Wittington Investments Limited

Registered number 00366054

Strategic Report, Directors' Report and Financial Statements

17 September 2016

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Strategic Report

Group Business Model and Strategy

The business of Wittington Investments Limited (the 'Company' or 'Wittington') is the management of investments in a wide range of assets. Of these, the most significant, accounting for some 96% 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.

The Company is managed in six different business segments, being the ABF Group and the Wittington Group, comprising Other Retail, Real Estate, Hotels, Private Markets and Other Investments. Operational decisions are made by managers in each of the business segments as, in our experience, these decisions are most successful when made by the people who have the best understanding of their markets. The corporate centre aims to provide a framework within which these managers have the freedom and decision-making authority to pursue opportunities as they arise. Short lines of communication ensure prompt, incisive and unambiguous decision making while maintaining appropriate levels of monitoring and support.

The corporate centre agrees strategy and budgets with the businesses and closely monitors their performance. The group balance sheet is managed to ensure long-term financial stability for the group. The Company operates to high ethical standards and encourages an open and honest culture in all its dealings to ensure that core values are fully implemented throughout the group.
The group takes a long term approach to investment and is committed to increasing shareholder value through sound business decisions which will deliver sustainable growth in earnings and dividends.

Business Strategies

ABF Group

ABF is a diversified international food, ingredients and retail group with revenue of £13.4bn and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia. Further details can be found in ABF's Annual Report 2016 which can be found at www.abf.co.uk.

Grocery
Each of the grocery businesses pursues an independent strategy, appropriate to its particular market position and stage of development. All of the businesses are committed to the consistent development of their brands, and consumer research is conducted locally and internationally to establish consumer needs and ensure appropriately targeted investment. Production facilities are well maintained and a long term approach is taken to capital investment. Appropriate acquisitions strengthen or complement existing businesses.

Sugar
AB Sugar is an innovative and advanced manufacturer with the simple vision to be the world's leading sugar business. In addition to producing a wide range of sugar and co-products, it is an important contributor to energy and power supplies across all its locations. It continues to use development and innovation to meet the changing needs of its customers, to improve operations, and to use resources responsibly to build strong rural economies and ensure thriving healthy communities.

Agriculture
AB Agri consistently strives to improve the sustainability of food production. It operates through individual, entrepreneurial businesses to grow their interests independently and through a strong network of contacts across the entire food supply chain. Organic growth is achieved through innovative product development and extending into new geographical territories. AB Agri will continue its successful strategy of seeking complementary acquisitions to strengthen its portfolio of businesses and its technical capability.

Ingredients
The Ingredients business is dedicated to understanding the key requirements of customers and their end-use markets in order to ensure a relevant supply of ingredients, systems, products and technology to create value. It aims to grow by providing outstanding customer service backed by a high level of investment in technology, innovation, research and development.

Retail
Primark offers great value for money which it achieves by incurring no advertising costs; buying in vast quantities and passing on the cost savings to customers; keeping overheads to a minimum but investing in state of the art logistics; and by not compromising high quality standards. Although Primark does not own the companies or factories that produce its merchandise, it recognises its responsibility to the workers in those factories, and to its customers, to ensure that its products are made in good working conditions.

Strategic Report *(continued)*

Wittington Group

Other Retail
Other Retail comprises Fortnum & Mason plc and Heal's plc, two long-established retailers. The aim for each of these businesses is to build a sustainable and profitable business over the long term by providing an outstanding customer experience through all channels and by developing the product offers. They also aim to develop their respective digital business and, where appropriate, international activities. Each also invests in people, processes and systems to support the business.

Real Estate
The Real Estate strategy is to continue to build, selectively, a very high quality portfolio of investment properties and to manage this actively in pursuit of total returns. Additional value is sought from a portfolio of development properties where Wittington's investment horizon can be leveraged to drive significant long-term development gains.

Hotels
In our hotels segment, Wittington supports each property to reinvest in the people and assets of the business in order to retain a competitive advantage in their relevant markets and to be able to respond effectively to increased competition in the wider hospitality sector.

Private Markets
Our private fund and direct investments are structured to provide a diversified portfolio in this asset class by fund vintage, geography, stage of investment, business sector and exposure to different parts of the capital structure of the business, from equity to senior secured loans. We continue to support and develop the portfolio of directly held private equity investments to deliver long term total returns.

Other Investments
Other investments are to a very large extent in short term money market instruments and are a proxy for cash. The strategy is to have a diversified portfolio of issuers and maturities, primarily of short duration, to ensure liquidity requirements are managed and met and also to minimise default risks.

Business Review

ABF Group

Grocery
Grocery adjusted operating profit increased by 7% with Twinings Ovaltine, George Weston Foods and the US vegetable oils business well ahead of last year. Revenues were also ahead but were again held back by commodity price deflation. Adjusted operating profit was £304m (2015 £285m). Since the year end, the sale of ACH's North American herbs and spices business has completed.

Sugar
Reported revenue and adjusted operating profit were in line with last year, and substantially ahead at constant currency as a result of the weakness of the African currencies. A reduction in EU stock levels and an increase in world sugar prices has resulted in a strengthening of European sugar prices, but with most of British Sugar's contracts agreed on an annual basis, no material impact on its results will be seen until the 2016/17 financial year. All the sugar businesses this year delivered substantial cost reductions. Adjusted operating profit was £34m (2015 £33m). In June, ABF completed the buyout of the minority interests in Illovo Sugar Limited for a purchase consideration of £247m. The sale of the cane sugar business in southern China has completed since year end.

Agriculture
UK agriculture faced a number of challenges this year, and in that context AB Agri performed well, delivering an adjusted operating profit just below last year but with a higher reported operating margin. Adjusted operating profit was £58m (2015 £60m).

Ingredients
New products targeted at growing market segments such as tortillas and flatbreads, organic solutions, and shelf-life extension products, together with investment in the UK and US Centres of Excellence, have ensured that revenues were 4% ahead of last year. Adjusted operating profit was again substantially ahead with a further improvement in margin. Adjusted operating profit was £93m (2015 £76m).

Retail
Sales at Primark were 9% ahead of last year at constant currency, mainly driven by a weighted average increase in selling space of 9% with a much higher proportion of this year's new store openings being in the second half. Sterling's weakening against the dollar has had little transactional impact in this financial year, however at current exchange rates the effect will be adverse in the new financial year. Adjusted operating profit was £689m (2015 £673m).

Strategic Report *(continued)*

WIL Group

Other Retail

Fortnum & Mason

Profit on ordinary activities before tax in the 52 weeks to 10 July 2016 increased 27% to £6.2m from £4.9m in the prior year. Turnover grew 12% to £98.7m. Strong trading in stores, restaurants and online drove this growth. During the year the business benefited from further investment in the Piccadilly store, in particular in the opening of the new restaurant 45 Jermyn Street.

Heal's

Having closed two stores during the previous financial year, total sales fell year on year but, at an underlying level, same store sales rose. Operating losses were reduced significantly and particularly so when adjusting for the impact of premia received for the surrender of leases on stores closed in the prior year. The turnaround plan continues to focus on a smaller store portfolio, improved product selection and further investments in people and systems.

Hotels

Our hotels performed well in the year, gaining market share in their respective local markets. At the Richmond Hill Hotel, the performance benefited from the hotel being fully open after the extensive room refurbishment in 2015. Both turnover and profit improved substantially on the prior year as a consequence. Ongoing investment in both the bedrooms and public spaces continues to ensure that the hotel is best placed to compete in its local market where there has been a significant increase in available rooms from new hotel openings. At the Grand Hotel, Brighton, we saw continued growth in room rates translate to an increase in profitability. Plans are being considered for further development to enhance this asset. The hospitality sector in the UK faces some major cost pressures during 2017 and beyond from the introduction of the National Living Wage and from likely increases in business rates.

Real Estate

During the year, Wittington Investments (Properties) Ltd purchased three freehold properties in Kentish Town London, Bellshill, Glasgow and Princess Street, Manchester. Wittington Investments (Developments) Ltd entered into a partnership to purchase and refit two office building in Warwick and Birmingham. During the period, the Tango joint venture agreed a 10 year lease at Sideway which in turn was sold on a forward commitment basis for £18.1m. Completion of the development is anticipated in 2017.

Private Markets

The portfolio of funds investing in private companies again performed well during the year, generating returns of approximately 15%. Commitments were made to 3 new funds and a further investment was made in support of Sweaty Betty's expansion in to the USA.

Other Investments

Our portfolios of short-dated bonds and treasuries performed in line with expectations delivering satisfactory risk-adjusted returns. We took the opportunity to realise some of our portfolio of FTSE100 equities, selling in to the general strength of the stock market in the summer.

ABF Corporate Responsibility

ABF continues to focus on its five pillars of corporate responsibility: environment, people, supply chain, neighbours, and customers. This year, ABF has published its first full corporate responsibility report since 2013. As part of this, it has also published its first Modern Slavery Statement which details its work to eradicate this activity within its supply chain. Further information and a copy of the 2016 ABF Corporate Responsibility Report are available at www.abf.co.uk/responsibility and at www.abf.co.uk/modern_slavery_statement

ABF has reported a 9% reduction in absolute energy use, and a 9% reduction in total greenhouse gas emissions to 8.7 million tonnes of carbon dioxide equivalent. Further details can be found in the ABF 2016 Annual Report at www.abf.co.uk

ABF is committed to gender diversity and, across the business overall, the gender split is close to equal with 48% of the workforce last year being female. 32% of senior management positions are held by women and ABF continues to strive to increase this.

As a matter of good practice, ABF risk assesses the impact its operations may have on the protection and respect of human rights, particularly under the jurisdiction of governments that have a lesser commitment to the protection of human rights. Further details can be found in the 2016 ABF Corporate Responsibility Report at www.abf.co.uk/responsibility

Strategic Report *(continued)*

Principal Risks and Uncertainties
Given the relative importance of the holding in ABF in the context of the Wittington group of companies, the Directors' consider that the principal risks facing ABF can be considered a good proxy for those affecting the group overall.

ABF Principal Risks and Uncertainties
Each business is responsible for its own risk management assessment which is reported to the group's Director of Financial Control annually. At the ABF level, key risks and internal control procedures are reviewed by the ABF board. The board reviews annually the material risks facing the business together with the internal control procedures and resources devoted to them. The principal risks currently identified are:

External Risks: movement in exchange rates and inflation; fluctuations in commodity and energy prices; operating in global markets; and health and nutrition concerns.

Operational Risks: workplace health and safety; product safety and quality; use of natural resources and managing environmental impact; supply chain and ethical business practices; and breaches of IT and information security.

The UK's decision to leave the European Union has had some immediate impact on ABF's results as a consequence of the effect on currency markets, but the extent to which its operations and financial performance are affected in the longer term will only become apparent as details emerge of how the exit is to be engineered. Both at a group and individual business level, ABF is preparing for changes in legislation, trade agreements, and working practices and formulating plans to take advantage of the changing landscape and to mitigate risk. Further details can be found in the ABF 2016 Annual Report at www.abf.co.uk.

Guy Weston
Chairman

Company Number 00366054

12 January 2017
Weston Centre
10 Grosvenor Street
London
W1K 4QY

Directors' Report

The directors present their annual report and audited financial statements for the year ended 17 September 2016, in accordance with section 415 of the Companies Act 2006. The Board considers that the Company's Annual Report and Accounts 2016, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy.

Results and Dividends

The consolidated income statement is on page 9. Profit for the financial period amounted to £860m (2015 restated - £533m) and dividends to £109m (2015 - £69m). Dividends are detailed in note 8. A dividend of £55 per share (£47m) will be paid after the year-end on 16 January 2017 to shareholders on the register on 21 December 2016. This dividend was therefore not included in the results for the year. Profit for the financial period attributable to equity shareholders amounted to £485m (2015 restated - £303m).

Directors

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

Guy Weston (Chairman)
Emma Adamo
Sir Harry Djanogly
Stephen Hancock
Kate Hobhouse
Charles Mason
W. Galen Weston
G. Grainger Weston
George Weston
Garth Weston (appointed 15 December 2015)

The Company Secretary throughout the year was Amanda Geday.

Directors' Indemnities

Three directors of operating subsidiaries benefited from qualifying third-party indemnity provisions provided by the ABF Investments plc during the financial year and at the date of the report. One director within the ABF group benefited from a qualifying pension scheme indemnity provision during the financial year and at the dates of this report. Other than these, there were no qualifying third party indemnity provisions provided by the Company or its subsidiaries during the financial year and as at the date of this report.

Employees

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

Equal Opportunities – the group is committed to offering equal opportunities in recruitment, training, career development, and promotion to all people, 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 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. It remunerates fairly with respect to skills, performance, its peers and local conditions.

Communication – employees and their representatives are briefed and consulted on all relevant matters on a regular basis in order to take their views into account in decision-making and to achieve a common awareness of all the economic and financial factors affecting the performance of the Group.

Security – the security of staff and customers is paramount and the Group will at all times take the necessary steps to minimise risks to their safety.

Controlling Interest

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

Branches

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

Directors' Report *(continued)*

Post-balance sheet events
Significant events affecting the group that have arisen between 17 September 2016 and the date of this report and that require disclosure are described in note 29 on page 64.

Political Donations
The Company did not make any political donations in the year.

Financial risk management
Details of the group's use of financial instruments, together with information on our risk objectives and policies and our exposure to price, credit, liquidity, cash slow and interest rate risks, can be found in note 18 on page 38.

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 auditor is unaware, and each director has taken all the reasonable steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. For these purposes, relevant audit information means information needed by the Company's auditor in connection with the preparation of its report on page 8.

Auditors
KPMG Audit plc resigned as auditor of the Company with effect from 3 March 2016 and a copy of the notice of resignation was subsequently filed with the Registrar of Companies. In accordance with section 485(3)(c) of the Companies Act 2006, the directors appointed Ernst & Young LLP as auditor of the company for the financial year ending 17 September 2016. In accordance with section 485(4) of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the Company will be proposed at the forthcoming annual general meeting.

Corporate Governance
Maintaining effective corporate governance is fundamental to the Board's ability to discharge its duties to shareholders. The ABF Board considers that ABF has, throughout the year ended 17 September 2016, applied the main principles and complied with the provisions set out in the UK Corporate Governance Code, with one exception, which it explains in its Report.

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

Going concern
After making enquiries, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future.

Guy Weston
Chairman

Company Number 00366054

12 January 2017
Weston Centre
10 Grosvenor Street
London
W1K 4QY

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the 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 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, the related notes 1 to 31, the company balance sheet, the company statement of changes in equity and the related notes 1 to 12. The 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 European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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 European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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.

