Wittington Investments Limited

Registered number 00366054

Strategic Report, Directors' Report and Financial Statements

12 September 2020

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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 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, Luxury Retail, Real Estate, Hotels, Private Markets and Other Investments. Operational decisions are made by managers in each of the business segments as 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 is a diversified international food, ingredients and retail group with sales of £13.9bn, 133,000 employees and operations in 53 countries across Europe, southern Africa, the Americas, Asia and Australia. Further details can be found in ABF's Annual Report 2020 which can be found at www.abf.co.uk.

Grocery

Each of ABF's grocery businesses pursues an independent strategy appropriate to its particular market position and stage of development. Twinings Ovaltine, Acetum, Jordans Dorset Ryvita and AB World Foods have had considerable success extending their reach into new and emerging markets, whilst some are focused on developing brands in their core domestic markets. All of ABF's 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. ABF's production facilities are well maintained, and ABF takes a long-term approach to capital investment, recognising the merits of building for the future. Acquisitions are undertaken when opportunities are presented to either 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. Whilst sugar is at the heart of what ABF does, the sugar production process provides opportunities to do more than simply manufacture an ingredient. ABF is an innovative and advanced manufacturer, producing a wide range of sugar and co-products. Additionally, ABF is an energy and power supplier and, as part of the wider agri-business value chain, is an important contributor to the economy across all its locations. ABF's success has been built on continued development and innovation to meet the changing needs of its customers, to improve operations and to work with growers to ensure sustainable, efficient, agricultural production. ABF seeks to drive continuous improvement in everything it does and is committed to developing its people to build capability and capacity across the business.

Agriculture

AB Agri operates through a strong network of contacts across the entire agri-food supply chain, influencing progressive systems that use expertise, technology and insight to make a difference to the way food is produced. Organic growth is achieved through innovative product development and by extending the business's already broad geographic reach into new territories and new areas adjacent to its core capabilities. Using the diverse breadth of products, services and people within the AB Agri community, the business develops bespoke solutions tailored to its customers' needs. 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 Associated British Foods group to harness new contacts and technologies.

Ingredients

ABF's Ingredients businesses are dedicated to understanding the key requirements of their customers and end-use markets in order to ensure a relevant supply of ingredients, systems, products and technology that create value. ABF develops partnership relationships with customers to achieve a genuine understanding of their products, formulations, equipment and processes and the market environment in which the products are sold. The businesses aim to grow by providing outstanding customer service backed by a high level of investment in technology, innovation, research and development. Each business has its own strategic model that determines an appropriate balance of emphasis across the full range of potential sources of competitive advantage: innovative and

Strategic report (continued)

distinctive products; an efficient and proprietary set of production processes; and compelling customer propositions comprising a blend of product performance and customer-specific services.

Retail

Primark's business model is based on doing things differently, allowing the company to keep prices low and offer the best value on the high street. This is achieved by doing very little advertising, focusing instead on marketing through the website and popular social media channels and store windows; only selling products in-store; and making savings on things like simple packaging. Primark delivers a vision of making high-quality affordable fashion accessible to everyone, put simply: Amazing Fashion, Amazing Prices. Although a bricks and mortar retailer, Primark has a strong digital presence and a high level of customer engagement with over 22 million followers across the company's social media channels. Primark is committed to a better future for people and the planet and has been working hard for many years to make sure products are made with care and respect for workers' rights and the environment. Standards in the supply chain are monitored by an Ethical Trade and Environmental Sustainability team, comprising over 120 specialists based in key sourcing countries. The team visit and review every supplier factory at least once a year to make sure the standards in the factories that make Primark products are aligned with the company's Code of Conduct. Good progress has also been made on the journey to become a more sustainable company, with the Sustainable Cotton Programme, ranges from recycled materials and more recently, launching an in-store recycling scheme in the UK.

WIL Group

Luxury Retail

Luxury 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 revenues of £3,541m were 1% ahead of last year with growth in Twinings, UK Grocery, ACH and George Weston Foods in Australia. This growth was held back by lower foodservice sales and a decline in Allied Bakeries. Adjusted operating profit of £436m was an increase of 15% on last year and was driven by cost efficiencies and, particularly in the second half, lower promotional spend more than offsetting a one-time non-cash asset write-down in Allied Bakeries of £15m. Adjusted operating profit margin increased from 10.8% to 12.3%.

Sugar

AB Sugar revenue was 1% down on last year. Adjusted operating profit of £100m was well ahead, driven by further savings from the cost improvement programme and the expected recovery in EU sugar prices which more than offset lower profits at Illovo. Each business remained focused on reducing the cost of sugar production by identifying efficiencies in all areas including the agricultural supply chain. Adjusted operating profit margin increased from 1.6% to 6.3%.

Strategic report (continued)

Agriculture
Revenue and adjusted operating profit at AB Agri were in line with last year. As COVID-19 appeared in markets the business reacted swiftly and effectively to ensure the safety of employees and continued availability of animal feed to customers. Sales and profit at AB Vista, ABF's international feed enzymes business, were strongly ahead of last year, with good sales growth in the Americas and the first full year of sales from Signis, an innovative animal digestion aid. Growth trended lower in the second half as customers either reduced feed production volume or reduced their feed enzyme inclusion rates in response to lower foodservice demand. Adjusted operating profit for agriculture businesses as a whole was up 2% year-on-year at £43m.

Ingredients
Revenues for Ingredients were less than 1% down on last year. Strong growth by AB Mauri was partially offset by a decline in ABF Ingredients to deliver an adjusted operating profit of £146m, up 9.7% year-on-year. The results of AB Mauri in Argentina continue to be reported under IAS 29 *Financial Reporting in Hyperinflationary Economies*, which reduced operating profit by £5m (2019 — £6m). Adjusted operating profit margin increased from 9.0% to 9.7%.

Retail
The full year decline in Primark's revenue was mainly seen in the third quarter driven by the total loss of sales for the period in which stores were closed as a result of government restrictions to contain the spread of COVID-19. Sales in the first half of the year were 4% ahead of last year driven by the increase in retail selling space and supported by a substantial improvement in like-for-like sales in continental Europe, with a key driver being a notable improvement in Germany. All stores reopened by mid-July. It is estimated that sales were some £2bn lower as a result of COVID-19. The reduction in operating profit from £913m to £362m was driven by the loss of contribution arising from the sales shortfall, partially offset by the benefits of mitigating actions taken to reduce operating costs. Adjusted operating profit margin decreased from 11.7% to 6.1%.

WIL Group

Luxury Retail

Fortnum & Mason
Sales for the 52-week period ended 12 July 2020 grew by 1% to £139m (sales for the 52-week period ended 14 July 2019 grew by 10% to £138m) with operating profit falling to £0.5m (2019: £11.9m). A significant factor in the decrease in operating profit from the 2019 level was the decision by the Company not to take advantage of the Coronavirus Job Retention Scheme. Sales growth in the first half of the year was 14% ahead of the prior year with profits also ahead before the impact of COVID-19. Capital investment in the year amounted to £11.5m (2019: £12.6m) as the business added a new store in Hong Kong, new website and systems upgrade laying the infrastructure for future growth. The business continues to trade cautiously through the ongoing restrictions of COVID-19, seeing accelerated growth through its Online and Concierge channels that puts the business on the road to profit recovery.

Heal's
The pandemic has had a significant impact on store sales, but the strength of the company's online channel has meant that the overall effect was less than might have been expected. During the initial lockdown e-commerce sales were running at almost double the same period last year. As a result, total sales only decreased by 2% in the year to £30m (2019 - £31m). The strategic focus of the company going forward is to continue to build its digital brand and to combine its online presence with a small number of showrooms. An operating loss of £2.5m (2019: nil) included a number of one-off costs including £467k of fixed asset write-offs and £423k of other adjustments as well as the decision not to seek government assistance through the Coronavirus Job Retention Scheme.

Real Estate
Operating losses amounted to £5.2m (2019: loss after tax of £3.7m) which included impairments in respect of the carrying value of some of the office and retail properties. Two properties were acquired during the year: Citylink House, Croydon (£18.2m) and West End Retail Park, Glasgow (£23.7m). COVID-19 had a profound effect on the retail sector (46% of the total property portfolio) and many of our tenants sought help from their landlord. The real estate management team proactively renegotiated leases that balanced aiding the tenants at a difficult time and representing the best interests of Wittington Investments. Between March and June 86% of rents were collected comparing very favourably with the sector as a whole. The refurbishment project at 40-46 Princess Street, Manchester was delayed until 2021 to ensure the company is best positioned to meet market needs when it is ready.

Hotels

Grand Hotel, Brighton
The hotel was closed for over three months as a consequence of the UK lockdown in response to COVID-19, from late March to the beginning of July, during a key trading period. Substantial losses were incurred during this time partly as a consequence of the Company's decision not to take advantage of the UK Government's subsidy of employment costs via the Coronavirus Job Retention Scheme and although the UK leisure market was very strong during July and August, the business nevertheless recorded a loss for the year. Ongoing severe restrictions around travel and events uncertainty about the shape of the recovery

Strategic report (continued)

from the pandemic is having a materially adverse effect on current and future bookings. As a consequence, we have impaired the property valuation, such impairment being included in the operating loss of £9m for the year (2019: operating profit of £2m).

Richmond Hill Hotel

Trading performance had benefitted from the major capital investment last year until the initial lockdown in March 2020. Losses were incurred until the hotel was able to re-open in July. During the period of closure and subsequent period of significant restrictions on trade the Company did not apply for assistance from the Coronavirus Job Retention Scheme which compounded losses already incurred but did allow the hotel to reopen with a full complement of staff to ensure, as far as possible, that the property was COVID-safe for staff and guests. While there was some good leisure demand over the summer, the hotel did not benefit from the strong domestic holiday market to the same extent as coastal and country hotels around the UK. The hotel mainly serves corporate and conference business and with government restrictions still severely limiting travel and event numbers and an uncertain economic environment, trading performance has been significantly affected. An operating loss of £10m (2019: operating profit of £1m) included an impairment of the hotel building.

Private Markets

Performance of the closed-end funds portfolio has been flat during the year with profit before tax of £0.1m (2019 £4.5m). In March, fund managers reduced the fair value of their portfolios to reflect operational uncertainty and market sentiment resulting from the COVID-19 pandemic and private fund valuations tend to lag those of public markets. There has since been a recovery in valuations, which has continued post the year end. There were significant cash outflows in the year to funds which we have made commitments to in the last couple of years. Some successful exits by managers partially offset these outflows. During the year we invested in one secondary fund with an existing manager. Performance across the direct portfolio was mixed; some investments were heavily impacted by the pandemic – particularly in consumer-facing site-based business – whereas for others growth accelerated.

Other Investments

Wittington continues to be positioned towards the short end in debt markets, valuing liquidity and because there is not much yield pick-up at the long end of the market with yield curves still being relatively flat. The fall in base rates and treasury bill yields has reduced returns on these assets. At the year end, Wittington's leveraged loan investments had almost recovered from the March low. Wittington's listed equities portfolio performed poorly and below market during the year, partly offset by a strong performance from the investment in a listed technology fund. Post year end there has been a strong recovery in the equity portfolio. Other investments profit before tax for the year was £2.8m (2019 £5.1m).

Directors' duties

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

Stakeholder engagement

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

The role of the corporate centre, and therefore of the Board, is to provide a framework in which the group businesses have the freedom and decision-making authority to pursue opportunities with entrepreneurial flair. The directors consider this to be an important factor in the success of the group.

Authority for the operational management of the group's businesses is delegated to the appropriate Executive for execution or for further delegation by him to the senior management teams of the businesses. This is to ensure the effective day-to-day running and management of the group. The chief executive of each business within the group has authority for that business and reports to the Wittington Investments Board.

This approach necessarily involves a high degree of delegation of communication with stakeholders to the management of the group businesses. Where the directors of the Company have not themselves directly engaged with stakeholders, those stakeholder issues are considered at Board level both through reports to the Board by the Chief Executive or Finance Director and also by the senior management of the group's businesses. Senior management are requested, when presenting to the Board on strategy and principal decisions, to ensure that the presentations cover what impact the strategy/principal decision has on the relevant stakeholders and how the views of those stakeholders have been taken into account.

While day-to-day operational decisions are generally made locally, in addition to providing input on the principal decisions and strategy, the Board supports individual businesses by facilitating the sharing of best practice and know-how between the businesses.

Strategic report (continued)

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

1. **Employees:** The group employs 135,024 people and our people are central to our success. The key issues of concern to employees are health and safety, engagement & development and diversity & inclusion. The group engages with this stakeholder group in various ways including email, health and safety programmes, intranet, newsletters, surveys, town halls, training, virtual meetings and notice boards.

2. **Suppliers:** As a diversified international group, we have many complex supply chains. The key issues of concern with regards to our relationships with suppliers are payment practices, responsible sourcing and supply chain sustainability. The group engages with this stakeholder group in various ways including conversations (face-to-face or virtual), training, communications fora, correspondence, press releases and audits.

3. **Customers / consumers:** The key issues of concern to customers are health and safety products, value for money, availability of products, impact on environment, store environment and customer relations. The business engages with this stakeholder group in various ways including customer surveys, labelling, social media, customer/consumer information lines

4. **Communities and the environment:** The key issues of concern with regards to the group's relations with communities and the environment are climate change mitigation and adaptation and natural resources and a circular economy. The business engages with this stakeholder group in various ways including coaching and training programmes and community programmes and schemes.

5. **Shareholders:** The key issues of concern to shareholders are return on investment, business performance and sustainability. The business engages with this stakeholder group in various ways including website, annual general meeting, annual report, responsibility report/update and ESG appendix, press releases and results announcements. The largest single shareholder of Wittington Investments is the Garfield Weston Foundation, a charitable grant-making body which supports a wide range of causes across the UK. An additional key concern for the Foundation is that Wittington Investments operate with high ethical standards so as not to undermine the Foundation's charitable aims and objectives.

6. **Governments:** The group is impacted by changes in laws and public policy. The key issues of concern in relation to the government are regulatory changes (including COVID 19, Brexit and tax), climate and environmental related matters and support of businesses and workers. The business engages with this stakeholder group in various ways including meetings, responding to requests for inputs (e.g. on COVID 19 guidelines) and applications to participate in government schemes

Principal decisions
An example of a principal decision taken during the year that took stakeholder views into account is the decision not to take advantage of the Coronovirus Job Retention Scheme announced by the UK Chancellor in March 2020.

The initial lockdown announced in that month saw the closure of our Luxury Retail stores and Hotels. When non-essential retail was allowed to reopen in June 2020 and hotels in July 2020 there were still significant restrictions in place. Throughout the period from March 2020 to the year end the companies within the Luxury Retail and Hotel segments were entitled to apply for the Coronavirus Job Retention Scheme. When considering the issue the Board took account of the stabilised financial position of the group and the views of employees, shareholders and society at large. The Board concluded that it was in the long-term interests of all stakeholders involved as well as the Company not to apply for assistance from the scheme.

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; fluctuations in commodity and energy prices; operating in global markets; health and nutrition concerns.
>
> *Operational Risks:* workplace health and safety; product safety and quality; use of natural resources and managing environmental impact; supply chain and ethical business practices; and breaches of IT and information security.

Strategic report (continued)

Energy and Global Greenhouse Gas Emissions

	2020	2019
Energy consumed (GWh)	**22,883**	23,566
Greenhouse gas emissions (000 t CO_2e)		
Scope 1 – emissions from combustion of fuels	**2,797**	3,162
Scope 2 – emissions from purchased energy (location method)	**759**	831
Scope 3 – indirect emissions from use of third-party transport	**764**	753
	4,320	4,746
Out of scope emissions	**4,045**	3,962
Emission intensity (scopes 1 and 2)	**256 tonnes per £1m of revenue**	252 tonnes per £1m of revenue

The above data reflects consumption of sites where the Company has the ability to influence energy management. Data is not reported where the Company has limited or no ability to influence energy.

Emissions classified as out of scope which are CO_2 emissions resulting from the use of renewable fuels. As these are considered to be net zero or carbon neutral, they are reported separately.

Estimation methodologies, assumptions and calculation methodologies are in alignment with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Reporting Protocols. Emissions have been calculated using carbon conversion factors published by the Department for Business, Energy and Industrial Strategy in June 2020 as well as other internationally recognised sources and bespoke factors based on laboratory calculations at selected locations.

Wittington Investments is committed to year on year improvements in operational energy efficiency. An example of efficiency measures undertaken during the year under review include a considerable investment in the complete replacement of the existing building management system at the Fortnum & Mason Piccadilly store. The existing system was outdated and not set for optimal energy efficiency. The new building management system features much improved control strategies which in turn optimise system performance and minimise energy usage with regard to heating, ventilation, air conditioning and lighting systems. It is anticipated this improved performance will deliver over 10% of annual energy savings.

