

Wittington Investments Limited

Registered number 00366054

Strategic Report, Directors' Report and Financial Statements 16 September 2017

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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 97% 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, 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 sales of £15.4bn and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia. Further details can be found in ABF's Annual Report 2017 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, recognising the merits of building for the future. Appropriate acquisitions strengthen or complement existing businesses.

Sugar

AB Sugar is one of the world's largest and most diverse sugar producers and has a 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 work with its growers to ensure sustainable, efficient, agricultural production. It is committed to developing its people to build capability and capacity across all its locations for the future.

Agriculture

AB Agri is a unique group of leading agricultural businesses operating across the entire food supply chain. It operates through individual, entrepreneurial businesses empowered 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 by extending into new geographical territories and new areas adjacent to its core capabilities. AB Agri will continue its successful strategy of seeking to make complementary acquisitions to strengthen its portfolio of businesses and its technical capability. It will also continue to collaborate with other businesses in the group to harness new contacts and technologies.

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

Strategic Report *(continued)*

recognises its responsibility to the workers in those factories, and to its customers, to ensure that its products are made in good working conditions.

WIL 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 offer. They also aim to develop their respective digital business and, where appropriate, international activities. They invest as appropriate in people, processes and systems to support the business.

Real Estate

Wittington invests in high-quality investment properties in the retail, office and distribution sectors across the UK. It also takes strategic positions in selective development opportunities, alongside local partners or sector specialists, where it can use its balance sheet and long-term time horizon to unlock the potential in those sites.

Hotels

As an extension of its Real Estate strategy, Wittington invests in hotels. It looks for properties with fundamentally high quality real-estate backing and with a broad mix of customers from corporate, event and leisure markets.

Private Markets

Wittington invests both directly and via externally managed funds in private equity and private debt markets. This is a long term asset class and exposures are managed to provide a diverse portfolio by sector, geography and age of company. It also invests selectively in special situations.

Other Investments

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

Business Review

ABF Group

Grocery

Grocery revenue and adjusted operating profit from continuing businesses were both ahead of last year at actual exchange rates. Revenue was level with last year at constant currency although profit was lower. Twinings Ovaltine had another good year with excellent sales and profit growth. Profits and margins increased at ACH in the US and at George Weston Foods in Australia. However, a very competitive UK bread market and inflationary cost pressures led to lower revenue and margin at Allied Bakeries. Adjusted operating profit was £303m (2016 £294m).

Sugar

Reported revenue and adjusted operating profit were substantially ahead of last year. The main drivers were high EU sugar prices, lower UK beet costs, increased production and sales volumes at Illovo, and a further major contribution from the performance improvement programme across the group. Adjusted operating profit was £223m (2016 £35m).

Agriculture

AB Agri revenues were well ahead of last year with growth in all businesses and the benefit of a full year's trading from Agrokorn which was acquired last year. Adjusted operating profit was, however, lower than last year mainly reflecting reduced margins in China and UK feeds, as a result of strong competition and higher raw material costs, and an increase in investment in new business opportunities. Adjusted operating profit was £50m (2016 £58m).

Ingredients

Ingredients' revenues and adjusted operating profit were again well ahead of last year with a further increase in margin. AB Mauri delivered another year of significant improvement with growth achieved in yeast and bakery ingredients. ABF Ingredients delivered strong sales and profit growth with margin improvement driven by a higher proportion of revenues from premium markets. Adjusted operating profit was £125m (2016 £93m).

Retail

Sales at Primark were 19% ahead of last year at actual exchange rates, and 12% ahead on constant currency. Operating profit margin declined from 11.6% to 10.4% reflecting the strength of the US dollar on input costs. Primark performed particularly well in the UK where its share of the total clothing market increased significantly. Adjusted operating profit was £735m (2016 £689m).

Strategic Report *(continued)*

WIL Group

Other Retail

Fortnum & Mason

Sales for the year ended 9 July 2017 grew by 14% to £113m and profit before taxation grew by 23% to £7.6m. The business continues to invest for long term growth with capital investment in the year of £7.1m whilst driving further improvements to working capital.

Heal's

Sales grew by 4% in the year, which understates the underlying growth as space in the principal store, on Tottenham Court Road in London, was given over to concessions during the year. Sales from those concessions are not recorded in turnover and therefore recorded sales were driven from less space. As a result of the sales growth the underlying operating loss was much reduced. However a number of one-off charges were included in the result for the year, so the reported loss is only marginally less than in the prior year. The strategic focus continues to reposition the business as a digitally-led home retailer with showrooms.

Hotels

Grand Hotel, Brighton

The hotel has had a difficult year during the extensive works taking place, in particular in respect of essential repairs to the façade. Nevertheless, it delivered a profit for the year, notwithstanding the disruption to trading and the guest experience during this work. Such works continue during the current financial year and as a consequence we expect the hotel's profitability to remain under pressure for the short term.

Richmond Hill Hotel

Improved occupancy and room rates reflected the improved offer as a result of the refurbishment of rooms undertaken in 2015 and turnover increased as a result.

Real Estate

The profit after tax amounted to £9.6m. During the year, the company purchased two freehold properties on Northumberland Street in Newcastle and the Express Building in Manchester and sold one property on Buchanan Street in Glasgow.

Private Equity

The closed-end funds' portfolio had a strong year overall, with some successful exits being delivered by small and mid-market buyout funds as well as continued good performance from some of the secondaries strategies and venture capital. Our private debt markets portfolio also continues to deliver very satisfactory risk-adjusted performance. In the directly-held private equity portfolio, we completed the funding of the London Theatre Company, a new venture making productions for and operating the New Bridge Theatre. The theatre opened just after the end of this financial year.

Other Investments

Our portfolios of short-dated treasuries and bonds continue to offer an appropriate diversification of risk away from bank balance sheets, even though the financial returns continue at low levels.

ABF Corporate Responsibility

ABF continues to focus on its five strategic pillars of corporate responsibility: environment, people, supply chain, neighbours, and customers. In 2016, ABF published a full Corporate Responsibility Report, and this year it has produced a supplemental document which contains new case studies and updated content. Corporate responsibility is a central part of how the business is run and is incorporated into the day to day decision making processes. In the Corporate Responsibility Report, ABF shares data on its environmental and health and safety performance, and detailed information about the gender breakdown of the business, the gender pay gap, and its efforts to reduce the risk of any human rights abuses in its supply chain. Further information and a copy of the 2017 ABF Corporate Responsibility Report are available at www.abf.co.uk/responsibility and at www.abf.co.uk/modern_slavery_statement

In 2017, ABF's absolute use of energy was 23,300 GWh, an increase from 22,800 GWh in 2016, which was partly the consequence of favourable weather conditions which extended the sugar campaigns. Of this total energy used, 49% came from renewable resources, and 850GWh of electricity was exported to national grids or other organisations, which is an 11% increase on last year. Total gross greenhouse gas emissions amounted to 8.7million tonnes of carbon dioxide equivalent, which is consistent with last year despite the increased production output. Further details can be found in the ABF 2017 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. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 were introduced in April 2017, and ABF has collected the required data for all of its relevant employees. For each of the UK legal entities that are required to report, data will be published online and submitted to the Government's Gender Pay Reporting website in accordance with the legislation in due course. Further information can be found in the ABF 2017 Annual Report at www.abf.co.uk

Strategic Report *(continued)*

Being a responsible company means respecting the human rights of all the people who interact with the business, whether they are direct employees, temporary workers or those in the supply chain. ABF's approach to human rights and the steps it takes to try to ensure that modern slavery, in any of its forms, is not present within its operations or supply chains is set out in the 2017 Modern Slavery and Human Trafficking Statement at www.abf.co.uk/modern_slavery_statement_2017. Many of the businesses have compiled their own statements, and all published statements can be found at www.abf.co.uk/responsibility/cr_downloads.

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.

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; health and nutrition concerns; and socio-political uncertainty.

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.

Brexit

Last year, the UK's decision to leave the European Union was identified as having had some immediate impact on ABF's results as a consequence of the effect on currency markets. As the UK government continues its negotiations, uncertainty remains as to the extent to which ABF's operations and financial performance will be affected in the longer term. Both at a group and individual business level, ABF continues to prepare for changes in legislation, trade agreements, and working practices in order to take advantage of the changing commercial landscape and to mitigate risk. ABF has contributed to government led consultations on the potential changes and their likely impact on businesses and markets to help inform the exit strategy.



Guy Weston
Chairman

Company Number 00366054

16 January 2018
Weston Centre
10 Grosvenor Street
London
W1K 4QY

Directors' Report

The directors present their annual report and audited financial statements for the year ended 16 September 2017, in accordance with section 415 of the Companies Act 2006. The Board considers that the Company's Annual Report and Accounts 2017, 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 10. Profit for the financial period amounted to £1,248m (2016: £860m) and dividends to £84m (2016: £109m). Dividends are detailed in note 8. A dividend of £62 per share (£53m) was paid after the year-end on 15 January 2018 to shareholders on the register on 30 November 2017. This dividend was therefore not included in the results for the year. Profit for the financial period attributable to equity shareholders amounted to £689m (2016: £485m).

Directors

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

Guy Weston (Chairman)
Emma Adamo
~~Sir Harry Djanogly~~
Stephen Hancock
Anna Catrina Hobhouse
Charles Mason
W. Galen Weston
G. Grainger Weston
George Weston
Garth Weston

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. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the group an opportunity for retraining and for continuation in employment. It is group policy that the training, career development and promotion of disabled persons should as far as possible, be the same as that of other employees.

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.

Directors' Report (continued)

Branches

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

Post-balance sheet events

Significant events affecting the group that have arisen between 16 September 2017 and the date of this report and that require disclosure are described in note 29 on page 61.

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 flow and interest rate risks, can be found in note 18 on page 37.

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

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.

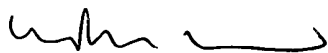
Corporate Governance

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 16 September 2017, 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

16 January 2018
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

Opinion

We have audited the financial statements of Wittington Investments Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 16 September 2017 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and the related notes 1 to 29 including a summary of significant group accounting policies, company balance sheet, company statement of changes in equity and the related notes 1 to 9 including a summary of significant company accounting policies. 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, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 16 September 2017 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 in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

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

(continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

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



Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16 January 2018

Consolidated income statement
for the 52 weeks ended 16 September 2017

	Note	Total 2017 £m	Total 2016 £m
Continuing operations			
Revenue	5	15,526	13,555
Operating costs	3	(14,250)	(12,499)
		<u>1,276</u>	<u>1,056</u>
Share of profit after tax from joint ventures and associates	13	63	57
Profits less losses on disposal of non-current assets		11	11
		<u>1,350</u>	<u>1,124</u>
Operating profit		1,350	1,124
Adjusted operating profit		1,372	1,139
Profits less losses on disposal of non-current assets		11	11
Amortisation of non-operating intangibles	9	(28)	(21)
Transaction costs	3	(5)	(5)
Profit less losses on sale and closure of businesses	23	293	(14)
		<u>1,643</u>	<u>1,110</u>
Profit before interest		1,643	1,110
Financial income	6	47	29
Financial expense	6	(62)	(57)
Other financial income/(expense)	6	(3)	3
		<u>1,625</u>	<u>1,085</u>
Profit before taxation		1,625	1,085
Adjusted profit before taxation		1,354	1,114
Profits less losses on disposal of non-current assets		11	11
Amortisation of non-operating intangibles	9	(28)	(21)
Transaction costs	3	(5)	(5)
Profits less losses on sale and closure of businesses	23	293	(14)
Taxation – UK		(74)	(77)
Taxation – Overseas		(303)	(148)
	7	<u>(377)</u>	<u>(225)</u>
Profit for the period		1,248	860
Attributable to:			
Equity holders of the parent		689	485
Non-controlling interests		559	375
		<u>1,248</u>	<u>860</u>
Profit for the period		1,248	860

Consolidated statement of comprehensive income
for the 52 weeks ended 16 September 2017

	2017	2016
	£m	£m
Profit for the period recognised in the income statement	1,248	860
Other comprehensive income		
Remeasurements of defined benefit schemes	438	(258)
Deferred tax associated with defined benefit schemes	(77)	50
Current tax associated with defined benefit schemes	-	1
Items that will not be reclassified to profit or loss	361	(207)
Effect of movements in foreign exchange	61	610
Net loss on hedge of net investment in foreign subsidiaries	(9)	(75)
Deferred tax associated with movements in foreign exchange	(2)	8
Current tax associated with movements in foreign exchange	(1)	1
Reclassification adjustments for movements in foreign exchange on subsidiaries disposed	(28)	-
Movement of cash flow hedging position	(8)	(13)
Deferred tax associated with movement in cash flow hedging position	-	4
Share of other comprehensive income of joint ventures and associates	-	16
Items that are or may be subsequently reclassified to profit or loss	13	551
Other comprehensive income for the period	374	344
Total comprehensive income for the period	1,622	1,204
Attributable to:		
Equity shareholders	893	668
Non-controlling interest	729	536
Total comprehensive income for the period	1,622	1,204

