

Wittington Investments Limited

Registered number 00366054

Directors' Report and financial statements

17 September 2011

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Directors' Report

The directors present their annual report and audited financial statement for the 52 weeks ended 17 September 2011

Principal activity

The principal activity of Wittington Investments Limited (the Company) is the management of investments in a range of companies and funds. Of these, substantially the most significant, accounting for some 98% of its consolidated profits before taxation, is its 54.5% shareholding in Associated British Foods plc ('ABF'), which is quoted on The London Stock Exchange.

Results and dividends

The consolidated income statement is on page 8. Profit for the financial period amounted to £585m (2010 £582m) and dividends to £21m (2010 £73m). A dividend of £34 per share (£29.3m) was paid after the year end on 27 September 2011 to shareholders on the register on 19 September 2011, and is therefore not included in the results for the year. Dividends are detailed in note 9. The profit attributable to equity holders amounted to £303m (2010 £312m).

Business Review

The Company is required to produce a business review that complies with the requirements of section 417 of the Companies Act 2006. The following review is in two parts, covering first the Company and its immediate subsidiaries (the 'WIL Group') and secondly ABF and its subsidiaries and associated companies (the 'ABF Group'). The ABF Group review covers its activities, business performance and developments during the year and a review of the risks facing that Group. A more detailed review of ABF is set out in its annual report and accounts for 2011 which are available on its website – www.abf.co.uk.

Fortnum & Mason

Significant progress was made in the financial year under review with a substantial increase in profitability. The business benefitted from the initiatives undertaken in recent years together with the continuing focus on high quality products, excellent service and the dedicated effort of the Fortnum's team. Sales grew by 8% to a record level of £54.9m (2010 £50.9m) with improvements across all channels despite challenging trading conditions. As a result of the strong sales, maintenance of gross margins and tightly managed overheads, the profit before tax was £1.1m (2010 £0.1m). Two major infrastructure projects were initiated during the year namely upgrading systems throughout the business and the construction of a new distribution centre.

Economic conditions have deteriorated since the start of the financial year making trading considerably more challenging particularly against the strong performance achieved in the first half last year. The board therefore remain cautious in the face of the continuing challenging and uncertain market conditions.

Heal's

In what was another very challenging year for furniture and home retailing, the internet business continued to perform well. Sales performance was robust through the first half of the year though fell away somewhat during the second half of 2010/11, and it is expected that the economy will continue to affect store sales in the coming financial year. The loss on ordinary activities before tax was £2.5m (2010 £3.7m). Total sales were £27.3m (2010 £29.8m) though last year was a 53 week year and included the turnover of the store that was disposed during the year. Like for like sales were flat. The operating loss was £2.1m (2010 £2.0m).

The Directors remain very cautious about the economic outlook, but are confident that the business is positioned for growth when the economic climate improves.

Richmond Hill Hotel

Despite the difficult economic conditions during the year the hotel traded strongly. Occupancy and room rates have continued to improve which has driven a significant increase in revenue and which has, in turn, converted into a significant uplift in profit. Profit before tax was £0.8m (2010 £0.1m).

Other investments

Financial markets have been volatile during the period under review as global economic uncertainty persists. Wittington has maintained a cautious stance and the bulk of its financial assets are of short duration and liquid. With interest rates remaining low, returns on cash and short term debt instruments have therefore remained depressed compared to the levels seen before the 2008 credit crisis. Wittington has continued to make small and selective investments in public and private equity.

ABF

ABF is a diversified international food, ingredients and retail group with sales of £11.1bn and 102,000 employees in 46 countries. Its aim is to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth, and deliver quality products and services that are central to people's lives. The Group operates through five strategic business segments: Sugar, Agriculture, Retail, Grocery, and Ingredients.

Directors' Report (continued)

Sugar

In Europe, UK beet sugar factories produce over one million tonnes of sugar annually. Azucarera in Spain produces around 400,000 tonnes of beet sugar annually and has a cane refining capacity of a further 400,000 tonnes. In China, the Group operates five cane sugar mills in Guangxi Province and seven beet sugar factories in the north-east of the country. Continuous investment has raised annual sugar capacity to 800,000 tonnes. Illovo is Africa's largest sugar producer with agricultural and production facilities in six countries and annual sugar production of 1.6 million tonnes. Adjusted operating profit was £315m (2010: £240m).

Agriculture

AB Agri's activities stretch from field to fork, adding value all along the food, drink and biofuel supply chains. It supplies products and services to farmers, feed and food manufacturers, processors and retailers and markets products in 55 countries worldwide. Adjusted operating profit was £40m (2010: £33m).

Retail

Primark operates stores in the UK, Republic of Ireland, Spain, the Netherlands, Portugal, Germany and Belgium, offering fashion-conscious under 35s high-quality merchandise at value for money prices. Primark's range includes clothing for all the family, accessories and homeware. Adjusted operating profit was £309m (2010: £341m).

Grocery

Twinings and Ovaltine are the ABF Group's leading international brands. It is the UK market leader in sugar with Silver Spoon and Billington's. Jordan's cereals, other leading brands include Ryvita, Kingsmill, Patak's and Blue Dragon. Mazola is the US market leader in corn oil and Capullo is a premium canola oil in Mexico. Tone's, Spice Islands and Durkee are US herbs and spices brands. Brands in Australia include Don, KRC and Tip Top Bakeries. Adjusted operating profit was £249m (2010: £229m).

Ingredients

AB Mauri operates globally in yeast and bakery ingredient production with 49 plants in 25 countries supplying bakers and the foodservice and wholesale channels. It is a technology leader in bread improvers, dough conditioners and bakery mixes. ABF Ingredients focuses on high-value ingredients for food and non-food applications. It manufactures and markets enzymes, yeast extracts, speciality proteins and lipids. Adjusted operating profit was £56m (2010: £104m).

Performance

This was another year of progress for the ABF Group. Revenue increased by 9% to £11.1bn and adjusted operating profit at £920m was 1% ahead of 2010. These results were obtained in a difficult trading environment characterised by substantial increases in many commodity costs and a weakening of consumer demand in developed markets. Highlights of the year included AB Sugar's significant improvement in profit and AB Agri had another record year. In Grocery, Twinings and Ovaltine achieved excellent revenue growth and like-for-like sales growth at Primark was notable. Operating profit improved as the businesses overcame the challenge of high commodity cost inflation and weaker consumer demand.

Opportunities for further investment are exciting, particularly in Primark, and the strength of the balance sheet and strong cash flow will enable them to be pursued with confidence.

Finance

The ABF Group's revenue increased by 9% to £11.1bn, with growth again achieved in every business segment. Adjusted operating profit increased by 1% to £920m, with no material effect on this number from movements in currency exchange rates. Profit before tax fell slightly from £763m to £757m and the tax charge was £180m. Adjusted earnings per ordinary share, which provides a more consistent measure of performance, increased by 2% to 74p. The proposed dividend of 16.85p per share, together with the interim dividend of 7.9p, represents an overall increase for the year of 4%.

Balance sheet

Non-current assets stand at £7,039m. Working capital was again tightly managed and average working capital across the year, expressed as a percentage of sales revenues, was little changed from last year, despite higher commodity costs. However the absolute level of working capital was substantially higher and at year end was £231m greater than last year. Net borrowings at year end were £469m higher at £1,285m. Return on capital employed fell from last year's 17.8% to 15.8%.

Cash flow

Net cash flow from operating activities was £736m compared with £1,172m last year. This substantial reduction reflects the reversal of last year's £193m working capital inflow to an outflow of £199m this year and is the consequence of substantially higher commodity costs and growth in the business. Capital expenditure amounted to £794m, of which £314m was spent by Primark on the acquisition of new stores and the fit-out and of new and existing stores. Expenditure elsewhere was incurred on a wide variety of projects, the largest of which were completion of factory expansion and construction of a new power co-generation plant in Swaziland, the new meat factory in Australia, the Vivergo bioethanol plant in Hull, new yeast plants in Mexico and China and expansion of dry yeast capacity in China and Italy.

Directors' Report (continued)

Financing

Cash and cash equivalents totalled £341m at year end. These were managed by a central treasury department which also arranges bank finance for acquisitions and to meet short-term working capital requirements, particularly for sugar beet and wheat harvests. The ABF Group has total committed borrowing facilities amounting to £2.3bn, half of which is provided under a syndicate revolving facility that does not mature until July 2015. £1.4bn was drawn down on these facilities at year end. The strength and breadth of the 12 banks in the syndicate provide support for the Group's financial needs and reflect the scale and international presence of the business. It also had access at year end to £750m of uncommitted credit lines under which £214m was drawn down.

Pensions

Pensions are accounted for in accordance with IAS 19 *Employee benefits* and on this basis, liabilities in the ABF Group's defined benefit pension schemes exceeded employee benefit assets by £44m compared with last year's deficit of £99m. This improvement was largely due to an increase in the market value of the UK scheme's investments in government bonds and a deficit reduction contribution made to that scheme. The last triennial valuation of the UK Pension Scheme was undertaken in 2008 and revealed a funding deficit of £163m which, by agreement with the trustees, ABF is eliminating with five deficit payments each of £30m, the third of which was made in March 2011. Total contributions to defined benefit plans in the year amounted to £70m (2010: £66m). For defined contribution schemes, the charge for the year is equal to the contributions made of £51m (2010: £45m).

Corporate Responsibility

Last year, ABF published its first Corporate Responsibility Report (CR) and remains committed to publishing a CR every three years, with updated information provided on its website and in its annual report. In 2011, attention was focused on material risks, including

- compliance with internationally recognised norms for labour standards and continuous diligence in assuring the health, wellbeing and safety of its employees, suppliers and contractors,
- a programme of activity to identify water-intensive sites, to improve understanding of water availability, water usage and its disposal, and
- an expanded programme of internal and external audits of health and safety, environmental and other CR matters and continued sharing of best practice between businesses.

ABF's full Health, Safety and Environment Report for 2011 is available on its website www.abf.co.uk

Corporate Governance

ABF believes that good corporate governance represents essential protection for its shareholders and it remains committed to maintaining high standards of business ethics and integrity across the ABF Group, recognising these to be vital to the sustainable long-term performance of the company. The ABF Board fully supports the new UK Corporate Governance Code (Code) and the direction in which it is taking the practice of good governance in the UK. ABF considers that it has, throughout the year ended 17 September 2011, complied with the relevant provisions of the Code, with two exceptions which it explains.

ABF has established three principal board committees to which it has delegated certain of its responsibilities. They are the Nominations committee, the Audit committee and the Remuneration committee. Their terms of reference are available on ABF's website www.abf.co.uk.

After making enquiries, the directors of ABF have a reasonable expectation that ABF and the ABF Group have adequate resources to continue in operational existence for the foreseeable future.

Internal control

The ABF Board acknowledges its responsibilities for the ABF Group's system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets. Effective controls ensure that exposure to avoidable risk is minimised, that proper accounting records are maintained, that the financial information used within the business is reliable and that financial reporting processes comply with all relevant regulatory reporting requirements. The directors of ABF confirm that there is an ongoing 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 control.

Risk management review

Principal risks and uncertainties

Each business is responsible for its own risk management assessment. The decentralised business model empowers the boards and managements of the business to identify, evaluate and manage the risks faced on a timely basis. Key risks and internal control procedures are reviewed at Group level. The ABF Board reviews annually the material financial and non-financial risks facing the businesses and on a rolling cycle basis the effectiveness of the risk management process and the resources that individual businesses devote to them. The principal risks currently identified are

People including product safety, health and nutrition, workplace health and safety, employee rights, management succession, input costs, suppliers and supply chain reliability, and ethical business practices.

Environment including climate change, air pollution, disposal of waste and waste water, water availability, resource efficiency, palm oil, and genetically-modified crops.

Directors' Report (continued)

Financial and Regulatory including competition rules, global economic slowdown and changing consumer demand, financial, currency and commodity risks, tax compliance, loss of a major site, regulatory and political, and major capital projects and acquisitions

Other Disclosures

Charitable and political donations the ABF Group made contributions to charitable organisations totalling £2.7m, no political donations were made by either the ABF Group or by Wittington Investments Limited, which also made no charitable contributions

Creditors ABF has no material trade creditors but has a policy on payment of suppliers which states that the Group settles its bills promptly, being a signatory to the Prompt Payment Code

Financial Instruments Details of the WIL group's use of financial instruments, together with information on risk objectives and policies and exposure to price, credit, liquidity, cashflow and interest rate risks, can be found in note 19 on pages 46 to 58

Employees

Employees are the ABF Group's most important resource and it therefore abides by the following principles

- equal opportunities – it is committed to offering equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard to their particular aptitudes and abilities,
- health and safety – health and safety are considered as equal in importance to that of any other function of the ABF Group and its business objectives,
- harassment – the Group will not tolerate sexual, mental or physical harassment in the workplace,
- human rights – managers must take account of the core International Labour Organization labour conventions and strive to observe the UN Universal Declaration of Human Rights by respecting the dignity and human rights of its employees, in particular

“Universal respect for an observance of human rights and fundamental freedoms for all without discrimination as to race, sex, language or religion”

it remunerates fairly with respect to skills, performance, its peers and local conditions

- security – the security of staff and customers is paramount

Wittington Investments Limited ('Company')

Substantial shareholding and controlling interest

Details of a controlling interest in the shares of the Company are given in note 28 on page 67. Other than as noted, so far as is known no other person holds or is beneficially interested in a disclosable holding in the Company

Disclosure of information to auditors

The directors of the Company 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 auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. For these purposes, relevant audit information means information needed by the Company's auditors in connection with the preparation of their report on page 7.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution for the appointment of KPMG Audit plc as auditors of the Company will be proposed at the forthcoming annual general meeting.

Directors

The directors who held office throughout the year were as follows

Guy Weston	(Chairman)
Sir Harry Djanogly	
Kate Hobhouse	
W. Galen Weston	
G. Grainger Weston	
George Weston	
Stephen Hancock	

Directors' Report (continued)

Directors (continued)

A statement of the interest of the directors, including family interests, in the shares of the Company and of ABF, is shown on pages 78 and 79

Mrs Emma Adamo was appointed a director of the Company with effect from 3 November 2011 and a resolution for her re-election will be proposed at the forthcoming annual general meeting



Guy Weston
Chairman

Company number 00366054

12 January 2012
Weston Centre
10 Grosvenor Street
London W1K 4QY

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company 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 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 EU
- 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 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



Independent Auditor's Report to the Members Of Wittington Investments Limited

We have audited the financial statements of Wittington Investments Limited for the year ended 17 September 2011 set out on pages 8 to 79. Financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 17 September 2011 and of the group's profit for the year then ended
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

AJ Sykes (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc,

Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GJ

12 January 2012

Consolidated income statement
for period ended 17 September 2011

	<i>Note</i>	<i>Total 2011 £m</i>	<i>Total 2010 £m</i>
Continuing operations			
Revenue	2	11,159	10,256
Operating costs before exceptional items	3	(10,355)	(9,443)
		<u>804</u>	<u>813</u>
Share of profit after tax from joint ventures and associates	14	37	16
Profits less losses on sale of property, plant & equipment		5	(7)
		<u>846</u>	<u>822</u>
Operating profit			
Adjusted operating profit	2	924	910
Profits less losses on sale of property, plant & equipment		5	(7)
Amortisation of non-operating intangibles	10	(83)	(81)
Profit less losses on sale of businesses	24	-	28
		<u>846</u>	<u>850</u>
Profit before interest	2		
Financial income	6	17	27
Financial expenses	7	(103)	(90)
Other finance (expense)/income	6	7	(8)
		<u>767</u>	<u>779</u>
Profit before taxation			
Adjusted profit before taxation		845	839
Profits less losses on sale of property, plant & equipment		5	(7)
Amortisation of non-operating intangibles		(83)	(81)
Profits less losses on sale of businesses		-	28
Taxation – UK		(94)	(86)
Taxation – Overseas		(88)	(111)
	8	<u>(182)</u>	<u>(197)</u>
Profit for the period		<u>585</u>	<u>582</u>
Attributable to			
Equity holders of the parent		303	312
Non-controlling interest		282	270
		<u>585</u>	<u>582</u>
Profit for the period			

Consolidated statement of comprehensive income
for 53 weeks ended 17 September 2011