ABF Corporate Responsibility

As a diversified international food, ingredients and retail group with 133,000 employees and operations in 53 countries across Europe, southern Africa, the Americas, Asia and Australia ABF takes its responsibilities to wider society seriously. ABF publishes a full corporate responsibility report every three years, most recently in 2019. Corporate responsibility is a central part of how the business is run and is incorporated into the day to day decision making processes. In the Corporate Responsibility Report, ABF shares information on its anti-bribery and corruption policy, whistleblowing policy, approach to human rights, social matters, environment policy, employees and diversity. Further information and a copy of the 2019 ABF Corporate Responsibility Report are available at www.abf.co.uk/responsibility/cr_downloads. In 2020 ABF published a Responsibility Update.

ABF is committed to gender diversity and, across the business overall, the gender split is close to equal with 53% of the workforce last year being female. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 were introduced in April 2017, and ABF has collected the required data for all of its relevant employees. Further details for each of the UK legal entities that are required to report, data is published online and submitted to the Government's Gender Pay Reporting website in accordance with the legislation. Further information can be found in in the ABF 2020 Annual Report at www.abf.co.uk/investorrelations/reports.

Being a responsible company means respecting the human rights of all the people who interact with the business, whether they are direct employees, temporary workers or those in the supply chain. ABF's approach to human rights and the steps it takes to try to ensure that modern slavery, in any of its forms, is not present within its operations or supply chains is set out in the 2020 Modern Slavery and Human Trafficking Statement. Many of the businesses have compiled their own statements, and all published statements can be found at http://www.abf.co.uk/responsibility/responsibility_policies.

ABF is committed to maintaining the highest standard of ethics and compliance with all relevant laws wherever it does business. Compliance with anti-bribery and anti-corruption laws is an essential part of this and ABF maintains a robust compliance system which is designed to respect both the spirit and letter of the relevant laws. A copy of the group's Anti-Bribery and Corruption Policy is available at http://www.abf.co.uk/responsibility/responsibility_policies.

Strategic report (continued)

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

EU Exit

Following the UK's referendum decision to leave the EU in 2016, ABF established an EU Exit Steering Committee which consists of a small dedicated team. This steering committee worked with all the businesses to assess the risks and opportunities arising from the UK's decision to leave the EU. Primark operates largely discrete supply chains for its stores in each of the UK, US and Europe and the group's food production is largely aligned with the end market. As a result, there is relatively little group cross-border trading between the UK and the EU. In conclusion the overall impact of EU exit on ABF will be relatively minor. The effect of the EU exit on non-ABF group companies has also been assessed as comparatively small. It is recognise that the outcome of the negotiations between the UK and the EU remains uncertain. While a negotiated free trade agreement would be preferred, Wittington Investments is prepared for any of the potential outcomes. Over the last year the group and the individual businesses have taken steps to mitigate possible impacts of the transitional period ending without a negotiated free trade agreement.

COVID-19

The COVID-19 pandemic continues to be a worldwide crisis and the situation is still uncertain. Authorities continue to impose restrictions on both a regional and local basis. Since March, when the pandemic became apparent the Board have provided ongoing support and challenge of management's processes and internal controls. Whilst our businesses had not planned for a global pandemic, under extraordinary circumstances, our teams reacted with immediacy to adapt to the evolving situation. Effective communication both within the divisions and across the group has ensured that appropriate actions were taken to enable the food businesses to operate fully, providing safe, nutritious, affordable food to customers and meeting increased demand. Primark, Heals and Fortnum and Mason stores were able to reopen safely when full lockdowns were not imposed. Many lessons have been learnt over the past six months and we have developed a flexible set of possible responses that are ready to be deployed in the event of further restrictions being imposed, whether that be locally, regionally or globally. A significant number of our employees continue to work from home. Our hotels were also able to reopen outside of the lockdowns but, as both Richmond and Brighton are classified as Tier 2 areas, with severe restrictions on the delivery of catering services and events. To support seamless homeworking, we modified our IT infrastructure, increased bandwidth with our telecommunications partners and deployed collaboration tools. The extent of remote working has increased the risk of users falling victim to phishing attacks because users rely primarily on email communication. We have an ongoing phishing testing regime and there is regular communication with all users to remind them of the risks. We have raised the level of monitoring for phishing attempts and other security threats. In addition, we have issued security awareness advice on secure home-working best practices. We have also increased disciplines to ensure that user devices are regularly patched and upgraded to reflect changing IT security threats. Revised guidance for laptop and desktop patching has been issued to all businesses to ensure that systems are up to date and secure.

Guy Weston
Chairman

17 December 2020

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Registered office:
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Company Number 00366054

Directors' report

The directors present their annual report and audited financial statements for the 52 weeks ended 12 September 2020, in accordance with section 415 of the Companies Act 2006. The Board considers that the Company's Annual Report and Accounts 2020, 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 13. Profit for the financial period amounted to £437m (2019: £972m) and dividends to £104m (2019: £101m). Dividends are detailed in note 8. Profit for the financial period attributable to equity shareholders amounted to £220m (2019: £555m).

Directors

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

Guy Weston (Chairman)
Emma Adamo
Sir Harry Djanogly
Martin Hattrell
Anna Catrina Hobhouse
Charles Mason
W. Galen Weston (resigned 31 January 2020)
G. Grainger Weston (resigned 29 November 2019)
George Weston
Garth Weston
Alannah Weston (appointed 15 May 2020)
Graham Weston (appointed 18 December 2019)

The Company Secretary throughout the year was Amanda Geday.

Directors' Indemnities

One director of operating subsidiaries benefited from qualifying third-party indemnity provisions provided by ABF Investments plc during the financial year and at the date of the ABF 2020 Annual Report. Also, the directors of a subsidiary company that acts as trustee of a pension scheme benefited from a qualifying pension scheme indemnity provision during the financial year and at the date of the ABF 2020 Annual 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 the ABF 2020 Report. The Company has in place appropriate directors' and officers' liability insurance cover in respect of legal action against its executive and non-executive directors amongst others.

Controlling Shareholder Relationship Agreement

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

Controlling Interest

Details of a controlling interest in the shares of the Company are given in note 29. Other than as noted, so far as is known, no other person holds or is beneficially interested in a disclosable holding in the Company.

Engagement with suppliers

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

Branches

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

Directors' Report (continued)

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 27.

Research and development

Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the group. The Company has a major technical centre in the UK at the Allied Technical Centre. Facilities also exist at ACH Food Companies in the USA, AB Mauri in Australia and the Netherlands, and AB Enzymes in Germany. These centres support the technical resources of the trading divisions in the search for new technology and in monitoring and maintaining high standards of quality and food safety.

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 11.

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 52 weeks ended 12 September 2020, applied the main principles and complied with the provisions set out in the UK Corporate Governance Code.

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

The COVID-19 pandemic has become a worldwide crisis and at the date of this report the situation is still evolving. Although a vaccine programme will be rolled out within the next four months some restrictions will continue to be in place and although the end appears in sight normality is not expected to return until well into 2021. However, the directors believe the company is well placed to trade through the uncertain times as there are adequate resources within the group to continue to meet its commitments when called. As such these financial statements are prepared on a going concern basis (see note 1).

Guy Weston
Chairman

17 December 2020

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

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 'company') and its subsidiaries (the 'group') for the 52 weeks ended 12 September 2020 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 31 including a summary of significant accounting policies, company balance sheet, company statement of changes in equity and the related notes 1 to 8 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 12 September 2020 and of the group's profit for the 52 weeks then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Ernst & Young LLP

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 10 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.

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

Use of our report

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

Ernst & Young LLP

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 December 2020

Consolidated income statement
for the 52 weeks ended 12 September 2020

	Note	Total 2020 £m	Total 2019 £m
Continuing operations			
Revenue	5	**14,133**	16,025
Operating costs	3	**(13,281)**	(14,726)
Exceptional items	3	**(156)**	(14)
		696	1,285
Share of profit after tax from joint ventures and associates	14	**57**	57
Profits less losses on disposal of non-current assets		**18**	4
Operating profit		**771**	1,346
Adjusted operating profit		**985**	1,420
Profits less losses on disposal of non-current assets		**18**	4
Amortisation of non-operating intangibles	9	**(59)**	(47)
Acquired inventory fair value adjustments	3	**(15)**	(15)
Transaction costs	3	**(2)**	(2)
Exceptional items	3	**(156)**	(14)
Profit less losses on sale and closure of businesses	24	**(14)**	(94)
Profit before interest		**757**	1,252
Financial income	6	**23**	56
Financial expense	6	**(131)**	(49)
Other financial income	6	**6**	12
Profit before taxation		**655**	1,271
Adjusted profit before taxation		**883**	1,439
Profits less losses on disposal of non-current assets		**18**	4
Amortisation of non-operating intangibles	9	**(59)**	(47)
Acquired inventory fair value adjustments	3	**(15)**	(15)
Transaction costs	3	**(2)**	(2)
Exceptional items	3	**(156)**	(14)
Profits less losses on sale and closure of businesses	23	**(14)**	(94)
Taxation – UK (excluding tax on exceptional items)		**(66)**	(83)
Taxation – UK on exceptional items		**1**	(2)
Taxation – Overseas (excluding tax on exceptional items)		**(189)**	(214)
Taxation – Overseas (on exceptional items)		**36**	
	7	**(218)**	(299)
Profit for the period		**437**	972
Attributable to:			
Equity holders of the parent		**220**	555
Non-controlling interests		**217**	417
Profit for the period		**437**	972

Consolidated statement of comprehensive income
for the 52 weeks ended 12 September 2020

	2020 £m	2019 £m
Profit for the period recognised in the income statement	437	972
Other comprehensive income		
Remeasurement of defined benefit schemes	(89)	(407)
Deferred tax associated with defined benefit schemes	15	68
Current tax associated with defined benefit schemes	-	2
Items that will not be reclassified to profit or loss	(74)	(337)
Effect of movements in foreign exchange	(97)	43
Net gain/(loss) on hedge of net investment in foreign subsidiaries	(3)	3
Deferred tax associated with movements in foreign exchange	1	-
Movement in foreign exchange on businesses disposed	-	(3)
Movement of cash flow hedging position	(15)	(29)
Deferred tax associated with movement in cash flow hedging position	-	7
Share of other comprehensive income of joint ventures and associates	(2)	4
Effect of hyperinflationary economies	17	38
Deferred tax associated with hyperinflationary economies	-	(2)
Items that are or may be subsequently reclassified to profit or loss	(99)	61
Other comprehensive income for the period	(173)	(276)
Total comprehensive income for the period	264	696
Attributable to:		
Equity shareholders	132	405
Non-controlling interest	132	291
Total comprehensive income for the period	264	696

Consolidated balance sheet
at 12 September 2020

	Note	2020 £m	2019 £m
Non-current assets			
Intangible assets	9	**1,640**	1,691
Property, plant and equipment	10	**5,768**	5,903
Right-of-use assets	11	**3,019**	-
Investment property	13	**223**	187
Investments in joint ventures	14	**238**	231
Investments in associates	14	**59**	50
Employee benefits assets	15	**100**	228
Deferred tax assets	16	**214**	161
Other receivables	17	**57**	62
Total non-current assets		**11,318**	8,513
Current assets			
Assets classified as held for sale	18	**43**	43
Inventories	19	**2,168**	2,400
Biological assets	12	**72**	84
Trade and other receivables	17	**1,348**	1,458
Derivative assets	27	**102**	99
Income tax		**30**	24
Other financial assets	27	**1,204**	947
Cash and cash equivalents	20	**2,187**	1,951
Total current assets		**7,154**	7,006
Total assets		**18,472**	15,519
Current liabilities			
Liabilities classified as held for sale	18	**(5)**	(6)
Lease liabilities	11	**(301)**	-
Loans and overdrafts	21	**(156)**	(228)
Trade and other payables	22	**(2,365)**	(2,607)
Derivative liabilities	27	**(87)**	(52)
Income tax		**(171)**	(163)
Provisions	23	**(123)**	(64)
Total current liabilities		**(3,208)**	(3,120)
Non-current liabilities			
Loans	21	**(365)**	(408)
Lease liabilities	11	**(3,368)**	-
Other payables	22	**-**	(271)
Provisions	23	**(41)**	(54)
Deferred tax liabilities	16	**(218)**	(269)
Employee benefits liabilities	15	**(166)**	(195)
Total non-current liabilities		**(4,158)**	(1,197)
Total liabilities		**(7,366)**	(4,317)
Net assets		**11,106**	11,202

Consolidated balance sheet (continued)
at 12 September 2020

	2020 £m	2019 £m
Equity		
Issued capital	**1**	1
Share premium	**382**	382
Other reserves	**52**	52
Translation reserve	**188**	233
Hedging reserve	**(5)**	(4)
Retained earnings	**6,174**	6,166
Total equity attributable to equity shareholders	**6,792**	6,830
Non-controlling interest	**4,314**	4,372
Total equity	**11,106**	11,202

These financial statements were approved by the board of directors on 17 December 2020 and were signed on its behalf by:

Guy Weston
Director

Company Number 00366054

Consolidated cash flow statement
for the period ended 12 September 2020

	Note	2020 £m	2019 £m
Cash flows from operating activities			
Profit before taxation		655	1,271
Profits less losses on disposal of non-current assets		(18)	(4)
Profits less losses on sale and closure of businesses	24	14	94
Transaction costs		2	2
Financial income		(23)	(56)
Financial expense		131	49
Other financial expense/(income)		(6)	(12)
Share of profit after tax from joint ventures and associates	14	(57)	(57)
Amortisation	9	91	69
Depreciation (including right-of-use assets and non-cash lease adjustments)	10	841	551
Impairment of property, plant & equipment and right-of use assets	10	34	-
Impairment of investment properties	13	15	11
Impairment of other financial assets		-	5
Exceptional items		156	14
Acquired inventory fair value adjustments		15	15
Effect of hyperinflationary economies		5	6
Net change in the fair value of current biological assets		(1)	-
Share-based payment expense		8	22
Pension cost less contributions		10	(7)
Decrease/(increase) in inventories		196	(203)
(Increase)/decrease in receivables		82	17
Increase/(decrease) in payables		(169)	54
Purchase less sales of current biological assets		(1)	(1)
Decrease in provisions		41	(28)
Cash generated from the operations		2,021	1,812
Income taxes paid		(258)	(282)
Net cash from operating activities		1,763	1,530
Cash flows from investing activities			
Dividends received from joint ventures and associates		43	72
Purchase of property, plant & equipment		(573)	(698)
Sale of property, plant & equipment		30	12
Purchase of intangibles		(64)	(60)
Lease incentives received		35	
Purchase of investment properties		(51)	(17)
Purchase of subsidiaries, joint ventures and associates		(16)	(84)
Sale of subsidiaries, joint ventures and associates		2	6
Net cash flow from private equity investments		(6)	3
Sale of other investment		1	-
Purchase of other investments		(1)	-
Interest and dividends received		18	30
Net cash from investing activities		(582)	(736)
Cash flows from financing activities			
Dividends paid to non-controlling interests		(131)	(166)
Dividends paid to equity shareholders		(104)	(101)
Interest paid		(105)	(44)
Increase in other financial assets		(254)	(107)
Repayment of lease liabilities		(251)	-
Increase/(decrease) in short-term loans		(44)	(264)
Increase in long-term loans		(2)	7
Sale of shares in subsidiary undertakings form non-controlling interests		-	(1)
Purchase of shares in subsidiary undertakings from non-controlling interests		(2)	-
Movement in shares held by ABF		-	(25)
Net cash from financing activities		(893)	(701)
Net increase in cash and cash equivalents		288	93
Cash and cash equivalents at the beginning of the period		1,814	1,721
Effect of movements in foreign exchange		(4)	-
Cash and cash equivalents at the end of the period	20	2,098	1,814