Ernst & Young LLP

Andrew Walton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 January 2017

Consolidated income statement
for the 53 weeks ended 17 September 2016

	Note	Total 2016 £m	Total 2015 restated[1] £m
Continuing operations			
Revenue	30	***13,555***	*12,943*
Operating costs before exceptional item	3	***(12,494)***	*(11,956)*
Exceptional item	3	***(5)***	*(98)*
		1,056	*889*
Share of profit after tax from joint ventures and associates	13	***57***	*48*
Profits less losses on disposal of non-current assets		***11***	*9*
Operating profit		***1,124***	*946*
Adjusted operating profit		***1,139***	*1,090*
Profits less losses on disposal of non-current assets		***11***	*9*
Amortisation of non-operating intangibles	9	***(21)***	*(55)*
Exceptional item	3	***(5)***	*(98)*
Profit less losses on sale and closure of businesses	23	***(14)***	*(164)*
Profit before interest		***1,110***	*782*
Financial income	6	***29***	*14*
Financial expense	6	***(57)***	*(64)*
Other financial income/(expense)	6	***3***	*(5)*
Profit before taxation		***1,085***	*727*
Adjusted profit before taxation		***1,114***	*1,035*
Profits less losses on disposal of non-current assets		***11***	*9*
Amortisation of non-operating intangibles	9	***(21)***	*(55)*
Exceptional item	3	***(5)***	*(98)*
Profits less losses on sale and closure of businesses	23	***(14)***	*(164)*
Taxation – UK (excluding tax on exceptional item)		***(77)***	*(91)*
Taxation – UK (on exceptional item)		***-***	*22*
Taxation – Overseas		***(148)***	*(125)*
	7	***(225)***	*(194)*
Profit for the period		***860***	*533*
Attributable to:			
Equity holders of the parent		***485***	*303*
Non-controlling interests		***375***	*230*
Profit for the period		***860***	*533*

[1] The results of the prior year have been restated to reflect the change in accounting policy for sugar cane roots (see note 1)

Consolidated statement of comprehensive income
for the 53 weeks ended 17 September 2016

	2016	*2015 restated*
	£m	*£m*
Profit for the period recognised in the income statement	***860***	*533*
Other comprehensive income		
Remeasurements of defined benefit schemes	***(258)***	*27*
Deferred tax associated with defined benefit schemes	***50***	*(5)*
Current tax associated with defined benefit schemes	***1***	*-*
Items that will not be reclassified to profit or loss	***(207)***	*22*
Effect of movements in foreign exchange	***610***	*(444)*
Net (loss)/gain on hedge of net investment in foreign subsidiaries	***(75)***	*22*
Deferred tax associated with movements in foreign exchange	***8***	*2*
Current tax associated with movements in foreign exchange	***1***	*1*
Reclassification adjustments for movements in foreign exchange on subsidiaries disposed	***-***	*(8)*
Movement of cash flow hedging position	***(13)***	*(56)*
Deferred tax associated with movement in cash flow hedging position	***4***	*11*
Share of other comprehensive income of joint ventures and associates	***16***	*(2)*
Items that are or may be subsequently reclassified to profit or loss	***551***	*(474)*
Other comprehensive income for the period	***344***	*(452)*
Total comprehensive income for the period	***1,204***	*81*
Attributable to:		
Equity shareholders	***668***	*99*
Non-controlling interest	***536***	*(18)*
Total comprehensive income for the period	***1,204***	*81*

Consolidated balance sheet

at 17 September 2016

	Note	2016 £m	2015 restated[1] £m	2014 restated[1] £m
Non-current assets				
Intangible assets	9	**1,353**	1,367	1,467
Property, plant and equipment	10	**5,270**	4,654	4,825
Investment property	12	**197**	167	164
Investments in joint ventures	13	**241**	199	196
Investments in associates	13	**39**	32	32
Employee benefits assets	14	**6**	125	90
Deferred tax assets	15	**140**	125	152
Other receivables	16	**41**	23	164
Total non-current assets		**7,287**	6,692	7,090
Current assets				
Assets classified as held for sale	31	**312**	-	-
Inventories	17	**2,056**	1,838	1,645
Biological assets	11	**86**	70	109
Trade and other receivables	16	**1,358**	1,196	1,318
Derivative assets	18	**105**	74	74
Income tax		**9**	-	-
Other financial assets	18	**762**	508	503
Cash and cash equivalents	19	**788**	1,141	885
Total current assets		**5,476**	4,827	4,534
Total assets		**12,763**	11,519	11,624
Current liabilities				
Liabilities classified as held for sale	31	**(75)**	-	-
Loans and overdrafts	20	**(289)**	(330)	(360)
Trade and other payables	21	**(2,585)**	(2,256)	(2,081)
Derivative liabilities	18	**(73)**	(33)	(15)
Income tax		**(149)**	(127)	(192)
Provisions	22	**(54)**	(38)	(73)
Total current liabilities		**(3,225)**	(2,784)	(2,721)
Non-current liabilities				
Loans	20	**(643)**	(613)	(656)
Provisions	22	**(34)**	(28)	(29)
Deferred tax liabilities	15	**(141)**	(223)	(254)
Employee benefits liabilities	14	**(297)**	(141)	(133)
Total non-current liabilities		**(1,115)**	(1,005)	(1,072)
Total liabilities		**(4,340)**	(3,789)	(3,793)
Net assets		**8,423**	7,730	7,831

[1] The results of the prior year have been restated to reflect the change in accounting policy for sugar cane roots (see note 1)

Consolidated balance sheet (*continued*)
at 17 September 2016

	2016	2015 restated	2014 restated
	£m	£m	£m
Equity			
Issued capital	**1**	1	1
Share premium	**382**	382	382
Other reserves	**52**	52	52
Translation reserve	**246**	(55)	140
Hedging reserve	**(12)**	(6)	16
Retained earnings	**4,482**	4,295	4,036
Total equity attributable to equity shareholders	**5,151**	4,669	4,627
Non-controlling interest	**3,272**	3,061	3,204
Total equity	**8,423**	7,730	7,831

These financial statements were approved by the board of directors on 12 January 2017 and were signed on its behalf by:

Guy Weston
Director

Company Number 00366054

Consolidated cash flow statement for period ended 17 September 2016

	Note	2016	2015 Restated
Cash flows from operating activities		**£m**	£m
Profit before taxation		**1,085**	727
Profits less losses on disposal of non-current assets		**(11)**	(9)
Profits less losses on sale and closure of businesses	*23*	**14**	164
Financial income		**(29)**	(14)
Financial expense		**57**	64
Other financial (income)/expense		**(3)**	5
Share of profit after tax from joint ventures and associates	*13*	**(57)**	(48)
Amortisation	*9*	**49**	81
Depreciation	*10*	**441**	415
Exceptional item		**5**	98
Net change in the fair value of current biological assets		**(12)**	16
Net change in the fair value of financial assets		**11**	(3)
Share-based payment expense		**7**	11
Pension cost less contributions		**9**	7
Increase in inventories		**(74)**	(307)
(Increase)/decrease in receivables		**(55)**	15
Increase in payables		**111**	229
Purchase less sales of current biological assets	*11*	**(2)**	(2)
Increase/(decrease) in provisions		**3**	(28)
Cash generated from the operations		**1,549**	1,421
Income taxes paid		**(216)**	(234)
Net cash from operating activities		**1,333**	1,187
Cash flows from investing activities			
Dividends received from joint ventures and associates		**29**	50
Purchase of property, plant & equipment		**(772)**	(599)
Purchase of intangibles		**(32)**	(31)
Purchase of non-current biological assets	*11*	**(8)**	(10)
Sale of property, plant & equipment		**27**	72
Purchase of investment properties		**(21)**	(8)
Purchase of subsidiaries, joint ventures and associates		**(20)**	(55)
Sale of subsidiaries, joint ventures and associates		-	13
Sale of investment properties		-	5
Loans to joint ventures		-	(7)
Interest and dividends received		**15**	16
Net cash from investing activities		**(782)**	(554)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(137)**	(139)
Dividends paid to equity shareholders		**(109)**	(69)
Interest paid		**(63)**	(67)
Financing:			
Increase in other current asset investments		**(242)**	(6)
Decrease in short-term loans		**(77)**	(106)
(Decrease)/increase in long-term loans		**(23)**	3
Purchase of shares in subsidiary undertakings from non-controlling interests		**(252)**	-
Sale of shares in subsidiary undertakings to non-controlling interests		-	11
Movements from changes in own shares held		**(19)**	-
Net cash from financing activities		**(922)**	(373)
Net increase in cash and cash equivalents		**(371)**	260
Cash and cash equivalents at the beginning of the period		**1,024**	765
Effect of movements in foreign exchange		**42**	(1)
Cash and cash equivalents at the end of the period	*19*	**695**	1,024

Consolidated statement of changes in equity

for the 53 weeks ended 17 September 2016

	Issued capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 13 September 2014 as originally stated	1	382	52	140	16	4,045	4,636	3,240	7,876
Impact of change in accounting policy (note 1)	-	-	-	-	-	(9)	(9)	(36)	(45)
Balance as at 13 September 2014 restated	1	382	52	140	16	4,036	4,627	3,204	7,831
Total comprehensive income									
Profit for the period recognised in the income statement	-	-	-	-	-	305	305	228	533
Remeasurements of defined benefit schemes	-	-	-	-	-	14	14	13	27
Deferred tax associated with defined benefit schemes	-	-	-	-	-	(3)	(3)	(2)	(5)
Items that will not be reclassified to profit or loss	-	-	-	-	-	11	11	11	22
Effect of movements in foreign exchange	-	-	-	(202)	(1)	-	(203)	(241)	(444)
Net gain on hedge of net investment in foreign subsidiaries	-	-	-	12	-	-	12	10	22
Deferred tax associated with movements in foreign exchange	-	-	-	-	-	-	-	2	2
Current tax associated with movements in foreign exchange	-	-	-	1	-	-	1	-	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	-	-	(5)	-	-	(5)	(3)	(8)
Movement in cash flow hedging position	-	-	-	-	(27)	-	(27)	(29)	(56)
Deferred tax associated with movement in cash flow hedging position				-	6	-	6	5	11
Share of other comprehensive income of joint ventures and associates	-	-	-	(1)		-	(1)	(1)	(2)
Items that are or may be subsequently reclassified to profit or loss	-	-	-	(195)	(22)	-	(217)	(257)	(474)
Other comprehensive Income	-	-	-	(195)	(22)	11	(206)	(246)	(452)
Total comprehensive income	-	-	-	(195)	(22)	316	99	(18)	81
Transactions with owners									
Dividends paid to equity shareholders	-	-	-	-	-	(69)	(69)	-	(69)
Net movement in own shares held	-	-	-	-	-	7	7	4	11
Current tax associated with share-based payments	-	-	-	-	-	2	2	2	4
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(139)	(139)
Acquisition of non-controlling interests (restated)	-	-	-	-	-	3	3	8	11
Total transactions with owners	-	-	-	-	-	(57)	(57)	(125)	(182)
Balance as at 12 September 2015 restated	1	382	52	(55)	(6)	4,295	4,669	3,061	7,730
Total comprehensive income									
Profit for the period recognised in the income statement	-	-	-	-	-	**485**	**485**	**375**	**860**
Remeasurements of defined benefit schemes	-	-	-	-	-	**(140)**	**(140)**	**(118)**	**(258)**
Deferred tax associated with defined benefit schemes	-	-	-	-	-	**27**	**27**	**23**	**50**
Current tax associated with defined benefit schemes	-	-	-	-	-	**1**	**1**	-	**1**
Items that will not be reclassified to profit or loss	-	-	-	-	-	**(112)**	**(112)**	**(95)**	**(207)**
Effect of movements in foreign exchange	-	-	-	**329**	**1**	-	**330**	**280**	**610**
Net loss on hedge of net investment in foreign subsidiaries	-	-	-	**(41)**	-	-	**(41)**	**(34)**	**(75)**
Deferred tax associated with movements in foreign exchange	-	-	-	**4**	-	-	**4**	**4**	**8**
Current tax associated with movements in foreign exchange	-	-	-	-	-	-	-	**1**	**1**
Movement in cash flow hedging position	-	-	-	-	**(9)**	-	**(9)**	**(4)**	**(13)**
Deferred tax associated with movement in cash flow hedging position	-	-	-	-	**2**	-	**2**	**2**	**4**
Share of other comprehensive income of joint ventures and associates	-	-	-	**9**	-	-	**9**	**7**	**16**
Items that are or may be subsequently reclassified to profit or loss	-	-	-	**301**	**(6)**	-	**295**	**256**	**551**
Other comprehensive income	-	-	-	**301**	**(6)**	**(112)**	**183**	**161**	**344**
Total comprehensive income	-	-	-	**301**	**(6)**	**373**	**668**	**536**	**1,204**
Transactions with owners									
Dividends paid to equity shareholders	-	-	-	-	-	**(109)**	**(109)**	-	**(109)**
Net movement in own shares held	-	-	-	-	-	**(7)**	**(7)**	**(5)**	**(12)**
Deferred tax associated with share-based payments	-	-	-	-	-	**(1)**	**(1)**	**(1)**	**(2)**
Current tax associated with share-based payments	-	-	-	-	-	**1**	**1**	-	**1**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	**(137)**	**(137)**
Acquisition of non-controlling interests	-	-	-	-	-	**(70)**	**(70)**	**(182)**	**(252)**
Total transactions with owners	-	-	-	-	-	**(186)**	**(186)**	**(325)**	**(511)**
Balance as at 17 September 2016	**1**	**382**	**52**	**246**	**(12)**	**4,482**	**5,151**	**3,272**	**8,423**

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 53 weeks ended 17 September 2016 comprise those of the Company and its subsidiaries (together referred to as the "group") and the group's interest in associates and joint arrangements. 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 IFRS").

The Company has elected to prepare its parent Company financial statements under Financial Reporting Standard 101 *Reduced Disclosure Framework.*

Basis of preparation

The going concern basis has been applied in these accounts. The consolidated financial statements are presented in sterling, rounded to the nearest million. They are prepared on the historical cost basis except that current 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 Adopted IFRS requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on experience. Actual results may differ from these estimates. Judgements made by management in the application of Adopted IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment next year, are discussed in Accounting estimates and judgements detailed in note 2.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised 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 year are set out at the end of this note.

The consolidated financial statements of the group are prepared to the Saturday nearest to 15 September. Accordingly these financial statements have been prepared for the 53 weeks ended 17 September 2016 (2015 – 52 weeks ended 12 September 2015). To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint arrangements and associates are included up to 31 August 2016. The results of Illovo are included for the period to 31 August 2016, with Illovo's 2015 results included to 30 September and that of a UK subsidiary, Fortnum and Mason plc, is made up to 10 July 2016. Adjustments are made as appropriate for significant transactions or events occurring between 17 September and these other balance sheet dates.

The group has considerable financial resources, good access to debt markets, a diverse range of businesses and a wide geographic spread. It is therefore well placed to manage business risks successfully.

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, other comprehensive income and net assets of its joint arrangement 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.

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

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

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

Business combinations

On the acquisition of a business, 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 12 months of the business combination date and, where significant, 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.

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 a liability or equity (usually as a liability), and subsequently accounted for in line with that classification. Changes in contingent consideration classified as a liability resulting other than from the finalisation of provisional fair values are accounted for in the income statement.

Revenue

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

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

In the retail business, revenue from the sale of goods is recognised when the customer purchases goods in-store. Returns are provided for as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account historical trends and past experience.

Borrowing costs

Borrowing costs are accounted for using the effective interest method. The group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying items of property, plant and equipment as part of their cost. Interest capitalised is taxed under current or deferred tax as appropriate.

Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the income statement.

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.

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

Pensions and other post-employment benefits

The group's principal pension schemes 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 net interest expense or income calculated by applying the liability discount rate to the net pension asset or liability.

Notes *(continued)*

1 Accounting policies *(continued)*

For each plan, the difference between the market value of assets and the present value of liabilities is disclosed as an asset or liability in the balance sheet.

Any related deferred tax (to the extent recoverable) is disclosed separately in the balance sheet. Remeasurements are recognised immediately in other comprehensive income. Surpluses are recognised only to the extent that they are recoverable. Movements in irrecoverable surpluses are recognised immediately as remeasurements 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 employees become unconditionally entitled to the shares. The amount recognised 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 equity.

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

Deferred tax is provided using the balance sheet liability method, 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: initial recognition of goodwill; initial recognition of assets or liabilities affecting neither accounting nor taxable profit other than those acquired in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The 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.

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 assets and financial liabilities, except for other non-current investments and derivatives, 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 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.

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 and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Derivative financial instruments

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

Derivatives 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.

Notes *(continued)*

1 Accounting policies *(continued)*

When the future cash flow 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, 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 relating 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 principally comprise 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. Any derivatives that the group holds to hedge this exposure are classified as 'held for trading' within derivative 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.

Intangible assets other than goodwill

Non-operating intangible assets are intangible assets that arise on business combinations and typically include technology, brands, customer relationships and grower agreements. Operating intangible assets are acquired in the ordinary course of business and typically include computer software, 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 page 16. 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, but is otherwise expensed as incurred. 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 least annually.

An impairment charge is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Impairment charges recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to that CGU and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the 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 and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Notes *(continued)*

1 Accounting policies *(continued)*

Reversals of impairment

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

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. Estimated useful lives are generally deemed to be no longer than:

Freehold buildings	66 years
Plant and equipment, fixtures and fittings	
- sugar factories, yeast plants, mills and bakeries	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, as is the benefit of lease incentives.

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

Non-current biological assets are sugar cane roots which are stated at cost less accumulated depreciation and impairment charges and included within property, plant and equipment. Depreciation is calculated using the same method as for property, plant and equipment.

Current biological assets are measured at fair value less costs to sell.

The basis of valuation for growing cane is 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, calculated on a first-in first-out basis.

Inventories for the retail businesses are valued at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less the appropriate trading margin. All retail 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)*

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 has adopted early the amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture which were not otherwise applicable until the 2017 financial year. This follows the acquisition of the remaining minority stake in Illovo Sugar Limited and the change of Illovo's year end to 31 August to align more closely with the rest of the group.

The amendments bring bearer plants (which for the group are sugar cane roots) into the scope of IAS 16 rather than IAS 41. The previous valuation of these non-current biological assets is replaced by a cost or revaluation approach. The group has selected the historical cost approach as this removes subjective judgement from the accounting calculation. The change in policy has been applied retrospectively as if the amendments had always applied.

Sugar cane roots are now shown in the consolidated balance sheet at cost less accumulated depreciation and impairment charges as separate a category within property, plant and equipment. The net changes in fair value of sugar cane roots previously credited to the consolidated income statement have been reversed and replaced with historic cost depreciation. There is no net change to the consolidated cash flow statement, but the adjustment to profit before tax for the net change in fair value of sugar cane roots has been reversed and replaced with an adjustment for historic cost depreciation and increased capital expenditure.

The impact of the changes prior to the 2014 balance sheet date have been reflected in retained earnings in equity in the restated 2014 consolidated balance sheet, together with the related impact on non-controlling interests. In the 2014 consolidated balance sheet, non-current biological assets reduced from £96m to £36m and are now disclosed as sugar cane roots within property, plant and equipment. Deferred tax liabilities decreased from £266m to 251m. The reduction in consolidated net assets of £45m comprised £9m attributable to equity shareholders and £36m attributable to non-controlling interests.

In the 2015 consolidated income statement, the impact was an increase of £10m in cost of sales and a decrease of £2m in the overseas tax charge. Of the net reduction of £8m in profit after tax, £2m was attributable to equity shareholders and £6m to non-controlling interests.