	2011	2010
	£m	£m
PROFIT FOR THE PERIOD RECOGNISED IN THE INCOME STATEMENT	585	582
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Actuarial gains/(losses) on defined benefit schemes	12	(22)
Deferred tax associated with defined benefit schemes	(4)	3
Effect of movements in foreign exchange	89	228
Net gain/(loss) on hedge of net investment in foreign subsidiaries	2	(11)
Deferred tax associated with movements in foreign exchange	(1)	(4)
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	(28)
Current tax associated with foreign exchange	(1)	(4)
Movement of cash flow hedging position	6	41
Deferred tax associated with movement in cash flow hedging position	(1)	(11)
Share of recognised income and expense of joint ventures and associates	-	1
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	102	193
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	687	775
Attributable to		
Equity shareholders	366	406
Non-controlling interest	321	369
	687	775

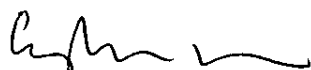
Consolidated balance sheet
at 17 September 2011

	<i>Note</i>	<i>Total 2011</i> <i>£m</i>	<i>Total 2010</i> <i>£m</i>
Non-current assets			
Intangible assets	10	1,893	1,925
Property, plant and equipment	11	4,537	4,012
Biological assets	12	99	97
Investment property	13	124	93
Investments in joint ventures	14	150	121
Investments in associates	14	44	38
Employee benefits assets	15	35	-
Deferred tax assets	16	150	182
Other receivables	17	203	191
Total non-current assets		7,235	6,659
Current assets			
Inventories	18	1,435	1,248
Biological assets	12	112	100
Trade and other receivables	17	1,262	1,080
Other financial assets	19	559	562
Cash and cash equivalents	20	555	479
Total current assets		3,923	3,469
TOTAL ASSETS		11,158	10,128
Current liabilities			
Interest-bearing loans and overdrafts	21	(731)	(367)
Trade and other payables	22	(1,653)	(1,503)
Other financial liabilities	19	(22)	(38)
Income tax		(132)	(133)
Provisions	23	(31)	(99)
Total current liabilities		(2,569)	(2,140)
Non-current liabilities			
Interest-bearing loans	21	(954)	(841)
Provisions	23	(105)	(106)
Deferred tax liabilities	16	(406)	(419)
Employee benefits liabilities	15	(79)	(100)
Total non-current liabilities		(1,544)	(1,466)
TOTAL LIABILITIES		(4,113)	(3,606)
NET ASSETS		7,045	6,522

Consolidated balance sheet (*continued*)
at 17 September 2011

	<i>2011</i>	<i>2010</i>
	<i>£m</i>	<i>£m</i>
Equity		
Issued capital	1	1
Share premium	382	382
Other reserves	52	52
Translation reserve	399	341
Hedging reserve	-	(2)
Retained earnings	3,166	2,883
	<u>4,000</u>	<u>3,657</u>
Non-controlling interest	3,045	2,865
	<u>7,045</u>	<u>6,522</u>
TOTAL EQUITY	=====	=====
		=

These financial statements were approved by the board of directors on 12 January 2011 and were signed on its behalf by



Guy Weston
 Director

12 January 2011

Company Number 00366054

Consolidated cash flow statement
for period ended 17 September 2011

	<i>Note</i>	2011	2010
		£m	£m
Cash flows from operating activities			
Profit before taxation		767	779
Profits less losses on sale of property, plant & equipment		(5)	7
Profits less losses on sale and closure of businesses		-	(28)
Financial income		(17)	(27)
Financial expenses		103	90
Other financial income		(7)	8
Share of profit from joint ventures and associates		(37)	(16)
Amortisation		96	89
Depreciation		319	327
Impairment/reversal of impairment of investment properties		(1)	(2)
Net change in the fair value of biological assets		(21)	(8)
Share based payment expense		8	11
Pension cost less contributions		(38)	(34)
Increase in inventories		(176)	61
Increase in receivables		(155)	109
Increase in payables		142	27
Purchase less sales of current biological assets		(2)	(3)
Decrease in provisions		(69)	(57)
Cash generated from the operations		907	1,333
Income taxes paid		(158)	(157)
Net cash from operating activities		749	1,176
Cash flows from investing activities			
Dividends received from joint ventures and associates		9	6
Purchase of property, plant & equipment		(794)	(695)
Purchase of intangibles		(49)	(32)
Purchase of non-current biological assets		(1)	-
Sale of property, plant & equipment		18	26
Purchase of investment properties		(31)	(89)
Sale of investment properties		-	18
Purchase of subsidiaries, joint ventures and associates		(24)	(36)
Sale of subsidiaries, joint ventures and associates		3	4
Loans to joint ventures		(25)	(74)
Purchase of non-controlling interests		(29)	(14)
Interest received		13	12
Net cash from investing activities		(910)	(874)
Cash flows from financing activities			
Dividends paid to non-controlling interests		(108)	(104)
Dividends paid to shareholders		(21)	(73)
Interest paid		(99)	(85)
(Increase)/decrease in other current asset investments		1	(13)
(Decrease)/increase in short term loans		343	(241)
Increase/(decrease) in long term loans		116	8
Movements from changes in own shares held		(16)	115
Net cash from financing activities		216	(393)
Net increase/(decrease) in cash and cash equivalents		55	(91)
Cash and cash equivalents at the beginning of the period		443	511
Effect of movements in foreign exchange		7	23
Cash and cash equivalents at the end of the period	<i>20</i>	505	443

Consolidated statement of changes in equity

	Issued capital £m	Other reserves £m	Share Premium £m	Translation reserve £m	Hedging reserve £m	Retained Earnings £m	Total £m	Non- controlling interests £m	Total Equity £m
<i>Balance as at 12 September 2009</i>	<i>1</i>	<i>382</i>	<i>52</i>	<i>249</i>	<i>(17)</i>	<i>2,657</i>	<i>3,324</i>	<i>2,492</i>	<i>5,816</i>
TOTAL COMPREHENSIVE INCOME									
Profit for the period recognised in the income statement	-	-	-	-	-	312	312	270	582
Actuarial losses on defined benefit schemes	-	-	-	-	-	(12)	(12)	(10)	(22)
Deferred tax associated with defined benefit schemes	-	-	-	-	-	2	2	1	3
Effect of movements in foreign exchange	-	-	-	111	-	-	111	117	228
Net loss on hedge of net investment in foreign subsidiaries	-	-	-	(5)	-	-	(5)	(6)	(11)
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	-	-	(14)	-	-	(14)	(14)	(28)
Deferred tax associated with movements in foreign exchange	-	-	-	-	-	(2)	(2)	(2)	(4)
Current tax associated with movements in foreign exchange	-	-	-	-	-	(2)	(2)	(2)	(4)
Movement in cash flow hedging position	-	-	-	-	20	-	20	21	41
Deferred tax associated with movement in cash flow hedging position	-	-	-	-	(5)	-	(5)	(6)	(11)
Share of other comprehensive income of joint ventures and associates	-	-	-	-	-	1	1	-	1
Total comprehensive income	-	-	-	92	15	299	406	369	775
TRANSACTIONS WITH OWNERS									
Dividends paid to equity shareholders	-	-	-	-	-	(73)	(73)	-	(73)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(104)	(104)
Changes in ownership of subsidiaries	-	-	-	-	-	-	-	111	111
Disposal of subsidiary	-	-	-	-	-	-	-	(3)	(3)
Total transactions with owners	-	-	-	-	-	(73)	(73)	4	(69)
<i>Balance as at 18 September 2010</i>	<i>1</i>	<i>382</i>	<i>52</i>	<i>341</i>	<i>(2)</i>	<i>2,883</i>	<i>3,657</i>	<i>2,865</i>	<i>6,522</i>
TOTAL COMPREHENSIVE INCOME									
Profit for the period recognised in the income statement	-	-	-	-	-	303	303	282	585
Actuarial gain on defined benefit schemes	-	-	-	-	-	7	7	5	12
Deferred tax associated with defined benefit schemes	-	-	-	-	-	(2)	(2)	(2)	(4)
Effect of movements in foreign exchange	-	-	-	57	-	-	57	32	89
Net gain on hedge of net investment in foreign subsidiaries	-	-	-	1	-	-	1	1	2
Deferred tax associated with movements in foreign exchange	-	-	-	-	-	(1)	(1)	-	(1)
Current tax associated with movements in foreign exchange	-	-	-	-	-	(1)	(1)	-	(1)
Movement in cash flow hedging position	-	-	-	-	3	-	3	3	6
Deferred tax associated with movement in cash flow hedging position	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive income	-	-	-	58	2	306	366	321	687
TRANSACTIONS WITH OWNERS									
Dividends paid to equity shareholders	-	-	-	-	-	(21)	(21)	-	(21)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(108)	(108)
Deferred tax associated with share-based payments	-	-	-	-	-	1	1	1	2
Changes in ownership of subsidiaries	-	-	-	-	-	(3)	(3)	(34)	(37)
Total transactions with owners	-	-	-	-	-	(23)	(23)	(141)	(164)
<i>Balance as at 17 September 2011</i>	<i>1</i>	<i>382</i>	<i>52</i>	<i>399</i>	<i>-</i>	<i>3,166</i>	<i>4,000</i>	<i>3,045</i>	<i>7,045</i>

Notes

(forming part of the financial statements)

1 Accounting policies

Wittington Investments Limited (the "Company") is a company incorporated in the UK

The consolidated financial statements for the 52 weeks ended 17 September 2011 consolidate those of the Company and its subsidiaries (together referred to as the "group") and the group's interest in associates and jointly controlled entities. The parent company financial statements present information about the Company as a separate entity and not about its group.

Statement of compliance

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The Company has elected to prepare its parent Company financial statements under UK Generally Accepted Accounting Principles. These are presented on pages 72 to 79.

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million. They are prepared on the historical cost basis except that biological assets 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 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 IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment next year are discussed in note 30.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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

Details of new accounting standards which came into force in the period are set out at the end of this note. None of them required restatement of primary statements in comparative periods, nor had any significant impact on the group's consolidated results or financial position.

The financial statements of the Company and its subsidiary undertakings are prepared for the 52 weeks ended 17 September 2011 (prior period for the 53 weeks ended 18 September 2010). 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 2011. The results of Illovo are included for the period to 30 September 2011 and that of a UK subsidiary, Fortnum and Mason plc, is made up to 12 July 2011. Adjustments are made for significant transactions or events occurring between 31 August and 30 September.

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings from the date that control commences to the date that control ceases. The consolidated financial statements also include the group's share of the after tax results of its jointly controlled entities 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.

Subsidiary undertakings are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Jointly controlled entities are those entities over whose activities the group has joint control, established by contractual agreement.

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies.

Business combinations

On the acquisition of a business or an interest in a jointly controlled entity or associate, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the group. Provisional fair values are finalised within twelve months of the business combination date and are adjusted by restatement of the comparative period in which the acquisition occurred. Non-controlling interests are measured at the proportionate share of the net identifiable assets acquired.

Notes (continued)

1 Accounting policies (continued)

For business combinations executed in the periods ending on or before 12 September 2009

Goodwill arising on a business combination was the excess of the 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 included acquisition costs.

Contingent consideration was measured at fair value at the date of the business combination. Subsequent changes to contingent consideration other than settlements are accounted for as adjustments to goodwill.

The following changes apply to business combinations executed in periods beginning on or after 13 September 2009

Existing equity interests in the acquiree are remeasured to fair value as at the date of the business combination, with any resulting gain or loss taken to the income statement.

Goodwill arising on a business combination 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 acquisition costs, which are expensed as incurred.

Contingent consideration is measured at fair value at the date of the business combination, classified as asset, liability or equity (usually as a liability), and subsequently accounted for in line with that classification. Changes in contingent consideration classified as an asset or liability resulting other than from the finalisation of provisional fair values are accounted for in the income statement.

Revenue

Revenue represents the net invoiced value of sales made to customers, excluding discounts and sales taxes. Discounts include sales rebates, price discounts, customer incentives, certain promotional activities and similar items. Revenue does not include sales between group companies. Revenue is recognised when the risks and rewards of the underlying products have been substantially transferred to the customer and when it can be reliably measured.

Revenue from sale of goods is generally recognised on dispatch or delivery to customers, dependent on shipping terms. Discounts are provided for as a reduction to revenue at the time a sale is recorded, based on management's best estimate of the amount required to meet claims by customers.

Borrowing costs

Borrowing costs are accounted for on an accruals basis in the income statement using the effective interest method. For qualifying items of property, plant and equipment, where the commencement date for capitalisation was on or after 13 September 2009, the group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of those qualifying assets as part of their cost. Previously, the group expensed all borrowing costs as incurred. Interest capitalised is taxed under current or deferred tax as appropriate.

Foreign currencies

In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date 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 income statement.

On consolidation, assets and liabilities of foreign operations that are denominated in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date. Income and expense items are translated into sterling at weighted average rates of exchange other than substantial transactions which are translated at the rate of exchange on the date of the transaction.

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 or actual rates to rates at the balance sheet date, are taken to the translation reserve in equity.

Notes (continued)

1 Accounting policies (continued)

Pensions and other post-employment benefits

The group's principal pension funds are defined benefit plans. In addition the group has defined contribution plans and other unfunded post-employment liabilities. For defined benefit plans, 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 group during the year. It also includes a credit equivalent to the group's expected return on pension plan assets over the year, offset by a charge equal to the expected interest on plan liabilities over the year. The difference between the market value of plan assets and the present value of plan liabilities is disclosed as an asset or liability on the consolidated balance sheet. Any related deferred tax (to the extent it is recoverable) is disclosed separately on the consolidated balance sheet. Any actuarial gains or losses are recognised immediately as an actuarial gain or loss in other comprehensive income. Surpluses on defined benefit plans are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately as an actuarial gain or loss in other comprehensive income.

Contributions payable by the group in respect of defined contribution plans are charged to operating profit as incurred. Other unfunded post-employment liabilities are accounted for as for defined benefit pension plans.

Share-based payments

The fair value of share awards at grant date is recognised as an employee expense, with a corresponding increase in equity, spread over the period during which the executives become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect expected and actual levels of vesting, except where the failure to vest is as a result of not meeting a market condition.

Income tax

Income tax on the 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 other comprehensive income.

Current tax is the tax expected to be payable on the taxable income for the year, using tax rates enacted or substantially 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, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect 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 amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Financial assets and liabilities

Financial asset and financial liabilities, except for other non-current investments, other current investments and derivative financial instruments, are measured initially at fair value, plus directly attributable transaction costs, and thereafter at amortised cost. Other non-current investments (classified under other non-current receivables) comprise available-for-sale investments which are measured at market prices where available. Where quoted market prices in an active market are not available, and where fair value cannot be reliably measured, unquoted equity instruments are measured at cost less impairment. Other current investments (classified under other financial assets) are designated as 'at fair value through profit and loss' because they are managed and their performance is evaluated on a fair value basis in accordance with the group's risk management and investment strategy.

Notes (continued)

1 Accounting policies (continued)

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. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

Derivative financial instruments

Derivative financial instruments are used to manage the group's economic exposure to financial and commodity risks. The principal instruments used are forward foreign exchange contracts, futures, swaps or options (the 'hedging instrument'). The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised in the balance sheet, at fair value, based on market prices or rates, or calculated using either discounted cash flow or option pricing models.

Changes in the value of derivatives are recognised in the income statement unless they qualify for hedge accounting, when recognition of any 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's income statement of changes in foreign exchange or interest rates and commodity prices, by matching the impact of the hedged risk and the hedging instrument in the income statement.

Changes in the value of derivatives used as hedges of future cash flows are recognised through other comprehensive income in the hedging reserve, with any ineffective portion recognised immediately within operating profit in the income statement.

When the future cashflow results in the recognition of a non-financial asset or liability, the gains and losses previously recognised in the hedging reserve are included in the initial measurement of that asset or liability. Otherwise gains and losses previously recognised in the hedging reserve are recognised in the income statement at the same time as the hedged transaction.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is retained in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments that relate to an underlying exposure that no longer exists are taken directly to the income statement.

Hedges of the group's net investment in foreign operations take the form of borrowings in the currency of the investment's net assets.

The group economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting under IAS 39. Any derivatives that the group holds to hedge this exposure are classified as 'held for trading' within other financial assets and liabilities. Changes in the fair value of such derivatives and the foreign exchange gains and losses arising on the related monetary items are recognised within operating profit in the income statement.

Notes (continued)

1 Accounting policies (continued)

Intangible assets other than goodwill

Non-operating intangible assets are intangible assets that arise on business combinations and typically include intellectual property, brands, customer relationships and grower agreements. Operating intangible assets are intangible assets acquired in the ordinary course of business and typically include software costs, land use rights and emissions trading licences.