Consolidated statement of changes in equity

for the 52 weeks ended 12 September 2020

	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 15 September 2018	1	382	52	207	8	5,877	6,527	4,250	10,777
Total comprehensive income									
Profit for the period recognised in the income statement						555	555	417	972
Remeasurements of defined benefit schemes						(222)	(222)	(185)	(407)
Deferred tax associated with defined benefit schemes						37	37	31	68
Current tax associated with defined benefit schemes						1	1	1	2
Items that will not be reclassified to profit or loss	-	-	-	-	-	(184)	(184)	(153)	(337)
Effect of movements in foreign exchange				23			23	20	43
Net gain on hedge of net investment in foreign subsidiaries				2			2	1	3
Movement in foreign exchange on businesses disposed				(2)			(2)	(1)	(3)
Movement in cash flow hedging position					(16)		(16)	(13)	(29)
Deferred tax associated with movement in cash flow hedging position					4		4	3	7
Share of other comprehensive income of joint ventures and associates				3			3	1	4
Effect of hyperinflationary economies						21	21	17	38
Deferred tax associated with hyperinflationary economies						(1)	(1)	(1)	(2)
Items that are or may be subsequently reclassified to profit or loss	-	-	-	26	(12)	20	34	27	61
Other comprehensive income	-	-	-	26	(12)	(164)	(150)	(126)	(276)
Total comprehensive income	-	-	-	26	(12)	391	405	291	696
Transactions with owners									
Dividends paid to equity shareholders						(101)	(101)		(101)
Net movement in own shares held						(2)	(2)	(1)	(3)
Dividends paid to non-controlling interests							-	(166)	(166)
Acquisition of non-controlling interests						1	1	(2)	(1)
Total transactions with owners	-	-	-	-	-	(102)	(102)	(169)	(271)
Balance as at 14 September 2019	1	382	52	233	(4)	6,166	6,830	4,372	11,202
IFRS 16 opening balance adjustment						(81)	(81)	(69)	(150)
Balance as at 15 September 2019	1	382	52	233	(4)	6,085	6,749	4,303	11,052
Total comprehensive income									
Profit for the period recognised in the income statement						220	220	217	437
Remeasurements of defined benefit schemes						(49)	(49)	(40)	(89)
Deferred tax associated with defined benefit schemes						8	8	7	15
Items that will not be reclassified to profit or loss	-	-	-	-	-	(41)	(41)	(33)	(74)
Effect of movements in foreign exchange				(45)	(1)		(46)	(51)	(97)
Net loss on hedge of net investment in foreign subsidiaries				(2)			(2)	(1)	(3)
Deferred tax associated with movements in foreign exchange				1			1	-	1
Movement in cash flow hedging position					(8)		(8)	(7)	(15)
Share of other comprehensive income of joint ventures and associates				(1)			(1)	(1)	(2)
Effect of hyperinflationary economies						9	9	8	17
Items that are or may be subsequently reclassified to profit or loss	-	-	-	(47)	(9)	9	(47)	(52)	(99)
Other comprehensive income	-	-	-	(47)	(9)	(32)	(88)	(85)	(173)
Total comprehensive income	-	-	-	(47)	(9)	188	132	132	264
Inventory cash flow hedge movements									
Gains transferred to cost of inventory					10		10	8	18
Total inventory cash flow hedge movements	-	-	-	-	10	-	10	8	18
Transactions with owners									
Dividends paid to equity shareholders						(104)	(104)		(104)
Net movement in own shares held						4	4	4	8
Deferred tax associated with share-based payments						1	1		1
Dividends paid to non-controlling interests							-	(131)	(131)
Acquisition of non-controlling interests							-	(2)	(2)
Total transactions with owners	-	-	-	-	-	(99)	(99)	(129)	(228)
Balance as at 12 September 2020	1	382	52	186	(3)	6,174	6,792	4,314	11,106

Notes (forming part of the consolidated financial statements)

1. Accounting policies

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

The consolidated financial statements for the 52 weeks ended 12 September 2020 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.*

Going concern
The going concern basis has been applied in these accounts. After making enquiries, the directors have a reasonable expectation that Wittington has adequate resources to continue in operational existence until 31 December 2021 and beyond. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

A forecast has been prepared up to the end of 2021 and is the best estimate of future cash flow. Having reviewed this forecast, and having applied reverse stress tests, the possibility that the financial headroom could be exhausted is considered to be extremely remote.

Basis of preparation
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 12 September 2020 (2019 - 52 weeks ended 14 September 2019). To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint ventures and associates are included up to 31 August each year and Fortnum and Mason plc is included up to 12 July 2020. Adjustments are made as appropriate for significant transactions or events occurring between 12 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.

Notes (continued)

1. Accounting policies (continued)

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

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

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

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

Business 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 performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer.

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.

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.

Notes (continued)

1. Accounting policies (continued)

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, 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 liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provision of the instrument.

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

Other non-current receivables
Other non-current receivables mainly comprise finance lease receivables due from a joint venture and minority shareholdings in private companies. Finance lease receivables are accounted for in the same way as trade and other receivables. Shareholdings in private companies are classified as "fair value through other comprehensive income". They are initially measured at fair value, including directly attributable transaction costs.

Notes (continued)

1. Accounting policies (continued)

Gains or losses arising from changes in fair value are recognised in other comprehensive income until the asset is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is included directly in retained earnings and is not recycled to the income statement.

All equity investments are measured at fair value.

Bank and other borrowings
Interest-bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct issue costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for using an effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Other borrowings are initially measured at fair value net of direct issue costs and are subsequently held at amortised cost unless the loan is designated in a hedge relationship, in which case hedge accounting treatment will apply.

Trade payables
Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

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 financial instruments and hedging
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.

At the inception of a hedging relationship, the hedging instrument and the hedged item are documented, along with the risk management objectives and strategy for undertaking various hedge transactions and prospective effectiveness testing is performed. During the life of the hedging relationship, prospective effectiveness testing is performed (previously, both prospective and retrospective tests were required) to ensure the instrument remains an effective hedge of the transaction.

Changes in the value of derivatives used as hedges of future cash flows are recognised through other comprehensive income in the hedging reserve.

The element of the change in fair value which relates to the currency spread is recognised in the cost of hedging reserve, with the remaining change in fair value recognised in the hedging reserve. Any ineffective portion is recognised immediately in the income statement.

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

For hedges that do not result in the recognition of an asset or a liability, amounts recorded in the hedging reserve are recognised in the income statement in the same period in which the hedged item affects profit or loss.

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

Notes (continued)

1. Accounting policies (continued)

Changes in the fair value of derivative or non-derivative financial instruments that are designated and effective as hedges of net investments are recognised in other comprehensive income in the net investment hedging reserve. Any ineffective portion is recognised immediately in the income statement.

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 to the income statement.

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 'fair value through profit and loss' 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 10 years
Grower agreements	– up to 10 years

Goodwill

Goodwill is defined under 'Business combinations' on page 20. Certain commercial assets associated with the acquisition of a business are not capable of being recognised in the acquisition balance sheet. In such circumstances, goodwill is recognised, which may include, but is not necessarily limited to, workforce assets and the benefits of expected future synergies.

Goodwill is not amortised but is subject to an annual impairment review.

Research and development

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

Impairment

The carrying amounts of the group's intangible assets, property, plant and equipment and investment property 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.

In the 2019 financial year, where the group was a lessee and had substantially all the risks and rewards of ownership of an asset, the arrangement was considered a finance lease. Finance leases were 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 was charged to the income statement on the same basis as owned assets. Payments made under finance leases were apportioned between capital repayments and interest expense charged to the income statement.

Other leases where the group is a lessee were treated as operating leases. Payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease, as were the benefit of lease incentives.

In the 2020 financial year, where the group is a lessee, the following accounting policy applies:

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses, adjusted for any remeasurement of the lease liability.

Lease liabilities
Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

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

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Notes (continued)

1. Accounting policies (continued)

In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

Lease payments on short-term leases and leases of low-value assets are expensed to the income statement.

Lessor accounting
Where the group subleases assets, the sublease classification is assessed with reference to the head lease right-of-use asset. This assessment considers, among other factors, whether the sublease represents the majority of the remaining life of the head lease.

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

Amounts due from lessees under finance leases are recorded as a receivable at an amount equal to the net investment in the lease. This is initially calculated and recognised using the incremental borrowing rate at the recognition date. Any difference between the derecognised right-of-use asset and the newly recognised amounts due for lessees under finance leases is recognised in the income statement.

The group recognises finance income over the lease term, reflecting a constant periodic rate of return on the net investment in the lease. Operating lease income is recognised as earned on a straight-line basis over the lease term.

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.

Inventories recorded on the acquisition of a business are recognised at fair value. The book value of such inventories is charged to adjusted operating profit as they are sold or used. Any fair value uplift, if significant, is charged below operating profit as the inventories are sold or used.

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

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

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

Notes (continued)

1. Accounting policies (continued)

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.

Other financial assets
Other financial assets are classified, at initial recognition, as valued at amortised cost or fair value through profit and loss (FVPL). The classification of financial assets depends on the financial asset's cash flow characteristics and the business model for managing them. Financial assets at amortised costs are subject to impairments with gains and losses being recognised in the profit and loss when the assets are derecognised or impaired. Financial assets at fair value through profit and loss are typically held for trading and are carried in the statement of financial position at fair value with net changes in fair value recognised in profit and loss.

Hyperinflation
The Argentinian economy was designated hyperinflationary from 1 July 2018. The group concluded this had an insignificant impact for the 2018 financial year but has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Argentinian operations from the beginning of the 2019 financial year. IAS 29 requires that hyperinflationary adjustments are reflected from the start of the reporting period in which it is applied. For the group's Argentinian operations this is 1 September 2018. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, the comparative figures for 2018 have not been modified. The adjustments required by IAS 29 are set out below.

- Adjustment of historical cost nonmonetary assets and liabilities from their date of initial recognition to the balance sheet date to reflect the changes in purchasing power of the currency caused by inflation, according to the official indices published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE).
- Adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively.
- Adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency.
- The financial statements of the group's Argentinian operations have been translated into sterling at the closing exchange rate at 12 September 2020 (ARS95.82:£1).
- The cumulative impact corresponding to previous years has been reflected in other comprehensive income in the period.

The FACPCE index was 239.6077 at 31 August 2019 and 337.0632 at 31 August 2020. The inflation index for the year is therefore 1.4067.

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

New accounting policies
The following accounting standards and amendments were adopted during the year and had no significant impact on the group, other than IFRS 16 *Leases:*

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment features with Negative Compensation
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS 2015 – 2017

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:

- IFRS 17 *Insurance Contracts* effective 2024 financial year (not yet endorsed by the EU)
- Amendments to IFRS 3 *Definition of a Business* effective 2021 financial year
- Amendments to IAS 1 and IAS 8 *Definition of Material* effective 2021 financial year
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* effective 2023 financial year (not yet endorsed by the EU)
- Amendments to *References to the Conceptual Framework in IFRS Standards* effective 2021 financial year

The new standard with the most significant effect on the group's financial statements is IFRS 16, further details of which are set out below. The impact of the other standards effective in 2021 and beyond have not yet been fully assessed.

Notes (continued)

1. Accounting policies (continued)

IFRS 16 Leases

IFRS 16 introduces a new model for the identification of leases and accounting for lessors and lessees. It replaces IAS 17 *Leases* and other related requirements. The group adopted IFRS 16 on 15 September 2019 and applied it for the first time in the 2020 financial year.

IFRS 16 distinguishes leases from service contracts on the basis of control of an identified asset. For lessees, it removes the previous accounting distinction between (off-balance sheet) operating leases and (on-balance sheet) finance leases and introduces a single model recognising a lease liability and corresponding right-of-use asset for all leases except for short-term leases and leases of low-value assets.

For lessors, IFRS 16 substantially retains existing accounting requirements and continues to require classification of leases either as operating or finance in nature.

The group engaged external experts to support its implementation project and established a steering committee to oversee its governance, which reported to the Audit committee. During the current period, the group largely completed its implementation project.

IFRS 16 permits a choice of transitional approaches: a fully retrospective approach with an adjustment made to the opening retained earnings of the comparative period; or a modified retrospective approach where the cumulative effect of initial application is recognised at the date of initial application without restating prior periods.

The age, size and complexity of the group's lease portfolio means that it would either be impossible or extremely costly and difficult to collate sufficient information to apply the fully retrospective approach. The group has therefore adopted the modified retrospective approach.

Lease liabilities are measured initially at the present value of lease payments yet to be paid, subsequently adjusted for interest and lease payments as well as a number of other changes to lease provisions. Lease liabilities will be included in net debt.

Right-of-use assets are reported as non-current assets and are initially measured at either:

- carrying amount as if IFRS 16 had been applied since the lease commencement date, discounted by the group's incremental borrowing rate as at 15 September 2019 (applied to a majority of the group's leases where sufficient historical information was available); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (applied to a small number of leases where sufficient historical information was not available).

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses, adjusted for any remeasurement of the lease liability.

There is no change to overall cash flows. Operating lease payments were previously presented as operating cash flows and finance lease payments were allocated between payments of principal and interest within financing cash flows. Under IFRS 16, lease payments are split between payments of principal and interest, presented as financing cash flows.

Operating lease expenses previously charged to operating profit will be replaced by depreciation of right-of-use assets (within operating profit) and interest cost (within finance expense). Although the aggregate income statement impact of each lease over its life will not change, the generally straight-line profile of operating lease expenses will be more front-loaded under IFRS 16 because of the interest on the lease liability.

In applying IFRS 16, the group has applied the following practical expedients as of the transition date:

- reliance on the previous identification of a lease (as defined by IAS 17) for all contracts that existed at the date of initial application;
- reliance on previous assessment of whether leases are onerous instead of performing an impairment review (rental payments associated with these leases are recognised in the Income statement on a straight-line basis over the life of the lease);
- accounting for operating leases with a remaining lease term of less than 12 months as at the transition date as short-term leases excluded from the scope of IFRS 16 (rental payments associated with these leases are recognised in the Income statement on a straight-line basis over the life of the lease); and
- accounting for operating leases for low-value items as excluded from the scope of IFRS 16.

Notes (continued)

1. Accounting policies (continued)

No adjustment has been made to the recognition and measurement of assets previously recognised as finance leases under IAS 17 which were transferred to right-of-use assets on adoption of IFRS 16, with the related borrowings transferred to lease liabilities.

Impact on the group's results and financial position

The first results published under IFRS 16 were the 2020 interim results. The impact of IFRS 16 on the group's results and financial position is significant. IFRS 16 affects a number of financial statement captions and ratios, including the following:

Earnings	There is a marginal impact on earnings and therefore marginal impact on dividend cover.
Operating profit/ operating margin	Operating profit and operating margin have increased as operating lease expenses are replaced by the depreciation of right-of-use assets.
Finance expense	Finance expense has increased significantly as a result of the interest cost on lease liabilities. Interest cover has therefore reduced.
Taxation	Taxation has changed in line with the changes in profit before tax.
Net debt	Net debt has increased very significantly as lease liabilities are recorded within current and non-current liabilities. Gearing ratios have therefore increased. The reconciliation of net debt includes more non-cash items as new leases are entered into.
Return on capital employed	The return on capital employed has reduced as a result of the changes to operating profit and non-current assets.
Cash flow statement	There is no overall impact on cash flow, but classifications of cash flows have changed, as set out above.

The changes set out below to the group's assets and liabilities were recorded at the transition date of 15 September 2019 in the 2020 financial year and were charged against opening equity in this 2020 annual report.

	As reported 14 September 2019	IFRS 16 adjustments	15 September 2019
	£m	£m	£m
Non-current assets			
Property, plant and equipment	5,903	(20)	5,883
Right-of-use assets		3,232	3,232
Deferred tax assets	161	41	202
Other non-current assets	2,449		2,449
Total non-current assets	8,513	3,253	11,766
Current assets			
Other current assets	7,006	3	7,009
Total current assets	7,006	3	7,009
Total assets	15,519	3,256	18,775
Liabilities			
Lease liabilities		(3,706)	(3,706)
Loans and overdrafts	(228)	14	(214)
Provisions	(64)	10	(54)
Deferred tax liabilities	(269)		(269)
Other liabilities	(3,756)	276	(3,480)
Total liabilities	(4,317)	(3,406)	(7,723)
Net assets	11,202	(150)	11,052
Equity			
Total equity attributable to equity shareholders	6,830	(149)	6,681
Non-controlling interests	4,372	(1)	4,371
Total equity	11,202	(150)	11,052

Notes (continued)

1. Accounting policies (continued)

The 2019 results have been provided on an IFRS 16 pro forma basis in addition to the results previously reported under IAS 17 in order to provide a better understanding of comparison between the 2020 results and the 2019 results. These IFRS 16 pro forma figures have been prepared using the same data and assumptions as those used for the transition adjustment.

Disclosures on transition

The following table reconciles the operating lease commitments as at 14 September 2019 disclosed in the group's 2019 Annual Report to the amount recognised on the consolidated balance sheet in respect of lease liabilities on adoption of IFRS 16.

	£m
Undiscounted future operating lease commitments disclosed as at 14 September 2019	5,251
Effect of assumptions on renewal options and break clauses	(486)
Effect of discounting	(1,042)
Accruals and prepayments	(32)
Other reconciling items (net)	1
IFRS 16 lease liabilities recognised as at 15 September 2019	**3,692**
Existing finance lease liabilities as at 14 September 2019	14
Total lease liabilities recognised as at 15 September 2019	**3,706**

Under the modified retrospective transition method, lease payments were discounted to present value at 15 September 2019 using incremental borrowing rates derived as at that date representing the rate of interest that the group entity that entered into the lease would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Given the disproportionate value and profile of property leases in the ABF Retail segment (£3,495m, 95% of the group total at transition), it is not appropriate to provide a single weighted average discount rate applied for the group at transition.

The weighted average incremental borrowing rate applied on transition for the ABF Retail segment was 2.28%. For the food businesses, the incremental borrowing rates applied to individual leases range between 0.00% and 14.56%. For non-ABF businesses the incremental borrowing rate applied to individual leases was 3.658%.

The 2019 results have been provided on an IFRS 16 pro forma basis in addition to the results previously reported under IAS 17 in order to provide a better understanding of comparison between the 2020 results and the 2019 results. These IFRS 16 pro forma figures have been prepared using the same data and assumptions as those used for the transition adjustment.