In the 2015 consolidated balance sheet, non-current biological assets reduced from £83m to £30m. Deferred tax liabilities decreased from £233m to £220m. The reduction in consolidated net assets of £40m comprised £8m attributable to equity shareholders and £32m attributable to non-controlling interests.

In the 2015 consolidated cash flow statement, the previously reported £12m adjustment to profit before tax for the net change in fair value of sugar cane roots has been reversed and replaced with a £7m adjustment for historic cost depreciation and £9m of increased capital expenditure.

These adjustments affect only the Sugar operating segment and the Europe & Africa geographical segment.

There were no other changes to accounting policies during the year. The group is also assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU, the adoption date is less certain. The standards effective in 2017 are not expected to have any material effect on the group. The impact of the other standards is currently under review.

- *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions* effective 2019 financial year (not yet endorsed by the EU)
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* effective 2019 financial year (not yet endorsed by the EU)
- *Annual Improvements to IFRSs 2012-2014* effective 2017 financial year

Notes *(continued)*

1 Accounting policies *(continued)*

- IFRS 9 *Financial Instruments: Classification and Measurement* effective 2019 financial year
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities – Applying the Consolidation Exception* effective 2017 financial year (endorsed by the EU since the balance sheet date)
- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* effective 2017 financial year
- IFRS 15 *Revenue from Contracts with Customers* effective 2019 financial year (endorsed by the EU since the balance sheet date)
- IFRS 16 *Leases* effective 2020 financial year (not yet endorsed by the EU)
- Amendments to IAS 1: *Disclosure Initiative* effective 2017 financial year
- Amendments to IAS 7: *Disclosure Initiative* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* effective 2017 financial year

2 Accounting estimates and judgements

Key sources of estimation uncertainty

In applying the accounting policies detailed on pages 15 to 21, 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 the potential for material adjustment to the carrying value of assets and liabilities within the next financial year, are set out below.

Forecasts and discount rates

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

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

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The group recognises deferred tax assets to the extent that it is considered probable that sufficient taxable profits will be available in the future. 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 £303m being recognised as at 17 September 2016. 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 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 14.

Biological assets

In valuing growing cane, estimating sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes; estimating 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 11.

Taxation

The group makes provision for open tax issues including, in a number of jurisdictions, routine tax audits which are by nature complex and can take a number of years to resolve. Provisions are based on management's interpretation of tax law in each country and reflect the best estimate of the liability. The group believes it has made adequate provision for such matters.

Notes *(continued)*

3 Operating costs and gross profit

	Notes	***Total 2016 £m***	*Total 2015 restated £m*
Operating costs			
Costs of sales before exceptional items (including amortisation of intangibles)		***10,334***	*9,854*
Distribution costs		***1,271***	*1,264*
Administration expenses		***889***	*838*
		12,494	*11,956*
Exceptional costs		***5***	*98*
		12,499	*12,054*
Operating costs are stated after charging/(crediting):			
Employee benefits expense	*4*	***2,245***	*2,091*
Amortisation of non-operating intangibles	*9*	***21***	*55*
Amortisation of operating intangibles	*9*	***28***	*26*
Profits less losses on disposal of non-current assets		***(11)***	*(8)*
Depreciation of owned property, plant & equipment	*10*	***441***	*415*
Exceptional impairment of non-current loans and receivables		***-***	*98*
Exceptional charge		***5***	*-*
Operating lease payments under property leases		***227***	*197*
Operating lease payments for hire of plant & equipment		***14***	*15*
Other operating income		***(30)***	*(29)*
Gain on disposal of investment property	*12*	***-***	*(1)*
Research and development expenditure		***36***	*37*
Fair value gains on financial assets and liabilities held for trading		***(12)***	*(11)*
Fair value losses on financial assets and liabilities held for trading		***16***	*12*
Foreign exchange gains on operating activities		***(55)***	*(68)*
Foreign exchange losses on operating activities		***58***	*69*

The exceptional item in 2016 is a charge of £5m for costs associated with the buyout of the Illovo Sugar Limited non-controlling interests.

In 2015, the exceptional item was a £98m non-cash charge to impair the group's shareholder loans to Vivergo Fuels which, at the time of the impairment, was a joint venture in which the group's equity interest was 47%. Vivergo Fuels is based in the UK and is included in the Sugar segment. The impairment was as a consequence of the continuing fall in crude oil and bioethanol prices and the further weakening of the euro against sterling, both of which affected the group's assessment of the recoverability of the shareholder loans. An exceptional tax credit of £22m arose on this item.

Notes *(continued)*

3 Operating costs and gross profit *(continued)*

	2016	2015
Auditor's remuneration	**£m**	£m
Fees payable to the Company's auditor and its associates in respect of the audit		
Group audit of these financial statements	-	-
Audit of the Company's subsidiaries pursuant to legislation	***5.5***	*5.7*
Total audit remuneration	***5.5***	*5.7*
Fees payable to the Company's auditor and its associates in respect of non-audit related services		
Audit-related assurance services	***0.3***	*0.3*
Tax compliance services	***0.5***	*0.7*
Tax advisory services	***0.3***	*1.0*
Information technology services	-	*0.2*
All other services	***0.1***	*0.3*
Total non-audit relate remuneration	***1.2***	*2.5*
Fees payable to the Company's auditor and its associates in respect of the group's pension schemes		
Audit of the pension schemes	-	*0.1*

In 2016 the Company's auditor was Ernst & Young LLP (2015 – KPMG Audit Plc)

4 Employees

		2016	2015
Average number of employees			
United Kingdom		***45,249***	*43,546*
Europe & Africa		***64,308***	*60,629*
The Americas		***5,284***	*4,421*
Asia Pacific		***16,370***	*16,570*
		131,211	*125,166*
		£m	***£m***
Employee benefits expense			
Wages and salaries		***1,898***	*1,752*
Social security contributions		***219***	*204*
Contributions to defined contribution schemes	*14*	***76***	*77*
Charge for defined benefit schemes	*14*	***45***	*47*
Equity-settled share-based payment schemes		*7*	*11*
		2,245	*2,091*

Notes *(continued)*

5 Directors' remuneration

	2016	2015
	£000	£000
Aggregate directors' emoluments	**3,898**	3,748
Pension to former directors and widows of former directors	**210**	303
	4,108	4,051

The aggregate emoluments of the highest paid director were £3,133,000 (2015 - £3,139,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £711,000 (2015 - £592,000).

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**4**	3

6 Interest and other financial income and expense

		2016	*2015*
Finance income		***£m***	*£m*
Cash and cash equivalents		***11***	*13*
Fair value gain on other financial assets		***12***	*-*
Dividends receivable		***6***	*1*
		29	*14*
Finance expense			
Bank loans and overdrafts		***27***	*35*
All other borrowings		***28***	*25*
Fair value loss on other financial assets		***-***	*3*
Finance leases		***1***	*1*
Other payables		***1***	*-*
		57	*64*
Other financial income/(expense)			
Expected return on employee benefit scheme assets	*14*	***135***	*140*
Interest charge on employee benefit scheme liabilities	*14*	***(134)***	*(139)*
Interest charge on irrecoverable surplus	*14*	***(1)***	*(1)*
Net financial income in respect of employee benefit schemes		***-***	*-*
Net foreign exchange losses on financing activities		***3***	*(5)*
Total other financial income/(expense)		***3***	*(5)*

Notes *(continued)*

7 Income tax expense

	2016 £m	2015 £m
Current tax expense		
UK – corporation tax at 20% (2015: 20.5%)	91	76
Overseas - corporation tax	142	109
UK – under/(over) provided in prior periods	6	(9)
Overseas - over-provided in prior periods	(17)	(15)
Total current tax expense	222	161
Deferred tax expense		
UK deferred tax	(15)	(6)
Overseas deferred tax	28	25
UK – (over)/under provided in prior years	(5)	8
Overseas – (over)/under provided in prior years	(5)	8
Total income tax expense in income statement	225	196
Reconciliation of effective tax rate		
Profit before taxation	1,085	737
Less share of profit from joint ventures and associates	(57)	(48)
Profit before taxation excluding share of profit from joint ventures and associates	1,028	689
Nominal tax charge at UK corporation tax rate of 20% (2015: 20.5%)	206	141
Effect of higher and lower tax rates on overseas earnings	5	(29)
Effect of changes in tax rates on income statement	(6)	3
Expenses not deductible for tax purposes	37	60
Disposal of assets covered by tax exemptions or unrecognised capital losses	(1)	23
Deferred tax not recognised	8	10
Adjustments in respect of prior periods	(21)	(9)
Other tax adjustments	(3)	(3)
	225	196
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	(50)	5
Current tax associated with defined benefit schemes	(1)	-
Deferred tax associated with share-based payments	2	-
Current tax associated with share-based payments	(1)	(4)
Deferred tax associated with movements in cash flow hedging position	(4)	(11)
Deferred tax associated with movements in foreign exchange	(8)	(2)
Current tax associated with movements in foreign exchange	(1)	(1)
	(63)	(13)

The UK corporation tax rate was reduced to 20% with effect form 1 April 2015 and further reductions to 19% and 17% have also now been enacted which will take effect in April 2017 and April 2020 respectively. Accordingly, UK deferred tax has been calculated using these rates as appropriate.

In 2015, a tax credit of £22m arising on the exceptional impairment charge in the year is included in UK current tax.

Deferred taxation balances are analysed in note 15.

Notes *(continued)*

8 Dividends

	2016	*2015*
	£	*£*
Per share		
First interim	***51***	*49*
Second interim	***37***	*31*
Third interim	***38***	-
	126	*80*
	£m	*£m*
Total		
First interim	***44***	*42*
Second interim	***32***	*27*
Third interim	***33***	-
	109	*69*

An interim dividend of £55 per share (£47m) will be paid after the year-end on 16 January 2017 to shareholders on the register on 21 December 2016.

Notes *(continued)*

9 Intangible assets

			Non-operating				*Operating*	
Cost	*Goodwill £m*	*Technology £m*	*Brands £m*	*Customer relationships £m*	*Grower Agreements £m*	*Other £m*	*Other £m*	*Total £m*
At 13 September 2014	*1,223*	*195*	*362*	*97*	*123*	*6*	*248*	*2,254*
Acquisitions – externally purchased	-	-	-	-	-	-	*42*	*42*
Acquired through business combinations	*5*	-	*45*	*8*	-	-	-	*58*
Businesses disposed	*(46)*	-	-	-	-	-	*(11)*	*(57)*
Other disposals	-	-	-	-	-	-	*(16)*	*(16)*
Effect of movements in foreign exchange	*(36)*	*(15)*	*(5)*	*(10)*	*(18)*	*(1)*	*(14)*	*(99)*
At 12 September 2015	*1,146*	*180*	*402*	*95*	*105*	*5*	*249*	*2,182*
Acquisitions – externally purchased	-	-	-	-	-	-	*48*	*48*
Acquired through business combinations	*3*	-	*2*	-	-	-	-	*5*
Businesses disposed	-	-	-	-	-	-	*(10)*	*(10)*
Other disposals	*(119)*	-	*(52)*	-	-	-	*(13)*	*(184)*
Effect of movements in foreign exchange	*107*	*28*	*32*	*14*	*13*	*1*	*36*	*231*
At 17 September 2016	*1,137*	*208*	*384*	*109*	*118*	*6*	*310*	*2,272*
At 13 September 2014	*33*	*195*	*255*	*93*	*99*	*6*	*106*	*787*
Amortisation for the year	-	-	*29*	*2*	*24*	-	*26*	*81*
Businesses disposed	-	-	-	-	-	-	*(2)*	*(2)*
Impairment on closure of business	-	-	-	-	-	-	*11*	*11*
Other disposals	-	-	-	-	-	-	*(5)*	*(5)*
Effect of movements in foreign exchange	-	*(15)*	*(4)*	*(10)*	*(18)*	*(1)*	*(9)*	*(57)*
At 12 September 2015	*33*	*180*	*280*	*85*	*105*	*5*	*127*	*815*
Amortisation for the year	-	-	*18*	*3*	-	-	*28*	*49*
Transfer to assets classified as held for sale	*(1)*	-	*(52)*	-	-	-	*(4)*	*(57)*
Effect of movements in foreign exchange	*3*	*28*	*32*	*13*	*13*	*1*	*22*	*112*
At 17 September 2016	*35*	*208*	*278*	*101*	*118*	*6*	*173*	*919*
Net book value								
At 13 September 2014	*1,190*	-	*107*	*4*	*24*	-	*142*	*1,467*
At 12 September 2015	*1,113*	-	*122*	*10*	-	-	*122*	*1,367*
At 17 September 2016	*1,102*	-	*106*	*8*	-	-	*137*	*1,353*

Impairment
As at 17 September 2016, the consolidated balance sheet included goodwill of £1,220m (2015: £1,113m), of which £118m is classified as held for resale (see note 31). Goodwill is allocated to the group's cash-generating units (CGU's), or groups of CGU's that are expected to benefit from the synergies of the business combination that gave rise to the goodwill, as follows:

Notes *(continued)*

9 Intangible assets *(continued)*

CGU or group of CGUs	*Primary reporting segments*	*Discount rate*	***2016 £m***	*2015 £m*
ACH	*Grocery*	*9.8%*	***292***	*248*
AB Mauri	*Ingredients*	*12.1%*	***308***	*268*
Twinings Ovaltine	*Grocery*	*9.5%*	***119***	*119*
Capullo	*Grocery*	*13.4%*	***46***	*58*
Illovo	*Sugar*	*18.3%*	***114***	*102*
AB World Foods	*Grocery*	*10.8%*	***78***	*78*
Other (not individually significant)	*Various*	*Various*	***263***	*240*
			1,220	*1,113*

A CGU, or group of CGUs, to which goodwill has been allocated must be assessed for impairment annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable.

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. These projections are based on the most recent budget, which has been approved by the board and reflects management's expectations of sales growth, operating costs and margin, based on past experience and external sources of information. Long-term growth rates for periods not covered by the annual budget reflect the products, industries and countries in which the relevant CGU or group of CGUs, operate.

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, budgeted cash flows are extended, generally to between three and five years, using specific growth assumptions and taking into account the specific business risks.

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

The cash flow projections have been discounted using the group's pre-tax weighted average cost of capital adjusted for country, industry and market risk. The rates used were in the range between 8.6% and 18.3% (2015: between 9.5% and 14.8%).

The growth rates to perpetuity beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each CGU or groups of CGUs that are significant to the total carrying value of goodwill, were in the range between 0% and 4%, consistent with the inflation factors included in the discount rates applied (2015: between 0% and 4%).

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

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

Notwithstanding a further substantial improvement in profit in the current year, AB Mauri continued to experience competitive pricing pressure in a number of markets around the world as well as challenging macroeconomic conditions in some markets, including high inflation rates and currency devaluations. Accordingly, management has again undertaken an impairment review. Detailed forecasts for a period of ten years to reflect the time required for completion of the dry yeast production strategy were prepared and management concluded that the assets are not impaired. Key drivers of the forecast improvement in performance include achievement of price increases in high inflation environments, improved reach and competitiveness in the global dry yeast market, implementation of a number of margin improvement initiatives, particularly in cost reduction and the continuing growth in the global bakery ingredients business. Headroom was $551m on a CGU carrying value of $911m (2015: headroom of $190m on a CGU carrying value of $947m). The geographic diversity and varying local economic environments of AB Mauri's operations mean that the critical assumptions underlying the detailed forecasts used in the impairment model are wide ranging. It is therefore impractical to provide meaningful sensitivities to these assumptions other than the discount rate. The discount rate used was 12.1% (2015: 14.7%) and would have to increase to more than 17.0% (2015: 16.7%) before the value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2% to 3% (2015: 2% to 3%) per annum dependent on the location.