Consolidated balance sheet
at 16 September 2017

	<i>Note</i>	<i>2017</i>	<i>2016</i>
		<i>£m</i>	<i>£m</i>
Non-current assets			
Intangible assets		1,420	1,353
Property, plant and equipment	10	5,596	5,270
Investment property	12	209	197
Investments in joint ventures	13	219	241
Investments in associates	13	58	39
Employee benefits assets	14	285	6
Deferred tax assets	15	143	140
Other receivables	16	54	41
Total non-current assets		7,984	7,287
Current assets			
Assets classified as held for sale		-	312
Inventories	17	2,113	2,056
Biological assets	11	90	86
Trade and other receivables	16	1,366	1,358
Derivative assets	18	79	105
Income tax		28	9
Other financial assets	18	793	762
Cash and cash equivalents	19	1,877	788
Total current assets		6,346	5,476
Total assets		14,330	12,763
Current liabilities			
Liabilities classified as held for sale		-	(75)
Loans and overdrafts	20	(267)	(289)
Trade and other payables	21	(2,539)	(2,400)
Derivative liabilities	18	(113)	(73)
Income tax		(170)	(149)
Provisions	22	(105)	(54)
Total current liabilities		(3,194)	(3,040)
Non-current liabilities			
Loans	20	(664)	(643)
Other payables	18	(216)	(185)
Provisions	22	(27)	(34)
Deferred tax liabilities	15	(238)	(141)
Employee benefits liabilities	14	(160)	(297)
Total non-current liabilities		(1,305)	(1,300)
Total liabilities		4,499	(4,340)
Net assets		9,831	8,423

Consolidated balance sheet (continued)
at 16 September 2017

	2017	2016
	£m	£m
Equity		
Issued capital	1	1
Share premium	382	382
Other reserves	52	52
Translation reserve	259	246
Hedging reserve	(17)	(12)
Retained earnings	5,289	4,482
Total equity attributable to equity shareholders	5,966	5,151
Non-controlling interest	3,865	3,272
Total equity	9,831	8,423

These financial statements were approved by the board of directors on 16 January 2018 and were signed on its behalf by:



Guy Weston
Director

Company Number 00366054

Consolidated cash flow statement for period ended 16 September 2017

		2017	2016
	Note	£m	£m
Cash flows from operating activities			
Profit before taxation		1,625	1,085
Profits less losses on disposal of non-current assets		(11)	(11)
Profits less losses on sale and closure of businesses	23	(293)	14
Financial income		(47)	(29)
Financial expense		62	57
Other financial expense/(income)		3	(3)
Share of profit after tax from joint ventures and associates	13	(63)	(57)
Amortisation	9	59	49
Depreciation	10	522	441
Transaction costs		3	5
Net change in the fair value of current biological assets		-	(12)
Net change in the fair value of financial assets		-	11
Share-based payment expense		21	7
Pension cost less contributions		12	9
Increase in inventories		(44)	(74)
Increase in receivables		(7)	(55)
Increase in payables		172	111
Purchase less sales of current biological assets	11	(2)	(2)
(Decrease)/increase in provisions		(1)	3
Cash generated from the operations		2,011	1,549
Income taxes paid		(365)	(216)
Net cash from operating activities		1,646	1,333
Cash flows from investing activities			
Dividends received from joint ventures and associates	13	80	29
Purchase of property, plant & equipment		(832)	(780)
Purchase of intangibles		(46)	(32)
Sale of property, plant & equipment		49	27
Purchase of investment properties	12	(29)	(21)
Purchase of subsidiaries, joint ventures and associates		(79)	(20)
Sale of subsidiaries, joint ventures and associates	23	452	-
Sale of investment properties		22	-
Sale of other financial assets		5	-
Interest and dividends received		11	15
Net cash from investing activities		(367)	(782)
Cash flows from financing activities			
Dividends paid to non-controlling interests		(138)	(137)
Dividends paid to equity shareholders	8	(84)	(109)
Interest paid		(60)	(63)
Increase in other current asset investments		3	(242)
Increase/(decrease) in short-term loans		9	(77)
Increase/(decrease) in long-term loans		37	(23)
Purchase of shares in subsidiary undertakings from non-controlling interests		(3)	(252)
Movements from changes in own shares held		(10)	(19)
Net cash from financing activities		(246)	(922)
Net increase in cash and cash equivalents		1,033	(371)
Cash and cash equivalents at the beginning of the period		695	1,024
Effect of movements in foreign exchange		(15)	42
Cash and cash equivalents at the end of the period	19	1,713	695

Consolidated statement of changes in equity for the 52 weeks ended 16 September 2017

	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 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
Total comprehensive income									
Profit for the period recognised in the income statement	-	-	-	-	-	689	689	559	1,248
Remeasurements of defined benefit schemes	-	-	-	-	-	239	239	199	438
Deferred tax associated with defined benefit schemes	-	-	-	-	-	(43)	(43)	(34)	(77)
Items that will not be reclassified to profit or loss	-	-	-	-	-	196	196	165	361
Effect of movements in foreign exchange	-	-	-	35	-	-	35	26	61
Net loss on hedge of net investment in foreign subsidiaries	-	-	-	(5)	-	-	(5)	(4)	(9)
Deferred tax associated with movements in foreign exchange	-	-	-	(1)	-	-	(1)	(1)	(2)
Current tax associated with movements in foreign exchange	-	-	-	(1)	-	-	(1)	0	(1)
Movement in cash flow hedging position	-	-	-	-	(5)	-	(5)	(3)	(8)
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	-	-	(15)	-	-	(15)	(13)	(28)
Items that are or may be subsequently reclassified to profit or loss	-	-	-	13	(5)	-	8	5	13
Other comprehensive income	-	-	-	13	(5)	196	204	170	374
Total comprehensive income	-	-	-	13	(5)	885	893	729	1,622
Transactions with owners									
Dividends paid to equity shareholders	-	-	-	-	-	(84)	(84)	-	(84)
Net movement in own shares held	-	-	-	-	-	6	6	5	11
Deferred tax associated with share-based payments	-	-	-	-	-	1	1	-	1
Current tax associated with share-based payments	-	-	-	-	-	(1)	(1)	-	(1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(138)	(138)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(3)	(3)
Total transactions with owners	-	-	-	-	-	(78)	(78)	(136)	(214)
Balance as at 16 September 2017	1	382	52	259	(17)	5,289	5,966	3,865	9,831

Notes (forming part of the financial statements)

1 Accounting policies

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

The consolidated financial statements for the 52 weeks ended 16 September 2017 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 from 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 52 weeks ended 16 September 2017 (2016: 53 weeks ended 17 September 2016). To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint ventures and associates are included up to 31 August each year and Fortnum and Mason plc is made up to 9 July 2017. Adjustments are made as appropriate for significant transactions or events occurring between 16 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 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 ventures and associates on an equity-accounted basis from the point at which joint control or significant influence respectively commences, to the date that it ceases.

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.

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

Notes (continued)

1 Accounting policies (continued)

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 transaction 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 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.

Constant currency

Constant currency is derived by translating the prior year results at current year weighted average exchange rates.

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 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 pension arrangements comprise defined benefit plans, 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. For each plan,

Notes (continued)

1 Accounting policies (continued)

the difference between market value of assets and 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 contributions plans are charged to operating profit as incurred. Other unfunded post-employment liabilities are accounted for in the same way as 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 substantively 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 other 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.

Derivatives

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 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'. 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 charge.

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 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.

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.

Notes (continued)

1 Accounting policies (continued)

Property, plant & equipment

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

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

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

Leases

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

Current Biological assets

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 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 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.

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.

Notes (continued)

1 Accounting policies (continued)

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 following new accounting standards were adopted in the year, none of which resulted in a significant impact to the current or prior years:

- *Annual Improvements to IFRS 2012-2014*
- ~~*Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception*~~
- *Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations*
- *Amendments to IAS 1: Disclosure Initiative*
- *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The Group is 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 2018 are not expected to have any material effect on the group.

- *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 endorsed by the EU)
- *Annual Improvements to IFRSs 2014-2016* effective 2018 and 2019 financial years
- *IFRS 9 Financial Instruments: Classification and Measurement* effective 2019 financial year
- *IFRS 15 Revenue from Contracts with Customers* effective 2019 financial year
- *IFRS 16 Leases* effective 2020 financial year (not yet endorsed by the EU)
- *IFRS 17 Insurance Contracts* effective 2022 financial year (not yet endorsed by the EU)
- *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)
- *IFRIC 22: Foreign Currency Transactions and Advance Consideration* effective 2019 financial year (not yet endorsed by the EU)
- *IFRIC 23: Uncertainty over Income Tax Treatments* effective 2020 financial year (not yet endorsed by the EU)

The three new standards with the most significant potential effect on the group's financial statements are: IFRS 9, IFRS 15 and IFRS 16.

Impact assessments and implementation planning is already underway for these standards.

Further details of the group's transitional approach to their implementation and their expected impact will be provided in the 2018 consolidated financial statements.

The impact of the other standards is currently under review, but is expected to be much less significant.

2. Accounting estimates and judgements

In applying the accounting policies detailed on pages 16 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.

Notes (continued)

2. Accounting estimates and judgements (continued)

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 asset of £126m being recognised as at 16 September 2017. The size of this net asset 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 ongoing monitoring of the outcome of EU cases and investigations on tax rulings, and reflect the best estimate of the liability. The group believes it has made adequate provision for such matters.

3 Operating costs and gross profit

		<i>Total 2017</i>	<i>Total 2016</i>
	<i>Notes</i>	<i>£m</i>	<i>£m</i>
Operating costs			
Costs of sales (including amortisation of intangibles)		11,834	10,334
Distribution costs		1,392	1,271
Administration expenses		1,024	894
		14,250	12,499
Operating costs are stated after charging/(crediting):			
Employee benefits expense	4	2,585	2,245
Amortisation of non-operating intangibles	9	25	21
Amortisation of operating intangibles	9	34	28
Profits less losses on disposal of non-current assets		(11)	(11)
Depreciation of owned property, plant & equipment	10	522	441
Transaction costs		3	5
Operating lease payments under property leases		261	227
Operating lease payments for hire of plant & equipment		16	14
Other operating income		(21)	(30)
Gain on disposal of investment property	12	5	-
Research and development expenditure		37	36
Fair value gains on financial assets and liabilities held for trading		(7)	(12)
Fair value losses on financial assets and liabilities held for trading		18	16
Foreign exchange gains on operating activities		(62)	(55)
Foreign exchange losses on operating activities		70	58

Notes (continued)

3 Operating costs and gross profit (continued)

Transactional costs of £5m and amortisation of non-operating intangibles of £28m (2016: £5m and £21m) shown as adjusting items in the income statement, include £2m and £3m respectively (2016 - £nil and £nil respectively) incurred by joint ventures, in addition to the amounts shown above.

	2017 £m	2016 £m
Auditor's remuneration		
<i>Fees payable to the Company's auditor and its associates in respect of the audit</i>		
Group audit of these financial statements	-	-
Audit of the Company's subsidiaries pursuant to legislation	6.4	5.5
Total audit remuneration	6.4	5.5
<i>Fees payable to the Company's auditor and its associates in respect of non-audit related services</i>		
Audit-related assurance services	0.3	0.3
Tax compliance services	-	0.5
Tax advisory services	-	0.3
All other services	0.2	0.1
Total non-audit relate remuneration	0.5	1.2

4 Employees and Directors

	2017	2016
Average number of employees		
United Kingdom	47,622	45,249
Europe & Africa	67,081	64,308
The Americas	5,694	5,284
Asia Pacific	13,516	16,370
	133,913	131,211
	£m	£m
Employee benefits expense		
Wages and salaries	2,172	1,898
Social security contributions	264	219
Contributions to defined contribution schemes	14 21	76
Charge for defined benefit schemes	14 80	45
Equity-settled share-based payment schemes	48	7
	2,585	2,245

Directors' remuneration

	2017 £000	2016 £000
Aggregate directors' emoluments	5,657	3,898
Pension to former directors and widows of former directors	210	210
	5,867	4,108

The aggregate emoluments of the highest paid director were £4,855,000 (2016 - £3,133,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £609,000 (2016 - £711,000).