Notes (continued)

1. Accounting policies (continued)

	52 weeks ended 14 September 2019 (IAS 17)	IFRS 16 adjustments	52 weeks ended 14 September 2019 (IFRS 16 pro forma basis)
	£m	£m	£m
Operating profit	1,346	61	1,407
Adjusted operating profit	1,420	61	1,481
Profits less losses on disposal of non-current assets	4		4
Amortisation of non-operating intangibles	(47)		(47)
Acquired inventory fair value adjustments	(15)		(15)
Transaction costs	(2)		(2)
Exceptional items	(14)		(14)
Profits less losses on sale and closure of businesses	(94)		(94)
Profit before interest	1,252	61	1,313
Finance income	56		56
Finance expense	(49)	(82)	(131)
Other financial income	12		12
Profit before taxation	1,271	(21)	1,250
Adjusted profit before taxation	1,439	(21)	1,418
Profits less losses on disposal of non-current assets	4		4
Amortisation of non-operating intangibles	(47)		(47)
Acquired inventory fair value adjustments	(15)		(15)
Transaction costs	(2)		(2)
Exceptional items	(14)		(14)
Profits less losses on sale and closure of businesses	(94)		(94)
Taxation	(299)	4	(295)
Profit for the period	972	(17)	955
Attributable to			
Equity shareholders	555	(17)	538
Non-controlling interests	417		417
Profit for the period	972	(17)	955

IFRS 16 has the most significant impact on the ABF Retail segment given the significant number of store leases to which Primark is a party. The changes in other liabilities mainly relate to the elimination of lease incentives received from the landlords of stores in the ABF Retail segment.

Notes (continued)

2. Accounting estimates and judgements

In applying the accounting policies detailed on pages 19 to 30, 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.

IFRS 16 Leases
The adoption of IFRS 16 required the group to make a number of estimates and judgements.

Transition approach The selection of transition approach is a significant judgement. The group adopted the modified retrospective transition approach. The rationale for this is set out in the Significant accounting policies.

Lease term IFRS 16 defines lease term as the non-cancellable period of a lease together with options to renew or break a lease, if the lessee is reasonably certain to exercise that option. The assessment of lease term is a significant estimate. Where leases include an option to extend or reduce the lease term, the group makes a lease-by-lease assessment as to whether it is reasonably certain that the option will be exercised. This assessment considers the length of the time before any renewal or break option is exercisable, current and forecast store trading, the remaining useful economic life of store assets and any planned capital investment. Assessments for individual leases are also considered in aggregate to ensure consistency of approach.

Discount rate
The selection of discount rates is a significant judgement. The incremental borrowing rate applied to each lease was determined based on the risk-free rate in each country of operation adjusted for factors such as the estimated credit rating of the contracting entity, guarantees given by other group companies and the terms and conditions of each lease. Group Treasury devised a consistent and structured approach using a third-party model evaluating the following:

- external market data (e.g. risk-free rates in each country of operation and published financial statements);
- lease-specific data (e.g. lease dates and payments, lease counterparties and guarantors); and
- internal data and judgements (e.g. assessment of business model, judgements as to lease term).

Impairment risk associated with COVID-19
The global spread of COVID-19 began in the first half of the 2020 financial year. The group has specifically considered the impact of COVID-19 in performing its year end assessment of impairment risk.

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

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

Further details are included in note 9 for intangible assets, note 10 for property, plant and equipment and note 13 for investment property.

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.

The judgement as to whether to recognise deferred tax assets is based on the following year's budget and expectations of the future performance of each business. Particular focus has been given to the potential impact of COVID-19 on the recoverability of deferred tax assets.

Deferred tax assets are reduced to the extent that it is no longer considered probable that the related tax benefit will be realised. Further details of deferred tax assets are included in note 16.

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 deficit of £66m being recognised as at 12 September 2020. The size of this deficit 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,

Notes (continued)

2. Accounting estimates and judgements (continued)

rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions. Further details are included in note 15.

Biological assets
In valuing growing cane, estimating sucrose content requires management to assess 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 related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 12.

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

	Notes	2020 £m	2019 £m
Operating costs			
Costs of sales (including amortisation of intangibles)		10,900	12,270
Distribution costs		1,303	1,364
Administration expenses		1,078	1,092
Exceptional items		156	14
		13,437	14,740
Operating costs are stated after charging/(crediting):			
Employee benefits expense	4	2,556	2,806
Amortisation of non-operating intangibles	9	56	45
Amortisation of operating intangibles	9	35	24
Acquired inventory fair value adjustments		15	15
Profits less losses on disposal of non-current assets		(18)	(4)
Profits on disposal of investment property		-	-
Depreciation of owned property, plant & equipment	10	548	551
Depreciation of right-of-use assets and non-cash lease adjustments	11	312	-
Impairment of property, plant & equipment and right-of-use assets		34	-
Impairment of investment property	13	15	11
Impairment of other financial assets		-	5
Transaction costs		2	2
Effect of hyperinflationary economies		5	6
Operating lease payments under property leases		-	312
Operating lease payments for hire of plant & equipment		-	23
Other operating income		(27)	(19)
Research and development expenditure		31	30
Fair value gains on financial assets and liabilities held for trading		(97)	(11)
Fair value losses on financial assets and liabilities held for trading		69	12
Foreign exchange gains on operating activities		(51)	(46)
Foreign exchange losses on operating activities		59	47

Transaction costs of £2m and amortisation of non-operating intangibles of £59m (2019 - £2m and £47m) shown as adjusting items in the income statement, include £nil and £3m respectively (2019 - £nil and £2m respectively) incurred by joint ventures, in addition to the amounts shown above.

Exceptional items
2020
Exceptional items of £156m comprise impairments of £116m in property, plant and equipment and right-of-use assets at Primark, an impairment of £23m in goodwill relating to Azucarera, charges of £22m relating to inventory in Primark and a £5m gain on the closure of our Speedibake Wakefield factory.

Notes (continued)

3. Operating costs and gross profit (continued)

Our half year results were announced on 21 April and included an exceptional inventory impairment charge of £248m and an onerous contract provision of £36m. At the time of the interim announcement, the dates for the reopening of Primark stores were not known and more than half of the impairment charge related to stock already on display in the closed stores. The earlier reopening of the stores and subsequent successful trading of the spring/summer inventory avoided the need for this provision. At the year end a mark-down provision of £22m was created for inventory stored on our behalf by suppliers for longer than usual as a result of the pandemic.

We have seen the benefits from the successful downsizing of three stores in the US and three stores in Germany; we have plans for several more stores in these markets and have recognised non-cash write-downs of £34m against property, plant and equipment and £82m against right-of-use assets. Further information is given in the property, plant and equipment note on page 39.

In the light of the beet volumes contracted by Azucarera in the second crop year after reducing the beet price paid to farmers, we have revised our forecasts for this business. This resulted in a £23m non-cash write-down of goodwill recorded in the Sugar and Europe & Africa operating segments. Further information is given in the intangibles note on page 36.

Our Speedibake Wakefield factory was destroyed by fire in February and an exceptional charge of £25m was recognised in the half year results. This comprised an £18m non-cash write-down of property, plant and equipment, a £lm provision against inventory and £6m of closure costs. Net insurance proceeds of £30m were received in the second half, more than offsetting the exceptional charge recorded in the first half. The full year position is an exceptional gain of £5m recorded in the Grocery and United Kingdom operating segments.

2019
The prior year included £79m of exceptional items. Following the termination of our largest private-label bread contract in December 2018, the carrying value of the assets of the Allied Bakeries business was no longer supported by our forecasts of its discounted future cash flows and a non-cash impairment charge of £65m was recognised. As a result of a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions in October 2018, a pension service cost of £14m was taken for members of the Company's UK defined benefit pension scheme for service between 1990 and 1997.

	2020	2019
Auditor's remuneration	**£m**	£m
Fees payable to the Company's auditor and its associates in respect of the audit		
Group audit of these financial statements	-	-
Audit of the Company's subsidiaries pursuant to legislation	8.4	7.9
Total audit remuneration	8.4	7.9
Fees payable to the Company's auditor and its associates in respect of non-audit related services		
Audit-related assurance services	0.4	0.4
All other services	0.3	0.4
Total non-audit relate remuneration	0.7	0.8

4. Employees and directors

	Notes	2020	2019
Average number of employees			
United Kingdom		47,665	49,484
Europe & Africa		69,571	71,922
The Americas		5,627	5,640
Asia Pacific		12,161	12,524
		135,024	139,570
		£m	£m
Employee benefits expense			
Wages and salaries		2,138	2,341
Social security contributions		282	308
Contributions to defined contribution schemes	15	81	81
Charge for defined benefit schemes	15	47	54
Equity-settled share-based payment schemes		8	22
		2,556	2,806

Notes (continued)

4. Employees and directors (continued)

Primark's major cost-reduction exercise during lockdown included accessing government job retention schemes across Europe. In total, Primark received £98m. This has been recorded as a reduction to staff costs.

Directors' remuneration

Aggregate directors' emoluments	2,309	5,160
Pension to former directors and widows of former directors	90	110
	2,399	5,270

The aggregate emoluments of the highest paid director were £1,138,000 (2019 - £4,146,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £309,000 (2019 - £309,000).

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes		

5. Revenue and adjusted operating profit

	Revenue		Adjusted operating profit	
	2020	2019	2020	2019
	£m	£m	£m	£m
Grocery	3,541	3,521	436	380
Sugar	1,594	1,608	100	26
Agriculture	1,395	1,385	43	42
Ingredients	1,512	1,518	146	136
Retail	5,895	7,792	362	913
Central			(63)	(76)
Total ABF Group	13,937	15,824	1,024	1,421
Other retail	169	169	(2)	12
Other (including central)	27	32	(37)	(13)
	14,133	16,025	985	1,420

Geographical information		
United Kingdom	5,242	6,166
Europe, Middle East & Africa	5,049	5,993
The Americas	1,619	1,613
Asia Pacific	2,223	2,253
	14,133	16,025

6. Interest and other financial income and expense

	Notes	2020	2019
Finance income		£m	£m
Cash and cash equivalents		16	22
Fair value gain on other financial assets		2	10
Dividends receivable		5	24
		23	56

Notes (continued)

6. Interest and other financial income and expense (continued)

	Notes	2020	2019
Finance expense			
Bank loans and overdrafts		30	25
All other borrowings		10	16
Fair value loss on other financial assets		5	6
Lease liabilities		85	-
Finance leases		-	1
Other payables		1	1
		131	49
Other financial income/(expense)			
Interest income on employee benefit scheme assets	15	83	116
Interest charge on employee benefit scheme liabilities	15	(80)	(102)
Interest charge on irrecoverable surplus	15	(1)	(1)
Net financial income in respect of employee benefit schemes		2	13
Net foreign exchange losses on financing activities		4	(1)
Total other financial income		6	12

7. Income tax expense

	2020 £m	2019 £m
Current tax expense		
UK – corporation tax at 19.00% (2019:19.00%)	57	91
Overseas - corporation tax	203	229
UK – (over)/under provided in prior periods	1	(4)
Overseas - over-provided in prior periods	(4)	(1)
Total current tax expense	257	315
Deferred tax expense		
UK deferred tax	4	2
Overseas deferred tax	(53)	(11)
UK – under/(over) provided in prior years	3	(4)
Overseas – (over) provided in prior years	7	(3)
Total income tax expense in income statement	(39)	(16)

	2020	2019
Reconciliation of effective tax rate		
Profit before taxation	655	1,271
Less share of profit from joint ventures and associates	(57)	(57)
Profit before taxation excluding share of profit from joint ventures and associates	598	1,214
Nominal tax charge at UK corporation tax rate of 19.00% (2019:19.00%)	114	231
Effect of higher and lower tax rates on overseas earnings	18	14
Effect of changes in tax rates on income statement	13	(1)
Expenses not deductible for tax purposes	59	39
Disposal of assets covered by tax exemptions or unrecognised capital losses	1	17
Deferred tax not recognised	6	12
Adjustments in respect of prior periods	6	(12)
Other tax adjustments	1	(1)
	218	299

	2020 £m	2019 £m
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	(15)	(68)
Current tax associated with defined benefit schemes	-	(2)
Deferred tax associated with share-based payments	(1)	-
Deferred tax associated with movements in cash flow hedging position	-	(7)
Deferred tax associated with movements in foreign exchange	(1)	-
Current tax associated with movements in foreign exchange	-	2
	(17)	(75)

Notes (continued)

7. Income tax expense (continued)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The legislation to effect these changes was enacted before the balance sheet date and UK deferred tax has accordingly been calculated at 19%.

In April 2019 the European Commission published its decision on the Group Financing Exemption in the UK's controlled foreign company legislation. The Commission found that the UK law did not comply with EU State Aid rules in certain circumstances. The group has arrangements that may be impacted by this decision as might other UK-based multinational groups that had financing arrangements in line with the UK's legislation in force at the time. The group has appealed against the European Commission's decision, as have the UK Government and a number of other UK companies. We have calculated our maximum potential liability to be £27m, however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. We will continue to consider the impact of the Commission's decision on the group and the potential requirement to record a provision.

Deferred taxation balances are analysed in note 16.

8. Dividends

	2020	2019
	£	£
Per share		
First interim	71.25	68.50
Second interim	49.00	49.00
	120.25	117.50
	£m	£m
Total		
First interim	62	59
Second interim	42	42
	104	101

9. Intangible assets

	Non-operating						Operating	
	Goodwill	Technology	Brands	Customer relationships	Grower agreements	Other	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
At 15 September 2018	1,239	204	393	260	114	6	442	2,658
Acquisitions – externally purchased							78	78
Acquired through business combinations	30		39	17				86
Disposal of businesses	(8)							(8)
Other disposals							(15)	(15)
Transfer to assets classified as held for sale							(2)	(2)
Effect of hyperinflationary economies	11							11
Effect of movements in foreign exchange	21	3	5	3	8		4	44
At 14 September 2019	1,293	207	437	280	122	6	507	2,852
Acquisitions – externally purchased							77	77
Acquired through business combinations	6	7	7	1				21
Other disposals							(29)	(29)
Effect of hyperinflationary economies	4							4
Effect of movements in foreign exchange	(22)	(4)	(3)		(19)	(1)	10	(39)
At 12 September 2020	1,281	210	441	281	103	5	565	2,886

Notes (continued)

9. Intangible assets (continued)

			Non-operating				Operating	
	Goodwill	Technology	Brands	Customer relationships	Grower agreements	Other	Other	Total
Amortisation	£m	£m	£m	£m	£m	£m	£m	£m
At 15 September 2018	29	204	316	126	114	6	223	1,018
Amortisation for the year			21	24			24	69
Impairment on sale and closure of business	59							59
Other disposals							(7)	(7)
Effect of movements in foreign exchange	2	3	4	3	8		2	22
At 14 September 2019	90	207	341	153	122	6	242	1,161
Amortisation for the year			24	32			35	91
Impairment	23							23
Other disposals							(6)	(6)
Effect of movements in foreign exchange	2	(3)	(2)	(3)	(19)	(1)	3	(23)
At 12 September 2020	115	204	363	182	103	5	274	1,246
Net book value								
At 15 September 2018	1,210	-	77	134	-	-	219	1,640
At 14 September 2019	1,203	-	96	127	-	-	265	1,691
At 12 September 2020	1,166	6	78	99	-	-	291	1,640

Amortisation of non-operating intangibles of £59m (2019 - £47m) shown as an adjusting item in the income statement includes £3m (2019 - £2m) incurred by joint ventures in addition to the amounts shown above.

Amortisation of operating intangibles of £2m (2019 - £3m) relates to assets held by Fortnum& Mason and Heals.

In addition to the amounts disclosed above, there are £2m (2019 - £2m) net book value of intangible assets classified as assets held for sale (see note 18).

Impairment
As at 12 September 2020, the consolidated balance sheet included goodwill of £1,166m (2019 - £1,203m). Goodwill is allocated to the group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill, as follows:

CGU or group of CGUs	Primary reporting segments	Discount rate	2020 £m	2019 £m
Acetum	Grocery	12.5%	98	94
ACH	Grocery	11.5%	187	186
AB Mauri	Ingredients	13.9%	285	281
Twinings Ovaltine	Grocery	9.7%	119	119
Azucarera	Sugar	12.1%	-	24
Illovo	Sugar	20.0%	98	117
AB World Foods	Grocery	11.6%	78	78
Other (not individually significant)	Various	Various	301	304
			1,166	1,203

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 is assessed by reference to its 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.

Notes (continued)

9. Intangible assets (continued)

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 9.7% and 20.0% (2019 — between 9.2% and 22.2%).

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 CGUs or groups of CGUs that are significant to the total carrying amount of goodwill, were in a range between 0% and 6.5%, consistent with the inflation factors included in the discount rates applied (2019 — between 0% and 6%).

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

Impairments in the year related solely to ABF companies.

Sensitivity to changes in key assumptions

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

Azucarera's operating performance improved significantly during the year and the business delivered a breakeven operating profit. This was achieved by a combination of higher sales prices, lower beet costs and a significant reduction in operating costs. In light of the beet volumes contracted by Azucarera in the second crop year after reducing the beet price, management has revised its forecasts for the business and has again undertaken an impairment review. Detailed forecasts for a period of five years were prepared, to reflect the time required for implementation of the business plan, and management concluded that an impairment of the goodwill of €26m was required. CGU carrying value after impairment was €293m (2019 — headroom of €14m on a CGU carrying value of €307m). Estimates of long-term growth rates beyond the forecast periods were 2% (2019 — 2%). The CGU carrying value is sensitive to assumptions around sugar prices, recovery of beet crop area and discount rate. Applying sensitivities to these assumptions, a sensitivity of plus or minus 1% applied to sugar prices impacts value-in-use by plus or minus €13m (2019 — €9m); a change of 5% on long-term beet crop area impacts value-in-use by €15m (2019 — €25m); and increasing the discount rate used of 12.1 % (2019 — 11.7%) to 12.3% causes value-in-use to reduce by €7m.