Intangible assets other than goodwill are stated 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 5 years
Grower agreements	– up to 10 years

Goodwill

Goodwill is defined under 'Business combinations' on pages 14 and 15.

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 not amortised but is subject to an annual impairment review.

Research and development

Research expenditure is expensed as incurred.

Development expenditure is capitalised if the product or process is technically and commercially feasible. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment charges.

Impairment

The carrying amounts of the group's intangible assets and property, plant and equipment 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. For goodwill and intangibles without a finite life, the recoverable amount is estimated at each balance sheet date.

An impairment charge is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment charges recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to a cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) 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 value in use. In assessing value in use, the estimated 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment charge in respect of goodwill is not subsequently reversed. In respect of other assets, an impairment charge is reversed if there has been a change in the estimates used to determine recoverable amount. An impairment charge is reversed only to the extent that the asset's 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.

Notes (continued)

1 Accounting policies (continued)

Property, plant & equipment

Items of property, plant & equipment are stated at cost less accumulated depreciation and impairment charges

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant & equipment sufficient to reduce them to their estimated residual value. Land is not depreciated. The estimated useful lives are generally deemed to be no longer than

- Freehold buildings 66 years
- Plant and equipment, fixtures and fittings
 - sugar factories 20 years
 - other operations 12 years
- Vehicles 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 of time

Where the group is a lessee and has substantially all the risks and rewards of ownership of an asset, the arrangement is considered a finance lease. Finance leases are recognised as assets of the group within property, plant and equipment at the inception of the lease at the lower of fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the income statement on the same basis as owned assets. Payments made under finance leases are apportioned between capital repayments and interest expense charged to the income statement. Other leases where the group is a lessee are treated as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. The benefit of lease incentives is recognised in the income statement on a straight-line basis over the life of the lease.

Where the group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Biological assets

Biological assets are measured at fair value less costs to sell. Cane roots and growing cane are valued at fair value determined on the following bases

Cane roots – the escalated average cost, using appropriate inflation related indices, of each year of planting adjusted for the remaining expected life. Expected useful lives are currently ten years in South Africa, seven years in Zambia and eight years elsewhere

Growing cane – the estimated sucrose content valued at the 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

Inventories

Inventories are stated 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. Cost is calculated on a first-in first-out basis

Inventories for Primark are valued at the lower of cost and net realisable value using the retail method, which is calculated on the basis of selling price less the appropriate trading margin. All Primark inventories are finished goods

Investments

Investments in debt and equity securities

Equity financial instruments held by the group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date

Notes (continued)

1 Accounting policies (continued)

Investments (continued)

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value as determined by independent valuers every five years and by the directors at other times. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Any gain or loss arising from a change in fair value is recognised in the income statement.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

If the use of an investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for accounting purposes.

New accounting policies

The group adopted the following new and amended IFRSs and IFRIC interpretations with no material impact (all effective 19 September 2010):

- Amendment to IFRS 2 *Share-based Payment*,
- Elements of *Annual Improvements to IFRSs 2009*
- Elements of *Annual Improvements to IFRSs 2010*
- Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*,
- Amendment to IAS 32 *Financial Instruments: Presentation*, and
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The group is currently assessing the impact of the following revised standards and interpretations or amendments that are not yet effective. These changes will be adopted on the effective dates noted and are not expected to have a material impact on the group's reported profit, net assets or disclosures (all effective from 18 September 2011 unless otherwise stated):

- Certain elements of *Annual Improvements to IFRSs 2010*,
- Revisions to IAS 24 *Related Party Disclosures*, and
- IFRIC 14 *IAS 19 – The Limit on a defined Benefit Assets, Minimum Funding Requirements and their Interaction*

The group is currently assessing the impact of the following revised standards and interpretations or amendments that are not yet effective. These changes have not yet been endorsed by the EU so will not necessarily be adopted by the effective dates noted:

- Amendments to IFRS 7 *Financial Instruments: Disclosures* effective 2012 financial year,
- IFRS 9 *Financial Instruments: Classification and Measurement* effective 2014 or 2016 financial year, which amends the classification and measurement for financial assets and liabilities,
- IFRS 10 *Consolidated Financial Statements* effective 2014 financial year,
- IFRS 11 *Joint Arrangements* effective 2014 financial year,
- IFRS 12 *Disclosure of Interests in Other Entities* effective 2014 financial year,
- IFRS 13 *Fair Value Measurement* effective 2014 financial year,
- Amendments to IAS 1 *Presentation of Financial Statements* effective 2013 financial year,
- Amendments to IAS 12 *Income Taxes* effective 2013 financial year, and
- IAS 19 *Employee Benefits* effective 2014 financial year

Notes (continued)

1 Accounting policies (continued)

In applying the accounting policies detailed on pages 14 to 22, management has made estimates in a number of areas and the actual outcome may differ from those calculated. Key sources of estimation uncertainty at the balance sheet date with a significant risk of material adjustment to the carrying value of assets and liabilities within the next financial year are

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 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 its value in use and its 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.

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The group recognises deferred tax assets when it is more likely than not that they will be recovered, based on an assessment of the likelihood of there being sufficient taxable profits in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Post-retirement benefits

The group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19. The accounting valuation, which has been assessed using assumptions determined with independent actuarial advice, resulted in a net liability of £44m being recognised as at 17 September 2011. The size of this net liability is sensitive to the market value of the assets held by the schemes, to the discount rate used in assessing actuarial liabilities, to the actuarial assumptions (which include 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 15.

Provisions

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account a range of possible outcomes.

Property, plant and equipment residual values and useful lives

Management reviews residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11.

Biological assets

Cane roots valuation requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in note 12.

Growing cane valuation – estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes, estimated sucrose price requires management to assess into which markets the forthcoming crop will be sold and assess domestic and export prices as well as the related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 12.

Cash flow hedge accounting

In order to achieve and maintain cash flow hedge accounting, it is necessary for the group to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable and whether the hedge is effective. This requires both subjective and objective measures of determination.

Exceptional items

The directors consider that items of income or expense which are material by virtue of their nature and amount should be disclosed separately if the financial statements are to present fairly the financial position and financial performance of the entity. The directors label these items collectively as 'exceptional items'. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the directors believe would give rise to exceptional items for separate disclosure might include major business restructurings, impairments and reversals of impairments.

Notes (continued)

1 Accounting policies (continued)

All exceptional items are included in the appropriate income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all exceptional items, with additional explanation in the notes.

Taxation

The level of current and deferred tax recognised is dependent on subjective judgements as to the outcome of decisions by tax authorities in various jurisdictions around the world

Fair values on acquisition

Items of property, plant and equipment often have long operating lives, hence determination of fair values can require a significant degree of judgement. Acquisitions often result in significant intangible benefits for the group, some of which qualify for recognition as intangible assets. Other such benefits do not meet the recognition requirements of accounting standards and therefore form part of goodwill. Significant judgement is required in the assessment and valuation of these intangible assets, often with reference to internal data and models. Professional valuers are engaged where it is deemed appropriate to do so. Fair values on major acquisitions are disclosed in note 24.

2 Operating segments

The group discloses six operating segments, as described below. These are the group's operating divisions, based on the group's management and internal reporting structure, which combine businesses with common characteristics. The board is the chief operating decision maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefit assets and deferred tax assets, and all current assets except cash and cash equivalents. Segment liabilities include comprise trade and other payables, other financial liabilities and provisions. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefit balances and current and deferred tax balances. Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following operating segments:

- **Grocery** The manufacture of grocery products, including hot beverages, sugar & sweeteners, vegetable oils, bread & baked goods, ethnic foods, herbs & spices and meat & dairy products which are sold into retail, wholesale and foodservice businesses.
- **Sugar** The 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 for the agriculture sector.
- **Ingredients** The manufacture of bakers' yeast, bakery ingredients, speciality proteins, enzymes, lipid technologies and polyols.
- **Retail** Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains, the supply of furniture and home furnishings through the retail chain Heal's and operation through the department store Fortnum & Mason.
- **Central** This consists of the group's investing activities.

Geographical information

In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the group's operations, based on the geographical groupings: United Kingdom, Europe & Africa, The Americas, and Asia Pacific.

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

Notes (continued)

2 Operating segments – for the period ended 17 September 2011

	<i>Revenue</i>		<i>Adjusted operating profit</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Operating segments				
Grocery	3,638	3,406	249	229
Sugar	2,134	1,941	315	240
Agriculture	1,127	954	40	33
Ingredients	1,123	1,067	56	104
Retail	3,132	2,815	309	342
Central	5	4	(44)	(42)
	11,159	10,187	925	906
Business disposed				
Grocery	-	17	(1)	-
Sugar	-	19	-	4
Agriculture	-	33	-	-
	-	69	(1)	4
	11,159	10,256	924	910
Geographical information				
United Kingdom	4,880	4,496	494	480
Europe, Middle East & Africa	2,735	2,495	213	219
The Americas	1,176	1,120	118	121
Asia Pacific	2,368	2,076	100	86
	11,159	10,187	925	906
Business disposed				
United Kingdom	-	33	-	-
Europe, Middle East & Africa	-	19	-	4
The Americas	-	17	(1)	-
	-	69	(1)	4
	11,159	10,256	924	910

Notes (continued)

2 Operating segments – for the period ended 17 September 2011 (continued)

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing operations	3,643	2 265	1,134	1,200	3,132	(213)	11,161
Internal revenue	(5)	(131)	(7)	(77)	-	218	(2)
Revenue from external customers	3,638	2,134	1,127	1,123	3,132	5	11,159
Adjusted operating profit from continuing businesses	239	308	27	49	309	(44)	888
Share of profit after tax from joint ventures and associates	10	7	13	7	-	-	37
Businesses disposed	(1)	-	-	-	-	-	(1)
Adjusted operating profit	248	315	40	56	309	(44)	924
Amortisation of non-operating intangibles	(24)	(31)	(1)	(27)	-	-	(83)
Profits less losses on sale of businesses	3	2	-	-	-	-	5
Profit before interest	227	286	39	29	309	(44)	846
Finance income	-	-	-	-	-	17	17
Financial expenses	-	-	-	-	-	(103)	(103)
Other financial expense	-	-	-	-	-	7	7
Taxation	-	-	-	-	-	(182)	(182)
Profit for the period	227	286	39	29	309	(305)	585
Segment assets (excluding investments in associated and joint ventures)	2,824	2 503	280	1,441	2,359	134	9 541
Investments in associated and joint ventures	38	50	73	33	-	-	194
Segment assets	2 862	2,553	353	1,474	2 359	134	9,735
Cash and cash equivalents	-	-	-	-	-	555	555
Deferred tax assets	-	-	-	-	-	150	150
Investment property	-	-	-	-	-	124	124
Employee benefits assets	-	-	-	-	-	35	35
Other investments	-	-	-	-	-	559	559
Segment liabilities	(593)	(409)	(96)	(193)	(442)	(78)	(1,811)
Loans and overdrafts	-	-	-	-	-	(1,685)	(1,685)
Income tax	-	-	-	-	-	(132)	(132)
Deferred tax liabilities	-	-	-	-	-	(406)	(406)
Employee benefits liabilities	-	-	-	-	-	(79)	(79)
Net assets	2,269	2,144	257	1,281	1,917	(823)	7,045
Non-current assets additions	226	193	11	93	324	2	849
Depreciation	87	77	9	42	102	2	319
Amortisation	36	32	1	27	-	-	96

Notes (continued)

2 Operating segments – for the period ended 17 September 2011 (continued)

Geographical information

	<i>United Kingdom</i> <i>£m</i>	<i>Europe & Africa</i> <i>£m</i>	<i>The Americas</i> <i>£m</i>	<i>Asia Pacific</i> <i>£m</i>	<i>Total</i> <i>£m</i>
<i>Revenue from external customers</i>	4 880	2,735	1,176	2,368	11,159
<i>Segment assets</i>	3,730	2,916	1,075	2,014	9 735
<i>Non-current asset additions</i>	291	320	61	177	849
<i>Depreciation</i>	148	74	24	73	319
<i>Amortisation</i>	12	47	15	22	96

Notes (continued)

2 Operating segments – for the 53 weeks ended 18 September 2010 (continued)

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Eliminations £m	Total £m
Revenue from continuing operations	3 410	2,030	958	1,142	2 811	9	(173)	10,187
Internal revenue	(4)	(89)	(4)	(75)	-	(1)	173	-
External revenue from continuing business	3 406	1,941	954	1,067	2 811	8	-	10,187
Businesses disposed	17	19	33	-	-	-	-	69
Revenue from external customers	3 423	1,960	987	1,067	2 811	8	-	10,256
Adjusted operating profit from continuing businesses	229	242	23	96	339	(39)	-	890
Share of profit after tax from joint ventures and associates	-	(2)	10	8	-	-	-	16
Businesses disposed	-	4	-	-	-	-	-	4
Adjusted operating profit	229	244	33	104	339	(39)	-	910
Amortisation of non-operating intangibles	(26)	(33)	-	(22)	-	-	-	(81)
Profits less losses on sale of property, plant & equipment	12	(24)	3	(1)	(1)	4	-	(7)
Profits less losses on sale of businesses	(7)	35	-	-	-	-	-	28
Profit before interest	208	222	36	81	338	(35)	-	850
Finance income	-	-	-	-	-	27	-	27
Financial expenses	-	-	-	-	-	(90)	-	(90)
Other financial expense	-	-	-	-	-	(8)	-	(8)
Taxation	-	-	-	-	-	(197)	-	(197)
Profit for the period	208	222	36	81	338	(303)	-	582
Segment assets (excluding investments in associated and joint ventures)	2 555	2,454	227	1,354	1,941	122	-	8 653
Investments in associated and joint ventures	26	40	61	32	-	-	-	159
Segment assets	2,581	2 494	288	1,386	1,941	122	-	8,812
Cash and cash equivalents	-	-	-	-	-	479	-	479
Deferred tax assets	-	-	-	-	-	182	-	182
Investment property	-	-	-	-	-	93	-	93
Other investments	-	-	-	-	-	562	-	562
Segment liabilities	(566)	(402)	(91)	(184)	(351)	(152)	-	(1,746)
Loans and overdrafts	-	-	-	-	-	(1,208)	-	(1,208)
Income tax	-	-	-	-	-	(133)	-	(133)
Deferred tax liabilities	-	-	-	-	-	(419)	-	(419)
Employee benefits liabilities	-	-	-	-	-	(100)	-	(100)
Net assets	2,015	2,092	197	1,202	1,590	(574)	-	6,522
Non-current assets additions	251	171	10	81	215	101	-	829
Depreciation	98	84	7	32	105	1	-	327
Impairment of PP&E	-	13	-	1	-	-	-	14
Amortisation	32	34	-	23	-	-	-	89
Impairments of intangibles	-	10	-	-	-	-	-	10

Notes (continued)

2 Operating segments – for the 53 weeks ended 18 September 2010 (continued)

Geographical information

	<i>United Kingdom</i>	<i>Europe & Africa</i>	<i>The Americas</i>	<i>Asia Pacific</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>Revenue from external customers</i>	4,529	2,514	1,137	2,076	10,256
<i>Segment assets</i>	3 390	2,629	1 043	1,750	8,812
<i>Non-current asset additions</i>	317	250	43	219	829
<i>Depreciation</i>	158	79	29	61	327
<i>Impairment of PP&E</i>	-	-	-	14	14
<i>Amortisation</i>	14	41	20	14	89
<i>Impairment of intangibles</i>	-	-	-	10	10

Notes (continued)

3 Operating costs and gross profit

	Notes	Total 2011 £m	Total 2010 £m
Operating costs			
Costs of sales (including amortisation of intangibles)		8,397	7,602
Distribution costs		1,221	1,167
Administration expenses		737	674
		<hr/>	<hr/>
		10,355	9,443
		<hr/>	<hr/>
Gross profit		2,762	2,654
		<hr/>	<hr/>
Operating costs are stated after charging/(crediting)			
Employee benefits expense	4	1,632	1,518
Amortisation of non-operating intangibles	10	83	81
Amortisation of operating intangibles	10	13	8
Depreciation of owned property, plant & equipment	11	319	327
Operating lease payments under property leases		110	99
Operating lease payments for hire of plant & equipment		13	11
Other operating income		(19)	(15)
Research and development expenditure		24	22
Fair value gains on financial assets and liabilities held for trading		(29)	(39)
Fair value losses on financial assets and liabilities held for trading		24	31
Foreign exchange gains on operating activities		(35)	(40)
Foreign exchange losses on operating activities		38	38
Auditors remuneration			
Fees payable to the Company's auditors and its associates in respect of the audit			
Group audit of the Company's financial statements		-	-
Audit of the Company's subsidiaries pursuant to legislation		5 2	5 2
		<hr/>	<hr/>
		5 2	5 2
Fees payable to the Company's auditors and its associates in respect of non-audit related services			
Other services pursuant to legislation		0 4	0 4
Tax services		2 0	3 0
Information technology services		0 3	0 4
All other services		0 5	0 3
		<hr/>	<hr/>
		3 2	4 1
		<hr/>	<hr/>
Fees payable to the Company's auditors and its associates in respect of the group's pension schemes			
Audit of the pension schemes		0 1	0 1
		<hr/>	<hr/>

Notes (continued)

4 Employees

	2011	2010
<i>Average number of employees</i>		
United Kingdom	37,028	35,192
Europe, Middle East & Africa	41,364	38,594
The Americas	3,731	3,672
Asia Pacific	20,828	20,233
	<u>102,951</u>	<u>97,691</u>

		£m	£m
<i>Employee benefits expense</i>			
Wages and salaries		1,402	1,303
Social security contributions		139	124
Contributions to defined contribution schemes	15	51	46
Charge for defined benefit schemes	15	32	34
Equity-settled share-based payment schemes	25	8	11
		<u>1,632</u>	<u>1,518</u>

5 Directors' remuneration

	2011 £000	2010 £000
Aggregate directors' emoluments	1,597	2,362
Pension to widows of former directors	189	193
	<u>1,786</u>	<u>2,555</u>

The aggregate emoluments of the highest paid director were £1,337,000 (2010 £2,147,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £373,000 (2010 £340,000).