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

Notes *(continued)*

10 Property, plant & equipment

	Land and buildings	*Plant and machinery*	*Fixtures and fittings*	*Assets under construction*	*Sugar cane roots*	*Total*
Cost						
At 13 September 2014	***2,475***	***3,279***	***1,904***	***150***	-	***7,808***
Impact of change in accounting policy	-	-	-	-	*63*	*63*
At 13 September 2014 restated	*2,475*	*3,279*	*1,904*	*150*	*63*	*7,871*
Acquisitions- externally purchased	*79*	*115*	*313*	*126*	*10*	*643*
Acquired through business combinations	*2*	*2*	-	-	-	*4*
Businesses disposed	*(28)*	*(46)*	-	-	-	*(74)*
Other disposals	*(59)*	*(45)*	*(38)*	-	*(4)*	*(146)*
Transfers from assets under construction	*21*	*107*	*4*	*(132)*	-	-
Effect of movements in foreign exchange	*(103)*	*(223)*	*(74)*	*(18)*	*(17)*	*(435)*
At 12 September 2015	***2,387***	***3,189***	***2,109***	***126***	***52***	***7,863***
Acquisitions- externally purchased	*27*	*105*	*413*	*219*	*8*	*772*
Interest capitalised	-	-	-	*5*	-	*5*
Acquired through business combinations	*1*	-	-	-	-	*1*
Other disposals	*(12)*	*(25)*	*(21)*	-	*(3)*	*(61)*
Transfers from assets under construction	*30*	*123*	*6*	*(159)*	-	-
Transfers to assets classified as held for sale	*(94)*	*(177)*	*(1)*	*(3)*	-	*(275)*
Effect of movements in foreign exchange	*190*	*330*	*202*	*16*	*3*	*741*
At 17 September 2016	***2,529***	***3,545***	***2,708***	***204***	***60***	***9,046***
Depreciation and impairment						
At 13 September 2014	***543***	***1,727***	***749***	-	-	***3,019***
Impact of change in accounting policy	-	-	-	-	*27*	*27*
At 13 September 2014 restated	-	-	-	-	*27*	*3,046*
Depreciation for the period	*43*	*196*	*169*	-	*7*	*415*
Businesses disposed	*(9)*	*(18)*	-	-	-	*(27)*
Other disposals	*(16)*	*(26)*	*(38)*	-	*(4)*	*(84)*
Effect of movements in foreign exchange	*(43)*	*(74)*	*(16)*	-	*(8)*	*(141)*
At 12 September 2015	***518***	***1,805***	***864***	-	***22***	***3,209***
Depreciation for the period	*47*	*195*	*194*	-	*5*	*441*
Other disposals	*(8)*	*(3)*	*(21)*	-	*(3)*	*(35)*
Transferred to assets classified as held for sale	*(41)*	*(130)*	*(1)*	-	-	*(172)*
Effect of movements in foreign exchange	*59*	*203*	*69*	-	*2*	*333*
At 17 September 2016	***575***	***2,070***	***1,105***	-	***26***	***3,776***
Net book value at 13 September 2014	*1,932*	*1,552*	*1,155*	*150*	*36*	*4,825*
Net book value at 12 September 2015	*1,869*	*1,384*	*1,245*	*126*	*30*	*4,654*
Net book value at 17 September 2016	***1,954***	***1,475***	***1,603***	***204***	***34***	***5,270***

	2016 £m	*2015 £m*
Net book value of finance lease assets	***12***	*11*
Land and buildings at net book value comprise:		
- Freehold	***1,527***	*1,441*
- Long leasehold	***354***	*330*
- Short leasehold	***73***	*98*
	1,954	*1,869*
Capital expenditure commitments – contracted but not provided for	***498***	*323*

Impairment

The methodology used to assess property, plant and equipment for impairment is the same as that described for impairment assessments for goodwill. See note 9 for further details.

An impairment of A$150m (£98m) was recorded in 2012 in the Australian meat business. Further progress was made in the current year with volume growth, a focus on higher margin products, further reduction in manufacturing costs and improving efficiency. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A$78m on a CGU carrying value of A$273m (2015 – headroom of A$30m on a CGU carrying value of A$284m). The discount rate used was 9.7% (2015: 10.5%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2015: 2.0%) per annum. A sensitivity of plus or minus 1% applied to volume assumptions after 2017 impacts headroom by plus or minus A$65m.

Notes *(continued)*

10 Property, plant & equipment *(continued)*

Low bread prices and strong continuing competition in the UK bakery sector led to low profitability at Allied Bakeries and resulted in the need for an assessment of impairment. Headroom was £43m on a CGU carrying value of £281m (2015 – headroom of £27m on a CGU carrying value of £294m). The discount rate was 10.4% (2015 – 11.0%). Estimates of long-term growth rates beyond the forecast period were 0.4%. A sensitivity of plus or minus 1% applied to bread prices impacts headroom by plus or minus £25m.

11 Biological assets

	Current		
	Growing cane £m	*Other £m*	*Total £m*
At 13 September 2014	***96***	***13***	***109***
Transferred to inventory	*(95)*	*(29)*	*(124)*
Purchases	-	*2*	*2*
Changes in fair value	*87*	*21*	*108*
Effect of movements in foreign exchange	*(24)*	*(1)*	*(25)*
At 12 September 2015	***64***	***6***	***70***
Transferred to inventory	*(75)*	*(20)*	*(95)*
Purchases	-	*2*	*2*
Changes in fair value	*88*	*19*	*107*
Effect of movements in foreign exchange	*1*	*1*	*2*
At 17 September 2016	***78***	***8***	***86***

Growing cane

The fair value of growing cane is determined using inputs that are observable, using the best information available in the circumstances for using the growing cane, and therefore falls into the level 3 category of fair value measurement. The following assumptions have been used in the determination of the estimated sucrose tonnage at 17 September 2016:

	South Africa	*Malawi*	*Zambia*	*Swaziland*	*Tanzania*	*Mozambique*
Expected area to harvest (hectares)	*5,205*	*19,701*	*16,351*	*8,536*	*9,676*	*6,018*
Estimated yield (tonnes cane/hectare)	*67.2*	*92.9*	*109.2*	*85.1*	*77.5*	*80.0*
Average maturity of cane	*46.4%*	*68.2%*	*65.7%*	*67.7%*	*46.2%*	*71.6%*

The following assumptions were used in the determination of the estimated sucrose tonnage at 12 September 2015:

	South Africa	*Malawi*	*Zambia*	*Swaziland*	*Tanzania*	*Mozambique*
Expected area to harvest (hectares)	*5,277*	*19,611*	*16,671*	*8,647*	*9,576*	*5,907*
Estimated yield (tonnes cane/hectare)	*66.3*	*101.3*	*114.6*	*94.0*	*81.0*	*85.8*
Average maturity of cane	*45.1%*	*68.5%*	*65.7%*	*67.7%*	*46.2%*	*71.6%*

Sensitivities

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

	2016		***2015***	
	+1% £m	*-1% £m*	*+1% £m*	*-1% £m*
Estimated sucrose content (growing cane)	*1.0*	*(1.0)*	*1.0*	*(1.0)*
Estimated sucrose price (growing cane)	*1.3*	*(1.3)*	*1.4*	*(1.4)*

Notes *(continued)*

12 Investment property

	£m
At 13 September 2014	*164*
Additions	*8*
Disposals	*(5)*
At 12 September 2015	*167*
Additions	*30*
At 17 September 2016	*197*

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 £9m. No contingent rents are charged.

13 Investments in joint ventures and associates

	Joint Ventures £m	*Associates* £m
At 13 September 2014	*196*	*32*
Acquisitions	*3*	-
Transfer to subsidiary	*4*	-
Profit for the period	*44*	*4*
Dividends received	*(47)*	*(3)*
Effect of movements in foreign exchange	*(1)*	*(1)*
At 12 September 2015	*199*	*32*
Acquisitions	*1*	-
Profit for the period	*51*	*6*
Dividends received	*(22)*	*(3)*
Effect of movements in foreign exchange	*12*	*4*
At 17 September 2016	*241*	*39*

Details of joint ventures and associates are listed in note 28.

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:

	Joint ventures		*Associates*	
	2016 £m	*2015* £m	*2016* £m	*2015* £m
Non-current assets	*115*	*94*	*19*	*15*
Current assets	*316*	*296*	*195*	*157*
Current liabilities	*(188)*	*(166)*	*(171)*	*(139)*
Non-current liabilities	*(21)*	*(42)*	*(5)*	*(2)*
Goodwill	*19*	*17*	*1*	*1*
Net assets	*241*	*199*	*39*	*32*
Revenue	*1,268*	*1,245*	*576*	*74*
Profit for the period	*51*	*44*	*6*	*4*

Notes *(continued)*

14 Employee entitlements

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

UK defined benefit scheme

The group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme, which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit schemes represent 91% (2015: 92%) of the group's defined benefit scheme assets and 88% (2015: 89%) of the defined benefit scheme liabilities. The Scheme is governed by a trustee board which is independent of the group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2014, using the current unit method, and revealed a surplus of £79m. The market value of the Scheme assets was £3,085m, representing 103% of members' accrued benefits after allowing for expected future salary increases.

The Scheme's assets are managed using a risk-controlled investments strategy, which includes a liability-driven investment policy which seeks to match, where appropriate, the profile of the liabilities. This includes the use of derivative instruments to hedge inflation, interest and foreign exchange risks. The Scheme utilises both market and solvency triggers to develop the level of hedges in place. To date, the Scheme is fully hedged for 48% of inflation sensitivity and 21% of interest rate risk. It is intended to hedge 80% of total exposure.

The Scheme is forbidden by the trust deed from holding direct investments in equity of the Company, although it is possible that the Scheme may hold indirect interest through the investments in some equity funds. The Scheme owns the freehold of an office building in London which is leased to the group at open market rent. The fair value of this building in 2015 was £7m.

Overseas defined benefit schemes

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

Defined contribution schemes

The group operates a number of defined contribution schemes for which the charge was £36m in the UK and £38m overseas, totalling £74m (2015: UK £36m, overseas £40m, total £76m)

Actuarial Assumptions

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

	2016 UK %	***2016 Overseas %***	*2015 UK %*	*2015 Overseas %*
Discount rate	***2.5***	***0.2-16.2***	*3.8*	*0.9-16.3*
Inflation	***2.1-3.1***	***0-9.2***	*2.8-3.3*	*0-7.4*
Rate of increase in salaries	***3.1***	***0-12.0***	*3.8*	*0-12.0*
Rate of increase for pensions in payment	***2.2-2.9***	***0-6.5***	*2.3-3.1*	*0-4.5*
Rate of increase for pensions in deferment (where provided)	***2.1***	***0-2.0***	*2.4-2.8*	*0-2.0*

The mortality assumptions used to value the UK defined benefit schemes are derived from the S2 mortality tables with improvements in line with the 2015 projection model (2015 – 2013 projection model) prepared by the Continuous Mortality Investigation of the UK actuarial profession, with no rating for males and a +0.7 year rating for females, both with a long-term trend of 1.25% (2015 – 1.5%). These mortality assumptions take account of experience to date, and assumptions for further improvements in life expectancy of scheme members. Examples of the resulting life expectancies in the UK defined benefit schemes are as follows:

	2016		*2015*	
Life expectancy from age 65 (in years)	***Male***	***Female***	*Male*	*Female*
Member aged 65 in 2016 (2015)	***22.2***	***24.8***	*22.7*	*25.4*
Member aged 65 in 2036 (2035)	***23.9***	***26.7***	*25.0*	*27.7*

Notes *(continued)*

14 Employee entitlements *(continued)*

An allowance has been made for cash commutation in line with emerging scheme experience. Other demographic assumptions for the UK defined benefit schemes are set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of periodic funding valuation of the schemes.

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

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 17 September 2016 is:

	Change in assumptions	Impact on scheme liabilities
Discount rate	decrease/increase by 0.5%	increase/decrease by 10.2%
Inflation	increase/decrease by 0.5%	increase/decrease by 8.9%
Rate of increase in salaries	increase/decrease by 0.5%	increase/decrease by 2.0%
Rate of mortality	reduce by one year	increase by 3.4%

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

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

Balance sheet

		2016			*2015*	
	UK £m	***Overseas £m***	***Total £m***	*UK £m*	*Overseas £m*	*Total £m*
Equities	***1,278***	***162***	***1,440***	*1,213*	*127*	*1,340*
Government bonds	***974***	***41***	***1,015***	*669*	*36*	*705*
Corporate and other bonds	***558***	***73***	***631***	*627*	*56*	*683*
Property	***295***	***16***	***311***	*259*	*10*	*269*
Cash and other assets	***534***	***61***	***595***	*575*	*62*	*637*
Scheme assets	***3,639***	***353***	***3,992***	*3,343*	*291*	*3,634*
Scheme liabilities	***(3,777)***	***(507)***	***(4,284)***	*(3,253)*	*(391)*	*(3,644)*
Aggregate net deficit	***(138)***	***(154)***	***(292)***	*90*	*(100)*	*(10)*
Irrecoverable surplus (a)	***-***	***(11)***	***(11)***	*-*	*(6)*	*(6)*
Net pension asset /(liability)	***(138)***	***(165)***	***(303)***	*90*	*(106)*	*(16)*
Analysed as						
Scheme in surplus	***-***	***6***	***6***	*120*	*5*	*125*
Schemes in deficit	***(138)***	***(171)***	***(309)***	*(30)*	*(111)*	*(141)*
	(138)	***(165)***	***(303)***	*90*	*(106)*	*(16)*
Unfunded liability included in the present value of scheme liabilities above	***(42)***	***(58)***	***(100)***	*(30)*	*(43)*	*(73)*

Notes *(continued)*

14 Employee entitlements *(continued)*

(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.

Included within the group's overseas net pension liabilities analysed above is a deficit of £13m (£25m of assets and £38m of liabilities) which is classified as held for resale (2015 - £nil).

Corporate or other bonds relating to UK schemes of £558m (2015: £627m) include £52m (2015 - £49m) of assets whose valuation is not derived from quoted market prices. The valuation for all other equity assets, government bonds, corporate and other bonds is derived from quoted market prices. The carrying value of UK property assets is based on 31 March market valuation, adjusted for purchases, disposals and price indexation between the valuation and the balance sheet dates. Cash and other assets contains £296m (2015: £185m) of assets whose valuation is not derived from quoted market prices.

For financial reporting in the group's accounts, liabilities are assessed by actuaries using the projected unit method. The accounting value is different from the result obtained using the funding basis, mainly due to different assumptions used to project scheme liabilities.

The defined benefit scheme liabilities comprise 30% (2015: 28%) in respect of active participants, 24% (2015: 23%) for deferred participants and 46% (2015: 49%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 20 years for both UK and overseas schemes (UK schemes – 18 years and overseas schemes)

Income statement

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

	2016 £m	2015 £m
Charged to operating profit:		
Defined benefit plans		
Current service cost	**(44)**	(48)
Past service cost	**(1)**	(2)
Gain on settlements	**-**	3
Defined contribution schemes	**(74)**	(77)
Total operating cost	**(119)**	(124)
Reported in other finance income/(expense):	**1**	1
Net interest income/(expense) on net pension asset/(liability)	**(1)**	(1)
Net impact on profit before tax	**(119)**	(124)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £38m (2015: £39m) and benefits paid in respect of unfunded plans of £nil (2015: £nil). Contributions to funded defined benefit plans are subject to periodic review. Contributions to defined contribution schemes amounted to £74m (2015: £77m).

Total contributions to funded plans and benefit payments by the group in respect of unfunded plans in 2017 are currently expected to be approximately £26m in the UK and £8m overseas, totalling £34m (2015: UK £28m, overseas £9m, totalling £37m).

Notes *(continued)*

14 Employee entitlements *(continued)*

Other comprehensive income

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

	2016 £m	2015 £m
Return on scheme assets excluding amounts included in net interest in the income statement	288	118
Actuarial losses arising from changes in financial assumptions	(805)	(151)
Actuarial gains/(losses) arising from changes in demographic assumptions	257	(6)
Experience gains on scheme liabilities	6	60
Change in unrecognised surplus	(4)	6
Remeasurements of the net pension asset/(liability)	(258)	27

Reconciliation of change in assets and liabilities

	2016 Assets £m	2015 Assets £m	2016 Liabilities £m	2015 Liabilities £m	2016 Net £m	2015 Net £m
At beginning of year	3,634	3,485	(3,644)	(3,516)	(10)	(31)
Current service cost	-	-	(44)	(48)	(44)	(48)
Employee contributions	10	10	(10)	(10)	-	-
Employer contributions	38	39	-	-	38	39
Benefit payments	(160)	(135)	160	135	-	-
Settlements	-	(6)	-	9	-	3
Past service costs	-	-	(1)	(2)	(1)	(2)
Interest income/(expense)	135	140	(134)	(139)	1	1
Return on plan assets less interest income	288	118	-	-	288	118
Actuarial loss arising from changes in financial assumptions	-	-	(805)	(151)	(805)	(151)
Actuarial gain/(loss) arising from changes in demographic assumptions	-	-	257	(6)	257	(6)
Actuarial gain arising from experience on scheme liabilities	-	-	6	60	6	60
Effect of movements in foreign exchange	47	(17)	(69)	24	(22)	7
At end of year	3,992	3,634	(4,284)	(3,644)	(292)	(10)

Reconciliation of change in irrecoverable surplus

	2016	2015
At beginning of year	(6)	(12)
Change recognised in other comprehensive income	(4)	6
Interest charge on irrecoverable surplus	(1)	(1)
Effect of movements in foreign exchange	-	1
At end of year	(11)	(6)

Notes *(continued)*

15 Deferred tax assets and liabilities

	Property, plant and equipment £m	*Intangible assets £m*	*Employee benefits £m*	*Financial assets and liabilities £m*	*Other temporary differences £m*	*Tax value of carry-forward losses £m*	*Total £m*
At 13 September 2014 as originally stated	*142*	*86*	*(15)*	*9*	*(30)*	*(75)*	*117*
Impact of change in accounting policy	-	-	-	-	*(15)*	-	*(15)*
At 13 September 2014 restated	*142*	*86*	*(15)*	*9*	*(45)*	*(75)*	*102*
Amount charged/ (credited) to the income statement	*(6)*	*4*	*(2)*	-	*26*	*6*	*28*
Amount charged to other comprehensive income	-	-	*5*	*(11)*	*(2)*	-	*(8)*
Acquired through business combinations	*(42)*	*4*	-	-	-	-	*(38)*
Businesses disposed	-	-	-	-	-	*5*	*5*
Effect of changes in tax rate on income statement.	*(1)*	-	-	-	*5*	*1*	*5*
Effect of movements in foreign exchange	*(9)*	*1*	*2*	-	-	*10*	*4*
At 12 September 2015 restated	*84*	*95*	*(10)*	*(2)*	*(16)*	*(53)*	*98*
Amount charged/ (credited) to the income statement	*7*	*11*	-	-	*(19)*	*11*	*10*
Amount charged/(credited) to equity	-	-	*(51)*	*(4)*	*(8)*	-	*(63)*
Acquired through business combinations	*(1)*	-	-	-	*1*	-	-
Effect of changes in tax rate on income statement.	*(6)*	-	-	-	*(2)*	*1*	*(7)*
Effect of changes in tax rate on equity	-	-	*3*	-	-	-	*3*
Transfer to assets/liabilities classified as held for sale	*1*	*(41)*	*5*	-	-	-	*(35)*
Effect of movements in foreign exchange	*6*	*12*	*(5)*	-	*(10)*	*(8)*	*(5)*
At 12 September 2015	*91*	*77*	*(58)*	*(6)*	*(54)*	*(49)*	*1*

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:

	2016 £m	*2015 restated £m*
- Deferred tax assets	***(140)***	*(125)*
- Deferred tax liabilities	***141***	*223*
	1	*98*

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. Other deferred tax assets totalling £99m (2015: £86m) that have not been recognised on the basis that their future economic benefit is uncertain.