Trading in AB Mauri was very strong during the year and margins were strongly ahead. As a result of COVID-19 restrictions AB Mauri experienced a rapid and substantial increase in retail demand for yeast and bakery ingredients. Sales were also strong to industrial bakery customers but demand from foodservice and craft bakers was lower. Nevertheless, AB Mauri continues 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 five years to reflect the time required for completion of the business plan were prepared and management concluded that the assets were 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 continuing growth in the global bakery ingredients business. Headroom was $202m on a CGU carrying value of $831 m (2019 — headroom of $361m on a CGU carrying value of $815m). 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 13.9% (2019 —12.9%) and would have to increase to more than 16.2% (2019 —16.8%) before value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2-3% (2019 — 2-3%) per annum dependent on location.

Notes (continued)

10. Property, plant & equipment

Cost	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Sugar cane roots £m	Total £m
At 15 September 2018	2,782	3,856	3,458	276	73	10,445
Acquisitions- externally purchased	61	42	338	218	14	673
Acquired through business combinations	7	13				20
Businesses disposed	(2)	(20)				(22)
Other disposals	(10)	(66)	(8)			(84)
Transfers from assets under construction	52	148	28	(228)		-
Transfer to assets classified as held for sale	(17)	(37)	(1)			(55)
Effect of hyperinflationary economies		7				7
Effect of movements in foreign exchange	5	33	10	1		49
At 14 September 2019	**2,878**	**3,976**	**3,825**	**267**	**87**	**11,033**
IFRS 16 opening balance adjustment	(28)	(1)	(6)			(35)
Acquisitions- externally purchased	23	90	155	281	10	559
Businesses disposed						-
Other disposals	(20)	(76)	(10)			(106)
Transfers from assets under construction	13	127	40	(180)		-
Transfer to assets classified as held for sale						-
Effect of hyperinflationary economies						-
Effect of movements in foreign exchange	(2)	(72)	69	2	(13)	(16)
At 12 September 2020	**2,864**	**4,044**	**4,073**	**370**	**84**	**11,435**
Depreciation and impairment						
At 15 September 2018	655	2,433	1,518		32	4,638
Depreciation for the period	49	194	300		8	551
Impairment	3	26	(29)			-
Impairment on disposal and closure of business	11	19	2			32
Businesses disposed	(1)	(17)				(18)
Other disposals	(8)	(60)	(8)			(76)
Transfer to assets classified as held for resale	(4)	(22)				(26)
Effect of movements in foreign exchange	5	17	7			29
At 14 September 2019	**710**	**2,590**	**1,790**	**-**	**40**	**5,130**
IFRS 16 opening balance adjustment	(10)	(1)	(4)			(15)
Depreciation for the period	52	187	299		10	548
Impairment	22	26	36			84
Impairment on disposal and closure of business		2				2
Businesses disposed						-
Other disposals	(15)	(73)	(7)			(95)
Transfer to assets classified as held for resale						-
Effect of movements in foreign exchange	1	(43)	62		(7)	13
At 12 September 2020	**760**	**2,688**	**2,176**	**-**	**43**	**5,667**
Net book value						
Net book value at 15 September 2018	2,127	1,423	1,940	276	41	5,807
Net book value at 14 September 2019	2,168	1,386	2,035	267	47	5,903
Net book value at 12 September 2020	**2,104**	**1,356**	**1,897**	**370**	**41**	**5,768**

In addition to the amounts disclosed above, there are £30m (2019 - £29m) of property, plant and equipment classified as assets held for sale (see note 18). Of this, £13m (2019 - £13m) is freehold land and buildings.

Notes (continued)

10. Property, plant & equipment (continued)

	2020	2019
	£m	£m
Net book value of finance lease assets	-	12
Land and buildings at net book value comprise:		
- Freehold	1,702	1,673
- Long leasehold	143	111
- Short leasehold	259	285
	2,104	2,069
Capital expenditure commitments – contracted but not provided for	334	469

Impairment

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

In December 2018, Allied Bakeries received notice of the termination of its largest private label manufacturing contract. This was expected to result in a significant reduction in bread volumes from late 2019, with limited opportunity to mitigate this volume loss in the short term. Accordingly, a detailed impairment assessment was performed in the first half of 2019, which resulted in an exceptional impairment charge of £65m, allocated to the property, plant and equipment of the business. There is no goodwill associated with Allied Bakeries.

Following our announcement in July 2020 of the loss of the Co-op contract we reviewed the carrying values of our distribution assets, which resulted in a non-cash asset write-off of certain assets of £15m recorded in adjusted operating profit with £13m allocated to plant and equipment and £2m to right-of-use-assets.

Fortnum & Mason recognised an impairment of £2m on the Royal Exchange Store reflecting lower than expected trading.

The Richmond Hill Hotel and Brighton Grand Hotel buildings were impaired (£9m and £8m respectively) reflecting the possible long-term effects of Covid 19 on tourism and the conference and events sector.

Of the methodologies available to assess impairment, the group applied the 'fair value less costs of disposal' approach in the current and prior year to identify its best estimate of the impairment. This method uses inputs that are unobservable, using the best information available in the circumstances for valuing the CGU, and therefore falls into the level 3 category of fair value measurement.

The key assumptions used were bread volumes, bread prices and long-term growth in the market, discount rates, as well as logistical and other savings from restructuring. The discount rate used was 10.5%. Management concluded that no impairment was required.

Headroom was £15m on a CGU carrying value of £105m (2019 — headroom of £9m on a CGU carrying value of £160m). Estimates of long-term growth rate beyond the forecast periods were 0.4% per annum. A sensitivity of plus or minus 1% on bread prices impacts headroom by plus or minus £18m (2019 — £12m). A sensitivity of plus or minus 1% on bread volumes impacts headroom by plus or minus £7m (2019 — £8m).

Our Speedibake Wakefield factory was destroyed by fire in February and part of the exceptional item recognised was an £18m impairment of the related property, plant and equipment.

For AB Sugar China, a return to normal yields after a very poor crop in 2019 and higher sugar sales prices resulted in a much improved operating result, although still a marginal loss, resulting in the continuing need for an impairment assessment. There is no goodwill associated with AB Sugar China. Detailed forecasts for a period of five years were prepared, to reflect the time required for implementation of the business plan, and management concluded that the assets were not impaired.

Headroom was £16m on a CGU carrying value of £74m (2019 — headroom of £14m on £81m). Estimates of long-term growth rates beyond the forecast periods were 2% (2019 — 2%). The discount rate used was 10.0% (2019 — 11.9%) and would have to increase to 11.7% (2019 — 13.3%) before the value in use fell below the carrying value. Key assumptions include the Chinese domestic sugar sales price, beet purchase price and beet volume, with a recovery in beet quality with grower payments being increasingly linked to the sugar content of beet. A sensitivity of plus or minus 2% in the sugar sales price impacts headroom by plus or minus £16m (2019 — £14m). A sensitivity of plus or minus 5% on beet price impacts headroom by plus or minus £22m (2019 — £22m). A change of 1% on long-term beet crop area increases or decreases headroom by £2m (2019 — £10m).

An impairment of A$150m (£98m) was recorded in 2012 in the Australian meat business. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom

Notes (continued)

10. Property, plant & equipment (continued)

was A$61m on a CGU carrying value of A$346m (2019 — headroom of A$120m on a CGU carrying value of A$304m). The discount rate used was 10.7% (2019 — 10.4%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2019 — 2.0%) per annum. A sensitivity of plus or minus 1% on the discount rate decreases/increases headroom by A$38m and A$47m respectively (2019 —A$63m and A$63m respectively).

In Primark, we have seen the benefits from the successful downsizing of three stores in the US and three stores in Germany; we have plans for several more stores in these markets and have considered impairment risk accordingly. Detailed forecasts for a period of five years were prepared on a store-by-store basis. The impairment models assume an improvement in sales densities in year 2 with further growth in years 3-5. Estimates of long-term growth rates beyond the forecast periods were 2.0% per annum. Key assumptions were revenue growth, sales density projections, assumptions on operating costs and discount rates. Management no longer expects to realise the sales densities required to generate sufficient levels of operating cash flows to support the carrying value of certain store assets.

The discount rates used were 7.1 % for the US and between 6.7% and 8.3% for Germany. An aggregate exceptional impairment charge of £116m was recorded in the income statement, with £34m allocated to plant and equipment and £82m to right-of-use-assets. The remaining carrying value of these stores after impairment was £62m.

A sensitivity of plus or minus 5% on operating cash flows impacts value-in-use by plus or minus £3m. A sensitivity of plus or minus 1% on the discount rate decreases/increases value-in-use by £7m and £10m respectively.

11. Leases

The group adopted IFRS 16 *Leases* on 15 September 2019. Refer to the Significant accounting policies.

Most of the group's right-of-use assets are associated with our leased property portfolio in the Retail segment.

Right-of-use assets

Cost	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
IFRS 16 opening balance adjustment at 15 September 2019	3,198	33	1	3,232
Additions	170	13		183
Lease incentives	(35)			(35)
Other movements	(18)	1		(17)
Effect of movements in foreign exchange	63			63
At 12 September 2020	**3,378**	**47**	**1**	**3,426**
Depreciation and impairment				
Depreciation for the period	295	16	1	312
Impairment	85	1		86
Effect of movements in foreign exchange	9			9
At 12 September 2020	**389**	**17**	**1**	**407**
Net book value				
IFRS 16 opening balance adjustment at 15 September 2019	3,198	33	1	3,232
Net book value at 12 September 2020	**2,989**	**30**	**-**	**3,019**

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

In the year there was an £86m impairment charge, of which £82m related to Primark (included within exceptional items), £2m related to Allied Bakeries (included within operating profit) and £2m related to Jasol New Zealand (included within loss on closure of business). See note 9 for further details.

Notes (continued)

11. Leases (continued)

Lease liabilities

Cost	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
IFRS 16 opening balance adjustment at 15 September 2019	3,669	36	1	3,706
Additions	170	13		183
Interest expense	84	1		85
Repayments	(303)	(15)	(1)	(319)
Other movements	(36)			(36)
Effect of movements in foreign exchange	66			66
At 12 September 2020	**3,650**	**35**	**-**	**3,685**

Current	317
Non-current	3,368
	3,685

Lease liabilities comprise £3,669m capital payable and £16m interest payable; the interest payable is all current and disclosed within trade and other payables on the face of the balance sheet. Repayments comprise £251m capital and £68m interest.

Other information
The group had the following expense relating to short-term and low value leases:

	2020 £m
Land and buildings	2
Plant and machinery	2
Fixtures and fittings	1
Total expenses	**5**

£1 m of variable lease payments, which are not part of lease liabilities, were expensed in the year. £1 m of variable lease payments are expected to be made in the next 12 months.

Rental receipts of £7m (2019 — £8m) 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 £38m (2019 — £50m). £9m of this is due to be received in respect of sub-leasing right-of-use assets.

12. Biological assets

	Current		
	Growing cane £m	Other £m	Total £m
At 15 September 2018	76	8	84
Transferred to inventory	(65)	(14)	(79)
Purchases	-	1	1
Changes in fair value	70	9	79
Effect of movements in foreign exchange	(1)	-	(1)
At 14 September 2019	80	4	84
Transferred to inventory	(93)	(10)	(103)
Purchases	-	1	1
Changes in fair value	93	11	104
Effect of movements in foreign exchange	(14)	-	(14)
At 12 September 2020	66	6	72

Notes (continued)

12. Biological assets (continued)

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 12 September 2020:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	6,834	19,019	17,167	8,549	9,076	5,724
Estimated yield (tonnes cane/hectare)	68.7	107.0	108.5	102.0	77.5	87.0
Average maturity of growing cane	46.5%	67.4%	65.7%	67.0%	46.2%	71.6%

The following assumptions were used in the determination of the estimated sucrose tonnage at 14 September 2019:

	South Africa	Malawi	Zambia	Swaziland	Tanzania	Mozambique
Expected area to harvest (hectares)	7,401	18,545	15,843	8,704	9,307	5,724
Estimated yield (tonnes cane/hectare)	67.8	105.0	121.9	101.6	74.9	83.0
Average maturity of growing cane	49.9%	67.4%	65.7%	67.0%	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:

	2020		2019	
	+1% £m	-1% £m	+1% £m	-1% £m
Estimated sucrose content	1.0	(1.0)	1.1	(1.1)
Estimated sucrose	1.3	(1.3)	1.4	(1.4)

13. Investment property

	£m
At 15 September 2018	182
Additions	16
Disposals	-
Impairment losses	(11)
At 14 September 2019	187
Additions	51
Disposals	
Impairment losses	(15)
At 12 September 2020	223

Investment properties primarily comprise commercial property leased to third parties and have a fair value of £243m (2019 - £214m). Annual rental income amounts to £11m (2019 - £8m). No contingent rents are charged.

Impairment losses of £15m (2019 - £11m) have primarily been recognised against properties with tenants operating in the retail sector reflecting the poor economic outlook for that sector.

Notes (continued)

14. Investments in joint ventures and associates

	Joint Ventures	Associates
	£m	£m
At 15 September 2018	225	61
Profit for the period	49	8
Dividends received	(45)	(7)
Reclassification	-	(14)
Effect of movements in foreign exchange	2	2
At 14 September 2019	231	50
Acquisitions	-	1
Profit for the period	46	11
Dividends received	(38)	(5)
Reclassification	(1)	3
Effect of movements in foreign exchange	-	(1)
At 12 September 2020	238	59

Details of joint ventures and associates are listed in note 30.

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

	Joint ventures		Associates	
	2020	2019	2020	2019
	£m	£m	£m	£m
Non-current assets	145	149	39	29
Current assets	377	389	224	188
Current liabilities	(258)	(259)	(199)	(157)
Non-current liabilities	(45)	(67)	(6)	(7)
Goodwill	19	19	1	1
Net assets	238	231	59	50
Revenue	1,445	1,507	792	589
Profit for the period	46	49	11	8

15. 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% (2019 — 91%) of the group's defined benefit scheme assets and 88% (2019 — 87%) of defined benefit scheme liabilities. The Scheme is governed by a trustee board which is independent of the group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2017, using the current unit method, and revealed a surplus of £176m. The market value of the Scheme assets was £3,789m, representing 105% of members' accrued benefits after allowing for expected future salary increases. The latest triennial valuation at 5 April 2020 has not yet been finalised.

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 73% of inflation sensitivity and 25% of interest rate risk. It is intended to hedge 80% of total exposure.

Notes (continued)

15. Employee entitlements (continued)

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

The Guaranteed Minimum Pension (GMP) is the minimum pension which a UK occupational pension scheme must provide for those employees who were contracted out of the State Earnings-Related Pension Scheme between 6 April 1978 and 5 April 1997. On 26 October 2018, the High Court of Justice of England and Wales ruled that GMPs must be equalised in respect of retirement ages for men and women for all pensionable service after 17 May 1990. This impacted the group's UK defined benefit scheme and the ruling set out a number of methodologies that could be used to calculate the impact. The group adopted method C2 to identify its best estimate of the additional liabilities. These were charged as a past service cost in the income statement in the prior year, with subsequent changes accounted for in other comprehensive income. The past service cost was treated as an exceptional item since the liabilities relate to employee service between 1990 and 1997 and they have no link to current business performance. The increase in liabilities was estimated at £14m, assessed using market conditions at the date of the ruling as required by IAS 19.

Overseas defined benefit schemes

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

Defined contribution schemes

The group operates a number of defined contribution schemes for which the charge was £41m in the UK and £39m overseas, totalling £80m (2019 — UK £39m, overseas f41m, totalling £80m).