	Number of directors	
	2011	2010
Retirement benefits are accruing to the following number of directors under Defined benefit schemes	<u>3</u>	<u>3</u>

Notes (continued)

6 Financial income

	Note	2011 £m	2010 £m
<i>Interest income on financial assets not at fair value through profit and loss</i>			
- Cash and cash equivalents		11	13
- finance leases		-	1
<i>Gain on re-measurement of investments at fair value through profit and loss</i>		6	13
		<u>17</u>	<u>27</u>

Other finance income

		£m	£m
<i>Expected return on pension scheme assets</i>	15	149	138
<i>Interest charge on pension scheme liabilities</i>	15	(142)	(143)
<i>Net financial income in respect of employee benefit schemes</i>		<u>7</u>	<u>(5)</u>
<i>Net foreign exchange losses on financing activities</i>		-	(3)
		<u>7</u>	<u>(8)</u>

7 Financial expense

	2011 £m	2010 £m
<i>Interest expense on financial liabilities not at fair value through the profit or loss</i>		
- bank loans and overdrafts	50	36
- other loans	45	46
- finance leases	1	1
- other payables	3	3
- unwinding of discount on provisions	4	4
	<u>103</u>	<u>90</u>

Notes (continued)

8 Income tax expense

	2011	2010
	£m	£m
Current tax expenses		
UK – corporation tax at 27.1% (2010: 28%)	80	96
Overseas – corporation tax	88	99
Under-provided in prior years	16	(9)
Over-provided in prior years	(25)	-
	<u>159</u>	<u>186</u>
Deferred tax expense		
UK deferred tax	(4)	(10)
Overseas deferred tax	22	14
Under provided in prior years	5	7
	<u>182</u>	<u>197</u>
Total income tax expense in income statement		
	<u>182</u>	<u>197</u>
Reconciliation of effective tax rate		
Profit before taxation	767	779
• Less share of profit from joint ventures and associates	(37)	(16)
	<u>730</u>	<u>763</u>
Profit before taxation excluding share of profit from joint ventures and associates		
	<u>730</u>	<u>763</u>
Normal tax charge at UK corporation tax rate of 26.7% (2010: 28%)	195	214
Lower tax rates on overseas earnings	(35)	(27)
Expenses not deductible for tax purposes	23	8
Adjustments in respect of prior periods	(4)	(1)
Utilisation of losses	(2)	(5)
Deferred tax not recognised	5	8
	<u>182</u>	<u>197</u>

Following the enactment of legislation in the UK to reduce the corporation tax rate to 25% from 1 April 2012, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. The impact of this rate change is a £12m reduction in the tax charge in the income statement. Proposed future reductions in the UK tax rate to 23% will be reflected when the relevant legislation is substantively enacted.

Deferred taxation balances are analysed in note 16.

Notes (continued)

9 Dividends

	2011 £	2010 £
Per share		
2010 first interim	-	31 00
2010 second interim	-	54 00
2011 interim	24	-
	<u>24</u>	<u>85 00</u>
	£m	£m
Total		
2010 first interim	-	27
2010 second interim	-	46
2011 interim	21	-
	<u>21</u>	<u>73</u>

The interim dividend was paid on 31st January 2011

A final dividend of £34 per share (£29.3m) was paid after the year end on 27 September 2011 to shareholders on the register on 19 September 2011

Notes (continued)

10 Intangible assets

	Non-Operating					Operating		
	Goodwill	Technology	Brands	Customer	Grower	Other	Other	Total
	£m	£m	£m	relationships	Agreements	£m	£m	£m
				£m	£m			
Cost								
<i>At 13 September 2009</i>	1,322	231	338	98	187	8	97	2,281
<i>Acquired through business combinations</i>	2	-	-	-	(9)	-	-	(7)
<i>Other acquisitions – externally purchased</i>	-	-	-	-	-	-	34	34
<i>Other disposals</i>	-	-	-	-	-	-	(10)	(10)
<i>Effect of movements in foreign exchange</i>	57	13	11	6	20	1	5	113
At 18 September 2010	1,381	244	349	104	198	9	126	2,411
<i>Other acquisitions – externally purchased</i>	-	-	-	-	-	-	60	60
<i>Other disposals</i>	-	-	-	-	-	-	(12)	(12)
<i>Effect of movements in foreign exchange</i>	8	4	-	5	(9)	-	8	16
At 17 September 2011	1,389	248	349	109	189	9	182	2,475
Amortisation and Impairment								
<i>At 13 September 2009</i>	31	102	103	59	54	8	11	368
<i>Amortisation for the period</i>	-	21	27	14	19	-	8	89
<i>Impairment</i>	-	-	-	-	-	-	10	10
<i>Effect of movements in foreign exchange</i>	-	7	5	5	7	1	(6)	19
At 18 September 2010	31	130	135	78	80	9	23	486
<i>Amortisation for the period</i>	-	17	29	17	20	-	13	96
<i>Effect of movements in foreign exchange</i>	-	1	-	1	(5)	-	3	-
At 17 September 2011	31	148	164	96	95	9	39	582
Net book value								
<i>at 12 September 2009</i>	1,291	129	235	39	133	-	86	1,913
<i>At 18 September 2010</i>	1,350	114	214	26	118	-	103	1,925
<i>At 17 September 2011</i>	1,358	100	185	13	94	-	143	1,893

Operating intangibles mainly comprise computer software, land use rights and emissions trading licences. Amortisation charges and impairment charges are recognised within operating costs in the income statement.

The impairment of operating intangibles in 2010 related to land use rights in China, which is included within losses on disposal of non-current assets in the income statement and is included in the sugar segment.

Notes (continued)

10 Intangible assets (continued)

Impairment Goodwill

As at 17 September 2011, the consolidated balance sheet included goodwill of £1,358m (2010 £1,350m). Goodwill is allocated to the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill as follows:

Cash-generating unit (CGU) or group of CGUs	Primary reporting segments	2011 £m	2010 £m
ACH	Grocery	245	248
AB Mauri	Ingredients	358	344
Twinings/Ovaltine	Grocery	119	119
Capullo	Grocery	58	58
Illovo	Sugar	184	193
Patak's	Grocery	58	58
Northern China sugar	Sugar	68	65
Other*	Various	268	265
		1,358	1,350

*The amount of goodwill allocated to each CGU or group of CGUs is not individually significant.

A CGU, or group of CGUs, to which goodwill has been allocated must be assessed for impairment annually and whenever there is an indication of impairment.

These calculations are performed annually or more frequently if events or circumstances indicate that the carrying amount may not be recoverable.

- The carrying value of goodwill has been assessed with reference to value in use to perpetuity reflecting the projected cash flows of each of the CGUs or group of CGUs based on the most recent budget. Growth rates for the period not covered by the annual budget are based on a range of growth rates that reflect the products, industries and countries in which the relevant CGU or group of CGUs operate.
- The key assumptions on which the cash flow projections for the most recent budget are based relate to discount rates, growth rates and expected changes in selling prices and direct costs.
- The cash flow projections have been discounted using a range of rates based on the group's pre-tax weighted average cost of capital adjusted for specific risks of the business if necessary. The rates used vary between 8% and 12% (2010 between 8% and 11%).
- The growth rates applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that is significant to the total carrying amount of goodwill were in a range between 0% and 2.5% (2010 between 0% and 2.5%).
- For some recently acquired intangible assets, 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, the cash flow forecast is extended to between three and five years using specific growth assumptions.
- Changes in selling price 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 significant headroom under the annual impairment review with the exception of AB Mauri and the sugar business in north east China.

In AB Mauri, higher molasses costs and increased competitive pressures in its businesses around the world have resulted in an indicator of impairment risk under the strict requirements of IFRS. Management has reviewed forecasts for this business taking those issues into account, and has concluded that no impairment is required. In North China Sugar, current forecasts continue to support the carrying value of the assets of the business, but the achievement of these forecasts depends on significant improvements in agricultural yields and factory volumes. Management will closely monitor the value in use of these CGUs.

For all goodwill other than AB Mauri and North China Sugar, management has concluded that no reasonably possible change in key assumptions on which it has determined value in use would cause carrying values to exceed value in use.

Notes (continued)

11 Property, plant & equipment

	<i>Land and buildings £m</i>	<i>Plant and machinery £m</i>	<i>Fixtures and fittings £m</i>	<i>Assets under construction £m</i>	<i>Total £m</i>
Cost					
<i>At 13 September 2009</i>	<i>1,815</i>	<i>2,443</i>	<i>977</i>	<i>183</i>	<i>5,418</i>
<i>Interest capitalised</i>	-	-	-	1	1
<i>Other acquisitions</i>	117	146	133	308	704
<i>Businesses disposed</i>	(13)	(2)	-	-	(15)
<i>Other disposals</i>	(5)	(68)	(37)	-	(110)
<i>Transfer from investment properties</i>	35	-	-	-	35
<i>Transfers from assets under construction</i>	46	151	14	(211)	-
<i>Effect of movements in foreign exchange</i>	39	117	(9)	15	162
<i>At 18 September 2010</i>	<i>2,034</i>	<i>2,787</i>	<i>1,078</i>	<i>296</i>	<i>6,195</i>
<i>Interest Capitalised</i>	-	-	-	2	2
<i>Other acquisitions</i>	164	225	233	162	784
<i>Other disposals</i>	(21)	(155)	(47)	-	(223)
<i>Transfers from assets under construction</i>	11	278	3	(292)	-
<i>Effect of movements in foreign exchange</i>	39	35	11	9	94
<i>At 17 September 2011</i>	<i>2,227</i>	<i>3,170</i>	<i>1,278</i>	<i>177</i>	<i>6,852</i>
Depreciation and impairment					
<i>At 13 September 2009</i>	<i>289</i>	<i>1,238</i>	<i>324</i>	-	<i>1,851</i>
<i>Depreciation for the period</i>	41	183	103	-	327
<i>Impairment on closure of business</i>	14	-	-	-	14
<i>Businesses disposed</i>	-	(1)	-	-	(1)
<i>Other disposals</i>	(2)	(58)	(37)	-	(97)
<i>Transfer from investment properties</i>	9	-	-	-	9
<i>Effect of movements in foreign exchange</i>	9	72	(1)	-	80
<i>At 18 September 2010</i>	<i>360</i>	<i>1,434</i>	<i>389</i>	-	<i>2,183</i>
<i>Depreciation for the period</i>	44	177	98	-	319
<i>Other disposals</i>	(24)	(147)	(45)	-	(216)
<i>Reversal of PY impairment</i>	(2)	-	-	-	(2)
<i>Effect of movements in foreign exchange</i>	6	21	4	-	31
<i>At 17 September 2011</i>	<i>384</i>	<i>1,485</i>	<i>446</i>	-	<i>2,315</i>
Net book value					
<i>Net book value at 12 September 2009</i>	<i>1,526</i>	<i>1,205</i>	<i>653</i>	<i>183</i>	<i>3,567</i>
<i>Net book value at 18 September 2010</i>	<i>1,674</i>	<i>1,353</i>	<i>689</i>	<i>296</i>	<i>4,012</i>
<i>Net book value at 17 September 2011</i>	<i>1,843</i>	<i>1,685</i>	<i>832</i>	<i>177</i>	<i>4,537</i>
				2011 £m	2010 £m
<i>Net book value of finance lease assets</i>				12	12
<i>Land and buildings at net book value comprise</i>					
- Freehold				1,422	1,257
- Long leasehold				320	297
- Short leasehold				101	93
				1,843	1,647
<i>Capital expenditure commitments – contracted but not provided for</i>				166	219

Notes (continued)

11 Property, plant & equipment (continued)

Impairment

Retailer price competition and higher costs at the new factory at Castlemaine, Victoria have given rise to an indicator of impairment risk in the meat business within George Weston Foods. Construction and commissioning of this significant new factory is progressing. Management has considered forecasts for the future performance of the business when the new factory is fully operational as planned, and has concluded that no impairment is required for the assets included above.

In 2011, the impairment of land and buildings relates to the sugar business in North China and was included within profits less losses on disposals of non-current assets.

12 Biological assets

	Growing cane	Current		Non-current
	cane	Other	Total	Cane
	£m	£m	£m	roots
	£m	£m	£m	£m
At 12 September 2009	95	6	101	92
Disposed through business combinations	(1)	-	(1)	(2)
Harvested cane transferred to inventory	(94)	(13)	(107)	-
Purchases	-	3	3	1
Changes in fair value	94	13	107	8
Effect of movements in foreign exchange	(2)	(1)	(3)	(2)
At 18 September 2010	92	8	100	97
Harvested cane transferred to inventory	(102)	(23)	(125)	-
Purchases	-	2	2	1
Changes in fair value	118	21	139	7
Effect of movements in foreign exchange	(4)	-	(4)	(6)
At 17 September 2011	104	8	112	99
Cane roots			2011	2010
Area under cane at the end of the period (hectares)				
South Africa			7,990	8,142
Malawi			20,608	20,565
Zambia			17,153	16,977
Swaziland			8,657	8,170
Tanzania			9,776	9,844
Mozambique			5,570	5,572
			69,754	69,270

Notes (continued)

12 Biological assets (continued)

Growing cane

The following assumptions have been used in the determination of the estimated sucrose tonnage at 17 September 2011

	<i>South Africa</i>	<i>Malawi</i>	<i>Zambia</i>	<i>Swaziland</i>	<i>Tanzania</i>	<i>Mozambique</i>
<i>Expected area to harvest (hectares)</i>	5,010	20,173	16,944	8,029	9,776	5,484
<i>Estimated yield (tonnes cane/hectare)</i>	69.4	110.4	120.0	110.9	80.0	95.0
<i>Average maturity of cane</i>	56.0%	66.7%	66.7%	66.7%	50.0%	66.7%

The following assumptions were used in the determination of the estimated sucrose tonnage at 18 September 2010

	<i>South Africa</i>	<i>Malawi</i>	<i>Zambia</i>	<i>Swaziland</i>	<i>Tanzania</i>	<i>Mozambique</i>
<i>Expected area to harvest (hectares)</i>	5,140	20,267	16,905	8,067	9,365	5,493
<i>Estimated yield (tonnes cane/hectare)</i>	69.2	111.0	120.5	111.4	80.0	95.0
<i>Average maturity of cane</i>	55.6%	66.7%	66.7%	66.7%	50.0%	66.7%

13 Investment property

	Group £m
At 18 September 2010	93
Additions	31
At 17 September 2011	124

Investment properties are included at directors' valuation, which is based on independent advice, at open market value. Investment properties primarily comprise commercial property leased to third parties. Annual rental income amounts to £5m. No contingent rents are charged.