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	4	4

Notes (continued)

5 Revenue information

	<i>Revenue</i>	
	<i>2017</i>	<i>2016</i>
	<i>£m</i>	<i>£m</i>
Operating segments		
Grocery	3,434	3,274
Sugar	2,174	1,798
Agriculture	1,203	1,084
Ingredients	1,493	1,294
Retail	7,053	5,949
Total ABF Group	15,357	13,399
Other retail	140	124
Other (Real Estate, Hotels, Private Equity and Other Investments)	29	32
	15,526	13,555
Geographical information		
United Kingdom	5,866	5,528
Europe, Middle East & Africa	5,866	4,565
The Americas	1,592	1,403
Asia Pacific	2,202	2,059
	15,526	13,555

6 Interest and other financial income and expense

	<i>2017</i>	<i>2016</i>
	<i>£m</i>	<i>£m</i>
Finance income		
Cash and cash equivalents	13	11
Fair value gain on other financial assets	31	12
Dividends receivable	3	6
	47	29
Finance expense		
Bank loans and overdrafts	30	27
All other borrowings	27	28
Fair value loss on other financial assets	2	-
Finance leases	1	1
Other payables	2	1
	62	57
Other financial income/(expense)		
Interest income on employee benefit scheme assets	14	98
Interest charge on employee benefit scheme liabilities	14	(103)
Interest charge on irrecoverable surplus	14	(1)
Net financial income in respect of employee benefit schemes	(6)	-
Net foreign exchange losses on financing activities	3	3
Total other financial income/(expense)	(3)	3

Notes (continued)

7 Income tax expense

	2017 £m	2016 £m
Current tax expense		
UK – corporation tax at 19.54% (2016: 20.00%)	87	91
Overseas – corporation tax	297	142
UK – (over)/under provided in prior periods	(11)	6
Overseas – over-provided in prior periods	(9)	(17)
Total current tax expense	364	222
Deferred tax expense		
UK deferred tax	(4)	(15)
Overseas deferred tax	17	28
UK – under/(over) provided in prior years	2	(5)
Overseas – (over) provided in prior years	(2)	(5)
Total income tax expense in income statement	377	225
Reconciliation of effective tax rate		
Profit before taxation	1,625	1,085
Less share of profit from joint ventures and associates	(63)	(57)
Profit before taxation excluding share of profit from joint ventures and associates	1,562	1,028
Nominal tax charge at UK corporation tax rate of 19.54% (2016: 20.00%)	305	206
Effect of higher and lower tax rates on overseas earnings	39	5
Effect of changes in tax rates on income statement	-	(6)
Expenses not deductible for tax purposes	56	37
Disposal of assets covered by tax exemptions or unrecognised capital losses	8	(1)
Deferred tax not recognised	18	8
Adjustments in respect of prior periods	(20)	(21)
Other tax adjustments	(29)	(3)
	377	225
	2017 £m	2016 £m
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	77	(50)
Current tax associated with defined benefit schemes	-	(1)
Deferred tax associated with share-based payments	(1)	2
Current tax associated with share-based payments	1	(1)
Deferred tax associated with movements in cash flow hedging position	-	(4)
Deferred tax associated with movements in foreign exchange	2	(8)
Current tax associated with movements in foreign exchange	1	(1)
	80	(63)

Legislation has been enacted to reduce the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 with a further reduction to 17% from 1 April 2020. Accordingly, UK deferred tax has been calculated using these rates as appropriate.

Deferred taxation balances are analysed in note 15.

8 Dividends

	2017 £	2016 £
Per share		
First interim	55	51
Second interim	42	37
Third interim	-	38
	97	126

Notes (continued)

8 Dividends (continued)

	£m	£m
Total		
First interim	48	44
Second interim	36	32
Third interim	-	33
	84	109

An interim dividend of £62 per share (£53m) was paid after the year-end on 15 January 2018 to shareholders on the register on 30 November 2017.

9 Intangible assets

	Non-operating					Operating		
	Goodwill £m	Technology £m	Brands £m	Customer relationships £m	Grower Agreements £m	Other £m	Other £m	Total £m
Cost								
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
Other disposals	-	-	-	-	-	-	(10)	(10)
Transfer to assets classified as held for sale	(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
Acquisitions – externally purchased	-	-	-	-	-	-	53	53
Acquired through business combinations	19	-	4	46	-	-	-	69
Disposal of businesses	(5)	-	-	-	-	-	-	(5)
Other disposals	-	-	-	-	-	-	(12)	(12)
Effect of movements in foreign exchange	9	1	-	1	6	-	3	20
At 16 September 2017	1,160	209	388	156	124	6	354	2,397
Amortisation								
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
Amortisation for the year	-	-	19	6	-	-	34	59
Disposal of businesses	(5)	-	-	-	-	-	-	(5)
Other disposals	-	-	-	-	-	-	(5)	(5)
Effect of movements in foreign exchange	(1)	1	-	3	6	-	-	9
At 16 September 2017	29	209	297	110	124	6	202	977
Net book value								
At 12 September 2015	1,113	-	122	10	-	-	122	1,367
At 17 September 2016	1,102	-	106	8	-	-	137	1,353
At 16 September 2017	1,131	-	91	46	-	-	152	1,420

Amortisation of non-operating intangibles of £28m (2016: £21m) shown as an adjusting item in the income statement includes £3m (2016: £nil) incurred by joint ventures in addition to the amounts shown below.

Notes (continued)

9 Intangible assets (continued)

Impairment

As at 16 September 2017, the consolidated balance sheet included goodwill of £1,131m (2016: £1,220m), of which £118m was classified as held for sale. 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:

CGU or group of CGUs	Primary reporting segments	Discount rate	2017 £m	2016 £m
ACH	Grocery	12.9%	170	292
AB Mauri	Ingredients	13.5%	330	308
Twinnings Ovaltine	Grocery	11.5%	119	119
Capullo	Grocery	14.9%	49	46
Illovo	Sugar	20.1%	120	114
AB World Foods	Grocery	11.6%	78	78
Other (not individually significant)	Various	Various	265	263
			1,131	1,220

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

The cash flow projections have been discounted using the group's pre-tax weighted average cost of capital adjusted for country, industry and market risk. The rates used were between 10.2% and 20.1% (2016: between 8.6% and 18.3%).

The growth rates to perpetuity beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each of the CGU or groups of CGUs that are significant to the total carrying amount of goodwill, were in the range between 0% and 4%, consistent with the inflation factors included in the discount rates applied (2016: 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 business plan 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 \$340 on a CGU carrying value of \$954m (2016: headroom of \$551m on a CGU carrying value of \$911m). 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 13.5% (2016: 12.1%) and would have to increase to more than 19.0% (2016: 17.0%) 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% (2016: - 2% -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

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Assets under construction</i>	<i>Sugar cane roots</i>	<i>Total</i>
Cost						
<i>At 12 September 2015</i>	<i>2,387</i>	<i>3,189</i>	<i>2,109</i>	<i>126</i>	<i>52</i>	<i>7,863</i>
<i>Acquisitions- externally purchased</i>	<i>27</i>	<i>105</i>	<i>413</i>	<i>219</i>	<i>8</i>	<i>772</i>
<i>Interest capitalised</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5</i>	<i>-</i>	<i>5</i>
<i>Acquired through business combinations</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>
<i>Other disposals</i>	<i>(12)</i>	<i>(25)</i>	<i>(21)</i>	<i>-</i>	<i>(3)</i>	<i>(61)</i>
<i>Transfers from assets under construction</i>	<i>30</i>	<i>123</i>	<i>6</i>	<i>(159)</i>	<i>-</i>	<i>-</i>
<i>Transfers to assets classified as held for sale</i>	<i>(94)</i>	<i>(177)</i>	<i>(1)</i>	<i>(3)</i>	<i>-</i>	<i>(275)</i>
<i>Effect of movements in foreign exchange</i>	<i>190</i>	<i>330</i>	<i>202</i>	<i>16</i>	<i>3</i>	<i>741</i>
<i>At 17 September 2016</i>	<i>2,529</i>	<i>3,545</i>	<i>2,708</i>	<i>204</i>	<i>60</i>	<i>9,046</i>
<i>Acquisitions- externally purchased</i>	<i>119</i>	<i>85</i>	<i>395</i>	<i>214</i>	<i>12</i>	<i>825</i>
<i>Acquired through business combinations</i>	<i>6</i>	<i>3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>9</i>
<i>Other disposals</i>	<i>(45)</i>	<i>(36)</i>	<i>(126)</i>	<i>-</i>	<i>(8)</i>	<i>(215)</i>
<i>Transfers from assets under construction</i>	<i>23</i>	<i>153</i>	<i>26</i>	<i>(202)</i>	<i>-</i>	<i>-</i>
<i>Effect of movements in foreign exchange</i>	<i>25</i>	<i>27</i>	<i>36</i>	<i>3</i>	<i>-</i>	<i>91</i>
<i>At 16 September 2017</i>	<i>2,657</i>	<i>3,777</i>	<i>3,039</i>	<i>219</i>	<i>64</i>	<i>9,756</i>
Depreciation and impairment						
<i>At 12 September 2015</i>	<i>518</i>	<i>1,805</i>	<i>864</i>	<i>-</i>	<i>22</i>	<i>3,209</i>
<i>Depreciation for the period</i>	<i>47</i>	<i>195</i>	<i>194</i>	<i>-</i>	<i>5</i>	<i>441</i>
<i>Other disposals</i>	<i>(8)</i>	<i>(3)</i>	<i>(21)</i>	<i>-</i>	<i>(3)</i>	<i>(35)</i>
<i>Transferred to assets classified as held for sale</i>	<i>(41)</i>	<i>(130)</i>	<i>(1)</i>	<i>-</i>	<i>-</i>	<i>(172)</i>
<i>Effect of movements in foreign exchange</i>	<i>59</i>	<i>203</i>	<i>69</i>	<i>-</i>	<i>2</i>	<i>333</i>
<i>At 17 September 2016</i>	<i>575</i>	<i>2,070</i>	<i>1,105</i>	<i>-</i>	<i>26</i>	<i>3,776</i>
<i>Depreciation for the period</i>	<i>53</i>	<i>218</i>	<i>244</i>	<i>-</i>	<i>7</i>	<i>522</i>
<i>Impairment on disposal of business</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2</i>
<i>Other disposals</i>	<i>(17)</i>	<i>(40)</i>	<i>(108)</i>	<i>-</i>	<i>(8)</i>	<i>(173)</i>
<i>Effect of movements in foreign exchange</i>	<i>5</i>	<i>15</i>	<i>13</i>	<i>-</i>	<i>-</i>	<i>33</i>
<i>At 16 September 2017</i>	<i>618</i>	<i>2,263</i>	<i>1,254</i>	<i>-</i>	<i>25</i>	<i>4,160</i>
<i>Net book value at 12 September 2015</i>	<i>1,869</i>	<i>1,384</i>	<i>1,245</i>	<i>126</i>	<i>30</i>	<i>4,654</i>
<i>Net book value at 17 September 2016</i>	<i>1,954</i>	<i>1,475</i>	<i>1,603</i>	<i>204</i>	<i>34</i>	<i>5,270</i>
<i>Net book value at 16 September 2017</i>	<i>2,039</i>	<i>1,514</i>	<i>1,785</i>	<i>219</i>	<i>39</i>	<i>5,596</i>
					<i>2017</i>	<i>2016</i>
					<i>£m</i>	<i>£m</i>
<i>Net book value of finance lease assets</i>					<i>12</i>	<i>12</i>
<i>Land and buildings at net book value comprise:</i>						
<i>- Freehold</i>					<i>1,542</i>	<i>1,527</i>
<i>- Long leasehold</i>					<i>318</i>	<i>354</i>
<i>- Short leasehold</i>					<i>79</i>	<i>73</i>
					<i>1,939</i>	<i>1,954</i>
<i>Capital expenditure commitments – contracted but not provided for</i>					<i>583</i>	<i>498</i>

As at 17 September 2016 land and buildings at net book value classified as held for sale comprised £23m of freehold and £30m of short leasehold.

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 further reduction in manufacturing costs, efficiency improvement and general focus on cost reduction across the business. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A\$38m on a CGU carrying value of A\$270m (2015 – headroom of A\$78m on a CGU carrying value of A\$273m). The discount rate used was 10.5% (2016 - 9.7%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2016: 2.0%) per annum. A sensitivity of plus or minus 1% applied to discount rate impacts headroom by plus or minus A\$38m.

Notes (continued)

10 Property, plant & equipment (continued)

Low bread prices and strong continuing competition in the UK bakery sector led to a loss at Allied Bakeries and resulted in the need for an assessment of impairment. Headroom was £87m on a CGU carrying value of £260m (2016 – headroom of £43m on a CGU carrying value of £281m). The discount rate was 10.2% (2016 – 10.4%). 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 £27m. A sensitivity of plus or minus 1% applied to bread volumes impacts headroom by plus or minus £13m.

11 Biological assets

	<i>Growing cane</i> £m	<i>Current Other</i> £m	<i>Total</i> £m
<i>At 12 September 2015</i>	64	6	70
<i>Transferred to inventory</i>	(75)	(20)	(95)
<i>Purchases</i>	-	2	2
<i>Changes in fair value</i>	88	19	107
<i>Effect of movements in foreign exchange</i>	1	1	2
<i>At 17 September 2016</i>	78	8	86
<i>Transferred to inventory</i>	(104)	(14)	(118)
<i>Purchases</i>	-	2	2
<i>Changes in fair value</i>	101	17	118
<i>Effect of movements in foreign exchange</i>	2	-	2
<i>At 16 September 2017</i>	77	13	90

Growing cane

The fair value of growing cane is determined using inputs that are unobservable, 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 16 September 2017:

	<i>South Africa</i>	<i>Malawi</i>	<i>Zambia</i>	<i>Swaziland</i>	<i>Tanzania</i>	<i>Mozambique</i>
<i>Expected area to harvest (hectares)</i>	6,475	19,802	15,999	8,588	9,678	6,091
<i>Estimated yield (tonnes cane/hectare)</i>	68.8	91.0	118.6	96.7	70.3	81.0
<i>Average maturity of cane</i>	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 17 September 2016:

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

	2017		2016	
	+1% £m	-1% £m	+1% £m	-1% £m
Estimated sucrose content (growing cane)	1.1	(1.1)	1.0	(1.0)
Estimated sucrose price (growing cane)	1.5	(1.5)	1.3	(1.3)

Notes (continued)

12 Investment property

	<i>£m</i>
<i>At 12 September 2015</i>	<i>167</i>
<i>Additions</i>	<i>30</i>
<i>At 17 September 2016</i>	<i>197</i>
<i>Additions</i>	<i>29</i>
<i>Disposals</i>	<i>(17)</i>
<i>At 16 September 2017</i>	<i>209</i>

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 (2016: £9m). No contingent rents are charged.