Actuarial assumptions

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

	2020 UK %	2020 Overseas %	2019 UK %	2019 Overseas %
Discount rate	1.6	0-14.8	2.0	0.1-13.7
Inflation	2.2-3.3	0-12.0	2.3-3.3	0-15.0
Rate of increase in salaries	3.2-4.3	0-12.0	3.3-4.3	0-20.0
Rate of increase for pensions in payment	2.0-3.1	0-12.0	2.1-3.1	0-28.0
Rate of increase for pensions in deferment (where provided)	2.2-2.3	0-2.0	2.3	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 in both years are derived from the S2 mortality tables with a 106% weighting for males and a 96% weighting for females, and future improvements in line with the CMI-2018 projections model for the 2020 year end (compared to the CMI-2017 projections model for the 2019 year end) prepared by the Continuous Mortality Investigation of the UK actuarial profession, both with a long-term trend of 1.5% (2019 — 1.5%). These mortality assumptions take account of experience to date, and assumptions for further improvements in life expectancy of scheme members. Examples of the resulting life expectancies in the UK defined benefit schemes are as follows:

	2020		2019	
Life expectancy from age 65 (in years)	**Male**	**Female**	Male	Female
Member aged 65 in 2020 (2019)	**21.6**	**24.3**	21.8	24.5
Member aged 65 in 2040 (2039)	**23.3**	**26.1**	23.5	26.3

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

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

Notes (continued)

15. Employee entitlements (continued)

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 12 September 2020 is:

	Change in assumptions	Impact on scheme liabilities
Discount rate	decrease/increase by 0.25%	increase by 4.5%/decrease by 4.2%
Inflation	increase/decrease by 0.25%	increase by 3.3%/decrease by 3.2%
Rate of real increase in salaries	increase/decrease by 0.25%	increase/decrease by 0.7%
Rate of mortality	reduce/increase by one year	increase/decrease by 4.2%

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

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

Balance sheet

	2020 UK	2020 Overseas	2020 Total	2019 UK	2019 Overseas	2019 Total
	£m	£m	£m	£m	£m	£m
Equities	1,115	189	1,304	1,346	180	1,526
Government bonds	755	52	807	693	51	744
Corporate and other bonds	715	62	777	433	67	500
Property	345	26	371	350	23	373
Cash and other assets	831	63	894	1,000	63	1,063
Scheme assets	3,761	392	4,153	3,822	384	4,206
Scheme liabilities	(3,705)	(501)	(4,206)	(3,640)	(524)	(4,164)
Aggregate net surplus/(deficit)	56	(109)	(53)	182	(140)	42
Irrecoverable surplus*	-	(13)	(13)	—	(9)	(9)
Net pension asset/(liability)	56	(122)	(66)	182	(149)	33
Analysed as						
Scheme in surplus	94	6	100	220	8	228
Schemes in deficit	(38)	(128)	(166)	(38)	(157)	(195)
	56	(122)	(66)	182	(149)	33
Unfunded liability included in the present value of scheme liabilities above	(38)	(64)	(102)	(38)	(67)	(105)

*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.

The UK pension plan scheme assets include £235m (2019 — £270m) of derivative instruments, £440m (2019 — £393m) of corporate debt instruments and £710m (2019 — £759m) of government debt.

Corporate and other bonds relating to UK schemes of £715m (2019 — £433m) include £187m (2019 — £nil) 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 a 30 June market valuation, adjusted for purchases, disposals and price indexation between the valuation and the balance sheet dates. Cash and other assets contains £570m (2019 — £514m) of assets whose valuation is not derived from quoted market prices.

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

The defined benefit scheme liabilities comprise 25% (2019 - 30%) in respect of active participants, 24% (2019 - 21 %) for deferred participants and 51 % (2019 - 49%) 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 (2019 -18 years for both UK and overseas schemes).

Notes (continued)

15. Employee entitlements (continued)

Income statement

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

	2020 £m	2019 £m
Defined benefit schemes		
Current service cost	(47)	(41)
Past service cost	-	(13)
Defined contribution schemes	(79)	(80)
Total operating cost	(126)	(134)
Reported in other financial income/(expense):		
Net interest income on the net pension asset	3	14
Interest charge on irrecoverable surplus	(1)	(1)
Net impact on profit before tax	(124)	(121)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £34m (2019 - £36m) and benefits paid in respect of unfunded schemes of £3m (2019 - £14m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £79m (2019 - £80m).

Total contributions to funded schemes and benefit payments by the group in respect of unfunded schemes in 2021 are currently expected to be approximately £31m in the UK and £11m overseas, totalling £42m (2019 - UK £30m; overseas £10m; totalling £40m).

Other comprehensive income

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

	2020 £m	2019 £m
Return on scheme assets excluding amounts included in net interest in the income statement	(13)	119
Actuarial losses arising from changes in financial assumptions	(144)	(585)
Actuarial gains arising from changes in demographic assumptions	44	28
Experience gains on scheme liabilities	29	20
Change in unrecognised surplus	(5)	-
Remeasurements of the net pension asset	(89)	(407)

Reconciliation of change in assets and liabilities

	2020 Assets £m	2019 Assets £m	2020 Liabilities £m	2019 Liabilities £m	2020 Net £m	2019 Net £m
At beginning of year	4,206	4,082	(4,164)	(3,630)	42	452
Current service cost	-	-	(47)	(41)	(47)	(41)
Employee contributions	7	9	(7)	(9)	-	-
Employer contributions	34	50	-	-	34	50
Benefit payments	(165)	(179)	168	179	3	-
Past service costs	-	-	-	(13)	-	(13)
Interest income/(expense)	83	116	(80)	(102)	3	14
Return on scheme assets less interest income	(13)	119	-	-	(13)	119
Actuarial (losses)/gains arising from changes in financial assumptions			(144)	(585)	(144)	(585)
Actuarial gains arising from changes in demographic assumptions			44	28	44	28
Experience gains on scheme liabilities			29	20	29	20
Businesses acquired				(1)		(1)
Effect of movements in foreign exchange			(5)	(10)	(4)	(1)
At end of year	4,153	4,206	(4,206)	(4,164)	(53)	42

Notes (continued)

15. Employee entitlements (continued)

Reconciliation of change in irrecoverable surplus

	2020 £m	2019 £m
At beginning of year	(9)	(17)
Change recognised in other comprehensive income	(5)	11
Interest charge on irrecoverable surplus	(1)	(1)
Effect of movements in foreign exchange	2	(2)
At end of year	(13)	(9)

16. Deferred tax assets and liabilities

	Property, plant and equipment £m	Intangible assets £m	Lease (IFRS 16) £m	Employee benefits £m	Financial assets and liabilities £m	Provisions and other temporary differences £m	Tax value of carry-forward losses £m	Total £m
At 15 September 2018	144	89	-	70	11	(92)	(34)	188
Amount credited to the income statement	(6)	(3)		(1)		(4)	(2)	(16)
Amount credited to equity				(68)	(7)			(75)
Acquired through business combinations		7						7
Effect of changes in tax rate on income statement.	1					(2)		(1)
Effect of hyperinflationary economies taken to operating profit	1							1
Effect of hyperinflationary economies taken to other comprehensive income	2							2
Effect of movements in foreign exchange	3	2		(1)		(2)	-	2
At 14 September 2019	145	95	-	-	4	(100)	(36)	108
IFRS 16 opening blance adjustment			(62)			21		(41)
Amount credited to the income statement	(5)	(9)	(28)			(8)	(1)	(51)
Amount credited to equity				(19)		(2)		(21)
Acquired through business combinations		2					1	3
Effect of changes in tax rate on income statement.	13	3	(1)	(1)		(1)		13
Effect og changes in tax rates on equity				4				4
Effect of hyperinflationary economies taken to operating profit	2							2
Effect of movements in foreign exchange	(11)	(1)	(2)			(1)	2	(13)
At 12 September 2020	144	90	(93)	(16)	4	(91)	(34)	4

Provisions and other temporary differences include provisions of £(91)m, biological assets of £27m, tax credits of £(21)m and other temporary differences of £(5)m.

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

	2020 £m	2019 £m
- Deferred tax assets	(214)	(161)
- Deferred tax liabilities	218	269
	4	108

Deferred tax assets have not been recognised in respect of tax losses of £238m (2019 - £281m) and other temporary differences of £119m (2019 - £101m). Of the total tax losses, £162m (2019 - £205m) will expire at various dates between 2020 and 2025. These deferred tax assets have not been recognised on the basis that their future economic benefit is not probable.

In addition, the group's overseas subsidiaries have net unremitted earnings of £2,497m (2019 - £3,136m), resulting in temporary differences of £1,010m (2019 - £1,127m). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes (continued)

17. Trade and other receivables

	2020 £m	2019 £m
Non-current - other receivables		
Loans and receivables	51	55
Other non-current investments	6	7
	57	62
Current – trade and other receivables		
Trade receivables	1,027	1,088
Other receivables	169	160
Accrued income	16	14
	1,212	1,262
Prepayments and other non-financial receivables	136	196
	1,348	1,458

In addition to the amounts disclosed above, there are £4m (2019 - £6m) of trade and other receivables classified as assets held for sale (see note 18).

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 27.

Trade and other receivables include £40m (2019 - £44m) in respect of finance lease receivables, with £35m in non-current loans and receivables and £5m in current other receivables (2019 - £39m in non-current loans and receivables and £5m in current other receivables). Minimum lease payments receivable are £5m within one year, £18m between one and five years and £17m in more than five years (2019 - £5m within one year, £18m between one and five years and £21m in more than five years).

18. Assets and liabilities held for resale

In the prior year we signed an agreement to form a yeast and bakery ingredients joint venture in China with Wilmar International, with completion subject to regulatory approval. The joint venture will see us build a major new low-cost yeast plant in the north east of China and will combine AB Mauri's existing commercial activities and technical expertise in China with Wilmar's extensive sales and distribution capability. Completion is expected early in the new financial year. As a consequence, the businesses were classified as a disposal group at year end and in the prior year. It does not qualify as a discontinued operation.

	2020	2019
Assets classified as held for sale	£m	£m
Intangible assets	2	2
Property, plant and equipment	30	29
Inventories	5	6
Trade and other receivables	4	6
Cash and cash equivalents	2	
	43	43
Liabilities classified as held for sale		
Trade and other payables	5	6
	5	6

19. Inventories

	2020 £m	2019 £m
Raw materials and consumables	429	387
Work in progress	53	69
Finished goods and goods held for resale	1,686	1,944
	2,168	2,400
Write down of inventories	(97)	(115)

In addition to the amounts disclosed above, there are £5m (2019 - £6m) of inventories classified as assets held for sale (see note 18).

Notes (continued)

20. Cash and cash equivalents

	Notes	2020 £m	2019 £m
Cash at bank and in hand		909	1,099
Cash equivalents		1,278	852
Cash and cash equivalents		2,187	1,951
Reconciliation to the cash flow statement			
Bank overdrafts	21	(89)	(137)
Cash and cash equivalents in the cash flow statement		2,098	1,814
Cash and cash equivalents on face of the balance sheet		2,187	1,951
Cash and cash equivalents classified as held for sale		2	-
		2,189	1,951

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.

21. Loans and overdrafts

	Notes	2020 £m	2019 £m
Current loans and overdrafts			
Secured loans		6	10
Unsecured loans and overdrafts		150	217
Finance leases		-	1
		156	228
Non-current loans			
Secured loans		48	48
Unsecured loans		317	347
Finance leases		-	13
		365	408
	27	521	636

	Notes	2020 £m	2019 £m
Secured loans			
- GBP floating rate		49	48
- Other floating rate		5	10
Unsecured bank loans and overdrafts			
- Bank overdrafts	20	89	137
- GBP fixed rate		101	104
- USD floating rate		6	29
- USD fixed rate		235	241
- EUR floating rate		13	29
- Other floating rate		21	23
- Other fixed rate		2	1
Finance lease liabilities (fixed rate)		-	14
		521	636

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

Notes (continued)

22. Trade and other payables

	2020	2019
	£m	£m
Current – trade and other payables		
Trade payables	921	1,162
Accruals	964	1,049
	1,885	2,211
Deferred income and other non-financial payables	480	396
	2,365	2,607
Non-current – other payables		
Accruals		271

In addition to the amounts disclosed above, there are £5m (2019 - £6m) of trade and other payables classified as liabilities held for sale (see note 18).

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

23. Provisions

	Restructuring	Deferred consideration	Other	Total
	£m	£m	£m	£m
At 14 September 2019	74	18	26	118
IFRS 16 opening balance adjustment	(10)			(10)
Created	58	6	74	138
Utilised	(31)	(1)	(3)	(35)
Released	(5)	(3)	(40)	(48)
Effect of movements in foreign exchange			1	1
At 12 September 2020	86	20	58	164
Current	70	4	49	123
Non-current	16	16	9	41
	86	20	58	164

Financial liabilities within provisions comprised deferred consideration in both years (see note 27).

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)

24. Acquisitions and disposals

Acquisitions
2020
In December 2019, the group's Grocery business in the UK acquired Al'Fez, a Middle Eastern food brand with customers in the UK and Europe. In the second half of the year the group acquired two small Agriculture businesses in Europe and the group's Ingredients business acquired Larodan, a Swedish manufacturer and international marketer of state-of-the-art, high-purity research-grade lipids that will expand our research and product development capabilities to better serve the pharmaceutical, nutritional and industrial market sectors.
Total consideration for these acquisitions was £19m, comprising £16m cash consideration and £3m deferred consideration. Net assets acquired comprised non-operating intangible assets of £15m, which were recognised with their related deferred tax of £3m, and Elm of other operating assets. Goodwill of £6m resulted from these acquisitions.

2019
The group's Grocery business completed the acquisitions of 100% of Yumi's Quality Foods, a chilled food manufacturer in Australia and Anthony's Goods, a California-based blender and online marketer of speciality baking ingredients, to further develop our presence in the faster growing segments of the grocery market. The group also acquired a small manufacturer of piglet starter feed in Poland as part of the Agriculture business and Italmill, an Italian bakery ingredients producer as part of the Ingredients business.

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

	Pre-acquisition carrying values £m	Recognised values on acquisition £m
Net assets		
Intangible assets	-	56
Property, plant and equipment	20	20
Other receivables (non-current)	2	2
Inventories	7	7
Trade and other receivables	14	14
Cash and cash equivalents	2	2
Trade and other payables	(11)	(11)
Loans	(15)	(15)
Taxation	(1)	(8)
Employee benefit liabilities	(1)	(1)
Net identifiable assets and liabilities	**17**	**66**
Goodwill		30
Total consideration		**96**

	Recognised values on acquisition £m
Satisfied by	
Cash consideration	*85*
Deferred consideration	*11*
	96
Net cash	
Cash consideration	*85*
Cash and cash equivalents acquired	*(2)*
Deferred consideration paid	*1*
	84

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £56m of non-operating intangible assets in respect of brands and customer relationships, which were recognised together with related deferred tax of £7m. The cash outflow of £84m on the purchase of subsidiaries, joint ventures and associates in the cash flow statement comprises cash consideration of £85m for these acquisitions less cash acquired with the businesses of £2m and £1m payment of deferred consideration in respect of previous acquisitions.

Notes (continued)

24. Acquisitions and disposals (continued)

The acquisitions have contributed aggregate revenues of £42m and operating profit of £4m to the group's result for the period from the date of acquisition to 14 September 2019.

Disposals
2020
In 2020 the group announced the closure of the Cake business in the Grocery segment in Australia and the Jasol New Zealand business in the Ingredients segment, with £10m included in loss on closure of business, comprising £2m non-cash impairment of property, plant and equipment, £2m non-cash impairment of right-of-use assets and £6m of restructuring provisions.

The group also sold a small business in China, reported within the Asia Pacific and Grocery segments. Cash proceeds amounted to £2m on £1m of net assets disposed, resulting in a pre-tax profit on disposal of £1m.

Warranty provisions of £1m relating to disposals made in previous years were no longer required and were released to sale and closure of business in the Americas and Ingredients segments. The group also charged a £6m onerous lease provision to sale and closure of business (in the Central and UK segments) in respect of guarantees given on property leases assigned to third parties that the group expects to be required to honour.

2019
The group disposed of its torula facility and associated torula whole cell business in Hutchinson, Minnesota, reported within the US and Ingredients segments. Cash proceeds amounted to £5m, net assets disposed were £5m and the associated goodwill was £8m. Provisions for transaction and associated restructuring costs were £2m, with a gain of £3m on recycling foreign exchange differences. The pre-tax loss on disposal was £7m.

We signed an agreement to form a yeast and bakery ingredients joint venture in China with Wilmar International, with completion subject to regulatory approval. The joint venture will see us build a major new low-cost yeast plant in the north east of China and will combine AB Mauri's existing commercial activities and technical expertise in China with Wilmar's extensive sales and distribution capability. As a consequence, a non-cash impairment charge of £88m was included in loss on closure of businesses, comprising £56m of goodwill and £32m of property, plant and equipment.

In addition £4m of warranty and restructuring provisions relating to disposals made in previous years were no longer required and were released to sale and closure of businesses during the year in Grocery (The Americas). In the Agriculture segment, goodwill with a carrying value of £3m was written off on sale and closure of a small business in the UK.

25. Share-based payments

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

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 vesting period.

Associated British Foods 2016 Short Term Incentive Plan ('the 2016 STIP')
The 2016 STIP was approved and adopted by the Board on 2 November 2016. It takes the form of conditional allocations of shares which are released at the end of a three-year vesting period if, and to the extent that, performance targets are satisfied, over a one year performance period.

Further information regarding the operation of the above plans can be found in the Remuneration report in the annual report and accounts of Associated British Foods plc on pages 110 to 120.