Notes (continued)

14 Investments in joint ventures and associates

	<i>Shares</i> <i>£m</i>	<i>Joint venture</i> <i>Goodwill</i> <i>£m</i>	<i>Total</i> <i>£m</i>	<i>Shares</i> <i>£m</i>	<i>Associates</i> <i>Goodwill</i> <i>£m</i>	<i>Total</i> <i>£m</i>
<i>At 12 September 2009</i>	108	14	122	32	-	32
<i>Profit for the period</i>	12	-	12	4	-	4
<i>Dividends received</i>	(4)	-	(4)	(2)	-	(2)
<i>Effect of movements in foreign exchange</i>	(9)	-	(9)	4	-	4
<i>At 18 September 2010</i>	107	14	121	38	-	38
<i>Acquisitions</i>	4	1	5	-	-	-
<i>Profit for the period</i>	29	-	29	8	-	8
<i>Dividends received</i>	(6)	-	(6)	(3)	-	(3)
<i>Effect of movements in foreign exchange</i>	1	-	1	1	-	1
<i>At 17 September 2011</i>	135	15	150	44	-	44

Details of principal joint ventures and associates are listed on page 69

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

	<i>Joint venture</i> <i>2011</i> <i>£m</i>	<i>2010</i> <i>£m</i>	<i>Associates</i> <i>2011</i> <i>£m</i>	<i>2010</i> <i>£m</i>
<i>Non-current assets</i>	206	175	22	20
<i>Current assets</i>	305	265	166	148
<i>Current liabilities</i>	(221)	(175)	(143)	(130)
<i>Non-current liabilities</i>	(155)	(158)	(1)	-
<i>Goodwill</i>	15	14	-	-
<i>Net assets</i>	150	121	44	38
<i>Revenue</i>	1,221	1,000	96	69
<i>Expenses</i>	(1,185)	(982)	(84)	(62)
<i>Taxation</i>	(7)	(6)	(4)	(3)
<i>Profit for the period</i>	29	12	8	4

Notes (continued)

15 Employee entitlements

The group operates pension schemes, the majority of which are of the defined benefit type. The group also operates a small number of unfunded overseas post-retirement medical benefit schemes.

UK schemes

The group's principal UK defined benefit schemes are funded schemes and are closed to new members, with defined contribution arrangements in place for other employees. The pension costs in the UK for the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. For defined contribution schemes, the pension costs are the contributions payable.

Actuarial gains and losses arising over the financial period are recognised immediately in other comprehensive income, and are reflected in the balance sheet at 17 September 2011. Past service cost is recognised immediately in the income statement to the extent that the benefits have already vested.

The last actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2008. At the valuation date the total market value of the assets of the Scheme was £2,223m and represented 93% of the benefits that had accrued to members after allowing for expected future increases in earnings. Following completion of the actuarial valuation, the group agreed to make five annual payments of £30m in order to eliminate the deficit at 5 April 2008. The third of this payment was made in March 2011.

Overseas schemes

The group also operates defined benefit pension schemes in Australia and New Zealand, the United States, Canada, the Republic of Ireland, Switzerland, Germany, France, Italy, the Philippines, Thailand, South Africa and Zambia. These schemes are primarily funded schemes. The charge for the year is based on recommendations by qualified actuaries. Unfunded post retirement medical benefit schemes are accounted for as defined benefit pension schemes. For defined contribution schemes, the pension costs are the contributions payable.

Assumptions

The UK pension schemes represent 90% (2010 – 89%) of both the group's scheme assets and 88% (2010 – 88%) of the group's scheme liabilities. The financial assumptions used to value the UK pension scheme under IAS 19, together with the expected long-term rates of return on assets, are:

	2011	2010	2009
	%	%	%
Discount rate	5.1	5.2	5.7
Inflation	3.3	3.5	3.5
Rate of increase in salaries	4.3	5.0	5.0
Rate of increase for pensions in payment	3.1	3.3	3.3
Rate of increase for pensions in deferment (where provided)	2.8	3.0	3.5

The mortality assumptions used to value the UK pension schemes are derived from the SINA generational mortality tables with improvements in line with projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession, with no rating with a long-term underpin of 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 are as follows:

	2011		2010	
	Male	Female	Male	Female
Life expectancy from age 65 (in years)				
Member aged 65 in 2011	22.5	24.6	20.9	23.1
Member aged 65 in 2031	24.7	27.0	22.7	25.0

The other demographic assumptions have been 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 actuarial valuation of the pension schemes.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries.

Notes (continued)

15 Employee entitlements (continued)

Balance sheet

The expected rates of return and market values of the assets of the principal schemes were as follows

	2011 %	2011 £m	2010 %	2010 £m	2009 %	2009 £m
UK schemes						
<i>Expected long-term rates of return</i>						
Equities	6.7	833	7.1	837	7.2	680
Government bonds	3.7	631	4.1	542	4.2	673
Non-government bonds	5.1	940	5.2	920	5.7	697
Property	5.2	102	5.6	90	5.7	75
Other	0.5	7	0.5	24	0.5	17
Total market value of assets		2,513		2,413		2,142
Present value of scheme liabilities		(2,497)		(2,443)		(2,219)
Net pension asset/(liability)		16		(30)		(77)
Unfunded liability included in the present value of scheme liabilities above		(17)		(15)		(11)

The plan assets, scheme liabilities and aggregate net surplus of the plans were respectively £2,202m, £2,117m and £85m in 2008 and £2,256m, £1,972m and £284m in 2007

The sensitivities regarding the principal assumptions used to measure scheme liabilities at 17 September 2011 are

	Change in assumptions	Impact on scheme liabilities
Discount rate	Decrease/increase by 0.5%	Increase/decrease by 8.9%
Inflation	Increase/decrease by 0.5%	Increase/decrease by 7.8%
Rate of increase in salaries	Increase/decrease by 0.5%	Increase/decrease by 1.5%
Rate of mortality	Reduce by one year	Increase by 2.6%

Notes (continued)

15 Employee entitlements (continued)

	2011 %	2011 £m	2010 %	2010 £m	2009 %	2009 £m
<i>Overseas schemes</i>						
<i>Expected long-term rates of return</i>						
<i>Equities</i>	8.0	128	7.7	112	8.8	102
<i>Government bonds</i>	4.7	36	4.3	34	7.0	69
<i>Non-government bonds</i>	3.5	53	2.9	41	4.1	36
<i>Property</i>	5.2	6	7.1	5	5.9	6
<i>Other</i>	5.9	59	6.3	93	5.4	25
<hr/>						
<i>Total market value of assets</i>		282		285		238
<i>Present value of scheme liabilities</i>		(334)		(342)		(242)
<hr/>						
<i>Aggregate net surplus of the plans</i>		(52)		(57)		(4)
<i>Irrecoverable surplus (a)</i>		(8)		(13)		(26)
<hr/>						
<i>Net pension liability</i>		(60)		(70)		(30)
<hr/>						
<i>Unfunded liability included in the present</i>						
<i>Value of scheme liabilities above</i>		(34)		(36)		(32)

The plan assets, scheme liabilities and aggregate net surplus of the plans were respectively £222m, £211m and £11m in 2008 and £218m, £192m and £26m in 2007.

(a) The surplus in the plans is only recoverable to the extent that the group can benefit from either refunds formally agreed or from future contribution reductions.

The expected rate of return on plan assets was determined, based on actuarial advice, by a process that takes the long-term rate of return on government bonds available at the balance sheet date and with a similar maturity to the scheme liabilities, and applies to these rates suitable risk premia that take account of historic market returns and current market long-term expectations for each asset class.

The UK schemes' net pension assets of £16m (2010: £30m liability) plus the overseas schemes' net pension liability of £60m (2010: £70m liability) totals a liability of £44m (2010: £100m liability). This equates to the employee benefit asset of £35m (2010: £Nil) and liability of £79m (2010: £100m) shown on the face of the consolidated balance sheet.

Notes (continued)

15 Employee entitlements (continued)

Income statement

The charge to the income statement comprises

	2011 £m	2010 £m
<i>Charged to operating profit</i>		
<i>Defined benefit plans</i>		
<i>Current service cost</i>	(39)	(34)
<i>Past service cost</i>	-	(1)
<i>Gain on curtailment</i>	7	1
<i>Defined contribution plan</i>	(51)	(45)
	<hr/>	<hr/>
<i>Total operating cost</i>	(83)	(79)
	<hr/>	<hr/>
<i>Reported in other finance income</i>		
<i>Expected return on assets</i>	149	138
<i>Interest on retirement benefit obligations</i>	(142)	(143)
	<hr/>	<hr/>
<i>Total other finance income</i>	7	(5)
	<hr/>	<hr/>
<i>Net impact on the income statement (before tax)</i>	(76)	(84)
	<hr/>	<hr/>

The actual return on scheme assets was a gain of £153m (2010 gain of £374m)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded plans and benefits paid in respect of unfunded plans. In 2011, the benefits paid in respect of unfunded plans was £1m (2010 £2m). Company contributions to funded defined benefit plans are subject to periodic review. In 2011, contributions to funded defined benefit plans amounted to £70m (2010 £66m). Contributions to defined contribution plans amounted to £51m (2010 £45m).

Total contributions to funded plans and benefit payments by the group in respect of unfunded plans are currently expected to be approximately £70m in 2012 (2011 £68m).

Other comprehensive income

Amounts recognised in other comprehensive income

	2011 £m	2010 £m
<i>Actual return less expected return on pension scheme assets</i>	4	237
<i>Experience gains and losses arising on the scheme liabilities</i>	67	(14)
<i>Changes in assumptions underlying the present value of the scheme liabilities</i>	(62)	(260)
	<hr/>	<hr/>
<i>Charge in unrecognised surplus</i>	9	(37)
	3	15
	<hr/>	<hr/>
<i>Net actuarial gain/(loss) recognised in the other comprehensive income and expense (before tax)</i>	12	(22)
	<hr/>	<hr/>

Cumulative actuarial losses from 19 September 2004 reported in the statement of other comprehensive income are £334m (2010 £346m).

Notes (continued)

15 Employee entitlements (continued)

Reconciliation of change in assets and liabilities

	2011 Assets £m	2010 Assets £m	2011 Liabilities £m	2010 Liabilities £m
<i>Asset/(liability) at beginning of period</i>	2,698	2,380	(2,785)	(2,461)
<i>Current service cost</i>	-	-	(39)	(34)
<i>Employee contributions</i>	10	11	(10)	(11)
<i>Employer contributions</i>	70	66	-	-
<i>Benefits payments</i>	(141)	(146)	142	148
<i>Past service costs</i>	-	-	-	(1)
<i>Gain on curtailments</i>	(3)	-	10	1
<i>Financial income</i>	149	138	-	-
<i>Financial expenses</i>	-	-	(142)	(143)
<i>Actuarial gain/(loss)</i>	4	237	7	(274)
<i>Effect of movements in foreign exchange</i>	9	12	(14)	(10)
<i>Asset/(liability) at end of period</i>	2,796	2,698	(2,831)	(2,785)

	2011	2010	2009	2008
History of experience gains and losses				
<i>Difference between the expected and actual return on scheme assets</i>				
- amount (£m)	4	236	(203)	(170)
- percentage of scheme assets	0.1%	8.8%	8.6%	7.0%
<i>Experience gains and losses on scheme liabilities</i>				
- amount (£m)	67	(14)	5	61
- percentage of scheme liabilities	7.4%	0.5%	0.2%	2.6%
<i>Total amount included in other comprehensive income</i>				
- amount (£m)	9	(37)	(231)	(253)
- percentage of scheme liabilities	0.3%	1.3%	9.4%	10.9%

Notes (continued)

16 Deferred tax assets and liabilities

	Property, plant and equipment	Intangible assets	Employee benefits	Foreign exchange/ commodity financial assets and liabilities	Other temporary differences	Tax value of carry-forward losses recognised	Total
	£m 201	£m 127	£m (28)	£m (14)	£m 24	£m (95)	£m 215
<i>At 12 September 2009</i>							
Amount charged/(credited) to the income statement	4	(8)	5	-	4	10	15
Amount charged/(credited) to other comprehensive income	-	-	(4)	11	4	-	11
Acquired through business combinations	1	-	-	-	3	-	4
Business disposed	(1)	-	-	-	-	-	(1)
Effect of change in tax rate							
- income statement	(6)	-	-	-	-	-	(6)
- Other comprehensive income	-	-	1	-	-	-	1
Effect of movements in foreign exchange	2	4	(1)	3	(8)	(2)	(2)
<i>At 18 September 2010</i>	<i>201</i>	<i>123</i>	<i>(27)</i>	<i>-</i>	<i>27</i>	<i>(87)</i>	<i>237</i>
Amount charged/(credited) to the income statement	32	(8)	11	-	18	(13)	40
Amount charged to other comprehensive income	-	-	4	1	1	-	6
Acquired through business combinations	-	-	(2)	-	-	-	(2)
Business disposed	-	-	-	-	-	-	-
Effect of change in tax rate							
- income statement	(24)	-	-	-	1	7	(16)
- Other comprehensive income	-	-	-	-	-	-	-
Effect of movements in foreign exchange	(1)	-	-	-	(4)	(4)	(9)
<i>At 17 September 2011</i>	<i>208</i>	<i>115</i>	<i>(14)</i>	<i>1</i>	<i>43</i>	<i>(97)</i>	<i>256</i>

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

	2011 £m	2010 £m
- Deferred tax assets	(150)	(182)
- Deferred tax liabilities	406	419
	<u>256</u>	<u>237</u>

Notes (continued)

16 Deferred tax assets and liabilities (continued)

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. There are other deferred tax assets totalling £29m (2010 £20m) that have not been recognised on the basis that their future economic benefit is uncertain.

In addition, there are temporary differences of £2,095m (2010 £1,789m) relating to investments in subsidiaries. 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 future.

17 Trade and other receivables

	2011 £m	2010 £m
Non-current - other receivables		
Loans and receivables	187	182
Other non-current investments	16	9
	<u>203</u>	<u>191</u>
Current - trade and other receivables		
Trade receivables	941	838
Accrued income	19	14
Other receivables	136	96
	<u>1,096</u>	<u>948</u>
Prepayments and other non-financial receivables	166	132
	<u>1,262</u>	<u>1,080</u>

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

For details of credit risk exposure on trades and other receivable, see note 19.

Trade and other receivables include £19m (2010 £20m) in respect of finance lease receivables with £16m in non-current loans and receivables and £3m in current other receivables (2010 £18m in non-current loans and receivables and £2m in current other receivables). Minimum lease payments receivable are £3m within one year, £14m between one and five years, and £3m after five years (2010 £3m within one year, £14m between one and five years, and £5m after five years).

The finance lease receivable relates to property, plant & equipment lease to a joint venture of the group (see note 26).

18 Inventories

	2011 £m	2010 £m
Raw materials and consumables	362	303
Work in progress	35	19
Finished goods and goods held for resale	1,038	926
	<u>1,435</u>	<u>1,248</u>
Write down of inventories	(89)	(57)

Notes (continued)

19 Financial Instruments

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

	2011		2010	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
FINANCIAL ASSETS				
Cash and cash equivalents	555	555	479	479
LOANS AND RECEIVABLES				
Trade and other receivables	1,262	1,262	1,080	1,080
Other non-current receivables	203	186	191	182
AT FAIR VALUE THROUGH PROFIT OR LOSS				
Other current investments	533	533	529	529
Derivative financial assets not designed in a cash flow hedging relationship				
- currency derivatives	4	4	4	4
- commodity derivatives	1	1	3	3
DESIGNATED CASH FLOW HEDGING RELATIONSHIPS.				
Derivative financial assets designated and effective as cash flow hedging instruments				
- currency derivatives	17	17	21	21
- commodity derivatives	4	4	5	5
TOTAL FINANCIAL ASSETS	2,579	2,562	2,312	2,303
FINANCIAL LIABILITIES				
FINANCIAL LIABILITIES AT AMORTISED COST				
Trade and other payables	(1,423)	(1,423)	(1,296)	(1,296)
Secured redeemable debenture stock	(150)	(174)	(150)	(183)
Secured bank loans	(285)	(286)	(187)	(188)
Unsecured bank loans and overdrafts	(1,238)	(1,312)	(859)	(934)
Finance leases	(12)	(10)	(12)	(11)
Provisions	(136)	(136)	(205)	(205)
AT FAIR VALUE THROUGH PROFIT OR LOSS				
Derivative financial liabilities not designated in a cash flow hedging relationship				
- currency derivatives	(2)	(2)	(3)	(3)
- commodity derivatives	(1)	(1)	(3)	(3)
- interest rate derivatives			-	-
DESIGNATED CASH FLOW HEDGING RELATIONSHIPS				
Derivative financial liabilities designated and effective as cash flow hedging instruments				
- currency derivatives	(12)	(12)	(26)	(26)
- commodity derivatives	(7)	(7)	(6)	(6)
TOTAL FINANCIAL LIABILITIES	(3,266)	(3,363)	(2,747)	(2,855)
NET FINANCIAL LIABILITIES	(687)	(801)	(435)	(552)

Other financial assets on the face of the balance sheet comprise other current investments and derivative Other financial liabilities comprise derivative liabilities

Notes (continued)

19 Financial Instruments (continued)

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows

- 1 Cash and cash equivalents have been stated at their book values due to their short maturities or otherwise immediate or short-term access and realisability
- 2 Other non-current investments (recorded within other non-current receivables) comprise minority shareholdings held primarily in privately owned, unquoted companies, where there is no active market available to value them. Where the fair value of the equity instruments cannot be reliably measured, they are recorded at cost. Where shareholdings are held in publicly quoted companies, bid price is used to estimate fair value.
- 3 The fair values of finance lease receivables and other long-term receivables have been estimated by discounting expected future cash flows.
- 4 The fair values of trade receivables, other receivables and accrued income have been stated at their book values due to their short maturities.
- 5 Other current investments primarily comprise debt securities and time deposits, which are stated at fair value, based on cost (for instruments similar in nature to cash and cash equivalents) or on current market prices.
- 6 The fair value of derivatives is determined either by reference to third party valuations (usually from a bank), or by reference to readily observable market prices. The group's derivatives primarily cover a period of no more than 12 months from the balance sheet date and information derived from an active market is therefore, almost always available to assist with the valuation of derivatives.
- 7 The fair values of trade payables, other payables and accruals have been stated at their book values due to their short maturities.
- 8 The fair values of all bank loans, overdrafts and debenture stock have been calculated using the present value of estimated future cash flows.
- 9 The fair values of finance lease creditors have been estimated by discounting expected cash flows.
- 10 Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. Consequently, the fair value has been presented as book value.