In addition, there are temporary differences of £2,645m (2015: £1,992m) 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.

Notes *(continued)*

16 Trade and other receivables

	2016 £m	2015 £m
Non-current - other receivables		
Loans and receivables	***37***	*19*
Other non-current investments	***4***	*4*
	41	*23*
Current – trade and other receivables		
Trade receivables	***1,037***	*903*
Other receivables	***129***	*123*
Accrued income	***8***	*12*
	1,174	*1,038*
Prepayments and other non-financial receivables	***184***	*158*
	1,358	*1,196*

In addition to the amounts disclosed above, there are £10m of trade and other receivables classified as assets held for sale.

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

For details of credit risk exposure on trade and other receivables, see note 18.

Trade and other receivables include £36m (2015: £19m) in respect of finance lease receivables, with £33m in non-current loans and receivables and £3m in current other receivables (2015: £16m in non-current loans and receivables and £3m in current other receivables). Minimum lease payments receivable are £4m within one year, £5m between one and five years and £28m in more than 5 years (2015: £3m within one year, £16m between one and five years).

The finance lease receivable relates to property, plant & equipment leased to a joint venture of the group (see note 25).

17 Inventories

	2016 £m	2015 £m
Raw materials and consumables	***369***	*283*
Work in progress	***37***	*28*
Finished goods and goods held for resale	***1,650***	*1,527*
	2,056	*1,838*
Write down of inventories	***(113)***	*(102)*

In addition to the amounts disclosed above, there are £36m of inventories classified as assets held for sale.

Notes *(continued)*

18 Financial Instruments

Financial instruments include £26m cash, £10m of trade and other receivables and £11m of loans and overdrafts (2015 - £nil) which are classified as held for sale. All disclosures in this note are given gross, before the held for sale reclassification is made.

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

		2016 £m	2015 £m
Financial assets			
Cash and cash equivalents	19	**788**	1,141
Loans and receivables:			
Trade and other receivables	16	**1,174**	1,038
Other non-current receivables	16	**41**	23
At fair value through profit and loss			
Other financial assets		**762**	508
Derivative assets not designated in a cash flow hedging relationship:			
- currency derivatives		**14**	3
Designated net investment hedging relationships			
Derivative assets designated as net investment hedging instruments:			
- currency derivatives		**1**	33
Designated cash flow hedging relationships			
Derivative assets designated and effective as cash flow hedging instruments:			
- currency derivatives		**86**	37
- commodity derivatives		**4**	1
Total financial assets		**2,870**	2,784
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	21	**(2,302)**	(1,940)
Secured loans	20	**(128)**	(98)
Unsecured loans and overdrafts (fair value 2016: £851m; 2015: £889m)	20	**(801)**	(833)
Finance leases (fair value 2016: £19m; fair value 2015: £17m)		**(14)**	(12)
Deferred consideration		**(7)**	(7)
At fair value through profit and loss			
Derivative liabilities not designated in a cash flow hedging relationship:			
- currency derivatives		**(8)**	(6)
- commodity derivatives		**(1)**	(1)
Designated net investment hedging relationships			
Derivative liabilities designated as net investment hedging instruments:			
- currency derivatives		**(16)**	-
Designated cash flow hedging relationships			
Derivative liabilities designated and effective as cash flow hedging instruments:			
- currency derivatives		**(36)**	(19)
- commodity derivatives		**(12)**	(7)
Total financial liabilities		**(3,325)**	(2,923)
Net financial liabilities		**(455)**	(139)

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

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

Financial asset/liability	**Fair value determination**
Cash and cash equivalents, trade receivables, other receivables and accrued income, trade payables, other payables and accruals	Fair values have been stated at book values due to short maturities or otherwise immediate or short-term access and realisability.
Other non-current investments (recorded within other non-current receivables)	These comprise minority shareholdings 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.
Other non-current receivables, loans, overdrafts and debenture stock and finance leases.	Fair values for these level 2 financial instruments have been estimated by discounting expected future cash flows (see below).

Notes *(continued*

18 Financial Instruments *(continued)*

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

Financial asset/liability	Fair value determination
Derivatives	Fair values are typically 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.
Deferred consideration	Deferred consideration is measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and is discounted to present value where the effect is material. Consequently, the fair value is equivalent to 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 and derivatives. 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.

b) Derivatives

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

	2016				2015			
	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 derivatives	**1,330**	**-**	**101**	**101**	1,311	-	73	73
Commodity derivatives	**39**	**1**	**3**	**4**	24	1	-	1
	1,369	**1**	**104**	**105**	1,335	1	73	74
Financial Liabilities								
Currency derivatives	**1,353**	**-**	**(60)**	**(60)**	929	-	(25)	(25)
Commodity derivatives	**112**	**-**	**(13)**	**(13)**	108	(1)	(7)	(8)
	1,465	**-**	**(73)**	**(73)**	1,037	(1)	(32)	(33)

Notes *(continued)*

18 Financial Instruments *(continued)*

c) Cash flow hedging reserve movements

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

	2016			2015		
	Currency derivatives £m	**Commodity derivatives £m**	**Total £m**	Currency derivatives £m	Commodity derivatives £m	Total £m
Opening balance	**6**	**6**	**12**	(30)	(4)	(34)
(Gains)/losses recognised in the hedging reserve	**(82)**	**12**	**(70)**	(174)	20	(154)
Amount removed from the hedging reserve and included in the income statement:						
- revenue	**(21)**	**1**	**(20)**	39	-	39
- cost of sales	**-**	**(9)**	**(9)**	-	(16)	(16)
- other financial income	**46**	**-**	**46**	13	1	14
Amount removed from the hedging reserve and included in equity:						
- retained earnings	**15**	**-**	**15**	-	-	-
Amount removed from the hedging reserve and included in non-financial asset:						
- inventory	**56**	**(5)**	**51**	164	9	173
Deferred tax	**(4)**	**-**	**(4)**	(7)	(4)	(11)
Effect of movement in foreign exchange	**-**	**1**	**1**	1	-	1
Closing balance	**16**	**6**	**22**	6	6	12
Cash flows are expected to occur:						
- within six months	**5**	**6**	**11**	3	5	8
- between six months and one year	**8**	**-**	**8**	-	1	1
- between one and two years	**-**	**-**	**-**	1	-	1
- between two and five years	**1**	**-**	**1**	1	-	1
- after five years	**2**	**-**	**2**	1	-	1
	16	**6**	**22**	6	6	12

Of the closing balance of £22m is wholly attributable to equity shareholders (2015 - £11m attributable to equity shareholders and £1m to non-controlling interests). Of the net movements including foreign exchange in the year of £10m, £11m is attributable to equity shareholders and £(1)m to non-controlling interests (2015: £40m attributable to equity shareholders and £6m 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 many 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.

Notes *(continued)*

18 Financial Instruments *(continued)*

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.

e) Foreign currency translation

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

Where appropriate, the group finances its operations 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 may be designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations.

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

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

At year end, the group has \$160m of borrowings (2015: \$280m) that have been designated as hedges of its net investment in foreign operations in US dollars.

A net foreign exchange loss of £26m (2015 – loss of £7m) on retranslation of these loans has been taken to the translation reserve on consolidation. The group also held currency forwards and cross currency swaps that have been designated as hedges of its net investments in Australian dollars and euros, whose change in fair value of £46m has been debited to the translation reserve, all of which is attributable to equity shareholders (2015 - £29m credited to the translation reserve).

f) Market risk

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

(i) Commodity price risk

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

The group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities, including wheat, edible oils, soya beans, meat, 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, for the purposes of the group's ordinary operations, and 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 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.

Notes *(continued)*

18 Financial Instruments *(continued)*

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 sensitivities 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 2016, £625m (70%) (2015 - £636m and 71%)) of total debt was subject to fixed rates of interest, the majority of which is the US private placement loans of £588m (2015 - £601m).

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.

(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 probably 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.

Notes *(continued)*

18 Financial Instruments *(continued)*

The group's most significant currency transaction exposures are:

- sugar prices in British Sugar to movements in the sterling/euro exchange rate
- 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.

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

	2016				
	Sterling £m	**US dollar £m**	**Euro £m**	**Other £m**	**Total £m**
FINANCIAL ASSETS					
Cash and cash equivalents	**1**	**24**	**12**	**11**	**48**
Trade and other receivables	**-**	**32**	**66**	**13**	**111**
	1	**56**	**78**	**24**	**159**
FINANCIAL LIABILITIES					
Trade and other payables	**(18)**	**(346)**	**(38)**	**(9)**	**(411)**
Unsecured bank loans and overdrafts	**-**	**(428)**	**(1)**	**-**	**(429)**
Finance leases	**-**	**-**	**-**	**(1)**	**(1)**
Deferred consideration	**-**	**(2)**	**-**	**(1)**	**(3)**
	(18)	**(776)**	**(39)**	**(11)**	**(844)**
CURRENCY DERIVATIVES					
Gross amounts receivable	**75**	**1,521**	**197**	**168**	**1961**
Gross amounts payable	**(4)**	**(49)**	**(598)**	**(73)**	**(724)**
	71	**1,472**	**(401)**	**95**	**1,237**
Total	**54**	**752**	**(362)**	**108**	**552**

	2015				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
FINANCIAL ASSETS					
Cash and cash equivalents	1	35	4	8	48
Trade and other receivables	-	22	50	12	84
	1	57	54	20	132
FINANCIAL LIABILITIES					
Secured bank loans	(30)	(286)	(40)	(10)	(366)
Unsecured bank loans and overdrafts	(8)	(444)	-	(3)	(455)
	(38)	(730)	(40)	(13)	(821)
CURRENCY DERIVATIVES					
Gross amounts receivable	73	1,207	91	104	1,475
Gross amounts payable	(2)	(96)	(638)	(66)	(802)
	71	1,111	(547)	38	673
Total	34	438	(533)	45	(16)

Notes *(continued)*

18 Financial Instruments *(continued)*

The following major exchange rates applied during the period:

	Average rate		Closing rate	
	2016	2015	**2016**	2015
US dollar	**1.43**	1.55	**1.31**	1.54
Euro	**1.29**	1.34	**1.17**	1.37
Rand	**21.17**	18.42	**18.74**	20.99
Renminbi	**9.35**	9.62	**8.74**	3.83
Australian dollar	**1.96**	1.96	**1.75**	2.18

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 year end on businesses' financial assets and liabilities that are not denominated in the functional currencies of those businesses. A similar but opposite impact would be felt on both profit and equity if the group's main operating currencies weakened against local functional currencies by a similar amount.

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

	Impact on profit for the period 2016	**Impact on total equity 2016**	Impact on profit for the period 2015	Impact on total equity 2015
10% strengthening against other currencies of	**+/- £m**	**+/- £m**	+/- £m	+/- £m
Sterling	**-**	**6**	(2)	3
US dollar	**11**	**87**	17	52
Euro	**6**	**(42)**	4	(60)
Other	**8**	**9**	4	7

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 2016	Impact on profit for the period 2015
10% strengthening of sterling against	**+/- £m**	+/- £m
US dollar	**(13)**	(10)
Euro	**(24)**	(20)
Rand	**(1)**	2
Renminbi	**(1)**	7
Australian dollar	**(2)**	(2)

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.

Notes *(continued)*

18 Financial Instruments *(continued)*

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 2016. The group considers its maximum exposure to credit risk to be:

	2016	2015
	£m	£m
Cash and cash equivalents	**788**	1,141
Other financial assets	**762**	508
Loans and receivables (refer to note 18a)	**1,215**	1,061
Derivative assets at fair value through profit and loss	**14**	3
Derivative assets in designated net investment hedging relationships	**1**	33
Derivative assets in designated cash flow hedging relationships	**90**	38
	2,870	2,784

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

The group uses market knowledge, changes in credit ratings and other 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:

		2016	2015
		£m	£m
UK		**414**	403
Europe & Africa		**289**	214
The Americas		**177**	146
Asia Pacific		**304**	275
	16	**1,184**	1,038

Trade receivables can be analysed as follows:

	2016	2015
	£m	£m
Not overdue	**890**	783
Up to 1 month past due	**109**	88
Between 1 and 2 months past due	**23**	23
Between 2 and 3 months past due	**7**	7
More than 3 months past due	**33**	24
Provision for doubtful debts	**(25)**	(22)
	1,037	903

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.

Notes *(continued)*

18 Financial Instruments *(continued)*

	2016	2015
	£m	£m
Opening balance	**22**	36
Amounts provided for during the period	**4**	6
Amounts released during the year	**(2)**	(13)
Amounts utilised during the year	**(3)**	(4)
Effect of movements in foreign exchange	**4**	(3)
Closing balance	**25**	22

No trade and other receivables (2014: 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.

Cash and cash equivalents
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 the 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, 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).

Notes *(continued)*

18 Financial Instruments *(continued)*

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

	2016							
	Note	**Due within 6 months**	**Due between 6 months and 1 year**	**Due between 1 and 2 years**	**Due between 2 and 5 years**	**Due after 5 years**	**Contracted amount**	**Carrying amount**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Non-derivative financial liabilities								
Trade and other payables	**21**	**(2,293)**	**(9)**	**-**	**-**	**-**	**(2,302)**	**(2,302)**
Secured loans	**20**	**(47)**	**(42)**	**(19)**	**(20)**	**-**	**(128)**	**(128)**
Unsecured loans and overdrafts	**20**	**(177)**	**(61)**	**(66)**	**(274)**	**(343)**	**(921)**	**(801)**
Finance leases	**25**	**(1)**	**(1)**	**(1)**	**(3)**	**(37)**	**(43)**	**(14)**
Deferred consideration	**22**	**(1)**	**(2)**	**(2)**	**(2)**	**-**	**(7)**	**(7)**
Derivative financial liabilities								
- Currency derivatives (net payment)		**(28)**	**(15)**	**(2)**	**-**	**-**	**(45)**	**(60)**
- Commodity derivatives (net payment)		**(25)**	**(4)**	**-**	**-**		**(29)**	**(13)**
Total financial liabilities		**(2,572)**	**(134)**	**(90)**	**(299)**	**(380)**	**(3,475)**	**(3,325)**

	2015							
	Note	Due within 6 months	Due between 6 months and 1 year	Due between 1 and 2 years	Due between 2 and 5 years	Due after 5 years	Contracted amount	Carrying amount
		£m	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Trade and other payables	21	(1,924)	(16)	-	-	-	(1,940)	(1,940)
Secured loans	20	(8)	(32)	(41)	(17)	-	(98)	(98)
Unsecured loans and overdrafts	20	(208)	(111)	(40)	(264)	(345)	(968)	(833)
Finance leases	25	(1)	-	(1)	(2)	(37)	(41)	(12)
Deferred consideration	22	(1)	(1)	(1)	(4)	-	(7)	(7)
Derivative financial liabilities								
- Currency derivatives (net payment)		(7)	(3)	-	-	-	(10)	(25)
- Commodity derivatives (net payment)		(30)	(14)	(2)	-	-	(46)	(8)
Total financial liabilities		(2,179)	(177)	(85)	(287)	(382)	(3,110)	(2,923)

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 2016.

