	(0.5)	(4.6)	(5.1)
Charge for the period	(0.2)	(2.6)	(2.8)
At 27 August 2022	(0.7)	(7.2)	(7.9)
Net book value			
At 29 August 2020	0.8	2.8	3.6
At 28 August 2021	0.6	2.8	3.4
At 27 August 2022	0.4	1.8	2.2

Lease liabilities

	Land and buildings £m	Plant and machinery £m	Total £m
At 29 August 2020	(1.0)	(2.9)	(3.9)
Additions	-	(3.1)	(3.1)
Payments	0.3	3.0	3.3
At 28 August 2021	(0.7)	(3.0)	(3.7)
Additions	-	(1.6)	(1.6)
Payments	0.2	2.8	3.0
At 27 August 2022	(0.5)	(1.8)	(2.3)
	27 August 2022 £m	28 August 2021 £m	
Current	(0.8)	(1.6)	
Non-current	(1.5)	(2.1)	
	(2.3)	(3.7)	

Notes to the financial statements (continued)**16. Leases (continued)**

The following are the amounts recognised in profit or loss:

	52 weeks ended 27 August 2022 £m	52 weeks ended 28 August 2021 £m
Depreciation expense relating to right-of-use assets	2.8	3.2
Expense relating to short-term leases	2.9	3.4

17. Fixed asset investments

	Unlisted subsidiary undertakings £m	Associated undertakings £m	Total £m
Cost and net book value:			
At 28 August 2021	0.5	3.1	3.6
At 27 August 2022	0.7	2.9	3.6

Undertakings in which the Company's interest is more than 10% are as follows:

Undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Unlisted subsidiary undertakings:			
The Billington Food Group Limited	Great Britain	Dormant	Ordinary shares 100%
The Wereham Gravel Company Limited	Great Britain	Growing of sugar beet	Ordinary shares 100%
Proper Nutty Limited	Great Britain	Food manufacturer	Ordinary shares 100%
Associated undertakings:			
British Beet Research Organisation	Great Britain	Research for the UK sugar beet industry	50.0% subscription in a company limited by guarantee
C. Czarnikow Limited	Great Britain	Sugar and ethanol trading	Ordinary shares 42.5%
Sukpak Limited	Mauritius	Sugar packaging	Ordinary shares 30.0%

British Beet Research Organisation ("BBRO") is a company limited by guarantee of which British Sugar plc has a £1 liability in the event of the company being wound up. It has an accounting reference date of 31 March.

The Wereham Gravel Company Limited's predominant geographic area of operations is the UK and it has an accounting reference date of the Saturday closest to 31 August.

C. Czarnikow Limited's predominant geographic area of operations is the UK and it has an accounting reference date of 31 December.

Proper Nutty Limited and Sukpak Limited have accounting reference dates of 31 March and 30 June, respectively.

In the opinion of the directors, the aggregate value of investments is not less than the value at which they are stated in the financial statements.

Notes to the financial statements (continued)**18. Stocks**

	27 August 2022 £m	28 August 2021 £m
Consumable stores	30.5	23.5
Sugar and other products	76.9	62.7
	107.4	86.2

19. Debtors

	27 August 2022 £m	28 August 2021 £m
Trade debtors	77.0	64.0
Amounts owed by group undertakings	20.5	16.0
Other debtors	54.1	34.7
Prepayments and accrued income	21.4	13.6
	173.0	128.3

20. Assets classified as held for sale

At 27 August 2022, £0.4m of assets were classified as held for sale. This related to part of the former head office of British Sugar. Contracts for the sale of the remainder of the site are due to be exchanged in the year ended 26 August 2023. The carrying value of this asset is £0.4m.

21. Creditors: amounts falling due within one year

	Note	27 August 2022 £m	28 August 2021 £m
Trade creditors		44.6	29.6
Corporation tax		35.2	27.0
Other creditors including tax and social security costs		0.7	0.8
Amounts owed to group undertakings		3.5	2.9
Accruals and deferred income		78.9	52.8
Lease liabilities	16	0.8	1.6
		163.7	114.7

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

	Note	27 August 2022 £m	28 August 2021 £m
Amounts owed to group undertakings		164.2	167.0
Lease liabilities	16	1.5	2.1
		165.7	169.1

Notes to the financial statements (continued)

23. Provisions for liabilities and charges

	Deferred tax (net, see Note 24) £m	Other provisions £m	Total £m
At 28 August 2021	58.2	0.9	59.1
Charged to profit and loss	4.8	0.8	5.6
Utilised	-	(0.9)	(0.9)
Charged to equity	24.7	-	24.7
At 27 August 2022	87.7	0.8	88.5

Other provisions primarily comprise amounts provided to cover restructuring matters and are expected to be utilised within two years from the balance sheet date.

24. Deferred tax liabilities

	27 August 2022 £m	28 August 2021 £m
Accelerated capital allowances	52.3	46.5
Other short-term timing differences	6.5	17.0
Derivative financial instruments	28.9	(5.3)
	87.7	58.2

25. Called up share capital

	2022		2021	
	Number of shares 000s	Value £m	Number of shares 000s	Value £m
Issued and fully paid:				
Ordinary shares of 50 pence each	160,000	80.0	160,000	80.0

26. Commitments

Capital expenditure projects authorised and contracted for amount to £20.5m (2021: £9.9m).

27. Contingent liabilities

	27 August 2022 £m	28 August 2021 £m
Trading guarantees	4.3	6.0

No security has been given against these contingent liabilities.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. The guarantee contract is treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the financial statements (continued)**28. Related party transactions**

The Company, being a wholly owned subsidiary of ABF, has taken advantage of the exemption in IAS 24 *Related Party Disclosures* ("IAS 24") not to disclose related party transactions with wholly owned entities in the same group. The Company's other related parties, as defined by IAS 24, the nature of the relationship and the extent of transactions with them are summarised below:

	Sales to related parties on normal trading terms £m	Purchases from related parties on normal trading terms £m	Amounts due from related parties £m
BBRO	0.3	(2.5)	-
C. Czarnikow Limited	43.4	(1.4)	3.0
Frontier Agriculture Limited	-	(2.2)	-
Proper Nutty Limited	-	(0.3)	-
Sukpak Limited	-	(0.8)	-
Total	43.7	(7.2)	3.0

BBRO is a non-profit making company that commissions and implements research and technology transfer designed to increase the competitiveness and profitability of the UK beet sugar industry. The board of directors consists of four members, two of whom are senior managers of British Sugar plc.

C. Czarnikow Limited, an associate undertaking as set out in Note 17, is a sugar and ethanol trading company.

Frontier Agriculture Limited is an agricultural services company providing supplies to farming businesses. The company is a joint venture between ABF and Cargill plc.

Proper Nutty Limited, an unlisted subsidiary undertaking as set out in Note 17, is a food manufacturing company.

Sukpak Limited, an associate undertaking as set out in Note 17, is a sugar packaging company operating in Mauritius.

Notes to the financial statements (continued)

29. Holding company

The immediate parent company is ABF Investments plc, a company registered in England and Wales. The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited, incorporated in Great Britain. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, 10 Grosvenor Street, London W1K 4QY, which is the registered office of each of these companies. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.