Valuation of financial instruments carried at fair value

Financial instruments carried at fair value in the balance sheet comprise other non-current investments, other current investments and derivative assets and liabilities. 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.

Notes (continued)

19 Financial Instruments (continued)

b) Derivative financial instruments

The carrying amount of derivative financial instruments at the reporting date set out below is classified as current on the face of the balance sheet. An analysis of derivatives that are designated in a formal hedging relationship and those that are not, is shown above.

	2011				2010			
	Contractual/ notional amounts	Level 1	Level 2	Total	Contractual/ notional amounts	Level 1	Level 2	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Financial Assets								
Currency derivative assets	927	-	21	21	640	-	25	25
Commodity derivative assets	79	2	3	5	66	7	1	8
	1,006	2	24	26	706	7	26	33
Financial Liabilities								
Currency derivative liabilities	682	-	(15)	(15)	849	-	(29)	(29)
Commodity derivative liabilities	74	(4)	(3)	(7)	126	(7)	(2)	(9)
	756	(4)	(18)	(22)	975	(7)	(31)	(38)

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 18 September 2010 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.

	2011			2010		
	Currency derivatives	Commodity derivatives	Total	Currency derivatives	Commodity derivatives	Total
	£m	£m	£m	£m	£m	£m
Within six months	(5)	1	(4)	16	(5)	11
Between six months and one year	1	-	1	(10)	1	(9)
Unrecognised (losses)/gains	(4)	1	(3)	6	(4)	2

Notes (continued)

19 Financial Instruments (continued)

The following table identifies the movements in the cash flow hedging reserve during the period, including where gains and losses have been recognised in the income statement

	Currency derivatives £m	2011 Commodity derivatives £m	Total £m	Currency derivatives £m	2010 Commodity derivatives £m	Total £m
Opening balance	6	(4)	2	19	13	32
Gains/(losses) recognised in the hedging reserve	1	6	7	(10)	10	-
Gains/(losses) arising in previous years that reversed	-	-	-	-	-	-
Amount removed from the hedging reserve and included within the income statement due to settlement of contracts – recognised in						
- revenue	3	(13)	(10)	7	(20)	(13)
- cost of sales	(2)	3	1	(14)	(3)	(17)
- ineffectiveness recognised in income statement	-	-	-	(1)	(1)	(2)
Amount removed from the hedging reserve and included within a non-financial asset due to settlement of contracts – recognised in						
- property plant and equipment	-	-	-	1	-	1
- inventory	(10)	6	(4)	(6)	(4)	(10)
Deferred tax associated with movement in the hedging reserve	(2)	3	1	10	1	11
Closing balance	(4)	1	(3)	6	(4)	2

The closing balance of £(3)m is attributable entirely to non-controlling interests (2010 – attributable £4m to equity shareholders and £(2)m to non-controlling interests) Movements in the year (net) of £(5)m (2010 – £(30)m) are attributable £(4)m to equity shareholders and £(1)m to non-controlling interests (2010 – £(28)m to equity shareholders and £(2)m to non-controlling interests)

d) Financial risk identification and management

The group is exposed to the following financial risks from its use of financial instruments

- market risk,
- credit risk, and
- liquidity 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 a wide variety of locations around the world These operations expose the group to potentially significant price volatility in the financial and commodity markets Trading and 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 and, where appropriate, options These teams work closely with group Treasury and report regularly to executive management

Treasury operations and commodity procurement are conducted within a clearly defined framework of board-approved policies and guidelines to manage the group's financial and commodity risks Treasury works closely with the group's procurement teams to manage commodity risks Treasury policy seeks to ensure that adequate financial resources are available to the group 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

Notes (continued)

19 Financial Instruments (continued)

e) Foreign currency translation

The group presents its financial statements in sterling. As a result of its diverse 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 by borrowing locally in the functional currency of its operations. 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 are designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to equity, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations.

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), nor does it use derivatives to hedge its net investments to foreign operations.

The group also 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.

The group has foreign currency borrowings that have been designated as hedges of its net investment in foreign operations in Euros and US dollars. The value of these financial liabilities used as hedging instruments at the balance sheet date was

	2011 £m	2010 £m
Euro	52	50
US dollar	296	300
	348	350

The foreign exchange gain of £2m (2010: £11m loss) on retranslation of these loans has been taken to the translation reserve on consolidation. Of this balance, £1m was attributable to equity shareholders and £1m to non-controlling interests (2010: £(9m) to equity shareholders and £(2m) to non-controlling interests).

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.

Notes (continued)

19 Financial Instruments (continued)

(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 wheat, edible oils, soya beans, meat and dairy, sugar raws, cocoa, rice, tea and energy is managed through the use of forward physical contracts and hedging instruments, including futures and options contracts, primarily to convert floating or indexed 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 derivatives are treated as "own use" contracts, since they are both entered into and continue to be held, the group takes physical delivery of the commodity concerned. 'Own use' contracts do not require accounting entries until the commodity purchase actually crystallises. Certain other commodity derivatives are accounted for as cash flow hedges, but some commodity derivatives are not eligible for treatment as "own use" contracts and are not contracts for which the strict requirements of hedge accounting can be satisfied. This occurs typically where the group does not take physical delivery of the commodity concerned. 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 original maturities of less than one year.

The group does not have significant sensitivity in respect of the accounting for its on-balance sheet commodity contracts.

(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 maintain floating rate debt for a significant proportion of its bank finance, although it periodically assesses its position with respect to interest price and cash flow.

At 17 September 2011, £623m (37%) (2010: £647m (54%)) of total debt was subject to fixed rates of interest. The group's fixed rate debt includes the US Private Placement loan of £394m (2010: £397m) and the £150m 10¼% secured redeemable debenture stock 2013 (2010: £150m 10¼%).

Floating rate debt comprises bank borrowings bearing interest rates fixed in advance, for various time periods up to 12 months, by reference to official market rates (e.g. LIBOR).

The group does not have significant sensitivities to the impact of interest rates on derivative valuations, nor to the impact of interest rates on floating rate borrowings.

Notes (continued)

19 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 finance 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) above.

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. All foreign currency instruments contracted with non-group entities to manage transaction exposures are undertaken by group Treasury or, where foreign currency controls restrict group Treasury acting on behalf of subsidiaries, under its guidance. Identification of transaction exposures is the responsibility of each business.

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 also 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 documents currency derivatives used to hedge its forecast transactions as cash flow hedges. 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 prices in British Sugar UK to movements in the sterling/euro exchange rates,
- sugar prices in Illovo to movements in the South African rand/US dollar/euro exchange rates, 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 and as a result, further transaction exposure to foreign currency exchange rate movements is modest.

Notes (continued)

19 Financial Instruments (continued)

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

	2011				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
FINANCIAL ASSETS					
Cash and cash equivalents	7	65	31	7	110
Trade and other receivables	-	21	40	11	72
	7	86	71	18	182
FINANCIAL LIABILITIES					
Trade and other payables	(3)	(169)	(13)	(8)	(193)
Secured bank loans	-	(10)	-	(3)	(13)
Unsecured bank loans and overdrafts	-	(327)	(58)	-	(385)
	(3)	(506)	(71)	(11)	(591)
CURRENCY DERIVATIVES					
Gross amounts receivable	24	742	59	83	908
Gross amounts payable	(8)	(62)	(614)	(61)	(745)
	16	680	(555)	22	163
	20	260	(555)	29	(246)
	2010				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
FINANCIAL ASSETS					
Cash and cash equivalents	4	34	18	4	60
Trade and other receivables	-	19	32	12	63
Non currency derivatives	-	-	-	-	-
	4	53	50	16	123
FINANCIAL LIABILITIES					
Trade and other payables	(1)	(72)	(24)	(15)	(112)
Secured bank loans	-	(2)	(1)	-	(3)
Unsecured bank loans and overdrafts	-	(303)	(53)	(1)	(357)
Provisions	-	(3)	-	-	(3)
Non currency derivatives	-	-	-	-	-
	(1)	(380)	(78)	(16)	(475)
CURRENCY DERIVATIVES					
Gross amounts receivable	19	717	66	53	855
Gross amounts payable	(11)	(26)	(571)	(19)	(627)
	8	691	(505)	34	228
	11	364	(533)	34	(124)

The following significant exchange rates applied during the period

	Average rate		Closing rate	
	2011	2010	2011	2010
US dollar	1.60	1.56	1.58	1.56
Euro	1.15	1.15	1.15	1.20
Rand	11.09	11.68	11.72	11.17
Renminbi	10.51	10.65	10.08	10.50
Australian dollar	1.57	1.74	1.53	1.67

Notes (continued)

19 Financial Instruments (continued)

Sensitivity analysis

The following sensitivity analysis illustrates the impact that a 10% strengthening of the group's operating currencies against local functional currencies would have had on profit and equity. The analysis covers currency translation exposures at period 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).

	Impact on profit for the period 2011 +/- £m	Impact on total equity 2011 +/- £m	Impact on profit for the period 2010 +/- £m	Impact on total equity 2010 +/- £m
10% STRENGTHENING AGAINST OTHER CURRENCIES OF				
Sterling	-	2	1	3
US dollar	17	41	11	36
Euro	4	(63)	(1)	(53)
Other	1	5	-	3

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.

	Impact on profit for the period 2011 +/- £m	Impact on profit for the period 2010 +/- £m
10% STRENGTHENING OF STERLING AGAINST		
US dollar	(6)	(6)
Euro	(7)	(7)
Rand	3	(6)
Renminbi	(2)	2
Australian dollar	-	(1)

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 2011. The group considers its maximum exposure to credit risk to be:

	2011 £m	2010 £m
Cash and cash equivalents	555	479
Loans and receivables (refer to note 19a)	1,465	1,271
Financial assets at fair value through profit and loss		
- other current investments	559	562
- derivative financial assets	5	7
Designated cash flow hedging relationships		
- derivative financial assets	21	26
	2,605	2,345

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

As at 17 September 2011, there were no significant financial guarantees or third-party obligations that increased the credit risk of the financial assets set out above.

Notes (continued)

19 Financial Instruments (continued)

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

Trade and other receivables

Concentrations of credit risk are 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 with the group on a prepayment basis. Aggregate exposures are monitored at group level.

Many of the group's 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.

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

	2011 £m	2010 £m
UK	547	443
Europe, Middle East & Africa	209	189
The Americas	132	129
Asia Pacific	374	319
	1,262	1,080

Trade receivables can be analysed as follows

	2011 Gross £m	2010 Gross £m
Not overdue	823	719
Up to 1 month past due	92	94
Between 1 and 2 months past due	21	20
Between 2 and 3 months past due	9	10
More than 3 months past due	34	33
Provision for doubtful debts	(38)	(38)
At 17 September 2011	941	838

Based on past experience, the group believes that no impairment allowance is necessary in respect of trade receivables that are not past due.

Trade and other receivables are stated net of the following provision for irrecoverable amounts

	2011 £m	2010 £m
Opening balance	38	38
Amounts provided for during the period	10	9
Amounts released during the period	(5)	(2)
Amounts utilised during the period	(5)	(8)
Effect of movements in foreign exchange	-	1
Closing balance	38	38

No trade and other receivables (2010: none) were written-off directly to the income statement in the period.

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

Notes (continued)

19 Financial Instruments (continued)

Cash, cash equivalents and other current investments

Banking relationships are generally limited to those banks that are members of the core relationship group. These banks are selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements. The credit ratings of these institutions are monitored on a continuing basis. In locations where core relationship banking group cannot be used, 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, cash equivalents or other current investments, nor have any recoverability issues been identified with such balances. Such items are typically recoverable on demand or in line with normal banking arrangements.

Other financial assets

Other non-current investments are typically equity investments with no fixed maturity or recoverability date. No impairment issues have been identified with respect to other non-current investments.

Since derivative assets are recorded at fair value, either through profit and loss, for those not in a designated cash flow hedging relationship or otherwise through the hedging reserve, no impairment issues have been identified.

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.

Details of the group's borrowing facilities are given in section i)

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

		2011						
	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	(1,396)	(27)	-	-	-	(1,423)	(1,423)
Secured redeemable debenture stock	21	(5)	(8)	(166)	-	-	(179)	(150)
Secured bank loans	21	(11)	(28)	(70)	(101)	(75)	(285)	(283)
Unsecured bank loans and overdrafts	21	(625)	(92)	(119)	(377)	(151)	(1,364)	(1,240)
Finance lease liabilities	26	(1)	-	(1)	(2)	(39)	(43)	(12)
Provisions	23	(26)	(5)	(103)	(7)	-	(141)	(136)
DERIVATIVE FINANCIAL LIABILITIES								
- Currency derivatives (net payment)		(11)	(5)	-	-	-	(16)	(14)
- Commodity derivatives (net payment)		(17)	(7)	-	-	-	(24)	(8)
TOTAL FINANCIAL LIABILITIES		(2,092)	(172)	(459)	(487)	(265)	(3,475)	(3,266)

Notes (continued)

19 Financial Instruments (continued)

		2010						
	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	(1,252)	(44)	-	-	-	(1,296)	(1,296)
Secured redeemable debenture stock	21	(5)	(8)	(16)	(166)	-	(195)	(150)
Secured bank loans	21	(38)	(34)	(53)	(25)	(41)	(191)	(187)
Unsecured bank loans and overdrafts	21	(253)	(61)	(56)	(406)	(242)	(1,018)	(859)
Finance lease liabilities	26	(1)	-	(1)	(2)	(40)	(44)	(12)
Provisions	23	(51)	(48)	(17)	(90)	(14)	(220)	(205)
DERIVATIVE FINANCIAL LIABILITIES								
- Currency derivatives (net payment)		(28)	(4)	-	-	-	(32)	(29)
- Commodity derivatives (net payment)		(4)	6	-	-	-	2	(9)
- Interest rate derivatives (net payment)								
TOTAL FINANCIAL LIABILITIES		(1,632)	(193)	(143)	(689)	(337)	(2,994)	(2,747)

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 2011

The principal reasons for differences between carrying values and contractual undiscounted cash flows are coupon payments on the secured redeemable debenture stock to which the group is already committed, future interest payments on the group's finance leases, and cash flows, on derivative financial instruments which are not aligned with their fair value

Notes (continued)

19 Financial Instruments (continued)

i) Borrowing facilities

The group has substantial borrowing facilities available to it. The undrawn committed facilities available at 17 September 2011 in respect of which all conditions precedent have been met amounted to £911m (2010 £1,219m)

	2011			2010		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
£1 15bn syndicated facility	1,150	438	712	1,150	33	1,117
US private placing	394	394	-	397	397	-
British Sugar secured redeemable debenture stock	150	150	-	150	150	-
European Investment Bank	120	120	-	120	120	-
Illovo	255	183	72	118	103	15
Azucarera	227	111	116	192	111	81
Other	87	76	11	65	59	6
	2,383	1,472	911	2,192	973	1,219

Uncommitted facilities available at 17 September 2011 were

	2011			2010		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Money market lines	100	21	79	60	43	17
Illovo facilities	130	37	93	192	44	148
China banking facility	419	115	304	262	126	136
Other	121	28	93	115	21	94
	770	201	569	629	234	395

In addition to the above facilities, there are also £75m (2010 £66m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business

The group also has £12m (2010 £12m) of finance lease liabilities which are not included in the tables above but which are included in the group's interest-bearing loans and overdrafts in note 21

The £1 15bn syndicated facility matures in July 2015

In addition to the bank debt, the Company has £394m of private placement notes in issue to institutional investors in the US and Europe. At 17 September 2011, these had an average remaining duration of 4.2 years and an average fixed coupon of 7.1%. The other significant core committed debt facilities comprise a £150m debenture loan and a £120m EIB loan which mature in 2013 and 2015 respectively, as well as local committed facilities in Illovo and Azucarera.