13 Investments in joint ventures and associates

	<i>Joint Ventures £m</i>	<i>Associates £m</i>
<i>At 12 September 2015</i>	<i>199</i>	<i>32</i>
<i>Acquisitions</i>	<i>1</i>	<i>-</i>
<i>Profit for the period</i>	<i>51</i>	<i>6</i>
<i>Dividends received</i>	<i>(22)</i>	<i>(3)</i>
<i>Effect of movements in foreign exchange</i>	<i>12</i>	<i>4</i>
<i>At 17 September 2016</i>	<i>241</i>	<i>39</i>
<i>Acquisitions</i>	<i>-</i>	<i>14</i>
<i>Profit for the period</i>	<i>53</i>	<i>10</i>
<i>Dividends received</i>	<i>(75)</i>	<i>(5)</i>
<i>At 16 September 2017</i>	<i>219</i>	<i>58</i>

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:

	<i>Joint ventures</i>		<i>Associates</i>	
	<i>2017 £m</i>	<i>2016 £m</i>	<i>2017 £m</i>	<i>2016 £m</i>
<i>Non-current assets</i>	<i>146</i>	<i>115</i>	<i>22</i>	<i>19</i>
<i>Current assets</i>	<i>395</i>	<i>316</i>	<i>201</i>	<i>195</i>
<i>Current liabilities</i>	<i>(237)</i>	<i>(188)</i>	<i>(161)</i>	<i>(171)</i>
<i>Non-current liabilities</i>	<i>(81)</i>	<i>(21)</i>	<i>(5)</i>	<i>(5)</i>
<i>Goodwill</i>	<i>18</i>	<i>19</i>	<i>1</i>	<i>1</i>
<i>Net assets</i>	<i>241</i>	<i>241</i>	<i>58</i>	<i>39</i>
<i>Revenue</i>	<i>1,450</i>	<i>1,268</i>	<i>629</i>	<i>576</i>
<i>Profit for the period</i>	<i>53</i>	<i>51</i>	<i>10</i>	<i>6</i>

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 (the 'Scheme'), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit schemes represent 91% (2016 - 91%) of the group's defined benefit scheme assets and 89% (2016 - 88%) 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 previous 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 most recent triennial valuation of the Scheme was carried out as at 5 April 2017, was agreed by the trustees after the group's year end and revealed a surplus of £176m.

The Scheme's assets are managed using a risk-controlled investment strategy, which includes a liability-driven investment policy that seeks to match, where appropriate, the profile of the liabilities. This includes the use of derivative instruments to hedge inflation, interest and foreign exchange risks. The Scheme utilises both market and solvency triggers to develop the level of hedges in place. To date, the Scheme is fully hedged for 56% of inflation sensitivity and 35% 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.

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 £35m in the UK and £44m overseas, totalling £79m (2016 - UK £36m, overseas £38m, total £74m)

Actuarial Assumptions

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

	2017 UK %	2017 Overseas %	2016 UK %	2016 Overseas %
Discount rate	2.7	0.7-16.5	2.5	0.2-16.2
Inflation	2.3-3.3	0-9.5	2.1-3.1	0-9.2
Rate of increase in salaries	3.3-4.3	1-12.0	3.1	0-12.0
Rate of increase for pensions in payment	2.1-3.1	0-5.7	2.2-2.9	0-6.5
Rate of increase for pensions in deferment (where provided)	2.3	0-2.0	2.1	0-2.0

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

The mortality assumptions used to value the UK defined benefit schemes are derived from the S2 mortality tables with improvements in line with the 2015 projection model (2016 - 2015 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% (2016 - 1.25%). 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:

	2017		2016	
Life expectancy from age 65 (in years)	Male	Female	Male	Female
Member aged 65 in 2017 (2016)	22.3	24.9	22.2	24.8
Member aged 65 in 2037 (2036)	24.0	26.8	23.9	26.7

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 16 September 2017 is:

	Change in assumptions	Impact on scheme liabilities
Discount rate	decrease/increase by 0.5%	increase/decrease by 9.0%
Inflation	increase/decrease by 0.5%	increase/decrease by 7.7%
Rate of increase in salaries	increase/decrease by 0.5%	increase/decrease by 1.5%
Rate of mortality	reduce by one year	increase by 3.6%

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

	2017			2016		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
<i>Equities</i>	1,225	166	1,391	1,278	162	1,440
<i>Government bonds</i>	988	46	1,034	974	41	1,015
<i>Corporate and other bonds</i>	562	64	626	558	73	631
<i>Property</i>	323	19	342	295	16	311
<i>Cash and other assets</i>	597	56	653	534	61	595
<i>Scheme assets</i>	3,695	351	4,046	3,639	353	3,992
<i>Scheme liabilities</i>	(3,463)	(448)	(3,911)	(3,777)	(507)	(4,284)
<i>Aggregate net deficit</i>	232	(97)	135	(138)	(154)	(292)
<i>Irrecoverable surplus (a)</i>	-	(10)	(10)	-	(11)	(11)
<i>Net pension asset/(liability)</i>	232	(107)	125	(138)	(165)	(303)
<i>Analysed as</i>						
<i>Scheme in surplus</i>	277	8	285	-	6	6
<i>Schemes in deficit</i>	(45)	(115)	(160)	(138)	(171)	(309)
	232	(107)	125	(138)	(165)	(303)
<i>Unfunded liability included in the present value of scheme liabilities above</i>	(44)	(56)	(100)	(42)	(58)	(100)

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

Included within the group's 2016 overseas net pension liabilities analysed above is a deficit of £13m (£25m of assets and £38m of liabilities) which is classified as held for sale.

Corporate or other bonds relating to UK schemes of £562m (2016 - £558m) include £55m (2016 - £52m) 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 £312m (2016: £296m) 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.

Notes (continued)

14 Employee entitlements (continued)

The defined benefit scheme liabilities comprise 26% (2016 - 30%) in respect of active participants, 22% (2016 - 24%) for deferred participants and 52% (2016 - 46%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 18 years for both UK and overseas schemes (2016 - 20 years for both UK and overseas schemes)

Income statement

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

	2017 £m	2016 £m
<i>Charged to operating profit:</i>		
<i>Defined benefit plans</i>		
<i>Current service cost</i>	(48)	(44)
<i>Past service cost</i>	-	(1)
<i>Defined contribution schemes</i>	(79)	(74)
<i>Total operating cost</i>	(127)	(119)
<i>Reported in other finance income/(expense):</i>	(5)	1
<i>Net interest income/(expense) on net pension asset/(liability)</i>	(1)	(1)
<i>Net impact on profit before tax</i>	(133)	(119)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £35m (2016: £38m) and benefits paid in respect of unfunded plans of £1m (2016 - £nil). Contributions to funded defined benefit plans are subject to periodic review. Contributions to defined contribution schemes amounted to £79m (2016 - £74m).

Total contributions to funded plans and benefit payments by the group in respect of unfunded plans in 2018 are currently expected to be approximately £31m in the UK and £11m overseas, totalling £42m (2015 - UK £26m, overseas £8m, totalling £34m).

Other comprehensive income

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

	2017 £m	2016 £m
<i>Return on scheme assets excluding amounts included in net interest in the income statement</i>	135	288
<i>Actuarial losses arising from changes in financial assumptions</i>	55	(805)
<i>Actuarial gains/(losses) arising from changes in demographic assumptions</i>	2	257
<i>Experience gains on scheme liabilities</i>	243	6
<i>Change in unrecognised surplus</i>	3	(4)
<i>Remeasurements of the net pension asset/(liability)</i>	438	(258)

The primary reason for the significant experience gains in the year is the latest scheme membership information gathered during the 2017 triennial valuation, which identified that there has been more exits from the scheme than expected over the past three years.

Notes (continued)

14 Employee entitlements (continued)

Reconciliation of change in assets and liabilities

	2017 Assets £m	2016 Assets £m	2017 Liabilities £m	2016 Liabilities £m	2017 Net £m	2016 Net £m
At beginning of year	3,992	3,634	(4,284)	(3,644)	(292)	(10)
Current service cost	-	-	(48)	(44)	(48)	(44)
Employee contributions	10	10	(10)	(10)	-	-
Employer contributions	35	38	-	-	35	38
Benefit payments	(204)	(160)	205	160	1	-
Past service costs	-	-	-	(1)	-	(1)
Interest income/(expense)	98	135	(103)	(134)	(5)	1
Return on scheme assets less interest income	135	288	-	-	135	288
Actuarial gains/(losses) arising from changes in financial assumptions	-	-	55	(805)	55	(805)
Actuarial gains arising from changes in demographic assumptions	-	-	2	257	2	257
Experience gains on scheme liabilities	-	-	243	6	243	6
Businesses disposed	(25)	-	39	-	14	-
Effect of movements in foreign exchange	5	47	(9)	(69)	(4)	(22)
At end of year	4,046	3,992	(3,910)	(4,284)	136	(292)

Reconciliation of change in irrecoverable surplus

	2017 £m	2016 £m
At beginning of year	(11)	(6)
Change recognised in other comprehensive income	3	(4)
Interest charge on irrecoverable surplus	(1)	(1)
Effect of movements in foreign exchange	(1)	-
At end of year	(10)	(11)

Notes (continued)

15 Deferred tax assets and liabilities

	Property, plant and equipment	Intangible assets	Employee benefits	Financial assets and liabilities	Other temporary differences	Tax value of carry-forward losses	Total
	£m	£m	£m	£m	£m	£m	£m
<i>At 12 September 2015 restated</i>	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)
<i>At 17 September 2016</i>	91	77	(58)	(6)	(54)	(49)	1
Amount charged/ (credited) to the income statement	52	(1)	(3)	6	(47)	7	14
Amount charged/(credited) to equity	-	-	73	-	2	-	75
Acquired through business combinations	1	7	-	-	-	-	8
Effect of changes in tax rate on income statement.	(3)	-	-	-	(1)	3	(1)
Effect of changes in tax rate on equity	-	-	3	-	-	-	3
Effect of movements in foreign exchange	(5)	3	1	(1)	(2)	(1)	(5)
<i>At 16 September 2017</i>	136	86	16	(1)	(102)	(40)	95

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:

	2017	2016
	£m	£m
- Deferred tax assets	(143)	(140)
- Deferred tax liabilities	238	141
	95	1

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. Other deferred tax assets totalling £97m (2016 - £99m) have not been recognised on the basis that their future economic benefit is uncertain.

In addition, there are temporary differences of £2,995m (2016 - £2,645m) 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

	2017 £m	2016 £m
<i>Non-current - other receivables</i>		
Loans and receivables	50	37
Other non-current investments	4	4
	<u>54</u>	<u>41</u>
<i>Current – trade and other receivables</i>		
Trade receivables	1,039	1,037
Other receivables	131	129
Accrued income	14	8
	<u>1,184</u>	<u>1,174</u>
Prepayments and other non-financial receivables	182	184
	<u>1,366</u>	<u>1,358</u>

As at 16 September 2016 in addition to the amounts disclosed above, there were £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 £48m (2016 - £36m) in respect of finance lease receivables, with £45m in non-current loans and receivables and £3m in current other receivables (2016 - £33m in non-current loans and receivables and £3m in current other receivables). Minimum lease payments receivable are £3m within one year, £15m between one and five years and £36m in more than five years (2016 - £4m within one year, £5m between one and five years and £28m in more than five years).

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

17 Inventories

	2017 £m	2016 £m
Raw materials and consumables	352	369
Work in progress	22	37
Finished goods and goods held for resale	1,739	1,650
	<u>2,113</u>	<u>2,056</u>
Write down of inventories	(121)	(113)

At 17 September 2016 in addition to the amounts disclosed above, there are £36m of inventories classified as assets held for sale.

Notes (continued)

18 Financial Instruments

At September 2016 financial instruments include £26m cash, £10m of trade and other receivables, £10m of trade and other payables and £11m of loans and overdrafts 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.