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

Notes *(continued)*

18 Financial Instruments *(continued)*

i) Borrowing facilities

The group has substantial borrowing facilities available to it. The undrawn committed facilities available at 17 September 2016, in respect of which all conditions precedent have been met amounted to £1,311m (2015: £1,380m):

	2016			2015		
	Facility £m	**Drawn £m**	**Undrawn £m**	Facility £m	Drawn £m	Undrawn £m
£1.2bn syndicated facility	**1,200**	**-**	**1,200**	1,200	-	1,200
US private placing	**588**	**588**	**-**	601	601	-
Illovo	**143**	**83**	**60**	187	84	103
Azucarera	**105**	**54**	**51**	102	29	73
Other	**62**	**62**	**-**	65	61	4
	2,098	**787**	**1,311**	2,155	775	1,380

Uncommitted facilities available at 17 September 2016 were:

	2016			2015		
	Facility £m	**Drawn £m**	**Undrawn £m**	Facility £m	Drawn £m	Undrawn £m
Money market lines	**100**	**-**	**100**	100	-	100
Illovo	**138**	**69**	**69**	105	75	30
China banking	**424**	**12**	**412**	353	35	318
Other	**184**	**61**	**123**	141	46	95
	846	**142**	**704**	699	156	543

In addition to the above facilities, there are also £296m (2015: £212m) 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 £14m (2015: £12m) of finance lease liabilities which are not included in the tables above, but which are included in the group's loans and overdrafts in note 20.

The group has £1.2bn syndicated facility which matures in July 2021. In addition to the bank debt, the Company has £588m of private placement notes in issue to institutional investors in the US and Europe. At 17 September 2016, these had an average remaining duration of 4.4 years and an average fixed coupon of 4.7%. The other significant core committed debt facilities comprise 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 10 for details for the group's capital commitments and to note 26 for a summary of the group's guarantees.

j) 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 20 provide details 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 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 year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes *(continued)*

19 Cash and cash equivalents

	2016 £m	2015 £m
Cash at bank and in hand	***609***	*725*
Cash equivalents	***205***	*416*
Cash and cash equivalents	***814***	*1,141*
Reconciliation to the cash flow statement		
Bank overdrafts	***(119)***	*(117)*
Cash and cash equivalents in the cash flow statement	***695***	*1,024*
Cash and cash equivalents on the face of the balance sheet	***788***	*1,141*
Cash and cash equivalents classified as held for sale	***26***	-
	814	***1,141***

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

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

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

20 Loans and overdrafts

	Notes	2016 £m	2015 £m
Current loans and overdrafts			
Secured loans		***89***	*39*
Unsecured loans and overdrafts		***210***	*291*
Finance leases		***1***	-
		300	*330*
Non-current loans			
Secured loans		***39***	*59*
Unsecured loans		***591***	*542*
Finance leases	*25*	***13***	*12*
		643	*613*
	18	***943***	*943*

Notes *(continued)*

20 Loans and overdrafts

	Notes	2016 £m	2015 £m
Secured loans			
- USD floating rate		26	19
- GBP floating rate		47	47
- EUR floating rate		-	3
- Other floating rate		51	27
- Other fixed rate		4	2
Unsecured bank loans and overdrafts			
- Bank overdrafts		119	117
- GBP floating rate		4	4
- GBP fixed rate		177	177
- USD floating rate		-	18
- USD fixed rate		428	444
- EUR floating rate		55	29
- RMB floating rate		11	35
- Other floating rate		5	8
- Other fixed rate		2	1
Finance lease liabilities (fixed rate)		14	12
		943	943
Loans and overdrafts on the face of the balance sheet		932	943
Loans and overdrafts classified as held for sale		11	-
		943	943

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.

21 Trade and other payables

	2016 £m	2015 £m
Trade payables	1,141	1,033
Accruals	1,161	907
	2,302	1,940
Deferred income and other non-financial payables	283	316
	2,585	2,256

In addition to the amounts disclosed above, there are £10m of trade and other payables classified as liabilities held for sale.

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

Notes *(continued)*

22 Provisions

	Restructuring	*Deferred consideration*	*Other*	*Total*
	£m	*£m*	*£m*	*£m*
At 12 September 2015	*41*	*7*	*18*	*66*
Created	*35*	-	*4*	*39*
Utilised	*(14)*	*(2)*	*(2)*	*(18)*
Released	*(5)*	-	*(1)*	*(6)*
Effect of movements in foreign exchange	*3*	*2*	*2*	*7*
At 17 September 2016	*60*	*7*	*21*	*88*
Current	*38*	*3*	*13*	*54*
Non-current	*22*	*4*	*8*	*34*
	60	*7*	*21*	*88*

Financial liabilities within provisions comprised deferred consideration in both years (see note 18).

Restructuring

Restructuring provisions relate to the cash costs, including redundancy, associated with the group's announced reorganisation plans.

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.

23 Acquisitions and disposals

Acquisitions – 2016

During the year the group acquired two small European Agricultural businesses which, together, increased net assets by £8m satisfied in cash. Pre-acquisition carrying amounts were the same as recognised values apart from a £2m non-operating intangible assets recognised in respect of brands. The acquisitions contributed aggregate revenues of £13m and no adjusted profit before tax for the period between the dates of the acquisition and 17 September 2016. Aggregate contributions to revenue and adjusted profit before tax, had acquisitions occurred at the beginning of the period, have not been disclosed as appropriate financial information, prepared under Adopted IFRS, is not available.

In June 2016, the group paid £252m, including costs, to acquire the minority shareholding in Illovo Sugar Limited. As Illovo and its subsidiaries have been consolidated in the group financial statements since acquisition of the original controlling interest in 2006, this was treated as a transaction with owners and recorded in equity rather than an acquisition. The cash flow is shown within financing activities.

Notes *(continued)*

Acquisitions - 2015

Acquisitions had the following effect on the group's assets and liabilities:

	Pre-acquisition carrying values £m	Recognised values on acquisition £m
Net assets		
Intangible assets	*32*	53
Property, plant and equipment	*4*	4
Inventories	*10*	10
Trade and other receivables	*18*	18
Cash and cash equivalents	*8*	8
Trade and other payables	*(38)*	(40)
Loan interest	*(48)*	(3)
Overdrafts	*(3)*	(3)
Loans	*(323)*	(18)
Taxation	*82*	20
Net assets and liabilities and total consideration	*(258)*	49
Goodwill		5
Non-controlling interests		1
Total consideration		55
Satisfied by		
Cash consideration		57
Deferred consideration		6
Interest in joint venture		(8)
		55
Net cash		
Cash consideration		57
Cash and cash equivalents acquired		(8)
Overdrafts acquired		3
		52

In October 2014, the group acquired Dorset Cereals in the UK for gross cash consideration of £68m, but with cash acquired of £8m. Non-operating intangible assets of £21m in respect of brand and customer relationships together with the related deferred tax were recognised as fair value adjustments.

In May 2015, the group acquired BP's 47% interest in Vivergo Fuels in the UK, in which the group already held an equity-accounted joint venture interest of 47%. Fair value adjustments comprised the valuation of shareholder loan obligations and associated interest accruals together with the related tax consequences.

A non-cash charge of £75m was recorded in line with accounting requirements to remeasure the group's interest at fair value prior to the acquisition. This was charged to loss on sale and closure of business.

The acquisitions contributed aggregate revenues of £81m and an adjusted loss before tax of £1m for the period between the dates of acquisition and 12 September 2015. Aggregate contributions to revenue and adjusted profit before tax, had the acquisitions occurred at the beginning of the period, were not disclosed as appropriate financial information, prepared under Adopted IFRS was not available.

Disposals – 2016

The group closed a small number of Ingredients businesses during the year, incurring closure costs of £4m in the Asia Pacific segment and £1m in Europe & Africa. The group also charged a £9m onerous lease provision to sale and closure of business as a result of lease reversions following the administration of the BHS retail chain in the UK.

Notes *(continued)*

23 Acquisitions and disposals *(continued)*

Disposals - 2015

The group sold and closed businesses which had the following impact on adjusted operating profit by segment:

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Sugar					
- North China	-	-	-	*(100)*	(100)
- Vivergo Fuels	(75)	-	-	-	(75)
- Other (including warranties)	-	*4*	*(11)*	*1*	(6)
	(75)	*4*	*(11)*	*(99)*	(181)
Grocery (warranties)	6	-	-	-	6
Agriculture (warranties)	3	-	-	-	3
Other investments	8	-	-	-	8
	(58)	*4*	*(11)*	*(99)*	(164)

The group sold Yi'an and BoCheng beet sugar factories in Heilongjiang province in north China and restructured the associate head office in Beijing. This reduced the group's assets and liabilities as follows:

	£m
Net assets	
Intangible assets	9
Property, plant and equipment	47
Inventories	3
Trade and other payables	(1)
Loans	(1)
Taxation	5
Net assets and liabilities and total consideration	62
Goodwill	46
Non-controlling interests	(2)
Recycle of effect of movements in foreign exchange	(8)
Profits less losses on sale and closure of businesses	(100)
Total consideration	(2)
Satisfied by	
Cash consideration	3
Provisions made	(5)
	(2)
Net cash	
Cash consideration	3

The group incurred a net £75m non-cash charge arising on the acquisition of BP's 47% interest in Vivergo Fuels. Accounting standards require the remeasurement of the group's interest at fair value prior to the acquisition, resulting in a loss on the deemed disposal of the group's original interest prior to its immediate re-acquisition at fair value.

Also in the Sugar segment, an intangible asset with a carrying value of £11m was written off on closure of a small business inNorth America.

£14m of warranty provisions relating to disposals made in previous years are no longer required and were released during the year.These comprised £6m in Grocery (all in the UK), £5m in Sugar (£4m in Europe & Africa and £1m in Asia Pacific) and £3m in Agriculture (all in the UK).

The cash consideration received for the disposal was £3m which compares with a cash inflow of £5m on the sale of subsidiaries, joint ventures and associates shown in the cash flow statement. The difference relates to deferred consideration received in respect of prior year disposals.

Notes *(continued)*

24 Share-based payments

The group had the following equity-settled share-based payment plans in operation during the period:

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. The Share Incentive Plan expired in December 2013, with the last grant of allocations made in November 2013. Conditional shares allocated under the Share Incentive Plan will vest under the terms of that plan.

Associated British Foods Long Term Incentive Plan ('the LTIP')

The LTIP was approved and adopted by the Company at the annual general meeting held on 6 December 2013. It takes the form of conditional allocations of shares which will be released if, and to the extent that, performance targets are satisfied, typically over a three-year performance period.

Further information regarding the operation of the above plans can be found in the Remuneration report in the annual report and accounts of Associated British Foods plc on pages 69 to 87.

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

	Balance outstanding at the beginning of the period	*Granted/ awarded*	*Vested*	*Expired/ lapsed*	*Balance outstanding at the end of the period*
	£m	*£m*	*£m*	*£m*	*£m*
2016	***3,330,356***	***849,566***	***(626,879)***	***(872,096)***	***2,680,947***
2015	*4,365,341*	*911,832*	*(1,572,229)*	*(374,588)*	*3,330,356*

Employee Share Ownership Plan Trust

Ordinary shares subject to allocation under the group's equity-settled share-based payment plans 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 2016 the trust held 1,513,339 (2015: 1,490,218) ordinary shares of the Company. The market value of these shares at the period end was £41m (2015: £46m). The Trust has waived its right to dividends. Movements in the year were releases of 628,879 share and purchases of 650,000 shares (2015: releases of 1,572,229).

Fair values

The weighted average fair value of conditional grants made was determined by taking the market value of the shares at the time of the grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 3,185 pence (2015 – 2,873 pence) and the weighted average share price was 3,425 pence (2015 – 3,089 pence). The dividend yield used was 2.5%.

25 Lease commitments

Operating leases

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

Rental receipts of £18m (2015: £18m) were recognised in the income statement in the period relating to operating leases. The total of future minimum rental receipts expected to be received is £53m (2015: £53m).

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

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

	2016 Land and buildings	***2016 Plant and equipment***	***2016 Total***	*2015 Land and buildings*	*2015 Plant and equipment*	*2015 Total*
	£m	***£m***	***£m***	*£m*	*£m*	*£m*
Within one year	***261***	***12***	***273***	*207*	*11*	*218*
Between one and five years	***1,067***	***17***	***1,084***	*826*	*17*	*843*
After five years	***2,910***	***-***	***2,910***	*2,502*	*-*	*2,502*
	4,238	***29***	***4,267***	*3,535*	*28*	*3,563*

Notes *(continued)*

25 Lease commitments

Finance leases

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £m	*Interest 2016 £m*	*Principal 2016 £m*	*Minimum lease payments 2015 £m*	*Interest 2015 £m*	*Principal 2015 £m*
Within one year	*2*	*1*	*1*	*1*	*1*	-
Between one and five years	*4*	*3*	*1*	*3*	*2*	*1*
After five years	*37*	*25*	*12*	*37*	*26*	*11*
	43	*29*	*14*	*41*	*29*	*12*

26 Contingencies

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

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

As at 17 September 2016, group companies have provided guarantees in the ordinary course of business amounting to £1,912m (2015: £1,397m).

27 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	**2016 £'000**	2015 £'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	**22,404**	17,665
(ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation	2,3	**3,737**	2,110
(iii) A member of the Weston family employed within the Wittington group	3	**183**	1,253
Sales to and commissions paid to companies with common key management personnel	6	**18,132**	14,945
Amounts due from companies with common key management personnel	6	**1,748**	1,541
Sales to joint ventures and associates on normal trading terms	7	**54,954**	48,280
Purchases from joint ventures and associates on normal trading terms	7	**342,383**	330,950
Amounts due from joint ventures and associates	7	**41,775**	21,937
Amounts due to associates and joint ventures	7	**31,716**	30,811

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 2016, 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 2016, 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 5. Directors' remuneration is disclosed in note 5.

Notes *(continued)*

27 Related party transactions *(continued)*

3. A member of the Weston family who became a director of Wittington Investments Limited during the year and is not a Trustee of The Foundation.
4. A spouse of one of the directors of Wittington Investments Ltd was paid a salary and consultancy fee of £154,237 during the year by a subsidiary within the Wittington group.
5. During the year Habendum Property Management Limited, a related party by virtue of Stephen Hancock's directorship, invoiced Wittington Investments (Properties) Limited, management charges to the value of £388,048 *(2015: £356,233)*. There are no amounts outstanding at the year end.
6. The companies with common key management personnel are the George Weston Limited group in Canada, and Selfridges & Co. Limited.
7. Details of the group's subsidiary undertakings and joint ventures are set out in note 28.

Notes *(continued)*

28 Group entities

Subsidiary undertakings

A list of the group's subsidiaries as at 17 September 2016 is given below. The entire share capital of subsidiaries is held within the group except where the group's ownership percentages are shown. These percentages give the group's ultimate interest and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries. Where subsidiaries have different classes of shares, this is largely for historical reasons and the effective percentage holdings given represent both the group's voting rights and equity holding. All subsidiaries are consolidated in the group's financial statements. The effective percentage holding is 100% unless stated otherwise.