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

Refer to note 11 for details for the group's capital commitments and to note 27 for a summary of the group's guarantees.

i) Capital management

The capital structure of the group is presented in the balance sheet. The statement of changes in equity provides details on equity and note 21 on 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 a combination of these facilities, 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 Employee Share Ownership Plan Trust purchases the Company's shares in the market to satisfy awards under the group's share option scheme and long-term incentive plan. 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 period. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes (continued)

20 Cash and cash equivalents

	2011	2010
	£m	£m
<i>Cash at bank and in hand</i>	545	458
<i>Cash equivalents</i>	10	21
	<hr/>	<hr/>
<i>Cash and cash equivalents in the balance sheet</i>	555	479
<i>Bank overdrafts (included in note 21)</i>	(50)	(36)
	<hr/>	<hr/>
<i>Cash and cash equivalents in the cash flow statement</i>	505	443
	<hr/>	<hr/>

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

Cash and cash equivalents comprise,

- (i) deposits placed on money markets for periods up to three months which earn interest at the respective short-term deposit rate, and
- (ii) 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 (continued)

21 Interest-bearing loans and overdrafts

	Notes	2011 £m	2010 £m
Current loans and overdrafts			
Secured bank loans		37	68
Unsecured bank loans and overdrafts		694	299
		<u>731</u>	<u>367</u>
Non-current loans			
Secured redeemable debenture stock 2013		150	150
Secured bank loans		246	119
Unsecured bank loans		546	560
Finance lease liabilities	26	12	12
		<u>954</u>	<u>841</u>
	19	<u>1,685</u>	<u>1,208</u>
10¼% secured redeemable debenture stock 2013 (GDP)		150	150
Secured bank loans			
- GBP fixed rate		59	47
- USD floating rate		10	11
- EUR fixed rate		-	1
- ZAR floating rate		79	-
- RMB floating rate		53	66
- Other floating rate		81	34
- Other fixed rate		3	28
Unsecured bank loans and overdrafts			
- Bank overdrafts		50	36
- GBP floating rate		514	145
- GBP fixed rate		81	80
- USD floating rate		28	-
- USD fixed rate		295	300
- EUR floating rate		146	147
- EUR fixed rate		19	19
- ZAR floating rate		-	47
- RMB floating rate		96	70
- RMB fixed rate		2	9
- Other floating rate		5	5
- Other fixed rate		2	1
Finance lease liabilities (fixed rate)		12	12
		<u>1,685</u>	<u>1,208</u>

Secured bank 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

Notes (continued)

22 Trade and other payables

	2011 £m	2010 £m
Trade payables	793	766
Accruals	630	526
Other payables	-	4
	<hr/>	<hr/>
	1,423	1,296
Deferred income and other non-financial payables	230	207
	<hr/>	<hr/>
	1,653	1,503
	<hr/>	<hr/>

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

23 Provisions

	Restructuring £m	Deferred consideration £m	Other £m	Total £m
At 18 September 2010	61	72	72	205
Created during the period	3	3	8	14
Unwinding of discount	-	4	-	4
Utilised during the period	(40)	(10)	(31)	(81)
Released during the period	(2)	(1)	(6)	(9)
Effect of movements in foreign exchange	2	1	-	3
	<hr/>	<hr/>	<hr/>	<hr/>
At 17 September 2011	24	69	43	136
	<hr/>	<hr/>	<hr/>	<hr/>
Current	16	2	13	31
Non-current	8	67	30	105
	<hr/>	<hr/>	<hr/>	<hr/>
	24	69	43	136
	<hr/>	<hr/>	<hr/>	<hr/>

Provisions include financial liabilities of £136m (2010 £205m) (see note 19)

Restructuring

Restructuring provisions relate to the cash costs, including redundancy, associated with the ABF group's announced reorganisation plans the majority of which were utilised in 2011/12

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 warranties

Notes (continued)

24 Acquisitions and disposals

Acquisitions

2011

During 2011 the group completed no new business combinations. Cash flow on purchase of subsidiaries, joint ventures and associates of £24m comprises £15m in respect of previous acquisitions and £9m investment in a joint venture.

2010

During 2010, the group completed no new business combinations. Minor provisional fair value adjustments were finalised during the period. These comprised a £9m reduction in non-operating intangibles, a £3m reduction in other non-current receivables, a £1m reduction in trade and other receivables and a £4m increase in deferred tax liabilities. This reduction in net identifiable assets and liabilities of £17m resulted in a £2m increase in goodwill and a £15m decrease in deferred consideration. There were no changes to pre-acquisition carrying amounts.

Cash flow on purchase of subsidiaries, joint ventures and associates of £36m in the cash flow statement comprises £35m paid in respect of previous acquisitions and £1m investment in a joint venture.

Disposals and closure of business

During 2011 the group completed no business disposals. Cash flow on sale of subsidiaries, joint ventures and associates of £3m in the cash flow statement comprises receipts of deferred consideration in respect of previous business disposals.

During 2010, the group disposed of its Polish sugar business and some agricultural assets in South Africa. The group also announced the closure of its abattoir operations in Queensland, Australia. Costs associated with these disposals are included within cash and deferred consideration.

Business disposals and closures had the following effect on the group's assets and liabilities:

	<i>Carrying values 2010 £m</i>
<i>Net assets</i>	
<i>Intangible assets</i>	1
<i>Property, plant and equipment</i>	82
<i>Biological assets</i>	3
<i>Other non-current receivables</i>	-
<i>Inventories</i>	37
<i>Trade and other receivables</i>	20
<i>Cash and cash equivalents</i>	2
<i>Trade and other payables</i>	(37)
<i>Intercompany payables</i>	(13)
<i>Loans</i>	(7)
<i>Taxation</i>	(2)
	<hr/>
<i>Net identifiable assets and liabilities</i>	86
<i>Goodwill</i>	29
<i>Non-controlling interests</i>	(3)
<i>Recycle of foreign exchange differences</i>	(28)
<i>Profit/ (loss) on sale and closure of business</i>	28
	<hr/>
<i>Total consideration</i>	112
	<hr/>

Notes (continued)

24 Acquisitions and disposals (continued)

	<i>£m</i>
<i>Satisfied by</i>	
<i>Cash consideration</i>	<i>123</i>
<i>Deferred consideration</i>	<i>5</i>
<i>Provisions made</i>	<i>(16)</i>
<i>Interest in joint venture</i>	<i>-</i>
	<hr/> <i>112</i> <hr/>
	<i>£m</i>
<i>Net cash</i>	
<i>Cash consideration</i>	<i>125</i>
<i>Cash and cash equivalents disposed</i>	<i>(2)</i>
<i>Cash consideration in respect of previous disposals</i>	<i>3</i>
	<hr/>
<i>Total</i>	<i>126</i> <hr/>

Provisions made on sale and closure of businesses mainly comprise rationalised costs and warranty provisions

The net cash of £126m in the disposal table above differs from the cash flow on sale of subsidiaries, joint ventures and associates shown in the cash flow statement by £122m as this cash was received in the preceding financial period

Notes (continued)

25 Share-based payments

The group had the following share-based payment plans in operation during the period. These all relate to Associated British Foods plc.

Associated British Foods plc 1994 Share Option Scheme ('the 1994 Scheme')

The Scheme was established by the Company in 1994. Under the terms of the 1994 Scheme, options to purchase ordinary shares in the Company were granted to selected qualifying employees over the ten years from November 1994. The options must be held for five years before they become exercisable. The exercise of options is not subject to specified performance criteria.

Associated British Foods 2000 Executive Share Option Scheme ('the 2000 Scheme')

This scheme was approved and adopted by the Company at the annual general meeting held on 15 December 2000. Under the terms of the 2000 Scheme, options to purchase ordinary shares in the Company may be granted to selected employees over the ten years from 15 December 2000. The options must be held for three years before they become exercisable. The exercise of an option under this scheme will, in accordance with institutional shareholder guidelines, be conditional on the achievement of performance criteria which are based on growth in the group's profits.

Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan')

The Share Incentive Plan was approved and adopted by the Company at the annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three year performance period.

Details of the group's various share-based payment plans are as follows:

	Balance outstanding at the beginning of the period	Granted/ awarded	Exercised	Vested	Expired/ lapsed	Balance outstanding at the end of the period	Options exercisable at the end of the period
	£m	£m	£m	£m	£m	£m	£m
2011							
the 2000 Scheme	75,000	-	(55,000)	-	(20,000)	-	-
the Share Incentive Plan	5,791,563	1,962,219	-	(1,132,093)	(1,248,329)	5,373,360	n/a
2010							
the 1994 Scheme	180,000	-	(180,000)	-	-	-	-
the 2000 Scheme	177,500	-	(102,500)	-	-	75,000	75,000
the Share Incentive Plan	5,142,081	2,340,377	-	(621,674)	(1,069,221)	5,791,563	n/a

Weighted average exercise price of options

	Outstanding at the beginning of the period	Granted	Exercised	Forfeited	Expired	Outstanding at the end of the period	Exercisable at the end of the period	Range of exercise prices for options outstanding at the end of the period	Weighted average remaining contractual life of outstanding options at the end of the period
	pence	pence	pence	pence	pence	pence	pence	pence	pence
2011									
the 2000 Scheme	484.00	-	484.00	-	484.00	-	-	n/a	-
2010									
the 1994 Scheme	530.50	-	530.50	-	-	-	-	n/a	-
the 2000 Scheme	484.00	-	484.00	-	-	484.00	484.00	484.00	0.3

Notes (continued)

25 Share-based payments (continued)

The weighted average market price for share options exercised during the period was 1,106 pence (2010 918 pence)

Ordinary shares already issued and subject to option under the 1994 Scheme and the 2000 Scheme, or subject to allocation under the Share Incentive Plan are held in a separate Employee Share Ownership Plan Trust. The Trust is funded by the Company. 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 the Company. At 17 September 2011 the trust held 3,815,490 (2010 3,502,583) ordinary shares of the Company. The market value of these shares at the period end was £43m (2010 £37m). The Trust has waived its right to dividends. Movements in the period were releases under the Share Incentive Plan of 1,132,093, share option exercises of 55,000 and purchases of 1,500,000 (2010 release under the Share Incentive Plan of 621,674, share options exercises of 282,500 and purchases of 500,000).

Fair values

The weighted average fair values for the 1994 Scheme and the 2000 Scheme were determined using a binomial lattice model (for share options) or 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 (for conditional allocations of shares).

The weighted average fair value of the shares awarded under the Share Incentive Plan during the period was 999 pence (2010 801 pence) and the weighted average share price was 1074 pence (2010 862 pence). The dividend yield used was 2.5%.

No options were granted under the 1994 Scheme or the 2000 Scheme in either 2010 or 2011.

In accordance with the transitional provisions of IFRS 1, the group has recognised an expense in respect of all grants under these plans made after 7 November 2002 and unvested at 18 September 2004. The group recognised a total equity-settled share-based payment expense of £8m (2010 £11m).

26 Lease commitments

The group acts as a lessee for both land & buildings and plant & machinery under operating leases.

Sublease receipts of £3m (2010 £3m) were recognised in the income statement in the period the majority relating to operating leases. The total of future minimum sublease receipts expected to be received are £53m (2010 £35m).

Finance lease liabilities

The future minimum lease payments under operating leases are as follows:

	<i>Minimum lease payments</i>	<i>Interest</i>	<i>Principal</i>	<i>Minimum lease payments</i>	<i>Interest</i>	<i>Principal</i>
	<i>2011</i>	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2010</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>Expiring within one year</i>	<i>1</i>	<i>1</i>	<i>-</i>	<i>1</i>	<i>1</i>	<i>-</i>
<i>Expiring between one and five years</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>3</i>	<i>2</i>	<i>1</i>
<i>Expiring after five years</i>	<i>39</i>	<i>28</i>	<i>11</i>	<i>40</i>	<i>29</i>	<i>11</i>
	<i>43</i>	<i>31</i>	<i>12</i>	<i>44</i>	<i>32</i>	<i>12</i>

Under the terms of the lease agreements, no contingent rents are payable.

Notes (continued)

26 Lease commitments (continued)

Operating leases

The total future minimum lease payments under operating leases are as follows

	2011 £m	2010 £m
<i>Within one year</i>	139	116
<i>Between one and five years</i>	546	400
<i>After five years</i>	1,857	1,399
	<u>2,542</u>	<u>1,915</u>

27 Contingencies

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

The group has adopted the amendments to IAS 39 in relation to financial guarantee contracts which apply for periods commencing on or after 1 January 2006. 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 2011, group companies have provided guarantees in the ordinary course of business amounting to £645m (2010: £403m).

Notes (continued)

28 Related party transactions

The Wittington Investments Limited group's related parties as defined by IAS 24, the nature of the relationship and the extent of transactions with them are summarised below

	Sub note	2011 £'000	2010 £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	1	9,278	15,508
(ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation	2	1,095	1,365
(iii) A member of the Weston family employed within the Wittington group	3	831	1,077
<hr/>			
Sales to fellow subsidiary undertakings on normal trading terms	4	2,802	3,296
Amounts due from fellow subsidiary undertakings on normal trading terms	4	23	243
Sales to joint ventures and associates on normal trading terms	4	51,357	191,239
Purchases from joint ventures and associates on normal trading terms	4	296,682	264,225
Amounts due from joint ventures and associates	4	197,797	153,364
Amounts due to associates and joint ventures	4	12,663	23,092
<hr/>			

- 1 The Garfield Weston Foundation ("The Foundation") is an English charitable trust, established in 1958 by the late W Garfield Weston. The Foundation holds, as at 17 September 2011, 683,073 shares in Wittington Investments Limited representing 79.2% of the Company's issued share capital and is, therefore, the Company's ultimate controlling party. At 17 September 2011, Trustees of the Foundation comprised two children and two grandchildren of the late W Garfield Weston and five of the late Garry H Weston's children.
- 2 Details of the directors of Wittington Investments Limited are given on page 7. Their beneficial interests, including family interests, in Wittington Investments Limited and its subsidiaries are given on pages 78 and 79. Directors' remuneration is disclosed in note 5. Key management personnel are considered to be the directors.
- 3 A member of the Weston family who is employed by the group and is not a director of Wittington Investments Limited and is not a Trustee of The Foundation.
- 4 Details of the group's significant subsidiary undertakings and joint ventures are set out in note 29.

Notes (continued)

29 Group entities

Significant subsidiaries

A list of the group's significant subsidiary undertakings is given below. The entire share capital of the companies listed is held within the group except where percentages are shown. These percentages give the group's ultimate interest and therefore allow for the position where subsidiary undertakings are owned by partly-owned intermediate subsidiary undertakings.