		2017 £m	2016 £m
Financial assets			
Cash and cash equivalents	19	1,877	788
Loans and receivables:			
Trade and other receivables	16	1,184	1,174
Other non-current receivables	16	54	41
At fair value through profit and loss			
Other financial assets		793	762
Derivative assets not designated in a cash flow hedging relationship:			
- currency derivatives		2	14
- commodity derivatives		2	-
Designated net investment hedging relationships			
Derivative assets designated as net investment hedging instruments:			
- currency derivatives		-	1
Designated cash flow hedging relationships			
Derivative assets designated and effective as cash flow hedging instruments:			
- currency derivatives		68	86
- commodity derivatives		7	4
Total financial assets		3,987	2,870
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	21	(2,452)	(2,302)
Secured loans	20	(94)	(128)
Unsecured loans and overdrafts (fair value 2017: £867m; 2016: £851m)	20	(823)	(801)
Finance leases (fair value 2017: £19m; fair value 2016: £19m)	20	(14)	(14)
Deferred consideration	22	(6)	(7)
At fair value through profit and loss			
Derivative liabilities not designated in a cash flow hedging relationship:			
- currency derivatives		(32)	(8)
- commodity derivatives		(2)	(1)
Designated net investment hedging relationships			
Derivative liabilities designated as net investment hedging instruments:			
- currency derivatives		(27)	(16)
Designated cash flow hedging relationships			
Derivative liabilities designated and effective as cash flow hedging instruments:			
- currency derivatives		(48)	(36)
- commodity derivatives		(4)	(12)
Total financial liabilities		(3,502)	(3,325)
Net financial liabilities		485	(455)

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	<p>Fair values are typically determined either by reference to third party valuations (usually from a bank), or by reference to readily observable market prices.</p> <p>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.</p>
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.

	2017				2016			
	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	817	-	70	70	1,330	-	101	101
Commodity derivatives	104	-	9	9	39	1	3	4
	921	-	79	79	1,369	1	104	105
Financial Liabilities								
Currency derivatives	1,819	-	(107)	(107)	1,353	-	(60)	(60)
Commodity derivatives	100	(1)	(5)	(6)	112	-	(13)	(13)
	1,919	(1)	(112)	(113)	1,465	-	(73)	(73)

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.

	2017			2016		
	Currency derivatives £m	Commodity derivatives £m	Total £m	Currency derivatives £m	Commodity derivatives £m	Total £m
Opening balance	16	6	22	6	6	12
Losses/(gains) recognised in the hedging reserve	75	3	78	(82)	12	(70)
Amount removed from the hedging reserve and included in the income statement:						
- revenue	(20)	(7)	(27)	(21)	1	(20)
- cost of sales	(2)	2	-	-	(9)	(9)
- other financial income	(11)	-	(11)	46	-	46
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	(24)	(8)	(32)	56	(5)	51
Deferred tax	(2)	2	-	(4)	-	(4)
Effect of movement in foreign exchange	-	-	-	-	1	1
Closing balance	32	(2)	30	16	6	22
Cash flows are expected to occur:						
- within six months	24	-	24	5	6	11
- between six months and one year	3	(2)	1	8	-	8
- between one and two years	1	-	1	-	-	-
- between two and five years	3	-	3	1	-	1
- after five years	1	-	1	2	-	2
	32	(2)	30	16	6	22

Of the closing balance of £30m, £31m is attributable to equity shareholders and £(1)m to non-controlling interests (2015 - £22m wholly attributable to equity shareholders). Of the net movement in the year of £8m, £9m is attributable to equity shareholders and £(1)m to non-controlling interests (2016 - £11m attributable to equity shareholders and £(1)m to non-controlling interests).

d) Financial risk identification and management

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

- market risk;
- credit risk; and
- liquidity risk

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

The group sources and sells products and manufactures goods in 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 (2016 - \$160m) that have been designated as hedges of its net investment in foreign operations in US dollars.

A net foreign exchange loss of £3m (2016 - loss of £26m) on retranslation of these loans has been taken to the translation reserve on consolidation, all of which are attributable to equity shareholders. 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 £12m has been debited to the translation reserve, all of which is attributable to equity shareholders (2016 - £46m 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 forward contracts 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. Where possible commodity derivatives are accounted for as cash flow hedges, but there are some commodity derivatives for which the strict requirements of hedge accounting cannot 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 16 September 2017, £599m (68%) (2016 - £625m and 70%) of total debt was subject to fixed rates of interest, the majority of which is the US private placement loans of £588m (2016 - £588m).

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 probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the group's risk management policies and prevailing market conditions. The group documents currency derivatives used to hedge its forecast transactions as cash flow hedges. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

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

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:

	2017				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
FINANCIAL ASSETS					
Cash and cash equivalents	-	277	237	40	554
Trade and other receivables	1	24	85	13	123
	1	301	322	53	677
FINANCIAL LIABILITIES					
Trade and other payables	(22)	(396)	(41)	(10)	(469)
Unsecured bank loans and overdrafts	-	(413)	(2)	-	(415)
Finance leases	-	-	-	(1)	(1)
Deferred consideration	-	(1)	-	-	(1)
	(22)	(810)	(43)	(11)	(886)
CURRENCY DERIVATIVES					
Gross amounts receivable	73	1,694	85	168	2,020
Gross amounts payable	(3)	(105)	(501)	(61)	(670)
	70	1,589	(416)	107	1,350
Total	49	1,080	(137)	149	1,141
	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	1,961
Gross amounts payable	(4)	(49)	(598)	(73)	(724)
	71	1,472	(401)	95	1,237
Total	54	752	(362)	108	552

Notes (continued)

18 Financial Instruments (continued)

The following major exchange rates applied during the period:

	Average rate		Closing rate	
	2017	2016	2017	2016
US dollar	1.27	1.43	1.36	1.31
Euro	1.15	1.29	1.14	1.17
Rand	16.96	21.17	17.87	18.74
Renminbi	8.63	9.35	8.90	8.74
Australian dollar	1.67	1.96	1.70	1.75

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 2017	Impact on total equity 2017	Impact on profit for the period 2016	Impact on total equity 2016
10% strengthening against other currencies of	+/- £m	+/- £m	+/- £m	+/- £m
Sterling	-	6	-	6
US dollar	5	118	11	87
Euro	6	(19)	6	(42)
Other	10	16	8	9

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 2017	Impact on profit for the period 2016
10% strengthening of sterling against	+/- £m	+/- £m
US dollar	(24)	(13)
Euro	(35)	(24)
Rand	(2)	(1)
Renminbi	(20)	(1)
Australian dollar	(4)	(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 16 September 2017. The group considers its maximum exposure to credit risk to be:

	2017	2016
	£m	£m
Cash and cash equivalents	1,877	788
Other financial assets	793	762
Loans and receivables (refer to note 18a)	1,238	1,215
Derivative assets at fair value through profit and loss	4	14
Derivative assets in designated net investment hedging relationships	-	1
Derivative assets in designated cash flow hedging relationships	75	90
	3,987	2,870

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:

	2017	2016
	£m	£m
UK	437	414
Europe & Africa	287	289
The Americas	163	177
Asia Pacific	297	304
	1,184	1,184

Trade receivables can be analysed as follows:

	2017	2016
	£m	£m
Not overdue	897	890
Up to 1 month past due	107	109
Between 1 and 2 months past due	20	23
Between 2 and 3 months past due	8	7
More than 3 months past due	32	33
Provision for doubtful debts	(25)	(25)
	1,039	1,037

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)

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

	2017	2016
	£m	£m
Opening balance	25	22
Amounts provided for during the period	5	4
Amounts released during the year	(2)	(2)
Amounts utilised during the year	(3)	(3)
Effect of movements in foreign exchange	-	4
Closing balance	25	25

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

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:

		2017						
	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	(2,216)	(20)	(15)	(52)	(149)	(2,452)	(2,452)
Secured loans	20	(14)	(10)	(13)	(57)	-	(94)	(94)
Unsecured loans and overdrafts	20	(173)	(60)	(254)	(289)	(97)	(873)	(823)
Finance leases	25	(1)	(1)	(2)	(2)	(36)	(42)	(14)
Deferred consideration	22	-	(2)	(1)	(3)	-	(6)	(6)
Derivative financial liabilities								
- Currency derivatives (net payment)		(69)	(8)	-	-	-	(77)	(107)
- Commodity derivatives (net payment)		(2)	(3)	(1)	-	-	(6)	(6)
Total financial liabilities		(2,475)	(104)	(286)	(403)	(282)	(3,550)	(3,501)

		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)

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 16 September 2017.

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 16 September 2017, in respect of which all conditions precedent have been met amounted to £1,232m (2016: £1,311m):

	2017			2016		
	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	558	558	-	588	588	-
Illovo	117	85	32	143	83	60
Azucarera	-	-	-	105	54	51
Other	70	70	-	62	62	-
	1,945	713	1,232	2,098	787	1,311

Uncommitted facilities available at 16 September 2017 were:

	2017			2016		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Money market lines	100	-	100	100	-	100
Illovo	177	74	103	138	69	69
Azucarera	93	33	60			
China banking	37	-	37	424	12	412
Other	208	97	111	184	61	123
	615	204	411	846	142	704

In addition to the above facilities, there are also £520m (2016: £296m) 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 (2016: £14m) 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 £558m of private placement notes in issue to institutional investors in the US and Europe. At 16 September 2017, these had an average remaining duration of 3.5 years and an average fixed coupon of 4.6%. The other significant core committed debt facilities comprise local committed facilities in Illovo.

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

Refer to note 10 for details 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

	2017 £m	2016 £m
Cash at bank and in hand	1,124	609
Cash equivalents	753	205
Cash and cash equivalents	1,877	814
Reconciliation to the cash flow statement		
Bank overdrafts	(164)	(119)
Cash and cash equivalents in the cash flow statement	1,713	695
Cash and cash equivalents on the face of the balance sheet	1,877	788
Cash and cash equivalents classified as held for sale	-	26
	1,877	814

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	2017 £m	2016 £m
Current loans and overdrafts			
Secured loans		24	89
Unsecured loans and overdrafts		246	210
Finance leases		1	1
		271	300
Non-current loans			
Secured loans		70	39
Unsecured loans		577	591
Finance leases	25	13	13
		660	643
	18	931	943
	Notes	2017 £m	2016 £m
Secured loans			
- USD floating rate		-	26
- GBP floating rate		54	47
- Other floating rate		33	51
- Other fixed rate		7	4
Unsecured bank loans and overdrafts			
- Bank overdrafts		164	119
- GBP floating rate		-	4
- GBP fixed rate		164	177
- USD floating rate		37	-
- USD fixed rate		413	428
- EUR floating rate		35	55
- RMB floating rate		-	11
- Other floating rate		9	5
- Other fixed rate		1	2
Finance lease liabilities (fixed rate)		14	14
		931	943
Loans and overdrafts on the face of the balance sheet		931	932
Loans and overdrafts classified as held for sale		-	11
		931	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.

Notes (continued)

21 Trade and other payables

	2017 £m	2016 £m
<i>Trade payables</i>	1,242	1,141
<i>Accruals</i>	997	976
	2,239	2,117
<i>Deferred income and other non-financial payables</i>	300	283
	2,539	2,400
Non-current – other payables		
<i>Accruals</i>	216	185

The comparative figure for certain accruals whose value will be released to the income statement after more than one year has been re-presented as non-current.

In addition to the amounts disclosed above, at 17 September 2017 there were £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.

22 Provisions

	<i>Restructuring</i> £m	<i>Deferred consideration</i> £m	<i>Other</i> £m	<i>Total</i> £m
At 17 September 2016	60	7	21	88
<i>Created</i>	46	-	47	93
<i>Utilised</i>	(35)	(1)	(8)	(44)
<i>Released</i>	(3)	-	(1)	(4)
<i>Effect of movements in foreign exchange</i>	-	-	(1)	(1)
At 16 September 2017	68	6	58	132
<i>Current</i>	53	2	50	105
<i>Non-current</i>	15	4	8	27
	68	6	58	132

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.

Notes (continued)

23 Acquisitions and disposals

Acquisitions

2017

During the year the group acquired two small Grocery businesses in the UK and an Ingredients business in the US. Total consideration was £85m, comprising cash of £83m and deferred consideration of £2m. Net assets acquired comprised intangible assets of £69m, cash of £5m and other operating assets and liabilities of £11m. The cash outflow of £79m on the purchase of subsidiaries, joint ventures and associates in the cash flow statement comprises cash consideration of £83m less cash acquired with the businesses of £5m and £1m of deferred consideration in respect of prior year acquisitions.

After the year end, on 12 October 2017 the group completed the acquisition of 100% of Acetum S.p.A., the leading Italian producer of Balsamic Vinegar of Modena for €317m including debt assumed. In the year ended 31 December 2016, the business generated net sales of €102m and profit after tax of €3m. Given the timing of the acquisition after the group's financial year end and its proximity to the date of approval of the group's financial statements, completion of the initial accounting for the acquisition has not yet been undertaken. Consequently, the disclosures relating to goodwill, acquired intangibles, and the fair values of other assets and liabilities acquired have not been made. These disclosures will be provided in the condensed consolidated interim financial statements for the 24 weeks ending 3 March 2018.

2016

Last year the group acquired two small European Agriculture businesses which, together, increased net assets by £8m satisfied in cash. Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from a £2m non-operating intangible asset 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 acquisition and 17 September 2016. 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.

The £8m of cash consideration differed by £2m from the cash outflow of £10m on the purchase of subsidiaries, joint ventures and associates in the cash flow statement. The difference comprised payment of deferred consideration in respect of prior year acquisitions.