Notes (continued)

25. Share based payments (continued)

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

	Balance outstanding at the beginning of the period	*Granted/ awarded*	*Vested*	*Expired/ lapsed*	*Balance outstanding at the end of the period*
	£m	*£m*	*£m*	*£m*	*£m*
2020	*4,660,667*	*1,970,377*	*(993,955)*	*(606,729)*	*5,030,360*
2019	*3,675,370*	*1,922,795*	*(475,947)*	*(461,551)*	*4,660,667*

Employee Share Ownership Plan Trust

Shares subject to allocation under the ABF's equity-settled share-based payment plans are held in a separate Employee Share Ownership Plan Trust funded by ABF. 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 12 September 2020 the Trust held 1,787,959 (2019 – 2,781,914) ordinary shares of ABF. The market value of these shares at the year-end was £35m (2019 – £65m). The Trust has waived its right to dividends. Movements in the year were releases of 993,955 shares and no purchases (2019 – releases of 475,947 shares and purchases of 1,032,156 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 2,327 pence (2019 – 2,335 pence) and the weighted average share price was 2,502 pence (2019 – 2,511 pence). The dividend yield used was 2.5% (2019 – 2.5%).

26. Analysis of net cash

	At 14 September 2019	IFRS 16 transition	Cash flow	Disposals	New leases and non-cash items	Exchange adjustments	At 12 September 2020
	£m		£m		£m	£m	£m
Cash at bank and in hand, cash equivalents and overdrafts	1,814	-	288	-	-	(4)	2,098
Current asset investments	29	-	2	-	-	1	32
Short-term loans	(91)	1	44	-	(23)	4	(65)
Long-term loans	(408)	13	2	-	23	5	(365)
Lease liabilities	-	(3,706)	251	1	(297)	66	(3,685)
	1,344	(3,692)	587	1	(297)	72	(1,985)

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less. £89m (2019 – £137m) of bank overdrafts that are repayable on demand form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Notes (continued)

27. Financial Instruments

Financial instruments include £3m (2019 — £5m) of trade and other receivables and £5m (2019 — £5m) of trade and other payables which are classified as held for sale, see note 18. 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.

		2020 £m	2019 £m
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	20	2,189	1,951
Other financial assets		55	55
Trade and other receivables	17	1,216	1,267
Other non-current receivables	17	51	55
At fair value through other comprehensive income			
Investments		6	7
At fair value through profit and loss			
Other financial assets		1,149	892
Derivative assets not designated in a cash flow hedging relationship:			
- currency derivatives		10	12
Designated cash flow hedging relationships			
Derivative assets designated and effective as cash flow hedging instruments:			
- currency derivatives		14	17
- cross-currency swaps		60	64
- commodity derivatives		18	6
Total financial assets		4,768	4,326
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	22	(1,890)	(2,487)
Secured loans	21	(54)	(58)
Unsecured loans and overdrafts	21	(467)	(564)
Lease liabilities	11	(3,669)	-
Finance leases	21	-	(14)
Deferred consideration	23	(20)	(18)
At fair value through profit and loss			
Derivative liabilities not designated in a cash flow hedging relationship:			
- currency derivatives		(16)	(2)
- commodity derivatives		(1)	(1)
Designated net investment hedging relationships			
Derivative liabilities designated as net investment hedging instruments:			
- currency derivatives		(27)	(23)
- commodity derivatives			
Designated cash flow hedging relationships			
Derivative liabilities designated and effective as cash flow hedging instruments:			
- currency derivatives		(22)	(18)
- commodity derivatives		(21)	(8)
Total financial liabilities		(6,187)	(3,193)
Net financial liabilities		(1,419)	1,133

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

Valuation of financial instruments carried at fair value
Financial instruments carried at fair value in the balance sheet comprise other financial assets, 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:

Notes (continued)

27. Financial Instruments (continued)

- Level 1: financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.
- Level 2: financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.
- Level 3: financial instruments are valued using techniques involving significant unobservable inputs.

The table below analyses the level in the fair value hierarchy into which their fair value measurement method is categorised for other financial assets.

	2020			2019		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
	£m	**£m**	**£m**	£m	£m	£m
Other financial assets	**719**	**430**	**1149**	468	424	892

The value of Level 2 investments is provided by the investment company using techniques based on observable inputs (i.e. market process and rates) or indirectly (i.e. derived from market process and rates).

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.

	2020				2019			
	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 (excluding cross-currency swaps)	**814**	-	**24**	**24**	1,268	-	29	29
Cross-currency swaps	**254**	-	**60**	**60**	271		64	64
Commodity derivatives	**183**	**6**	**12**	**18**	149	-	5	6
	1,251	**6**	**96**	**102**	1,688	-	98	99
Financial Liabilities								
Currency derivatives (excluding cross-currency swaps)	**1,113**	-	**(38)**	**(38)**	905	-	(20)	(20)
Cross-currency swaps	**217**	-	**(27)**	**(27)**	214		(23)	(23)
Commodity derivatives	**139**	**(4)**	**(18)**	**(22)**	103	-	(9)	(9)
	1,469	**(4)**	**(83)**	**(87)**	1,222	-	(52)	(52)

Notes (continued)

27. Financial Instruments (continued)

c) Cash flow hedging reserve

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

	2020				2019			
	Currency derivatives	Cross-currency swaps	Commodity derivatives	Total	Currency derivatives	Cross-currency swaps	Commodity derivatives	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	1	1	6	8	(3)	9	(20)	(14)
(Gains)/losses recognised in the hedging reserve	(4)	4	18	18	(54)	(22)	33	(43)
Ineffective hedges recognised in the income statement	21	-	-	21	-	-	-	-
Amount removed from the hedging reserve and included in the income statement:								
- revenue	(1)	-	1	-	(1)	-	-	(1)
- cost of sales	-	-	(18)	(18)	-	-	(3)	(3)
- other financial income	-	(6)	-	(6)	-	12	-	12
Amount removed from the hedging reserve and included in non-financial asset:								
- inventory	(12)	-	(6)	(18)	60	-	4	64
Deferred tax	(1)	-	1	-	(1)	2	(8)	(7)
Effect of movements in foreign exchange	2	-	-	2	-	-	-	-
Closing balance	6	(1)	2	7	1	1	6	8
Cash flows are expected to occur:								
- within six months	6	-	1	7	(1)	-	5	4
- between six months and one year	-	-	1	1	2	-	1	3
- between one and two years	-	-	-	-	-	1	-	1
- between two and five years	-	(1)	-	(1)	-	-	-	-
- after five years	-	-	-	-	-	-	-	-
	6	(1)	2	7	1	1	6	8

Of the closing balance of £7m, £7m is attributable to equity shareholders and £nil to non-controlling interests (2019 - £8m, £9m is attributable to equity shareholders and £(1)m to non-controlling interests). Of the net movement in the year of £(1)m, £(2)m is attributable to equity shareholders and £1 m to non-controlling interests (2019 - £22m, £22m is attributable to equity shareholders and £nil to non-controlling interests).

The balance remaining in the commodity cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied is £2m (2019 - £2m).

The balance in the cost of hedging reserve was not significant as at 14 September 2019 or at 12 September 2020.

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

Notes (continued)

27. Financial Instruments (continued)

been established in the group's major businesses to manage this exposure by entering into a range of products, including physical and financial forward contracts, futures and, where appropriate, options. These teams work closely with group Treasury and report regularly to executive management.

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

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. At year end, the group had $nil of borrowings (2019 – $nil) that were designated as hedges of its net investment in foreign operations in US dollars.

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

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

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

A net foreign exchange gain of £1m (2019 – gain of £1m) 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 cross currency swaps that have been designated as hedges of its net investments in euros, whose change in fair value of £4m has been debited to the translation reserve, all of which is attributable to equity shareholders (2019 - £2m 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, lean hog, soya beans, sugar raws, cocoa, rice, tea and energy is managed through the use of forward physical contracts and hedging instruments, including futures, swaps and options primarily to convert floating prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the group's risk management policies and is continually monitored by group Treasury. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the group's overall pricing strategy.

Notes (continued)

27. Financial Instruments (continued)

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

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

The group's sensitivities in respect of the accounting commodity derivatives for a +/- 20% movement in underlying commodity prices is £15m (2019 - £28m) and (£14m) (2019 - (£23m)) respectively.

(ii) *Interest rate risk*

Interest rate risk comprises two primary elements:

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

The group's policy is to 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 12 September 2020, £338m (72%) (2019 - £360m and 61 %) of total debt was subject to fixed rates of interest, the majority of which is the US private placement loans of £336m (2019 - £345m).

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) risks

The group principally uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases on a rolling 12-month basis. The group does not formally define the proportion of highly probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the group's risk management policies and prevailing market conditions. The group designates

Notes (continued)

27. Financial Instruments (continued)

currency derivatives used to hedge its highly probable forecast transactions as cash flow hedges. Under IFRS 9, the spot component is designated in the hedging relationship and forward points and currency basis are excluded and recognized in other comprehensive income – cost of hedging. The cost of hedging value during the period and at the balance sheet date was not material. The economic relationship is based on critical terms and a one-to-one hedge ratio. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

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

The group's most significant currency transaction exposures are:

- sugar sales in British Sugar to movements in the sterling/euro exchange rate;
- 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 below table illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement by disclosing separately by risk category, and each type of hedge, the details of the associated hedging instrument and hedged item.

	Contract notional	2020 Carrying amount assets/(liabilities)	Farthest maturity Date	Hedge ratio	Change in fair value of hedging instrument used to determine hedge ineffectiveness	Change in fair value of hedge item used to determine hedge effectiveness
	£m	£m	£m	£m	£m	£m
Current						
Designated cash flow hedging relationships						
currency derivatives (excluding cross-currency swaps)	1,205	(8)	Sep 21	100%	(10)	10
commodity derivatives	317	1	Sep 21	100%	1	(1)
Non-current						
Designated cash flow hedging relationships						
currency derivatives (excluding cross-currency swaps)	25	-	Feb 22	100%	-	-
cross-currency swaps	254	60	Mar 24	100%	(3)	3
commodity derivatives	1	-	Jan 22	100%	-	-
Designated net investments hedging relationships						
currency derivatives (cross-currency swaps)	217	(27)	Mar 24	100%	(5)	5

Notes (continued)

27. Financial Instruments (continued)

	2019					
	Contract notional	Carrying amount assets/(liabilities)	Farthest maturity Date	Hedge ratio	Change in fair value of hedging instrument used to determine hedge ineffectiveness	Change in fair value of hedge item used to determine hedge effectiveness
	£m	£m	£m	£m	£m	£m
Current						
Designated cash flow hedging relationships						
- currency derivatives (excluding cross-currency swaps)	1,482	(1)	Sep 20	100%	(3)	3
- commodity derivatives	209	(4)	Aug 20	100%	(8)	8
Non-current						
Designated cash flow hedging relationships						
- currency derivatives (excluding cross-currency swaps)	79	-	Aug 21	100%	-	-
- cross-currency swaps	271	64	Mar 24	100%	20	(20)
- commodity derivatives	16	-	Sep 21	100%	(3)	3
Designated net investments hedging relationships						
- currency derivatives (cross-currency swaps)	214	(23)	Mar 24	100%	-	-

Hedging relationships are typically based on a one-to-one hedge ratio. The economic relationship between the hedged item and the hedging instrument is analysed on an ongoing basis. Sources of possible ineffectiveness include changes in forecast transactions as a result of timing or value or, in certain cases, different indices linked to the hedged item and the hedging instrument. As at 12 September 2020, FX forwards designated as cash flow hedges equal to £1,230m were outstanding. These are largely in relation to purchases of USD (£695m) and sales of EUR (£223m) with varying maturities up to February 2022. Weighted average hedge rates for these contracts are GBPUSD: 1.287, EURUSD: 1.165 and GBPEUR: 1.112. Weighted average hedge rates for the cross-currency swaps are GBPUSD: 1.699 and GBPEUR: 1.262. Commodity derivatives designated as cash flow hedges related to a range of underlying hedged items, with varying maturities out to January 2022.

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

	2020				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	1	142	13	74	230
Trade and other receivables	-	39	50	15	104
	1	181	63	89	334
Financial liabilities					
Trade and other payables	(21)	(351)	(34)	(8)	(414)
Unsecured loans and overdrafts	-	(235)	-	-	(235)
	(21)	(586)	(34)	(8)	(649)
Currency derivatives					
Gross amounts receivable	69	1,353	58	232	1,712
Gross amounts payable	(6)	(211)	(504)	(103)	(824)
	63	1,142	(446)	129	888
Total	43	737	(417)	210	573

Notes (continued)

27. Financial Instruments (continued)

	2019				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	1	117	29	42	189
Trade and other receivables	-	43	63	16	122
	1	160	92	58	311
Financial liabilities					
Trade and other payables	(17)	(525)	(40)	(12)	(594)
Unsecured loans and overdrafts	-	(241)	-	-	(241)
	(17)	(766)	(40)	(12)	(835)
Currency derivatives					
Gross amounts receivable	74	1,578	129	154	1,935
Gross amounts payable	(4)	(119)	(537)	(63)	(723)
	70	1,459	(408)	91	1,212
Total	54	853	(356)	137	688

The following major exchange rates applied during the period:

	Average rate		Closing rate	
	2020	2019	**2020**	2019
US dollar	**1.27**	1.28	**1.28**	1.25
Euro	**1.14**	1.13	**1.08**	1.12
Rand	**20.53**	18.32	**21.40**	18.08
Renminbi	**8.94**	8.78	**8.74**	8.82
Australian dollar	**1.88**	1.81	**1.76**	1.81

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 2020	***Impact on total equity 2020***	Impact on profit for the period 2019	Impact on total equity 2019
10% strengthening against other currencies of	**+/- £m**	**+/- £m**	+/- £m	+/- £m
Sterling	**(1)**	**3**	-	6
US dollar	**(4)**	**79**	23	96
Euro	**-**	**(44)**	7	(35)
Other	**10**	**20**	3	18

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.

Notes (continued)

27. Financial Instruments (continued)

	Impact on profit for the period 2020	Impact on profit for the period 2019
10% strengthening of sterling against	**+/- £m**	+/- £m
US dollar	**(14)**	(17)
Euro	**(1)**	(37)
Rand	**1**	-
Renminbi	**(2)**	10
Australian dollar	**(4)**	(4)

g) Credit risk

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

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 12 September 2020. The group considers its maximum exposure to credit risk to be:

	2020 £m	2019 £m
Cash and cash equivalents	**2,189**	1,951
Other financial assets	**1,204**	947
Trade and other receivables	**1,216**	1,267
Other non-current receivables	**51**	44
Investments	**6**	7
Derivative assets at fair value through profit and loss	**10**	12
Derivative assets in designated cash flow hedging relationships	**65**	64
	4,741	4,292

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

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

Trade and other receivables

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

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

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

Notes (continued)

27. Financial Instruments (continued)

to be the most relevant factors. Where the impact of these is assessed as significant, the historical loss expectations are amended accordingly.

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

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

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

	2020	2019
	£m	£m
UK	424	443
Europe & Africa	319	340
The Americas	160	175
Asia Pacific	313	309
	1,216	1,267

Trade receivables can be analysed as follows:

	2020	2019
	£m	£m
Not overdue	937	972
Up to 1 month past due	66	83
Between 1 and 2 months past due	12	16
Between 2 and 3 months past due	8	8
More than 3 months past due	32	37
Provision for doubtful debts	(27)	(24)
	1,028	1,092

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

	2020	2019
	£m	£m
Opening balance	24	23
Increase charged to the income statement	9	7
Amounts released	(1)	(3)
Amounts written off	(4)	(3)
Effect of movements in foreign exchange	(1)	
Closing balance	27	24

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

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

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

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

Cash and cash equivalents

Banking relationships are generally 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.

Notes (continued)

27. Financial Instruments (continued)

h) Liquidity risk

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

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

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

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

	Note	2020						
		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		**(1,870)**	**(20)**	**-**	**-**	**-**	**(1,890)**	**(1,890)**
Secured loans		**(6)**	**-**	**(47)**	**(1)**	**-**	**(54)**	**(54)**
Unsecured loans and overdrafts		**(110)**	**(58)**	**(245)**	**(85)**	**-**	**(498)**	**(467)**
Lease liabilities		**(189)**	**(192)**	**(390)**	**(1,112)**	**(2,897)**	**(4,780)**	**(3,669)**
Deferred consideration		**(2)**	**(1)**	**(3)**	**(15)**	**-**	**(21)**	**(20)**
Derivative financial liabilities								
Currency derivatives (excluding cross-currency swaps) (net payments)		**(33)**	**(4)**	**-**	**-**	**-**	**(37)**	**(38)**
Commodity derivatives (net payments)		**(20)**	**(2)**	**-**	**-**	**-**	**(22)**	**(22)**
		(2,230)	**(277)**	**(685)**	**(1,213)**	**(2,897)**	**(7,302)**	**(6,160)**

	Note	2019						
		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	(2,109)	(100)	(27)	(80)	(171)	(2,487)	(2,487)
Secured loans	20	(5)	(5)	(2)	(46)	-	(58)	(58)
Unsecured loans and overdrafts	20	(187)	(43)	(38)	(328)	-	(596)	(564)
Finance leases	25	(1)	(1)	(1)	(2)	(35)	(40)	(14)
Deferred consideration	22	-	(1)	-	(15)	(2)	(18)	(18)
Derivative financial liabilities								
Currency derivatives (excluding cross-currency swaps) (net payments)		(10)	(4)	(1)	-	-	(15)	(20)
Commodity derivatives (net payments)		(8)	(1)	-	-	-	(9)	(9)
Total financial liabilities		(2,320)	(155)	(69)	(471)	(208)	(3,223)	(3,170)

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 12 September 2020.