Manufacturing activities	Country of incorporation	Manufacturing activities	Country of incorporation
AB Agri Limited	UK	Maragra Acucar SARL (38%)	Mozambique
AB Brasil Industria e comercio de Alimentos LTDA	Brazil	Mauri Fermentos II SA (96%)	Portugal
AB Calsa SA de CV	Mexico	Mauri Lanka (Private) Limited	Sri Lanka
AB Enzymes GmbH	Germany	Mauri Maya Sanayi AS	Turkey
AB Enzymes Oy	Finland	Mauri Products Limited	UK
ABF Grain Products Limited	UK	Patak's Food Limited	UK
AB Food & Beverages Australia Pty Ltd	Australia	Premier Nutrition Products Limited	UK
AB Food & Beverages Philippines Inc	Philippines	R Twinning and Company Limited	UK
AB Food & Beverages (Thailand) Limited	Thailand	Shanghai AB Food & Beverages Limited	China
AB (Harbin) Food Ingredients Company Limited	China	SPI Pharma Inc	US
AB Mauri Food, SA	Spain	The Billington Food Group Limited	UK
AB Mauri India (Private) Limited	India	The Jordans & Ryvita Company Ltd (73%)	UK
AB Mauri Vietnam Ltd (66%)	Vietnam	Twinings North America Inc	US
Abitec Corporation	US	Ubombo Sugar Limited (31%)	Swaziland
ABNA Feed (Liaoning) Co., Ltd	China	Wander AG	Switzerland
ABNA (Shanghai) Feed Co. Ltd	China	Yeast Products Company	Republic of Ireland
AB World Foods Limited	UK	Zambia Sugar plc (42%)	Zambia
ACH Food Companies Inc	US		
Alimentos Capullo S de RL de CV	Mexico	Retailing activities	
Anzchem Pty Limited	Australia	Fortnum and Mason plc	UK
Azucarera Ebro S L U	Spain	Heal's Holdings Ltd (75%)	UK
Bo Tian Sugar Industry Company Limited	China	Loyas Primark Portugal-Exploracao, Gestao e Administracao	Portugal
		Primark	Republic of Ireland
British Sugar (Overseas) Limited	UK	Primark Deutschland GmbH	Germany
British Sugar plc	UK	Primark Netherlands NV	Netherlands
Calsa de Colombia SA	Colombia	Primark NV	Belgium
Casteggio Lieviti Srl	Italy	Primark Stores Limited	UK
Cereform Limited	UK	Primark Tiendas S L U	Spain
Compania Argentina de Levaduras SA IC	Argentina		
Food Investments Limited	UK	Investment and other activities	
Foods International SAS	France	Associated British Foods plc (54.5%)	UK
G Costa and Company Limited	UK	ABF Exploration Limited	UK
George Weston Foods Limited	Australia	ABF European Holdings & Co SNC	Luxembourg
George Weston Foods (NZ) Limited	New Zealand	ABF Investments plc	UK
Germain's (UK) Limited	UK	ABF Holdings Limited	UK
Guangxi Bo Hua Food Co. Ltd (71%)	China	ABF Overseas Limited	UK
Guangxi Boqing Food Co. Ltd (60%)	China	ABF (UK) Limited	UK
Guangxi Buxuan Food Co. Ltd (70%)	China	Talisman Guernsey Limited	Guernsey Channel Islands
Harbin Mauri Yeast Co. Ltd (85%)	China		
		Wittington Investments (Properties) Limited	UK
Hebei Mauri Food Co., Ltd	China	Richmond Hill Hotel (Operations) Limited	UK
Illovo Sugar Limited (51%)	South Africa	Howard Investments Limited	UK
Illovo Sugar (Malawi) Limited (39%)	Malawi	Wittington Investments (WPX) Limited	UK
Jacksons of Piccadilly Limited	UK	Wittington Investments (OCP) Limited	UK
Kilombero Sugar Company Limited (28%)	Tanzania	Wittington Investments (Richmond Hill Hotel) Limited	UK

The group's interest in subsidiaries are all equity investments.

British Sugar (Overseas) Limited operates subsidiaries and joint ventures in Europe and Asia. Other than this, each company operates mainly in its country of incorporation.

Notes (continued)

29 Group entities (continued)

Interest in joint ventures and associates

A list of the group's interest in joint ventures and associates is given below

	<i>Country of incorporation</i>	<i>Issue ordinary Total</i>	<i>Share capital Group %</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
JOINT VENTURES			
<i>Levaduras Collico S A</i>	<i>Chile</i>	<i>CLP1,834,390,000</i>	<i>50</i>
<i>Roal Oy</i>	<i>Finland</i>	<i>€3,196,000</i>	<i>50</i>
<i>Qingdao Xinghua Cereal Oil & Foodstuff Co Ltd</i>	<i>China</i>	<i>CNY24,844,000</i>	<i>25</i>
<i>Frontier Agriculture Limited</i>	<i>UK</i>	<i>£36,000,104</i>	<i>50</i>
<i>Vivergo Fuels Limited</i>	<i>UK</i>	<i>£60,800,000</i>	<i>45</i>
<i>Stratas Foods LLC</i>	<i>US</i>	<i>US\$2</i>	<i>50</i>
<i>Uniferm Verwaltungs GmbH</i>	<i>Germany</i>	<i>€2</i>	<i>50</i>
ASSOCIATES			
<i>C Czarnikow Limited</i>	<i>UK</i>	<i>£1,000,000</i>	<i>43</i>
<i>Harper-Love Adhesives Corporation</i>	<i>US</i>	<i>US\$13,200</i>	<i>50</i>
<i>New Food Coatings Pty Ltd</i>	<i>Australia</i>	<i>A\$150,000</i>	<i>50</i>
<i>Murray Bridge Bacon Pty Ltd</i>	<i>Australia</i>	<i>A\$12,000,000</i>	<i>20</i>
<i>Gledhow Sugar Company Limited</i>	<i>South Africa</i>	<i>ZAR10,000</i>	<i>15</i>

Each joint venture and associate carries out manufacturing and food processing activities and operates mainly in its country of incorporation

The companies listed herein are those subsidiary undertakings, joint ventures and associates whose results or financial position, in the opinion of the directors, principally affected the figures shown in these annual accounts as a list of all group companies would result in information of excessive length being given. A full list of the subsidiaries will be annexed to the next annual return of Associated British Foods plc delivered to the Registrar of Companies.

Notes (continued)

30 Accounting estimates and judgements

Key sources of estimation uncertainty

In applying the accounting policies detailed on pages 14 to 22, management has made appropriate estimates in a number of areas and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date with a significant risk of material adjustment to the carrying value of assets and liabilities within the next financial period are

Forecasts and discount rates

The carrying value of a number of items on the balance sheet are dependent on estimates of future cash flows arising from the group's operations 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 its value in use and its 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.

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The group recognises deferred tax assets when it is more likely than not that they will be recovered based on an assessment of the likelihood of there being sufficient taxable profits in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Post-retirement benefits

The group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19. The accounting valuation, which has been assessed using assumptions determined with independent actuarial advice, resulted in a net liability of £44m being recognised as at 17 September 2011. The size of this net liability is sensitive to the market value of the assets held by the schemes, to the discount rate used in assessing actuarial liabilities, to the actuarial assumptions (which include 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 15.

Provisions

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account a range of possible outcomes.

Property, plant & equipment residual values and useful lives

Management reviews residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11.

Biological assets

Cane roots valuation requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in note 12.

Growing cane valuation – estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season, considering weather conditions and harvesting programmes, estimated sucrose price requires management to assess into which markets the forthcoming crop will be sold and assess domestic and export prices as well as the related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 12.

Notes *(continued)*

30 Accounting estimates and judgement *(continued)*

Cash flow hedge accounting

In order to achieve and maintain cash flow hedge accounting, it is necessary for the group to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable and whether the hedge is effective. This requires both subjective and objective measures of determination.

Exceptional items

The directors consider that items of income or expense which are material by virtue of their nature and amount should be disclosed separately if the financial statements are to present fairly the financial position and financial performance of the entity. The directors label these items collectively as "exceptional items". Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the directors believe would give rise to exceptional items for separate disclosure might include major business restructurings, impairments and reversals of impairments.

All exceptional items are included in the appropriate income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all exceptional items, with additional explanation in the notes.

Taxation

The level of current and deferred tax recognised is also dependent on subjective judgements as to the outcome of decisions by tax authorities in various tax jurisdictions around the world.

Fair values on acquisition

Items of property, plant and equipment often have long operating lives, hence determination of fair values can require a significant degree of judgement. Acquisitions often result in significant intangible benefits for the group, some of which qualify for recognition as intangible assets. Other such benefits do not meet the recognition requirements of accounting standards and therefore, form part of goodwill. Significant judgement is required in the assessment and valuation of these intangible assets, often with reference to internal data and models. Professional valuers are engaged where it is deemed appropriate to do so. Fair values on major acquisitions are disclosed in note 24.

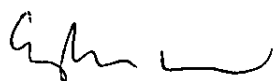
31. Post balance sheet events

A final dividend of £34 per share (£29.3m) was paid after the year end on 27 September 2011 to shareholders on the register on 19 September 2011.

Company balance sheet
at 17 September 2011

	<i>Note</i>	2011 £m	2010 £m
Fixed assets			
Tangible assets	3	8	8
Investment property	4	1	1
Shares in subsidiary undertakings	5	437	437
		<hr/>	<hr/>
		446	446
Current assets			
Debtors amounts falling due within one year	6	174	159
Other investments	7	506	505
Cash at bank and in hand		122	55
		<hr/>	<hr/>
		802	719
Creditors amounts falling due within one year	8	(12)	(8)
		<hr/>	<hr/>
Net current assets		790	711
		<hr/>	<hr/>
Net assets		1,236	1,157
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1	1
Share premium account	10	382	382
Profit and loss reserve	10	853	774
		<hr/>	<hr/>
Equity shareholders' funds		1,236	1,157
		<hr/>	<hr/>

The financial statements on pages 72 to 79 were approved by the board of directors on 12 January 2012 and were signed on its behalf by



Guy Weston
Director

12 January 2012

Company Number 00366054

Reconciliation of movements in shareholders' funds
for the period ended 17 September 2011

	2011 £m	2010 £m
Profit for the financial period	100	93
Dividends	(21)	(73)
	<hr/>	<hr/>
Net addition to equity shareholders' funds	79	20
	<hr/>	<hr/>
Opening equity shareholders' funds	1,157	1,137
	<hr/>	<hr/>
Closing equity shareholders' funds	1,236	1,157
	<hr/>	<hr/>

Notes

1 Accounting policies

Accounting reference date

The accounting reference date of the Company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the period ended 17 September 2011.

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million. They are prepared under the historical cost convention, except that derivative financial instruments and current investments are stated at their fair value, and in accordance with applicable United Kingdom accounting standards (UK GAAP) and the Companies Act 2006.

As permitted by s408(4) the Companies Act 2006, a separate profit and loss account for the Company has not been included in these financial statements. As permitted by FRS 1 no cash flow statement for the Company has been included on the grounds that the group includes the Company in its own published consolidated financial statements. As permitted by FRS 8 no related party disclosures for the Company have been included.

The Company has taken advantage of the exemption in FRS 25 – *Financial Instruments: Disclosure and Presentation*, not to prepare a note to the financial statements relating to financial instruments as the information is available in the financial statements of the group.

Depreciation

Depreciation is provided on the original cost of assets or on valuation and is calculated on a straight-line basis at rates sufficient to reduce them to their estimated residual value. No depreciation is provided on freehold land or payments on account. Leaseholds are written off over the period of the lease. The anticipated life of other assets is generally deemed to be not longer than

Freehold buildings	-	66 years
Plant, machinery, fixtures and fittings	-	12 years

Investment property

Investment property is recorded at open market value as determined by independent valuers every five years and by directors at other times. Changes in market value are transferred to a revaluation reserve save that a deficit arising on revaluation of an individual investment property which is considered to be permanent is charged in the profit and loss account of the period. In accordance with the Statement of Standard Accounting Practice (SSAP) 19, depreciation is not provided on investment property on the basis that such property is not held for consumption but for investment. The directors believe, therefore, that this accounting policy is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately identified or quantified.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are reported at cost less any provision for impairment.

Notes (continued)

2 Profit for the period

As permitted by s408(4) of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the period. Wittington Investments Limited reported a profit for the period ended 17 September 2011 of £100m (2010 £93m)

3 Tangible fixed assets

	Land and buildings £m
Cost	
At 18 September 2010 and at 17 September 2011	9
Depreciation	
At 12 September 2010	1
Charge for the period	-
At 18 September 2011	1
Net book value	
At 17 September 2011	8
At 18 September 2010	8

4 Investment property

	£m
At 18 September 2010 and at 17 September 2011	1

5 Shares in subsidiary undertakings

	Listed £m	Unlisted £m	Total £m
At 18 September 2010 and at 17 September 2011	345	92	437

Investments in subsidiary undertakings are shown at cost less amounts written off. Investments include 403,341,215 ordinary shares of 5 15/22p (2010 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 2011 the market value of the holding was £4,509m (2010 £4,235m). 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 (2010 28,173,893) shares in Associated British Foods plc, representing 3.6% of the issued share capital of that company. A list of the principal trading subsidiary undertakings is given in note 29. Except where noted, none of the companies shown is a direct subsidiary of Wittington Investments Limited. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

Notes (continued)

6 Debtors

	2011 £m	2010 £m
<i>Amounts falling due within one year</i>		
<i>Amounts owed by subsidiary undertakings</i>	168	157
<i>Corporation tax recoverable</i>	2	-
<i>Sundry debtors</i>	4	1
<i>Deferred tax asset</i>	-	1
	<u>174</u>	<u>159</u>

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

7 Other investments

	2011 £m	2010 £m
<i>Unlisted investments</i>	23	22
<i>Other current investments – money market deposits and debt securities</i>	483	483
	<u>506</u>	<u>505</u>

8 Creditors amounts falling due within one year

	2011 £m	2010 £m
<i>Accruals and deferred income</i>	3	1
<i>Amounts due to subsidiary undertakings</i>	9	7
	<u>12</u>	<u>8</u>

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

9 Share Capital

	Ordinary shares of 50p each	Nominal value £
<i>Authorised</i>		
<i>At 18 September 2010 and 17 September 2011</i>	900,000	450,000
<i>Issued and fully paid</i>		
<i>At 18 September 2010 and 17 September 2011</i>	862,022	431,011

Notes *(continued)*

10 Reserves

	Share Capital	Share Premium	Profit and loss account
	£m	£m	£m
At 18 September 2010	1	382	774
Profit on ordinary activities after taxation	-	-	100
Dividends paid	-	-	(21)
	<hr/>	<hr/>	<hr/>
At 17 September 2011	1	382	853
	<hr/>	<hr/>	<hr/>

11 Post balance sheet event note

A final dividend of £34 per share was paid on 27 September 2011 to shareholders on the register on 19 September 2011

Directors' interests

Beneficial interests

The directors of the Company at the end of the period had the following beneficial interests, including family interests, in the shares and debentures of the Company and subsidiary companies

	17 September 2011	18 September 2010
Kate Hobhouse		
Wittington Investments Limited, Ordinary shares of 50p	2,368	5,210
Associated British Foods plc, Ordinary shares of 5 15/22p	2,860,358	2,860,358
W Galen Weston		
Wittington Investments Limited, Ordinary shares of 50p	37,953	37,953
Associated British Foods plc, Ordinary shares of 5 15/22p	5,672,560	5,672,560
G Grainger Weston		
Wittington Investments Limited, Ordinary shares of 50p	5,938	5,938
Associated British Foods plc, Ordinary shares of 5 15/22p	3,951,871	3,951,871
Guy Weston		
Wittington Investments Limited, Ordinary shares of 50p	2,368	5,210
Associated British Foods plc, Ordinary shares of 5 15/22p	3,077,565	3,077,565
George Weston		
Wittington Investments Limited, Ordinary shares of 50p	2,367	5,209
Associated British Foods plc, Ordinary shares of 5 15/22p	3,261,340	3,211,283

In addition, at 17 September 2011 George Weston held conditional allocations over 286,177 ABF ordinary shares of 5 15/22p under the ABI Share Incentive Plan. On 21 November 2011, 131,741 of these vested and were released to George Weston who on the same day sold 68,712 ABF ordinary shares. On 23 November 2011, Mr Weston received a further allocation under the ABF Share Incentive Plan of 166,606 ABF ordinary shares of 5 15/22p.

No other directors had any options during the period.

On appointment on 3 November 2011, Mrs Emma Adamo notified a holding of 466,234 Ordinary shares of 5 15/22p in Associated British Foods plc and a holding of 1,322 Ordinary shares of 50p each in Wittington Investments Limited.

Directors' interests *(continued)*

Non-beneficial interests

The directors of the Company at the end of the period had the following non-beneficial interests

- 1 W Galen Weston, Guy Weston, George Weston and Kate Hobhouse are trustees of a trust, in which they have no beneficial interest, which at 17 September 2011 held 683,073 ordinary shares of 50p (2010 683,073) in Wittington Investments Limited

The interests shown above remained the same at 12 January 2012