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

Disposals

2017

The group disposed of its US herbs and spices business, reported within the Grocery segment. Cash proceeds amounted to £294m, net assets disposed were £26m and the associated goodwill was £124m. Provisions for transaction and associated restructuring costs were £33m, with a loss of £1m on recycling foreign exchange differences. The pre-tax gain on disposal was £110m. The group also disposed of its south China cane sugar operations for cash proceeds of £194m. The purchaser also assumed £103m of debt resulting in total proceeds of £297m. Net assets disposed were £120m. Provisions for transaction and associated restructuring costs were £24m, offset by a gain of £29m on recycling of foreign exchange differences and £1m of non-controlling interests. The pre-tax gain on disposal was £183m.

The cash inflow of £452m on the sale of subsidiaries, joint ventures and associates in the cash flow statement comprises cash proceeds of £488m less cash disposed with the businesses of £26m and £10m of transaction costs.

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 and Africa. The group also charged a £9m onerous lease provision to sale and closure of business (in the Central segment) as a result of lease reversions following the administration of the BHS retail chain in the UK.

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, 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.

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

The 2016 LTIP was approved and adopted by the Company at the annual general meeting held on 9 December 2016. 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:

	<i>Balance outstanding at the beginning of the period £m</i>	<i>Granted/ awarded £m</i>	<i>Vested £m</i>	<i>Expired/ lapsed £m</i>	<i>Balance outstanding at the end of the period £m</i>
2017	2,680,947	1,661,230	(331,341)	(916,112)	3,094,724
2016	3,330,356	849,566	(626,879)	(872,096)	2,680,947

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 16 September 2017 the trust held 1,513,998 (2016 - 1,531,339) ordinary shares of the Company. The market value of these shares at the period end was £48m (2016 - £41m). The Trust has waived its right to dividends. Movements in the year were releases of 331,341 share and purchases of 350,000 shares (2016 - releases of 626,879 shares and purchases of 650,000 shares).

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 2,449 pence (2016 - 3,185 pence) and the weighted average share price was 2,633 pence (2016 - 3,425 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 £17m (2016 - £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 (2016 - £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:

	<i>2017 Land and buildings £m</i>	<i>2017 Plant and equipment £m</i>	<i>2017 Total £m</i>	<i>2016 Land and buildings £m</i>	<i>2016 Plant and equipment £m</i>	<i>2016 Total £m</i>
Within one year	299	12	311	261	12	273
Between one and five years	1,202	16	1,218	1,067	17	1,084
After five years	2,971	-	2,971	2,910	-	2,910
	4,472	28	4,500	4,238	29	4,267

Notes (continued)

25 Lease commitments (continued)

Finance leases

Finance lease liabilities are payable as follows:

	<i>Minimum lease payments 2017 £m</i>	<i>Interest 2017 £m</i>	<i>Principal 2017 £m</i>	<i>Minimum lease payments 2016 £m</i>	<i>Interest 2016 £m</i>	<i>Principal 2016 £m</i>
<i>Within one year</i>	2	1	1	2	1	1
<i>Between one and five years</i>	4	3	1	4	3	1
<i>After five years</i>	36	24	12	37	25	12
	42	28	14	43	29	14

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 16 September 2017, group companies have provided guarantees in the ordinary course of business amounting to £1,866m (2016: £1,912m).

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	2017 £'000	2016 £'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	20,225	22,404
(ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation	2,3	3,778	3,737
(iii) Members of the Weston family employed within the Wittington group	3	26	183
<hr/>			
Sales to and commissions paid to companies with common key management personnel	5	16,181	18,132
Amounts due from companies with common key management personnel	5	1,938	1,748
Sales to joint ventures and associates on normal trading terms	6	39,727	54,954
Purchases from joint ventures and associates on normal trading terms	6	416,370	342,383
Amounts due from joint ventures and associates	6	51,110	41,775
Amounts due to associates and joint ventures	6	38,254	31,716
<hr/>			

1. The Garfield Weston Foundation ("The Foundation") is an English charitable trust, established in 1958 by the late W Garfield Weston. As at 16 September 2017, the Foundation holds 683,073 shares (2016: 683,073) in Wittington Investments Limited representing 79.2% of the Company's issued share capital and is, therefore, the Company's ultimate controlling party. At 16 September 2017, 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 4.

Notes (continued)

27 Related party transactions (continued)

3. A spouse of one of the directors of Wittington Investments Ltd was paid a salary and consultancy fee of £54,350 during the year by a subsidiary within the Wittington group.
4. 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 £104,927 (2016: £388,048). There are no amounts outstanding at the year end.
5. The companies with common key management personnel are the George Weston Limited group in Canada, and Selfridges & Co. Limited.
6. Details of the group's subsidiary undertakings and joint ventures are set out in note 28.

28 Group entities

Subsidiary undertakings

A list of the group's subsidiaries as at 16 September 2017 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.

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
United Kingdom		ABF US Holdings Limited	
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY</i>		ABN (Overseas) Limited	
A.B. Exploration Limited		ABNA Feed Company Limited	
A.B.F. Holdings Limited		ABNA Limited	
A.B.F. Nominees Limited		Agrilines Limited	
A.B.F. Properties Limited		Allied Bakeries Limited	
AB Agri Limited		Allied Grain (Scotland) Limited	
AB Foods Australia Limited		Allied Grain (South) Limited	
AB Ingredients Limited		Allied Grain (Southern) Limited	
AB Mauri (UK) Limited		Allied Grain Limited	
AB Mauri Europe Limited		Allied Mills Limited	
AB Sugar Africa Limited		Allied Technical Centre Limited	
AB Sugar China Holdings Limited		Allinson Limited	
AB Sugar China Limited		Associated British Foods Pension Trustees Limited	
AB Sugar China North Limited		Atrium 100 Properties Limited	
AB Sugar Limited		Atrium 100 Stores Holdings Limited	
AB Technology Limited		Atrium 100 Stores Limited	
AB World Foods (Holdings) Limited		B.E. International Foods Limited	
AB World Foods Limited		Banbury Agriculture Limited	
ABF (No. 1) Limited		British Sugar (Overseas) Limited	
ABF (No. 2) Limited		British Sugar plc	
ABF (No. 3) Limited		BSO (China) Limited	
ABF Europe Finance Limited		Cereal Industries Limited	
ABF European Holdings Limited		Cereform Limited	
ABF Finance Limited		Davjon Food Limited	
ABF Funding		Dorset Cereals Limited	
ABF Grain Products Limited		Eastbow Securities Limited	
ABF Green Park Limited		Elsenham Quality Foods Limited	
ABF Grocery Limited		Fishers Feeds Limited	
ABF HK Finance Limited		Fishers Seeds & Grain Limited	
ABF Ingredients Limited		Food Investments Limited	
ABF Investments plc		G. Costa (Holdings) Limited	
ABF Japan Limited		G. Costa and Company Limited	
ABF MXN Finance Limited		Gb Plange UK Limited	
ABF Overseas Limited		Germain's (U.K.) Limited	
ABF PM Limited		H 5 Limited	
ABF UK Finance Limited		Jacksons of Piccadilly Limited	

Notes (continued)

28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
John K. King & Sons Limited		Brighton Grand Hotel Operations Limited	
Kingsgate Food Ingredients Limited		Wittington Investments (Brighton Grand) Limited	
LeafTC Limited		Wittington Investments (WPX) Limited	
Mauri Products Limited		Wittington Investments (OCP) Limited	
Mitra Sugar Limited		Wittington Investments (Harbourvest) Limited	
Mountsfield Park Finance Limited		Wittington Investments (BV II) Limited	
Nere Properties Limited		Wittington Investments (Next Wave) Limited	
Nutrition Trading (International) Limited		Wittington Investments (Dunedin) Limited	
Nutrition Trading Limited		Wittington Investments (BSPF) Limited	
Patak (Spices) Limited		Wittington Investments (FAP I) Limited	
Patak Food Limited		Wittington Investments (VO1) Limited	
Patak's Breads Limited		Wittington Investments (BPA II) Limited	
Patak's Foods 2008 Limited		Wittington Investments (Careplaces) Limited	
Premier Nutrition Products Limited		Wittington Investments (Coller) Limited	
Pride Oils Public Limited Company		Wittington Investments (PPE IV) Limited	
Primark (U.K.) Limited		Wittington Investments (PPE) Limited	
Primark Austria Limited		Wittington Investments (Sandaire) Limited	
Primark Mode Limited		Wittington Investments (Bestport) Limited	
Primark Pension Administration Services Limited		Wittington Investments (WHEB) Limited	
Primark Stores Limited		George Weston Limited	
Primary Diets Limited		WINDL Offices Limited	
Primary Nutrition Limited		Wittington Investments (BSP) Limited	
Pro-active Nutrition Limited		Wittington Investments (BV III) Limited	
R. Twining and Company Limited		Wittington Investments (Reof) Limited	
Reflex Nutrition Limited		Wittington Investments (17) Limited	
Roses Nutrition Ltd		Wittington Investments (Dunedin III) Limited	
Seedcote Systems Limited		Wittington Investments (Graphite) Limited	
Serpentine Securities Limited		Wittington Investments (Apollo) Limited	
Sizzlers Limited		Wittington Investments (FIPL) Limited	
Sizzles Limited		Wittington Investments (FAP I II) Limited	
Speedibake Limited		WILH (Investments) Limited	
Sun Blest Crumpet Co. Limited (The)		Wittington Investments (Private Equity) Limited	
Sunblest Bakeries Limited		Clinton Farms Limited	83%
The Bakery School Limited		196 Tottenham Court Road, London, W1T 7LQ, United Kingdom	
The Billington Food Group Limited		Heal's Holdings Limited	
The Home Grown Sugar Company Limited		Heal & Son Limited	
The Jordans & Ryvita Company Limited		Heal's plc	
The Natural Sweetness Company Limited		Ambrose Retail Limited	
The Roadmap Company Limited		Heal's Pension Fund Trustees Limited	
The Silver Spoon Company Limited		Heal's Finance Limited	
The Weston Biscuit Company Limited		181 Piccadilly, London, W1A 1ER, United Kingdom	
Tip Top Bakeries Limited		Fortnum & Mason Plc	
Trident Feeds Limited		Fortnum & Mason USA Inc	
Twining Crosfield & Co. Limited		Fortnum & Mason Limited	
Vivergo Fuels Limited	94%	F. & M. Limited	
W. Jordan & Son (Silo) Limited		Fortnum & Mason (Export) Limited	
W. Jordan (Cereals) Limited		Fortnum & Mason Hospitality Limited	
Wereham Gravel Company Limited (The)		Fortnum & Mason (London) Limited	
Westmill Foods Limited		Fortnums Limited	
Weston Foods Limited		1 College Place North, Belfast, BT1 6BG, United Kingdom	
Weston Research Laboratories Limited		James Neill Limited	
Worldwing Investments Limited		Unit 4, 211 Castle Road, Randalstown, Co. Antrim, BT41 2EB	
Wittington Investments (Properties) Limited		Jordan Bros. (N.I.) Limited	
Wittington Investments (Developments) Limited		Nutrition Services (International) Limited	
Richmond Hill Hotel (Operations) Limited		Vistavet Limited	
Wittington Investments (Richmond Hill Hotel) Limited		180 Glentanar Road, Glasgow, G22 7UP	
Howard Investments Limited		ABN (Scotland) Limited	
Wittington Investments Finance Limited			

Notes (continued)