Name	Country	%	Name	Country	%
A.B. Exploration Limited	United Kingdom		AB Mauri (Canada) Limited	Canada	
A.B.F. Holdings Limited	United Kingdom		AB Mauri (UK) Limited	United Kingdom	
A.B.F. Nominees Limited	United Kingdom		AB Mauri Belgium NV	Belgium	
A.B.F. Properties Limited	United Kingdom		AB Mauri Camellia Pty Limited	Australia	
AB (Harbin) Food Ingredients Company Limited	China		AB Mauri Europe Limited	United Kingdom	
AB Agri Animal Nutrition (Jilin) Co., Ltd	China		AB Mauri Food Inc.	United States	
AB Agri Animal Nutrition(Nantong) Co., Ltd	China		AB Mauri Food, S.A	Spain	
AB Agri Limited	United Kingdom		AB Mauri Food (Shanghai) Company Ltd	China	90
AB Agri, LLC (in liquidation)	Russian Federation		AB Mauri France SAS	France	
AB Agri Pumeixin Tech (Jiangxi) Co. Ltd	China		AB Mauri Hispanoamerica S.A.	Argentina	
AB Agri Vietnam Company Limited	Vietnam		AB Mauri India (Private) Limited	India	
AB Azucarera Iberia, S.L. Sociedad Unipersonal	Spain		AB Mauri Investments (Asia) Pte Ltd	Singapore	
AB Brasil Indústria e Comércio de Alimentos Ltda	Brazil		AB Mauri Italy S.p.A.	Italy	
AB Calsa S.A.	Ecuador		AB Mauri Lanka (Private) Limited	Sri Lanka	
AB CALSA S.A. de C.V	Mexico		AB Mauri Malaysia Sdn. Bhd.	Malaysia	52
AB CALSA SERVICOS, S. DER.L.DEC.V	Mexico		AB Mauri Middle East FZE	United Arab Emirates	
AB Enzimas Brasil Comercial Ltda	Brazil		AB Mauri Netherlands B.V.	Netherlands	
AB Enzymes GmbH.	Germany		AB Mauri Netherlands European Holdings B.V	Netherlands	
AB Enzymes Oy	Finland		AB Mauri Overseas Holdings Limited	Australia	
AB Enzymes Trading (Shanghai) Co. Ltd	China		AB Mauri Pakistan (PRIVATE) Limited	Pakistan	60
AB Food & Beverages (Thailand) Ltd	Thailand		AB Mauri Pakistan Pty Limited	Australia	
AB Food & Beverages Australia Pty. Limited	Australia		AB Mauri Philippines, Inc.	Philippines	
AB Food & Beverages Philippines, Inc	Philippines	99	AB Mauri Portugal, S.A.	Portugal	96
AB Food and Beverages Taiwan, Inc.	Taiwan		AB Mauri Properties Pty Limited	Australia	
AB Foods Australia Limited	United Kingdom		AB Mauri ROW Holdings Pty Limited	Australia	
AB Foods Luxembourg S.a r.l. (in liquidation)	Luxembourg		AB Mauri Spain, S.L.U.	Spain	
AB Foods Polska Spólka z Ograniczona odpowiedzialnoscia (AB Foods Polska SP. z o.o.)	Poland		AB Mauri South America Pty Limited	Australia	
AB Ingredients Limited	United Kingdom		AB Mauri South West Asia Pty Limited	Australia	
AB Mauri (Beijing) Food Sales and Marketing Company Limited	China				

Notes *(continued)*

28 Group entities *(continued)*

Name	Country	%	Name	Country	%
AB Mauri Technology & Development Pty Limited	Australia		ABF North America Corp.	United States	
AB Mauri Technology Pty Limited	Australia		ABF North America Holdings, Inc.	United States	
AB Mauri Vietnam Limited	Vietnam	66	ABF Overseas Limited	United Kingdom	
AB Sugar Africa Limited	United Kingdom		ABF Overseas Limited, Sucursal en España	Spain	
AB Sugar China Holdings Limited	United Kingdom		ABF PM Limited	United Kingdom	
AB Sugar China Limited	United Kingdom		ABF Twinings Beverages (Shanghai) Limited	China	
AB Sugar China North Limited	United Kingdom		ABF UK Finance Limited	United Kingdom	
AB Sugar Limited	United Kingdom		ABF US Holdings Limited	United Kingdom	
AB Technology Limited	United Kingdom		ABF Wynyard Park Limited Partnership	Australia	
AB Tip Top (Wuhan) Baking Co Ltd	China		Abitec Corporation	United States	
AB Vista Asia Pte,. Limited	Singapore		ABN (Overseas) Limited	United Kingdom	
AB Vista Brasil Comércio De Alimentação Animal Ltda	Brazil		ABN (Scotland) Limited	United Kingdom	
AB Vista Iberia, S.L	Spain		ABNA (Shanghai) Feed Co., Ltd.	China	
AB Vista, Inc.	United States		ABNA (Tiajin) Feed Co. Ltd	China	
AB World Foods (Holdings) Limited	United Kingdom		ABNA Feed (Liaoning) Co., Ltd	China	
AB World Foods Asia Ltd	Thailand		ABNA Feed Company Limited	United Kingdom	
AB World Foods Limited	United Kingdom		ABNA Limited	United Kingdom	
AB World Foods Pty Ltd	Australia		ABNA Management (Shanghai) Co., Ltd	China	
Abdale Finance Limited	Ireland		ABNA Trading (Shanghai) Co., Ltd	China	
ABF (No. 1) Limited	United Kingdom		ACH Food Companies of Puerto Rico, Inc.	Puerto Rico	
ABF (No. 2) Limited	United Kingdom		ACH Food Companies, Inc	United States	
ABF (No. 3) Limited	United Kingdom		ACH Foods Mexico, S. de R.L. de C.V.	Mexico	
ABF Colón Park, S.L.U.	Spain		Agriguard Company, L. L. C.	United States	
ABF Deutschland Holdings GmbH	Germany		Agrilines Limited	United Kingdom	
ABF Europe Finance Limited	United Kingdom		Agro Korn A/S	Denmark	
ABF European Holdings & Co SNC	Luxembourg		Agroteo S.A.	Spain	51
ABF European Holdings Limited	United Kingdom		Alimentos Fleischmann, C.A.,	Venezuela	
ABF Finance Limited	United Kingdom		Allied Bakeries Limited	United Kingdom	
ABF Funding	United Kingdom		Allied Foods (NZ) Ltd	New Zealand	
ABF Grain Products Limited	United Kingdom		Allied Grain (Scotland) Limited	United Kingdom	
ABF Green Park Limited	United Kingdom		Allied Grain (South) Limited	United Kingdom	
ABF Grocery Limited	United Kingdom		Allied Grain (Southern) Limited	United Kingdom	
ABF HK Finance Limited	United Kingdom		Allied Grain Limited	United Kingdom	
ABF Holdings (Thailand) Ltd.	Thailand		Allied Mills Limited	United Kingdom	
ABF Ingredients Limited	United Kingdom		Allied Technical Centre Limited	United Kingdom	
ABF Investments plc	United Kingdom		Allinson Limited	United Kingdom	
ABF Italy Holdings S.r.l.	Italy		Alternative Swine Nutrition, S.L.	Spain	
ABF Japan Limited	United Kingdom		Anzchem NZ Limited	New Zealand	
ABF MXN Finance Limited	United Kingdom		Anzchem Pty Limited	Australia	

Notes *(continued)*

28 Group entities *(continued)*

Name	Country	%	Name	Country	%
Associated British Foods Asia Pacific Holdings Limited	Hong Kong		Fishers Feeds Limited	United Kingdom	
Associated British Foods Holdings (China) Co., Ltd	China		Fishers Seeds & Grain Limited	United Kingdom	
Associated British Foods Pension Trustees Limited	United Kingdom		Fleischmann Foods S.A.	Colombia	
Atrium 100 Properties Limited	United Kingdom		Food Investments Limited	United Kingdom	
Atrium 100 Stores Holdings Limited	United Kingdom		Food Investments Pty. Limited	Australia	
Atrium 100 Stores Limited	United Kingdom		Foods International Holding B.V.	Netherlands	
B.E. International Foods Limited	United Kingdom		Foods International S.A.S.	France	
B.V. ABF Delaware, Inc (USA)	United States		Foods International Vertriebs- und Marketing-Gesellschaft GmbH	Germany	
Banbury Agriculture Limited	United Kingdom		G. Costa and Company Limited	United Kingdom	
Bar Circle Ranch Limited	Swaziland	60	G. Costa (Holdings) Limited	United Kingdom	
Bodit Tachov S.r.o	Czech Republic		Gb Plange UK Limited	United Kingdom	
Bo Tian Sugar Industry Co., Ltd.	China		George Chapman Proprietary Limited	Australia	
Botian Sugar (Chayou Qianqi) Co., Ltd	China		George Weston Foods (NZ) Limited	New Zealand	
Botian Sugar Industry (Zhangbei) Co., Ltd.	China		George Weston Foods Limited	Australia	
Bonuit Investments Limited	Jersey		Germain's (U.K.) Limited	United Kingdom	
British Sugar (Overseas) Limited	United Kingdom		Germains Seed Technology B.V.	Netherlands	
British Sugar Consulting Services (ShangHai) Co Ltd	China		Germains Seed Technology, Inc.	United States	
British Sugar plc	United Kingdom		Germains Seed Technology, S.A.	Spain	
BSO (China) Limited	United Kingdom		Glendale Sugar Limited	South Africa	
Calsa Chile Inversiones Limitada	Chile		Golden Crumpet Co. Australasia Pty Ltd	Australia	
CALSA de Peru S.A.C.	Peru		Greensted, S.A.	Uruguay	
Carabello Trading and Investments 20 Limited	South Africa		Guangxi Bo Dong Food Company Limited	China	60
Cereal Industries Limited	United Kingdom		Guangxi Bo Hua Food Company Limited	China	71
Cereform Limited	United Kingdom		Guangxi Bo Qing Food Company Limited	China	60
CGS Investments (Pty) Limited	South Africa		Guangxi Bo Xuan Food Company Limited	China	70
Compañia Argentina De Levaduras S.A.I.C.	Argentina		Guangxi BoAi Agriculture Technical Development Company Limited	China	70
Compañia de Alimentos Latinoamericana de Venezuela (CALSA) S.A.	Venezuela		Harbin Mauri Yeast Co., Ltd	China	85
Davjon Food Limited	United Kingdom		Habei Mauri Food Co., Ltd	China	
Dorset Cereals Limited	United Kingdom		Illovo Distillers (Tanzania) Limited	Tanzania	80
Dwangwa Sugar Corporation Limited	Malawi	76	Illovo Distributors (Pty) Limited	South Africa	
East African Supply (Pty) Limited	South Africa		Illovo Group Financing Services Limited	Mauritius	
Eastbow Securities Limited	United Kingdom		Illovo Group Holdings Limited	Mauritius	
Elsenham Quality Foods Limited	United Kingdom		Illovo Group Marketing Services Limited	Mauritius	
Enzymes Leasing Finland Oy	Finland		Illovo Sugar Limited	Malawi	76

Notes *(continued)*

28 Group entities *(continued)*

Name	Country	%	Name	Country	%
Illovo Sugar (South Africa) Limited	South Africa		Mauri Research B.V.	Netherlands	
Illovo Sugar (Zambia) Limited	Zambia		Mauri Technology B.V.	Netherlands	
Illovo Sugar Espana, S.L.	Spain		Mauri Yeast Australia Pty Limited	Australia	
Illovo Sugar Proprietory Limited	South Africa		Meishan Mauri Yeast Co., Ltd (in liquiation)	China	
Illovo Swaziland Limited	Swaziland	60	Mitra Sugar Limited	United Kingdom	
Illovo Tanzania Limited	Tanzania		Mountsfield Park Finance Limited	United Kingdom	
Illprop (Pty) Limited	South Africa		Moyeni Ranch Limited	Swaziland	60
Indonesian Yeast Company Pty Limited	Australia		N&C Enterprises Pty Ltd	Australia	
Innovative Baking Technology B.V.	Netherlands		Nanga Farms PLC	Zambia	66
Jacksons of Piccadilly Limited	United Kingdom		NB Love Industries Pty Ltd	Australia	
James Neil Limited	United Kingdom		Nere Properties Limited	United Kingdom	
Jasol Asia Pacific (Thailand) Ltd	Thailand		New Zealand Food Industries	New Zealand	
John K. King & Sons Limited	United Kingdom		Noodsberg Sugar Company Limited	South Africa	
Jordan Bros. (N.I.) Limited	United Kingdom		Nueva Comercial Azucarera, S.A.	Spain	88
Kilombero Holdings Limited	Mauritius	73	Nutrition Services (International) Limited	United Kingdom	
Kilombero Sugar Company Limited	Tanzania	55	Nutrition Trading (International) Limited	United Kingdom	
Kingsgate Food Ingredients Limited	United Kingdom		Nutrition Trading Limited	United Kingdom	
Korway Foods Limited	United Kingdom		Ohly GmbH	Germany	
Korway Holdings Limited	United Kingdom		Ohly Grundbesitz GmbH	Germany	
Lacsa (Pty) Limited	South Africa	70	Palaa Consultores Marketing E Servicos Sociedade Unipessoal LDA	Portugal	
LeafTC Limited	United Kingdom		Panyu Mauri Food Co., Ltd.	China	
Levadura Uruguaya S.A.	Uruguay		Parkstone (Jersey) Limited	Jersey	
Lojas Primark Portugal-Exploração, Gestão e Administraçã de Espaços Comerciais S.A.	Portugal		Parkstone Bakeries Limited	United Kingdom	
Malawi Sugar Limited	Malawi		Patak (Spices) Limited	United Kingdom	
Maragra Açucar, S.A.	Mozambique	90	Patak Food Limited	United Kingdom	
Mauri Fermentation Argentina Pty Limited	Australia		Patak's Breads Limited	United Kingdom	
Mauri Fermentation Brazil Pty Limited	Australia		Patak's Chilled Foods Limited	United Kingdom	
Mauri Fermentation Chile Pty Limited	Australia		Patak's Foods 2008 Limited	United Kingdom	
Mauri Fermentation China Pty Limited	Australia		Patak's Frozen Foods Limited	United Kingdom	
Mauri Fermentation India Pty Limited	Australia		PGP International, Inc.	United States	
Mauri Fermentation Indonesia Pty Limited	Australia		Portelet Investments Limited (dissolved 28 September 2015)	Jersey	
Mauri Fermentation Malaysia Pty Limited	Australia		Premier Nutrition (Nantong) Co., Ltd China		
Mauri Fermentation Philippines Pty Limited	Australia		Premier Nutrition Products Limited	United Kingdom	
Mauri Fermentation Vietnam Pty Limited	Australia		Pride Oils Public Limited Company	United Kingdom	
Mauri Maya Sanayi A.S.	Turkey		Prima	Ireland	
Mauri Product Limited	United Kingdom		Primark Limited	Ireland	
			Primark (U.K.) Limited	United Kingdom	

Notes *(continued)*

28 Group entities *(continued)*

Name	Country	%	Name	Country	%
Primark Austria Limited	United Kingdom		Smitchem (Pty) Limited	South Africa	
Primark Austria Ltd & Co KG	Austria		Speedbake Limited	United Kingdom	
Primark Fashion B.V.	Netherlands		SPI Pharma SAS	France	
Primark France SAS	France		SPI Pharma, Inc.	United States	
Primark GCM LLC	United States		SPI Polyois, LLC	United States	
Primark Holdings	Ireland		SPI Specialities Pharma Private Limited	India	
Primark Italy S.r.l.	Italy		Sucoma Holdings Limited	Mauritius	
Primark Mode Limited	United Kingdom		Sun Blest Crumpet Co. Limited (The)	United Kingdom	
Primark Mode Ltd. & Co. KG	Germany		Sunblest Bakeries Limited	United Kingdom	
Primark Netherlands B.V.	Netherlands		Surgras S.A.	Argentina	
Primark Pension Administration Services Limited	United Kingdom		Talisman Guernsey Limited	Guernsey	
Primark Pension Trustees Limited	Ireland		The Bakery School Limited	United Kingdom	
Primark Property GmBH	Germany		The Billington Food Group Limited	United Kingdom	
Primark SA	Belgium		The Home Grown Sugar Company Limited	United Kingdom	
Primark Senior Executive Pension Trustees Limited	Ireland		The Jordans & Ryvita Company Limited	United Kingdom	
Primark Stil B.V.	Netherlands		The Jordans and Ryvita Company Australia Pty Ltd	Australia	
Primark Stores Limited	United Kingdom		The Natural Sweetness Company Limited	United Kingdom	
Primark Tiendas, S.L.U.	Spain		The Roadmap Company Limited	United Kingdom	
Primark US Corp.	United States		The Silver Spoon Company Limited	United Kingdom	
Primary Diets Limited	United Kingdom		The Weston Biscuit Company Limited	United Kingdom	
Primary Nutrition Limited	United Kingdom		Tip Top Bakeries Limited	United Kingdom	
Proofex Products Company	Ireland		Trident Feeds Limited	United Kingdom	
Prospeserv Unipessoal Lda	Portugal	88	Tukunka Agricultural Limited	Zambia	76
PT AB Food & Beverages Indonesia	Indonesia		Twining Crosfield & Co. Limited	United Kingdom	
R. Twining and Company Limited	United Kingdom		Twinings Japan Co Ltd	Japan	50
R. Twining and Company Sp. zo.o.	Poland		Twinings North America, Inc	United States	
Relax Limited	Malta	70	Twinings Ovaltine Nigeria Limited	Nigeria	
Reynolds Brothers Limited	South Africa		Twinings Private Limited	India	
Rheinische Presshefe-und Spritwerke GmbH	Germany		Ubombo Sugar Limited	Swaziland	60
Roses Nutrition Ltd.	United Kingdom		Umzimkulu Sugar Company Limited	South Africa	
S.A. Sugar Dstributors (Pty) Limited	South Africa		Vistavet (Ireland) Limited	Ireland	
Seedcote Systems Limited	United Kingdom		Vistavet Limited	United Kingdom	94
Serpentine Securities Limited	United Kingdom		Vivergo Fuels Limited	United Kingdom	
Serrol Ingredients Pty Limited	Australia		W. Jordan & Son (Silo) Limited	United Kingdom	
Servicios Alimentos Capullo, S. de R.L. de C.V.	Mexico		W. Jordan (Cereals) Limited	United Kingdom	94
Shanghai AB Food & Beverages Co., Ltd	China		WA Feeds Pty Ltd	Australia	
Sizzlers	Ireland		Wander AG	Switzerland	
Sizzlers Limited	United Kingdom		Wereham Gravel Company Limited (The)	United Kingdom	
Sizzles International Unlimited Company	Ireland		Westmill Foods Europe B.V.	Netherlands	
Sizzles Limited	United Kingdom		Westmill Foods Europe GmbH	Germany	
Smitchem (Pty) Limited	South Africa		Westmill Foods Limited	United Kingdom	