28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
<p><i>Miller Samuel LLP, RWF House, 5 Renfield Street, Glasgow, G2 5EZ</i></p> <p>Korway Foods Limited</p> <p>Korway Holdings Limited</p> <p>Patak's Chilled Foods Limited</p> <p>Patak's Frozen Foods Limited</p> <p>Argentina</p> <p><i>Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428, Argentina</i></p> <p>AB Mauri Hispanoamerica S.A.</p> <p>Surgras S.A.</p> <p><i>Av. Raul Alfonsín, Monte Chingolo, Buenos Aires 3145, Argentina</i></p> <p>Compañía Argentina De Levaduras S.A.I.C.</p> <p>Australia</p> <p><i>Level 1, Building A, 11 Talavera Road, North Ryde, NSW 2113, Australia</i></p> <p>AB Mauri Camellia Pty Limited</p> <p>AB Mauri Overseas Holdings Limited</p> <p>AB Mauri Pakistan Pty Limited</p> <p>AB Mauri Properties Pty Limited</p> <p>AB Mauri ROW Holdings Pty Limited</p> <p>AB Mauri South America Pty Limited</p> <p>AB Mauri South West Asia Pty Limited</p> <p>AB Mauri Technology & Development Pty Limited</p> <p>AB Mauri Technology Pty Limited</p> <p>AB World Foods Pty Ltd</p> <p>ABF Wynyard Park Limited Partnership</p> <p>Anzchem Pty Limited</p> <p>Food Investments Pty. Limited</p> <p>George Weston Foods Limited</p> <p>Indonesian Yeast Company Pty Limited</p> <p>Mauri Fermentation Argentina Pty Limited</p> <p>Mauri Fermentation Brazil Pty Limited</p> <p>Mauri Fermentation Chile Pty Limited</p> <p>Mauri Fermentation China Pty Limited</p> <p>Mauri Fermentation India Pty Limited</p> <p>Mauri Fermentation Indonesia Pty Limited</p> <p>Mauri Fermentation Malaysia Pty Limited</p> <p>Mauri Fermentation Philippines Pty Limited</p> <p>Mauri Fermentation Vietnam Pty Limited</p> <p>Mauri Yeast Australia Pty Limited</p> <p>N&C Enterprises Pty Ltd</p> <p>NB Love Industries Pty Ltd</p> <p>Serrol Ingredients Pty Limited</p> <p>The Jordans and Ryvita Company Australia Pty Ltd</p> <p>WA Feeds Pty Ltd</p> <p><i>35-37 South Corporate Avenue, Rowville, Victoria 3178, Australia</i></p> <p>AB Food & Beverages Australia Pty. Limited</p> <p>Austria</p> <p><i>Schottenring 19, 1010 Wien, Austria</i></p> <p>Primark Austria Ltd & Co KG</p>		<p>Bangladesh</p> <p><i>Level 13 Shanta Western Tower Bir Uttam Mir Shawkat Road 186 Tejgaon I/A Dhaka 1208</i></p> <p>Twinings Ovaltine Bangladesh Limited</p> <p>Belgium</p> <p><i>Industriepark 2, 9820 Merelbeke, Belgium</i></p> <p>AB Mauri Belgium NV</p> <p><i>Boulevard Raymond Poincaré 07/113, 4020 Liege, Belgium</i></p> <p>Primark SA</p> <p>Brazil</p> <p><i>Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pederneiras, State of São Paulo, CEP 17.280-000, Brazil</i></p> <p>AB Brasil Indústria e Comércio de Alimentos Ltda</p> <p>Alameda Amazonas 938, 3rd Floor, Alphaville – Barueri, São Paulo 06454-070, Brazil</p> <p>AB Enzimas Brasil Comercial Ltda</p> <p>Rua Cardeal Arcoverde. 1641 9th Floor, São Paulo, Brazil</p> <p>AB Vista Brasil Comércio De Alimentação Animal Ltda</p> <p>Canada</p> <p><i>Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Canada</i></p> <p>AB Mauri (Canada) Limited</p> <p>Chile</p> <p><i>Miraflores Street No. 222, 28 Floor, Santiago, Chile</i></p> <p>Calsa Chile Inversiones Limitada</p> <p>China</p> <p><i>No. 1 Tongcheng Street, Acheng District, Harbin, Heilongjiang Province, China</i></p> <p>AB (Harbin) Food Ingredients Company Limited</p> <p>Harbin Mauri Yeast Co., Ltd.</p> <p><i>Zhenlai Economic Development District, Baicheng City, Jilin Province, China</i></p> <p>AB Agri Animal Nutrition (Jilin) Co., Ltd</p> <p><i>North Huang He Road, Rudong New Economic Development Zone, Nantong City, Jiangsu Province, China</i></p> <p>AB Agri Animal Nutrition (Nantong) Co., Ltd</p> <p>AB Agri Animal Nutrition (Rudong) Co., Ltd.</p> <p><i>Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tongge County, Jiangxi Province, China</i></p> <p>AB Agri Pumeixin Tech (Jiangxi) Co. Ltd.</p> <p><i>No. 889 West Yan An Road, Changning District, Shanghai, 200050, China</i></p> <p>AB Enzymes Trading (Shanghai) Co., Ltd</p> <p>ABNA Management (Shanghai) Co., Ltd.</p> <p>ABNA Trading (Shanghai) Co., Ltd</p> <p>Associated British Foods Holdings (China) Co., Ltd</p> <p>British Sugar Consulting Services (Shanghai) Co Ltd</p>	

Notes (continued)

28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
Suite 1908, Fosun International Center, No. 237 Chaoyangbei Road, Beijing, Chaoyang District, China		Czech Republic Nádražní 523, Czech Republic Bodit Tachov s.r.o.	
AB Mauri (Beijing) Food Sales and Marketing Company Limited Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province, China		Denmark Skjernvej 42, Trøstrup, 6920 Videbæk, Denmark Agro Korn A/S	
AB Mauri Food (Dongguan) Co., Ltd. 1151 Siping Road, Yangpu District, Shanghai 200092, China		Ecuador Av. Medardo Angel Silva, s/n y Panama Duran, Ecuador AB Calsa S.A.	
AB Mauri Foods (Shanghai) Company Limited South Ge XinDaDao, West WuZiGou, Wuhan, DongXHu District 430040, China	90%	Finland Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200, Finland AB Enzymes Oy Enzymes Leasing Finland Oy	
AB Tip Top (Wuhan) Baking Co Ltd Building T3-4, No. 5001, Huadong Road, Pudong New Area, Shanghai 201201, China		France 40/42, avenue Georges Pompidou, 69003, à Lyon, France AB Mauri France SAS 5 Boulevard de l'Oise, Immeuble Le Rond Point, 95015 Cergy Pontoise, Cédex, France Foods International S.A.S. 52 rue de la Victoire, TMF Pole, 75009, Paris, France Primark France SAS Chemin du Vallon du maire, 13240, Septemes les Vallons, France SPI Pharma SAS	
ABF Twinings Beverages (Shanghai) Limited 868 Yongpu Road, Pujiang Town, Minhang District, Shanghai 201112, China		Germany Feldbergstrasse 78, 64293, Darmstadt, Germany ABF Enzymes GmbH Wandsbeker Zollstrasse 59, 22041, Hamburg, Germany ABF Deutschland Holdings GmbH Ohly GmbH Ohly Grundbesitz GmbH Rheinische Presshefe- und Spritwerke GmbH Kennedyplatz 2, 45127, Essen, Germany Primark Mode Ltd. & Co. KG Primark Property GmbH Marie-Kahle-Allee 2, D-53113, Bonn, Germany Westmill Foods Europe GmbH	
ABNA (Shanghai) Feed Co., Ltd. 14 Juhai Road, Jinghai Development Zone, Tianjin, China		Guernsey Maison Trinity, Trinity Square, St. Peter Port, GY1 1AT, Guernsey Talisman Guernsey Limited	
ABNA (Tianjin) Feed Co, Ltd Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province, China		Hong Kong 7/F DCH Building, 20 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong Associated British Foods Asia Pacific Holdings Limited	
ABNA Feed (Anhui) Co., Ltd. 145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225, China			
ABNA Feed (Liaoning) Co., Ltd. 17 Xiangyang Street, Tu Township, Chayouqianqui, Inner Mongolia, China			
Botian Sugar (Chayou Qianqi) Co., Ltd. No. 1 Botian Road, Economic Development Zone, Zhangjiakou City, Hebei Province, China			
Botian Sugar Industry (Zhangbei) Co., Ltd. No. 368 Changjiang Road, Nangang District, Haibin, Heilongjiang Province, China			
Botian Sugar Industry Co., Ltd. 1 Industrial North Street, Zhangjiakou, Zhangbei County, Hebei, China			
Hebei Mauri Food Co., Ltd. Meishan Industrial Estate, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, China			
Meishan Mauri Yeast Co., Ltd. (in liquidation) Panyu Mauri Food Co., Ltd. 8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China			
Shanghai AB Food & Beverages Co., Ltd Jie Liang Zi, Huo Cheug, Yi Li, Xinjiang, China			
Xinjiang Mauri Food Co., Ltd. No. 68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province, China	90%		
Yantai Mauri Yeast Co., Ltd.	92%		
Colombia Cra 35# 34A-64, Palmira, Valle, Colombia Fleischmann Foods S.A.			

Notes (continued)
28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
India #218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105, India AB Mauri India (Private) Limited First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030, India SPI Specialties Pharma Private Limited 8, Acharya Jagadish Chandra Bose Road, Kolkata, 700017, India Twining's Private Limited		Malaysia No 118, Jalan Pudu, 1st Floor, 55100 Kuala Lumpur, Malaysia AB Mauri Malaysia Sdn. Bhd.	52%
Indonesia Wisma GKB Lt.39, Suite 3901, No.28 Jl. Jend. Sudirman, Jakarta, Indonesia PT AB Food & Beverages Indonesia		Malta 57 St. Christopher Street, Valletta, VLT1462, Malta Relax Limited	70%
Ireland 47 Mary Street, Dublin 1, Ireland Abdale Finance Limited Primark Holdings Primark Pension Trustees Limited Proofex Products Company Unlimited Company Vistavet (Ireland) Limited Yeast Products Company Unlimited Company Arthur Ryan House, 22-24 Parnell Street, Dublin 1, Ireland Primark Limited		Mauritius 10th Floor, Standard Chartered Tower, 19 Cybacoity, Ebene, Mauritius Illovo Group Financing Services Limited Illovo Group Holdings Limited Illovo Group Marketing Services Limited Kilombero Holdings Limited Sucoma Holdings Limited	73%
Italy Via Milano 42, 27045, Casteggio, (Pavia), Italy AB Mauri Italy S.p.A. ABF Italy Holdings S.r.l. Primark Italy S.r.l.		Mexico Paseo de la Reforma No 2620, Edificio Reforma Plus, piso 8, 803, 804 y 803, Col. Lomas Atlas, DF 11950, Mexico AB CALSA S.A. de C.V. AB CALSA SERVICIOS, S. DE R.L. DE C.V. Av. Prolongacion Paseo de la Reforma No. 1015, Torre "A", piso 14 Col., Santa Fe, D.F., 01376, Mexico ACH Foods Mexico, S. de R.L. de C.V. Yucatan No.11 (2-B) Col., Roma 06700, D.F., Mexico Servicios Alimentos Capullo, S. de R.L. de C.V.	
Japan 2-5-1 Atago, Minato-ku, Tokyo, Japan Twining's Japan Co Ltd	50%	Mozambique KM75 EN1, Maçiana, Distrito de Manhica, Provincia de Maputo, Mozambique Maragra Açucar, S.A.	90%
Jersey CTV House, La Pouquelaye, St Helier, JE2 3TP, Jersey Bonuit Investments Limited 44 Esplanade, St Helier, JE4 9WG, Jersey Parkstone (Jersey) Limited (in liquidation)		Netherlands Mijhweg 77, 3316 BE, Dordrecht, Netherlands AB Mauri Netherlands B.V. Luna ArenA, Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost, Netherlands AB Mauri Netherlands European Holdings B.V. Foods International Holding B.V. Primark Fashion B.V. Primark Netherlands B.V. Primark Stil B.V. 7122 JS Aalten, Dinxperlosestraatweg 122, Netherlands Germain's Seed Technology B.V. Brieltjenspolter 16, 4921 PJ Made, Netherlands Mauri Technology B.V. Dalsteindreef 141, Diemen, 1112XJ, Netherlands Westmill Foods Europe B.V.	
Luxembourg 16, Avenue Pasteur, Luxembourg, L-2310, Luxembourg AB Foods Luxembourg S.à r.l. (in liquidation) 9 Allee Scheffer, Luxembourg, L2520, Luxembourg ABF European Holdings & Co SNC		New Zealand 73-105 Great South Road, Otahuhu, Auckland, New Zealand Allied Foods (NZ) Ltd Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand Anzchem NZ Limited	
Malawi Illovo House, Churchill Road, Limbe, Malawi Dwangwa Sugar Corporation Limited Illovo Sugar (Malawi) plc Malawi Sugar Limited	76% 76%		

Notes (continued)