Notes *(continued)*

28 Group entities *(continued)*

Name	Country	%	Name	Country	%
Weston Foods Limited	United Kingdom		Yantai Mauri Yeast co., Ltd.	China	90
Weston Research Laboratories Limited	United Kingdom		Yeast Products Company	Ireland	92
Worldwing Investments Limited	United Kingdom		Zambia Sugar plc	Zambia	
Xinjiang Mauri Food Co., Ltd.	China		Ziggys Ireland Limited	Ireland	76
Associated British Foods plc	United Kingdom		WINDL Offices Limited	United Kingdom	50
Wittington Investments (Properties) Limited	United Kingdom		Wittington Investments (BSP) Limited	United Kingdom	
Wittington Investments (Developments) Limited	United Kingdom		Wittington Investments (BV III) Limited	United Kingdom	
Richmond Hill Hotel (Operations) Limited	United Kingdom		Wittington Investments (Reof) Limited	United Kingdom	
Wittington Investments (Richmond Hill Hotel) Limited	United Kingdom		Wittington Investments (17) Limited	United Kingdom	
Howard Investments Limited	United Kingdom		Wittington Investments (Dunedin III) Limited	United Kingdom	
Wittington Investments Finance Limited	United Kingdom		Wittington Investments (Graphite) Limited	United Kingdom	
Brighton Grand Hotel Operations Limited	United Kingdom		Wittington Investments (Apollo) Limited	United Kingdom	
Wittington Investments (Brighton Grand) Limited	United Kingdom		Wittington Investments (FIPL) Limited	United Kingdom	
Wittington Investments (WPX) Limited	United Kingdom		Wittington Investments (FAPI II) Limited	United Kingdom	
Wittington Investments (OCP) Limited	United Kingdom		WILH (Investments) Limited	United Kingdom	
Wittington Investments (Harbourvest) Limited	United Kingdom		Wittington Investments (Private Equity) Limited	United Kingdom	
Wittington Investments (BV II) Limited	United Kingdom		Heal's Holdings Ltd	United Kingdom	
Wittington Investments (Next Wave) Limited	United Kingdom		Heal & Son Limited	United Kingdom	
Wittington Investments (Dunedin) Limited	United Kingdom		Heal's plc	United Kingdom	
Wittington Investments (BSPF) Limited	United Kingdom		Ambrose Retail Limited	United Kingdom	
Wittington Investments (FAPI) Limited	United Kingdom		Heal's Pensions Fund Trustees Limited	United Kingdom	
Wittington Investments (VO1) Limited	United Kingdom		Heals Finance Limited	United Kingdom	
Wittington Investments (BPA II) Limited	United Kingdom		Fortnum & Mason Plc	United Kingdom	
Wittington Investments (Careplaces) Limited	United Kingdom		Fortnum & Mason USA Inc	United States	
Wittington Investments (Coller) Limited	United Kingdom		Fortnum & Mason Limited	Ireland	
Wittington Investments (PPE IV) Limited	United Kingdom		F. & M. Limited	United Kingdom	
Wittington Investments (PPE V) Limited	United Kingdom		Fortnum & Mason (Export) Limited	United Kingdom	
Wittington Investments (Sandaire) Limited	United Kingdom		Fortnum & Mason Hospitality Limited	United Kingdom	
Wittington Investments (Bestport) Limited	United Kingdom		Fortnum & Mason (London) Limited	United Kingdom	
Wittington Investments (WHEB) Limited	United Kingdom		Fortnums Limited	United Kingdom	
George Weston Limited	United Kingdom		Clinton Farms Limited	United Kingdom	83

Notes *(continued)*

28 Group entities *(continued)*

Lusaka Stock Exchange (LuSE) regulations require all listed companies in Zambia to have a minimum of 25% of their shares held by public investors to constitute a free float. As a result, Illovo Sugar was required to reduce its shareholding in Zambia Sugar plc by 6.6%. Effective 26 September 2014, 5.1% of the shares were sold to local Zambian institutional investors. As agreed with LuSE, the remaining 1.5% will be held in a separate account in the LuSE Central Securities Depository. While Illovo will waive its voting rights on these shares, it will be entitled to receive dividends thereon.

The results and balance sheet of Primark Mode Ltd. & Co. KG are included in these financial statements and these financialstatements will be filed in Germany. As a consequence, Primark Mode Ltd. & Co. KG is exempt from the requirement to file its own financial statements under section 264b HGB.

Associated British Foods plc has irrevocably guaranteed all amounts shown as liabilities in the statutory financial statements of the subsidiary undertakings registered in Ireland listed below in respect of the financial year ended 17 September 2016. As a consequence, these subsidiaries qualify for the exemption under section 357 of the Companies Act 2014 (Ireland) from the provisions of sections 347 and 348 of that Act.

Abdale Finance Limited
Prima
Primark
Primark Holdings
Primark Pension Trustees Limited
Primark Senior Executive Pension Trustees Limited
Sizzlers
Sizzles International Limited
Ziggys Ireland Limited Primark Pension Trustees Limited

Joint ventures

A list of the group's joint ventures as at 17 September 2016 is given below. All join ventures are included in the group's financial statements using equity method of accounting.

Name	Country	% holding
Chiltern Bakeries Limited	United Kingdom	44
Compania de Melazas, S.A.	Spain	50
Fortnum & Masons Pty Limited	Australia	33
Frontier Agriculture Limited	United Kingdom	50
Boothmans (Agriculture) Limited	United Kingdom	50
Forward Agronomy Limited	United Kingdom	50
G F P (Agriculture) Limited	United Kingdom	50
GH2 Limited	United Kingdom	50
GH Grain Limited	United Kingdom	50
Grain Harvesters Limited	United Kingdom	50
Grampian Crop Services Limited	United Kingdom	50
Lothian Crop Specialists Limited	United Kingdom	50
Nomix Enviro Limited	United Kingdom	50
North Wold Agronomy Limited	United Kingdom	50
Phoenix Agronomy Limited	United Kingdom	50
Southampton Grain Terminal Limited	United Kingdom	25
Soyl Limited	United Kingdom	50
The Agronomy Partnership Limited	United Kingdom	50
Fortnum & Mason Events Limited	United Kingdom	50
Glendale Distilling Company	South Africa	26
Levaduras Collico S.A.	Chile	50
Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	China	25
Roal Oy	Finland	50
Stratas Foods LLC	United States	50
Stratas Receivables I LLC	United States	50
Acquisition XVI LLC	United States	50
Synchronis	France	50
UNIFERM GmbH & Co. KG	Germany	50
INA Nahrmittel GmbH	Germany	50
Uniferm Polska Sp Z.o.o	Poland	50
UNIFERM Verwaltungs GmbH	Germany	50
Tango Real Estate LLP	United Kingdom	80
Nurton Developments (Quintus) Limited	United Kingdom	50

Notes *(continued)*

28 Group entities *(continued)*

Associates

A list of the group's associates as at 17 September 2016 is given below. All associates are included in the group's financial statements using the equity method of accounting.

Name		
Bakers Basco Limited	United Kingdom	20
C. Czarnikow Limited	United Kingdom	43
Czarnikow Group Limited	United Kingdom	43
C. Czarnikow Sugar Futures Limited	United Kingdom	43
C. Czarnikow Sugar Limited	United Kingdom	43
C. Czarnikow Sugar (East Africa) Limited	Kenya	43
C. Czarnikow Sugar (Eurasia) Limited	Russian Federation	43
C. Czarnikow Sugar (Guangzhou) Company Limited	China	43
C. Czarnikow Sugar (India) Private Limited	India	43
C. Czarnikow Sugar (Mexico), SA de C.V.	Mexico	43
C. Czarnikow Sugar Inc.	United States	43
Czarnikow Futures Inc. (in liquidation)	United States	43
C. Czarnikow Sugar Pte. Limited	Singapore	43
Czarnikow Brasil Ltda.	Brazil	43
Czarnikow Israel Sugar Trading Ltd (Sucrim)	Israel	43
Czarnikow Italia Srl	Italy	43
Czarnikow Servicios de Personal, SA de C.V.	Mexico	43
Czarnikow Tanzania Limited	Tanzania	43
Sucris Limited	Israel	21
Sugarworld Limited	United Kingdom	43
Gledhow Sugar Company (Pty) Limited	South Africa	30
Kilombero Sugar Distributors Limited	Tanzania	20
Murray Bridge Bacon Pty Ltd	Australia	20
Big River Pork Pty Ltd	Australia	20
New Food Coatings Pty Ltd	Australia	50
New Food Coatings (New Zealand) Ltd	New Zealand	50
New Food Coatings (Philippines) Inc	Philippines	50
New Quality Ingredients PTY Limited	Australia	50
Newly Weds Foods (Thailand) Ltd	Thailand	50
Newly Wed Foods (Trading) Limited	Thailand	25
Witwood Food Products Pty Limited	Australia	50
PT Indo Fermex	Indonesia	49
P.T. Jaya Fermex	Indonesia	49
PT Sama Indah	Indonesia	49
Sukpak Limited	Mauritius	30
Vanneck Residential LLP	United Kingdom	41
Davidson Holdings Limited	United Kingdom	23
The Adventure Experience Limited	United Kingdom	44
Sweaty Betty Investco Limited	United Kingdom	30

29 Subsequent events

An interim dividend of £55 per share (£47m) will be paid after the year-end on 16 January 2017 to shareholders on the register on 21 December 2016.

On 18 October Stratas Foods, an equity-accounted joint venture in which the group's interest is 50%, announced that it had incorporated the purchase of Supreme Oil Company in the US. Supreme Oil Company is a supplier of oils, shortenings, mayonnaise and dressings to the foodservice and retail industries.

Subsequent to the year end, the group completed its sales of the cane sugar business in southern China and ACH's North American herbs and spices business. Both businesses were classified as a disposal group at year end. The proceeds of disposal for each business exceeded the book value of the related net assets and accordingly no impairment losses were recognised on the classification of these operations as held for resale.

Notes *(continued)*

30 Revenue information

	Revenue	
	2016	2015
	£m	£m
Operating segments		
Grocery	***3,274***	*3,177*
Sugar	***1,798***	*1,818*
Agriculture	***1,084***	*1,211*
Ingredients	***1,294***	*1,247*
Retail	***5,949***	*5,347*
Total ABF Group	***13,399***	*12,800*
Other retail	***124***	*115*
Other (Real Estate, Hotels, Private Equity and Other Investments)	***32***	*28*
	13,555	*12,943*
Geographical information		
United Kingdom	***5,528***	*5,587*
Europe, Middle East & Africa	***4,565***	*4,080*
The Americas	***1,403***	*1,269*
Asia Pacific	***2,059***	*2,007*
	13,555	*12,943*

31 Assets and liabilities classified as held for resale

In September 2016, the group announced that it had reached an agreement to sell its cane sugar business in southern China, subject to third-party consents and regulatory approvals, and ACH's North American herbs and spices business. ACH is in the Grocery segment. Both disposals have since completed.

Both businesses have been classified as a disposal group at year end. Neither business qualifies as a discontinued operation.

The proceeds of disposal for each business exceeded the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for resale.

	2016
	£m
Assets classified as held for sale	
Intangible assets	***127***
Property, plant and equipment	***103***
Deferred tax assets	***6***
Inventories	***36***
Trade and other receivables	***10***
Income tax	***4***
Cash and cash equivalents	***26***
	312
Liabilities classified as held for sale	
Loans and overdrafts	***11***
Trade and other payables	***10***
Deferred tax liabilities	***41***
Employee benefits liabilities	***13***
	75

Company balance sheet
at 17 September 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investment property	*4*	**12**	12
Shares in subsidiary undertakings	*5*	**1,036**	1,036
		1,048	1,048
Current assets			
Debtors: amounts falling due within one year	6	**388**	309
Other investments	7	**28**	23
Cash at bank and in hand		**81**	130
		497	462
Creditors: amounts falling due within one year	*8*	**(13)**	(9)
Net current assets		**484**	453
Net assets		**1,532**	1,501
Capital and reserves			
Called up share capital	*9*	**1**	1
Share premium account		**382**	382
Profit and loss reserve		**1,149**	1,118
Equity shareholders' funds		**1,532**	1,501

The financial statements on pages 66 to 72 were approved by the board of directors on 12 January 2017 and were signed on its behalf by:

Guy Weston
Director

Company Number 00366054

Company Statement of Changes in Equity

for the 53 weeks ended 17 September 2016

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 13 September 2014	1	382	1,046	**1,429**
Profit for the period	-	-	141	**141**
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	141	**141**
Dividends paid	-	-	(69)	**(69)**
Balance at 12 September 2015	**1**	**382**	**1,118**	**1,501**
Profit for the period	-	-	140	**140**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	140	**140**
Dividends paid	-	-	(109)	**(109)**
Balance at 17 September 2016	**1**	**382**	**1,149**	**1,532**

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 53 weeks ended 17 September 2016.

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 current investments are stated at their fair value, and in accordance with applicable United Kingdom accounting standards (UK GAAP) and the Companies Act 2006.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 affected the reported financial position and financial performance of the Company is provided in note 12.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Wittington Investments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; or
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

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

Notes *(continued)*

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. 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.

2 Profit for the period

As permitted by s408(4) of the Companies Act 2006 the Company has elected not to present its own income statement for the period. Wittington Investments Limited reported a profit for the period ended 17 September 2016 of £140m (2015: £141m).

3 Tangible fixed assets

The change in the accounting policy associated with transition to FRS 101 resulted in a reclassification of land and property rented to a group company from fixed assets to investment property. The re-stated value of land and building was £nil as of 17 September 2016. Further details on reclassification of fixed assets to investment property are provided in Note 11.

4 Investment property

	2016	2015
	£m	£m
Balance at the beginning and end of the period	**12**	12

5 Shares in subsidiary undertakings

	Listed	**Unlisted**	**Total**
	£m	**£m**	**£m**
At 17 September 2016	**345**	**691**	**1,036**
At 12 September 2015	345	691	1,036

Investments in subsidiary undertakings are shown at cost less amounts written off. Investments include 403,341,215 ordinary shares of 5 15/22p (2015: 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 2016 the market value of the holding was £10,934m (2014: £12,447m). 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 (2015: 28,173,893) shares in Associated British Foods plc, representing 3.6% of the issued share capital of that company. A list of trading subsidiary undertakings is given in note 28. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

6 Debtors

	2016	*2015*
	£m	*£m*
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	*382*	*306*
Corporation tax recoverable	*3*	*2*
Other debtors	*3*	*1*
	388	*309*

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

Notes *(continued)*

7 Other investments

	2016 £m	2015 £m
Unlisted investments	18	15
Listed investments	10	8
	28	23

8 Creditors: amounts falling due within one year

	2016 £m	2015 £m
Accruals and deferred income	6	4
Amounts due to subsidiary undertakings	7	5
	13	9

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

9 Share Capital

	Ordinary shares of 50p each	Nominal Value £
Authorised		
At 17 September 2016 and 12 September 2015	900,000	450,000
Issued and fully paid		
At 17 September 2016 and 12 September 2015	862,022	431,011

10 Subsequent events

An interim dividend of £55 per share (£47m) will be paid after the year-end on 16 January 2017 to shareholders on the register on 21 December 2016.

11 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 17 September 2016, the comparative information presented in these financial statements for the year ended 12 September 2015 and in the preparation of an opening FRS 101 balance sheet at 14 September 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

		14 September 2014 comparative			**12 September 2015 comparative**		
		UK GAAP	Effect of transition to FRS 101	FRS 101	**UK GAAP**	**Effect of transition to FRS 101**	**FRS 101**
	Note	£m	£m	£m	£m	£m	£m
Fixed assets							
Tangible assets	*a*	7	(7)	-	**7**	**(7)**	**-**
Investment property	*a*	3	9	12	**3**	**9**	**12**
Shares in subsidiary undertakings		1,036	-	1,036	**1,036**	**-**	**1,036**
		1,046	2	1,048	**1,046**	**2**	**1,048**
Current assets							
Debtors		326	-	326	**309**	**-**	**309**
Other investments		19	-	19	**23**	**-**	**23**
Cash in bank and in hand		45	-	45	**130**	**-**	**130**
		390	-	390	**462**	**-**	**462**
Creditors: amounts due within one year		(9)	-	(9)	**(9)**	**-**	**(9)**
Net current assets		381	-	381	**453**	**-**	**453**
Net assets		1,427	2	1,429	**1,499**	**2**	**1,501**
Capital and reserves							
Called up share capital		1	-	1	**1**	**-**	**1**
Share premium account		382	-	382	**382**	**-**	**382**
Profit and loss account		1,044	2	1,046	**1,116**	**2**	**1,118**
Shareholders' deficit – equity interests		1,427	2	1,429	**1,499**	**2**	**1,501**

Notes *(continued)*

12 Explanation of transition to FRS 101 (continued)

Reconciliation of profit/loss for comparative

	Note	12 September 2015 comparative		
		UK GAAP £m	**Effect of transition to Adopted FRS 101 £m**	**Adopted FRS101 £m**
Revenue		**138**	-	**138**
Administrative expenses		**(8)**	-	**(8)**
Operating profit		**130**	-	**130**
Other operating income		**1**	-	**1**
Operating profit		**131**	-	**131**
Profit before interest				
Interest receivable		**3**	-	**3**
Other financial income		**8**	-	**8**
Profit on ordinary activities before tax		**142**	-	**142**
Tax credit on ordinary activities		**(1)**	-	**(1)**
Profit on ordinary activities after tax		**141**	-	**141**

a) Recognition of reclassification of tangible assets to investment properties

Under previous UK GAAP, property leased to other group companies was classified as tangible fixed assets and held at cost less depreciation. Under FRS 101, property leased to other group companies is treated as investment property at cost as it is held to earn rentals.