28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
<i>Level 1, 95 Manakau Road, Newmarket, Auckland, New Zealand</i>		Carabello Trading and Investments 20 Limited	
George Weston Foods (NZ) Limited		CGS Investments (Pty) Limited	
<i>1 Simsey Place, Hamilton, New Zealand</i>		East African Supply (Pty) Limited	
New Zealand Food Industries Limited		Glendale Sugar Limited	
		Illovo Distributors (Pty) Limited	
		Illovo Sugar (South Africa) Proprietary Limited	
		Illovo Sugar Africa Proprietary Limited	
		Illprop (Pty) Limited	
		Lacsa (Pty) Limited	70%
		Noodsberg Sugar Company Limited	
		Reynolds Brothers Limited	
		S.A. Sugar Distributors (Pty) Limited	
		Smithchem (Pty) Limited	
		Umzimkulu Sugar Company Limited	
Nigeria		Spain	
<i>23 Oba Akinjobi Street, GRA, Ikeja, Lagos, Nigeria</i>		<i>Avenida de Manoteras 46 bis,</i>	
Twinings Ovaltine Nigeria Limited		<i>Edificio Delta Norte, 28050, Madrid, Spain</i>	
		AB Azucarera Iberia, S.L. Sociedad Unipersonal	
		AB Mauri Food, S.A.	
		AB Mauri Spain, S.L.U.	
		AB Vista Iberia, S.L.	
		ABF Overseas Limited, Sucursal en España	
		Nueva Comercial Azucarera, S.A. (in liquidation)	88%
		<i>Levadura 5, Villarrubia 14710, Cordoba, Spain</i>	
		ABF Colón Park, S.L.U.	
		<i>C/ Escultor Coomonte Bl. 2, Entreplanta, Benavente, Zamora, Spain</i>	
		Agroteo S.A.	67%
		Calle Comunidad do Murcia, Parcela LIE-1-03, Plataforma Logistica de Fraga, 22520, Huesca, Spain	
		Alternative Swine Nutrition, S.L.	
		Avienda Virgen de Montserrat, 44 Castellolí, 08719, Barcelona, Spain	
		Germaines Seed Technology, S.A.	
		Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid, Spain	
		Illovo Sugar Espana, S.L.	
		Gran Via, 32 5o 28013, Madrid, Spain	
		Primark Tiendas, S.L.U.	
		Sri Lanka	
		<i>124 Templers Road, Mount Lavinia, Sri Lanka</i>	
		AB Mauri Lanka (Private) Limited	
		Swaziland	
		Ubombo Sugar Limited, Old Main Road, Big Bend, Swaziland	
		Bar Circle Ranch Limited	60%
		Illovo Swaziland Limited	60%
		Moyeni Ranch Limited	60%
		Ubombo Sugar Limited	60%
		Switzerland	
		<i>Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland</i>	
		Wander AG	
		Taiwan	
		<i>5F, No. 217, Sec 3, Nanking E Rd, Taipei City, 104, Taiwan (R.O.C.)</i>	
		AB Food and Beverages Taiwan, Inc.	
Pakistan			
<i>21KM Ferozepur Road, 2k KM Hadyara Drain, Lahore, Pakistan</i>			
AB Mauri Pakistan (PRIVATE) Limited	60%		
Peru			
<i>Av. Argentina No. 1227, Callao, Peru</i>			
CALSA de Peru S.A.C.			
Philippines			
<i>86 E Rodriguez Jr. Ave., Ugong Norte, QC, 1604, Pasig City, Metro Manila, Philippines</i>			
AB Food & Beverages Philippines, Inc.	99%		
1201-1202 Prime Land Building, Market Street, Madrigal Business Park, Ayala Alabang, Muntinlupa, 1770, Philippines			
AB Mauri Philippines, Inc.			
Poland			
<i>Przemysłowa 2, 67-100 Nowa Sól, Lubuskie, Poland</i>			
AB Foods Polska Spółka z ograniczona odpowiedzialnoscia (AB Foods Polska SP. z o.o.)			
ul. Rabowicka 29/31, 62-020, Swarzędz – Jasin, Poland			
R. Twining and Company Sp. z o. o.			
Portugal			
<i>Avenida Salvador Allende, n.º 99, Lisboa Oeiras, Julião da Barra, Paço de Arcos e Caxias, 2770-157, Paco de Arcos, Portugal</i>			
AB Mauri Portugal, S.A.	96%		
<i>Praça Marquês de Pombal, 1-8º, 1250 – 160 Lisbon, Portugal</i>			
Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A.			
Puerto Rico			
<i>CT Corporation Systems, Inc., 361 San Francisco St., San Juan, Puerto Rico 00901</i>			
ACH Food Companies of Puerto Rico, Inc.			
Singapore			
<i>80 Robinson Road, #02-00, 068898 Singapore</i>			
AB Mauri Investments (Asia) Pte Ltd			
112 Robinson Road, #05-01, 068902 Singapore			
AB Vista Asia Pte. Limited			
South Africa			
<i>1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, Kwazulu Natal, 4320, South Africa</i>			

Notes (continued)

28 Group entities (continued)

Subsidiary undertakings	% of effective holding if not 100%	Subsidiary undertakings	% of effective holding if not 100%
Tanzania		B.V. ABF Delaware, Inc.	
<i>C/o Kilombero Sugar Company, Msolwa Mill Office, Kidatu, Kilombero District, Tanzania</i>		Germaines Seed Technology, Inc.	
Illovo Distillers (Tanzania) Limited	80%	PGP International, Inc.	
Illovo Tanzania Limited		Primark US Corp.	
Kilombero Sugar Company Limited	55%	SPI Pharma, Inc.	
		SPI Polyols, LLC	
		Twinings North America, Inc.	
		<i>155 Federal Street, Suite 700, Boston MA 02110, United States</i>	
Thailand		Primark GCM LLC	
<i>11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakanong, Bangkok, 10260, Thailand</i>			
AB Food & Beverages (Thailand) Ltd.		Uruguay	
ABF Holdings (Thailand) Ltd.		<i>Cno. Carlos Antonio Lopez 7547, Montevideo, Uruguay</i>	
<i>1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand</i>		Greensted, S.A.	
AB World Foods Asia Ltd		Levadura Uruguay S.A.	
<i>229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540, Thailand</i>			
Jasol Asia Pacific Limited		Venezuela	
		<i>Av. Rio Caura, Torre Humboldt, Piso 16, Of. 16-12. Urb. Prados del Este, Caracas, Estado Miranda</i>	
Turkey		Alimentos Fleischmann, C.A.,	
<i>Aksakal Mahallesi, Kavakpinari, Kume Evleri No. 5, Bandirma- Balikesir, 10245, Turkey</i>		<i>Oficinas Once 3 (Nº 11-3) y Once 4 (Nº 11-4), Torre Mayupan, Centro Comercial San Luis, Av.Principal Urbanización San Luis, cruce con Calle Comercio, Caracas, Bolivarian Republic of Venezuela</i>	
Mauri Maya Sanayi A.S.		Compañía de Alimentos Latinoamericana de Venezuela (CALSA) S.A.	
United Arab Emirates			
<i>Office 604^a, Jafza LOB 15, Jebel Ali Freezone, Dubai, PO BOX 17620, United Arab Emirates</i>		Vietnam	
AB Mauri Middle East FZE		<i>Unit 2, 100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Choi Minh City, Vietnam</i>	
United States		AB Agri Vietnam Company Limited	
<i>CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles CA 90017, United States</i>		<i>Km 102, Highway 20, La Nga Commune – Dinh Quan District, Dong Nai Province, Vietnam</i>	
AB Mauri Food Inc.		AB Mauri Vietnam Limited	66%
<i>The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States</i>			
AB Vista, Inc.		Zambia	
ABF North America Corp.		<i>Nakambala Estates, Plot No. 118a</i>	
ABF North America Holdings, Inc.		<i>Lubombo Road, Off Great North Road, Zambia</i>	
Abitec Corporation		Illovo Sugar (Zambia) Limited	
ACH Food Companies, Inc.		Nanga Farms PLC	66%
ACH Jupiter LLC		Tukunka Agricultural Limited	76%
		Zambia Sugar plc	76%

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 financial statements 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 commitments entered into by each of the Irish incorporated subsidiary undertakings listed below, including amounts shown as liabilities in the statutory financial statements of these companies, in respect of the financial year ended 16 September 2017. As a consequence, these subsidiary undertakings may qualify for the exemption under section 357 of the Companies Act 2014 (Ireland) from the provisions of sections 347 and 348 of that Act.

Notes (continued)

28 Group entities (continued)

Abdale Finance Limited
Primark Limited
Primark Holdings
Primark Pension Trustees Limited

Joint ventures

A list of the group's joint ventures as at 16 September 2017 is given below. All joint ventures are included in the group's financial statements using equity method of accounting.

Joint venture	% holding	Joint venture	% holding
United Kingdom		Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	25%
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY</i>			
Frontier Agriculture Limited	50%	Finland	
Boothmans (Agriculture) Limited	50%	<i>Tykkimäentie 15b (PO Box 57), Rajamäki, FIN-05201, Finland</i>	
Forward Agronomy Limited	50%	Roal Oy	50%
G F P (Agriculture) Limited	50%		
GH Grain Limited	50%	France	
GH2 Limited	50%	<i>59, Chemin du Moulin, 695701, Carron, Dardilly, France</i>	
Grain Harvesters Limited	50%	Synchronis	50%
Nomix Enviro Limited	50%		
North Wold Agronomy Limited	50%	Germany	
Phoenix Agronomy Limited	50%	<i>Brede 4, 59368, Werne, Germany</i>	
Soyl Limited	50%	UNIFERM GmbH & Co. KG	50%
The Agronomy Partnership Limited	50%	INA Nahrungsmittel GmbH	50%
<i>1 Monkspath Road, Solihull, West Midlands B90 4FY</i>		UNIFERM Verwaltungs GmbH	50%
Tango Real Estate LLP	80%		
<i>Second Floor, 11 Waterloo Street, Birmingham B2 5TB</i>		Poland	
Nurton Developments (Quintus) Limited	50%	<i>ul. Wybieg, nr 5, lok 9, miesjsc, KOD 61-315, Poznan, Poland</i>	
<i>Fine Lady Bakeries Ltd, Southam Road, Banbury, Oxfordshire, OX16 2RE</i>		Uniferm Polska Sp Z.o.o	50%
Chiltern Bakeries Limited	44%		
<i>Vernon House, 40 New North Road, Huddersfield, West Yorkshire, HD1 5LS</i>		South Africa	
Proper Nutty Limited	40%	<i>1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal 4320, South Africa</i>	
<i>Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG</i>		Glendale Distilling Company	50%
Southampton Grain Terminal Limited	25%		
<i>Kingseat, Newmacher, Aberdeenshire, AB21 0UE, Scotland</i>		Spain	
Grampian Crop Services Limited	50%	<i>C/ Raimundo Fernández, Villaverde 28, Madrid, Spain</i>	
Lothian Crop Specialists Limited	50%	Compañía de Melazas, S.A.	50%
Australia		United States	
<i>Level 1, Building A, 11 Talavera Road, North Ryde NSW 2113, Australia</i>		<i>C T Corporation System, 2 North Jackson Street, Suite 605, Montgomery AL 36104, United States</i>	
Fortnum & Masons Pty Limited	33%	SOC Land Acquisition Company, LLC	50%
		Supreme Oil Company-South, LLC	50%
Chile		<i>The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States</i>	
<i>Ave. Balmaceda 3500, Valdivia, Chile</i>		Stratas Foods LLC	50%
Levaduras Collico S.A.	50%	Stratas Receivables I LLC	50%
		Supreme Oil Company LLC	50%
China		Supreme Oil Company IC-DISC, Inc.	50%
<i>1828 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province, China</i>		Supreme Oil Central, Inc.	50%

Notes (continued)

28 Group entities (continued)

Associates

A list of the group's associates as at 16 September 2017 is given below. All associates are included in the group's financial statements using the equity method of accounting.

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

29 Subsequent events

An interim dividend of £62 per share (£53m) was paid after the year-end on 15 January 2018 to shareholders on the register on 30 November 2017.

Company balance sheet
at 16 September 2017

	<i>Note</i>	2017 £m	2016 £m
Fixed assets			
Investment property	3	12	12
Shares in subsidiary undertakings	4	1,036	1,036
		<hr/>	<hr/>
		1,048	1,048
Current assets			
Debtors: amounts falling due within one year	5	368	388
Other investments	6	30	28
Cash at bank and in hand		172	81
		<hr/>	<hr/>
		570	497
Creditors: amounts falling due within one year	7	(17)	(13)
		<hr/>	<hr/>
Net current assets		553	484
		<hr/>	<hr/>
Net assets		1,601	1,532
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	1	1
Share premium account		382	382
Profit and loss reserve		1,218	1,149
		<hr/>	<hr/>
Equity shareholders' funds		1,601	1,532
		<hr/>	<hr/>

The financial statements on pages 62 to 65 were approved by the board of directors on 16 January 2018 and were signed on its behalf by:



Guy Weston
Director

Company Number 00366054

Company Statement of Changes in Equity

for the 52 weeks ended 16 September 2017

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
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
Profit for the period	-	-	153	153
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	153	153
Dividends paid	-	-	(84)	(84)
Balance at 16 September 2017	1	382	1,218	1,601

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 52 weeks ended 16 September 2017.

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 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 16 September 2017 of £153m (2016: £140m).~~

3 Investment property

	2017 £m	2016 £m
<i>Balance at the beginning and end of the period</i>	12	12

4 Shares in subsidiary undertakings

	Listed £m	Unlisted £m	Total £m
<i>At 16 September 2017</i>	345	691	1,036
<i>At 17 September 2016</i>	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 (2016: 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 16 September 2017 the market value of the holding was £12,737m (2016: £10,934m). 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.

5 Debtors

	2017 £m	2016 £m
<i>Amounts falling due within one year</i>		
<i>Amounts owed by subsidiary undertakings</i>	363	382
<i>Corporation tax recoverable</i>	2	3
<i>Other debtors</i>	3	3
	368	388

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

6 Other investments

	2017 £m	2016 £m
<i>Unlisted investments</i>	18	18
<i>Listed investments</i>	12	10
	30	28

Notes (continued)

7 Creditors: amounts falling due within one year

	2017 £m	2016 £m
<i>Accruals and deferred income</i>	6	6
<i>Amounts due to subsidiary undertakings</i>	11	7
	<u>17</u>	<u>13</u>

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

8 Share Capital

	Ordinary shares of 50p each	Nominal Value £
<i>Authorised</i>		
<i>At 16 September 2017 and 17 September 2016</i>	900,000	450,000
	<u> </u>	<u> </u>
<i>Issued and fully paid</i>		
<i>At 16 September 2017 and 17 September 2016</i>	862,022	431,011
	<u> </u>	<u> </u>

9 Subsequent events

An interim dividend of £62 per share (£53m) was paid after the year-end on 15 January 2018 to shareholders on the register on 30 November 2017.