Notes (continued)

27. Financial Instruments (continued)

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.

i) Borrowing facilities

The group has substantial borrowing facilities available to it. The undrawn committed facilities available at 12 September 2020, in respect of which all conditions precedent have been met, amounted to £1,146m (2019 - £1,235m):

	2020			2019		
	Facility	Drawn	Undrawn	Facility	Drawn	Undrawn
	£m	£m	£m	£m	£m	£m
£1.2bn syndicated facility	1,088	-	1,088	1,200	-	1,200
US private placing	336	336	-	345	345	-
Illovo	86	32	54	98	65	33
Other	54	50	4	52	50	2
	1,564	418	1,146	1,695	460	1,235

Uncommitted facilities available at 12 September 2020 were:

	2020			2019		
	Facility	Drawn	Undrawn	Facility	Drawn	Undrawn
	£m	£m	£m	£m	£m	£m
Money market lines	100	-	100	100	-	100
Illovo	160	63	97	206	90	116
Azucárera	49	11	38	66	29	37
China banking	40	-	40	40	-	40
Other	167	27	140	153	43	110
	516	101	415	565	162	403

In addition to the above facilities there are also £98m (2019 - £75m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business.

In 2019 the group also had £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 21.

The group has a f1.1bn syndicated facility which matures in July 2023. In addition to the bank debt, the Company has £336m of private placement notes in issue to institutional investors in the US and Europe. At 12 September 2020, these had an average remaining duration of 1.8 years and an average fixed coupon of 4.4%. 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 of the group's capital commitments and to note 28 for a summary of the group's guarantees.

j) Capital management

The capital structure of the group is presented in the balance sheet. For the purpose of the group's capital management, capital includes issued capital and all other reserves attributable to the equity shareholders of the Company, totalling £6,792m (2019 — £6,830m). The statement of changes in equity provides details on equity and note 21 provides details of loans and overdrafts. Short and medium-term funding requirements are provided by a variety of loan and overdraft facilities, both committed and uncommitted, with a range of counterparties and maturities. Longer term funding is sourced from 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.

Notes (continued)

27. Financial Instruments (continued)

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 incentive plans. Once purchased, shares are not sold back into the market. The group does not have a defined share buy-back plan.

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

28. 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 12 September 2020, group companies have provided guarantees in the ordinary course of business amounting to £2,048m (2019 — £1,904m).

29. 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	2020 £'000	2019 £'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	**12,683**	23,666
(ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation	2	**4,513**	6,432
Sales to and commissions paid to companies with common key management personnel	3	**18,961**	17,117
Amounts due from companies with common key management personnel	3	**2,237**	1,880
Sales to joint ventures and associates on normal trading terms	4	**42,403**	43,918
Purchases from joint ventures and associates on normal trading terms	4	**336,723**	395,915
Amounts due from joint ventures and associates	4	**56,614**	59,666
Amounts due to associates and joint ventures	4	**28,017**	29,244

1. The Garfield Weston Foundation ("The Foundation") is an English charitable trust, established in 1958 by the late W Garfield Weston. As at 12 September 2020, the Foundation holds 683,073 shares (2019 - 683,073) in Wittington Investments Limited representing 79.2% (2019 – 79.2%) of the Company's issued share capital and is, therefore, the Company's ultimate controlling party. At 12 September 2020, Trustees of the Foundation comprised four 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 8. Directors' remuneration is disclosed in note 4.
3. The companies with common key management personnel are the George Weston Limited group in Canada, and Selfridges & Co. Limited.
4. Details of the group's subsidiary undertakings and joint ventures are set out in note 30.

Notes (continued)

30. Group entities

Subsidiary undertakings

A list of the group's subsidiaries as at 12 September 2020 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.

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

Notes (continued)

30. Group entities (continued)

Speedibake Limited
Sunblest Bakeries Limited
The Bakery School Limited
The Billington Food Group Limited
The Home Grown Sugar Company Limited
The Jordans & Ryvita Company Limited
The Natural Sweetness Company Limited
The Roadmap Company Limited
The Silver Spoon Company Limited
The Weston Biscuit Company Limited
Tip Top Bakeries Limited
Trident Feeds Limited
Twining Crosfield & Co. Limited
Vivergo Fuels Limited
W. Jordan & Son (Silo) Limited
W. Jordan (Cereals) Limited
Wereham Gravel Company Limited (The)
Westmill Foods Limited
Weston Biscuit Company Limited
Weston Foods Limited
Weston Research Laboratories Limited
Worldwing Investments Limited
Avery Row Management Limited
Listergate Student Holdings Limited
WINDL Offices Limited 85%
Wittington Investments (Developments) Limited
Wittington Investments (Properties) Limited
Brighton Grand Hotel Operations Limited
Wittington Investments (Brighton Grand) Limited
Wittington Investments (Richmond Hill Hotel) Limited
Richmond Hill Hotel (Operations) Limited
George Weston Limited
Howard Investments Limited
Wittington Investments (Private Equity) Limited
Wittington Investments Finance Limited
WILH (Investments) Limited
Wittington Investments (17) Limited
Wittington Investments (Ahren) Limited
Wittington Investments (Apollo) Limited
Wittington Investments (Bestport) Limited
Wittington Investments (BPA III) Limited
Wittington Investments (BSP VIII) Limited
Wittington Investments (BSP) Limited
Wittington Investments (BSPF) Limited
Wittington Investments (BV III) Limited
Wittington Investments (Careplaces) Limited
Wittington Investments (CIP) Limited
Wittington Investments (Dunedin III) Limited
Wittington Investments (Dunedin) Limited
Wittington Investments (FAPI II) Limited
Wittington Investments (FAPI) Limited
Wittington Investments (FIPL) Limited
Wittington Investments (Graphite) Limited
Wittington Investments (Harbourvest) Limited
Wittington Investments (Next Wave) Limited
Wittington Investments (OCP) Limited
Wittington Investments (PPE) Limited
Wittington Investments (Reof) Limited
Wittington Investments (Sandaire) Limited
Wittington Investments (VO1) Limited
Wittington Investments (WHEB) Limited
Wittington Investments (WPX) Limited

196 Tottenham Court Road, London, W1T 7LQ
Ambrose Retail Limited
Heal & Son Limited
Heal's Finance Limited
Heal's Holdings Limited
Heal's Pension Fund Trustees Limited
Heal's plc
Heals (1810) Limited

181 Piccadilly, London, W1A 1ER
F. & M. Limited
Fortnum & Mason (Export) Limited
Fortnum & Mason (London) Limited
Fortnum & Mason Hospitality Limited
Fortnum & Mason Plc
Fortnums Limited

1 College Place North, Belfast, BT1 6BG
James Neill Limited

Unit 4, 211 Castle Road, Randalstown, Co. Antrim, BT41 2EB
Jordan Bros. (N.I.) Limited
Nutrition Services (International) Limited
Vistavet Limited

180 Glentanar Road, Glasgow, G22 7UP
ABN (Scotland) Limited

Miller Samuel LLP, RWF House, 5 Renfield Street, Glasgow, G2 5EZ
Konway Foods Limited
Konway Holdings Limited
Patak's Chilled Foods Limited
Patak's Frozen Foods Limited

Argentina

Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428
AB Mauri Hispanoamerica S.A.
Surgras S.A. (in liquidation)

Av. Raul Alfonsin, Monte Chingolo, Buenos Aires 3145
Compañía Argentina De Levaduras S.A.I.C.

Australia

Building A, Level 2, 11 Talavera Road, North Ryde, NSW 2113
AB Mauri Overseas Holdings Limited
AB Mauri Pakistan Pty Limited
AB Mauri ROW Holdings Pty Limited
AB Mauri South America Pty Limited
AB Mauri South West Asia Pty Limited
AB Mauri Technology & Development Pty Limited
AB Mauri Technology Pty Limited
AB World Foods Pty Ltd
Anzchem Pty Limited
Dagan Trading Pty Ltd
Food Investments Pty. Limited
George Weston Foods (Vicroria) Pty Ltd
George Weston Foods Limited
Indonesian Yeast Company Pty Limited
Mauri Fermentation Brazil Pty Limited

Notes (continued)

30. Group entities (continued)

Mauri Fermentation Chile Pty Limited
Mauri Fermentation China Pty Limited
Mauri Fermentation India Pty Limited
Mauri Fermentation Indonesia Pty Limited
Mauri Fermentation Malaysia Pty Limited
Mauri Fermentation Philippines Pty Limited
Mauri Fermentation Vietnam Pty Limited
Mauri Yeast Australia Pty Limited
N&C Enterprises Pty Ltd
NB Love Industries Pty Ltd
Serrol Ingredients Pty Limited
The Jordans and Ryvita Company Australia Pty Ltd
Yumi's Quality Foods Pty Ltd
35-37 South Corporate Avenue, Rowville, Victoria 3178
AB Food & Beverages Australia Pty. Limited
170 South Gippsland Highway, Dandenong, VIC 3175
ABF Wynard Park Limited Partnership

Austria
Schottenring 19, 1010 Wien
Primark Austria Ltd & Co KG

Bangladesh
Level 13 Shanta Western Tower, Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A Dhaka 1208
Twinings Ovaltine Bangladesh Limited

Belgium
Industriepark 2, 9820 Merelbeke, Belgium
AB Mauri Belgium NV
Boulevard Raymond Poincare 07/113, 4020 Liege, Belgium
Primark SA

Brazil
Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pederneiras, State of Sao Paulo, CEP 17.280-000
AB Brasil Indústria e Comércio de Alimentos Ltda
Alameda Madeira 328, 20th Floor, Room 2005, Alphaville-Barueri, Sao Paulo 06454-010
AB Enzimas Brasil Comercial Ltda
Rua Cardeal Arcoverde. 1641 9th Floor, Sao Paulo 05407002
AB Vista Brasil Comércio De Alimentação Animal Ltda

Canada
Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9
AB Mauri (Canada) Limited

Chile
Miraflores Street No. 222, 28 Floor, Santiago
Calsa Chile Inversiones Limitada

China
No. 1 Tongcheng Street, A Cheng District, Harbin, Heilongjiang Province
AB (Harbin) Food Ingredients Company Limited
Harbin Mauri Yeast Co., Ltd.
North Huang He Road, Rudong New Economic Development Zone, Nantong City, Jiangsu Province
AB Agri Animal Nutrition (Nantong) Co., Ltd
AB Agri Animal Nutrition (Rudong) Co., Ltd.
No 28. South Shunjin Road, Yintei District, Tongchuan, Shaanxi Province
AB Agri Animal Nutrition (Shaanxi) Co., Ltd.
Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tongge County, Jiangxi Province
AB Agri Pumeixin Tech (Jiangxi) Co. Ltd.
Room 2802, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai 200051
ABNA Management (Shanghai) Co., Ltd.
ABNA Trading (Shanghai) Co., Ltd.
Room 2906, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai 200051
Associated British Foods Holdings (China) Co., Ltd
Suite 702, Fosun International Center, No. 237 Chaoyangbei Road, Beijing, Chaoyang District
AB Mauri (Beijing) Food Sales and Marketing Company Limited
Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province
AB Mauri Food (Dongguan) Co., Ltd.
Building 1, 35 Chi Feng Road, Yangpu District, Shanghai, 200092
AB Mauri Foods (Shanghai) Company Limited 90%
868 Yongpu Road, Pujiang Town, Minhang District, Shanghai 201112
ABNA (Shanghai) Feed Co., Ltd.
14 Juhai Road, Jinghai Development Zone, Tianjin
ABNA (Tianjin) Feed Co, Ltd
Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province
ABNA Feed (Anhui) Co., Ltd.
145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225
ABNA Feed (Liaoning) Co., Ltd.
17 Xiangyang Street, Tu Township, Chayouqianqui, Inner Mongolia
Botian Sugar (Chayou Qianqi) Co., Ltd.
No. 1 Botian Road, Economic Development Zone, Zhangbei County, Zhangjiakou City, Hebei Province
Botian Sugar Industry (Zhangbei) Co., Ltd.
Development Zone Administration Tower, No. 368 Changjiang Road, Nangang District, Haibin, Heilongjiang Province
Botian Sugar Industry Co., Ltd.
1 Industrial North Street, Zhangjiakou, Zhangbei County, Hebei
Hebei Mauri Food Co., Ltd.
Meishan Industrial Estate, Huangge Town, Nansha District, Guangzhou City, Guangdong Province
Panyu Mauri Food Co., Ltd. (in liquidation)
8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245
Shanghai AB Food & Beverages Co., Ltd
Jie Liang Zi, Huo Cheng, Yi Li, Xinjiang
Xinjiang Mauri Food Co., Ltd.
No. 68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province
Yantai Mauri Yeast Co., Ltd. 92%

Colombia
Cra 35# 34A-64, Palmira, Valle
Fleischmann Foods S.A.

Czech Republic
Nádražní 523, 349 01 Stříbro
Bodit Tachov s.r.o.

Notes (continued)

30. Group entities (continued)

Karolinská 661/4, Karlin, 186 00 Praha 8
Primark Prodejny s.r.o.

Denmark
Skjernvej 42, Trostrup, 6920 Videbæk,
Agro Kom A/S
Middelfartveg 77, Baring, 5466 Asperup
Cowconnect ApS

Ecuador
Medardo Ángel Silva 13 y Panamá, Manzana 12, El Recreo, Eloy Alfaro, Durán, Guayas
ABCALSA S.A.

Eswatini
Ubombo Sugar Limited, Old Main Road, Big Bend, Eswatini

Bar Circle Ranch Limited	60%
Illovo Swaziland Limited	60%
Moyeni Ranch Limited	60%
Ubombo Sugar Limited	60%

Finland
Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200
AB Enzymes Oy
Tykkimäentie 15b (PO Box 57), Rajamäki, FI-05201
Enzymes Leasing Finland Oy

France
40/42, avenue Georges Pompidou, 69003, à Lyon
AB Mauri France SAS
75 Square Haussmann, 75008, Paris
ABFI France SAS
5 Boulevard de l'Oise, Immeuble Le Rond Point, 95015 Cergy Pontoise, Cédex,
Foods International S.A.S.
3/5 Rue Saint-Georges, 75009, Paris
Primark France SAS
Chemin du Vallon du maire, 13240, Septemes les Vallons
SPI Pharma SAS

Germany
Feldbergstrasse 78, 64293, Darmstadt
ABF Enzymes GmbH
Wandsbeker Zollstrasse 59,22041, Hamburg
ABF Deutschland Holdings GmbH
Ohly GmbH
Ohly Grundbesitz GmbH
Rheinische Presshefe- und Spritwerke GmbH
Kennedyplatz 2, 45127, Essen
Primark Mode Ltd. & Co. KG
Primark Property GmbH
Westendstrasse 28, 60325, Frankfurt am Main
Wander GmbH
Marie-Kahle-Allee 2, D-53113, Bonn
Westmill Foods Europe GmbH

Guernsey
Dorey Court, Admiral Park, St. Peter Port, GY1 2HT
Talisman Guernsey Limited

Hong Kong
7/F DCH Building, 20 Kai Cheung Road, Kowloon Bay, Kowloon
Associated British Foods Asia Pacific Holdings Limited

India
#218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105,
AB Mauri India (Private) Limited
First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030
SPI Specialties Pharma Private Limited
8, Acharya Jagadish Chandra Bose Road, Kolkata, 700017
Twinings Private Limited

Indonesia
Wisma GKBI Lt.39, Suite 3901, No.28 Jl. Jend. Sudirman, Jakarta
PT AB Food & Beverages Indonesia (in liquidation)

Ireland
47 Mary Street, Dublin 1
Abdale Finance Limited
Primark Holdings
Primark Pension Trustees Limited
Somers & Murphy & Earl Limited, 46 Mount Street Upper, Dublin 2
Vistavet (Ireland) Limited
1 Stokes Place, St. Stephen's Green, Dublin 2
Allied Mills Ireland Limited
Intellync Technology Ireland Limited
Arthur Ryan House, 22-24 Parnell Street, Dublin 1
Primark Limited
25-28 North Wall Quay, Dublin 1
Primark Mode Limited

Italy
Viale Monte Nero, 84, 20135, Milan
AB Agri Italy S.r.l.
Via Milano 42, 27045, Casteggio, (Pavia)
AB Mauri Italy S.p.A.
ABF Italy Holdings S.r.l.
Primark Italy S.r.l.
Via Rizzotto 46, 41126, Modena (MO)
Acetaia Fini Modena S.r.l.
Via Sandro Pertini 440, 401314, Cavezzo (MO)
Acetum S.p.A.
Via Allende 9/D, 41032, Cavezzo (MO)
Antica Acetaia Simonini S.r.l.
Via Ettore Bugatti 11, 20142, Milan
Italmill S.p.A

Japan
36F Atago Green Hills Mori Tower, 2-5-1 Atago, Minato-ku, Tokyo 105-6236

Twinings Japan Co Ltd	50%

Jersey
CTV House, La Pouquelaye, St Helier, JE2 3TP, Jersey
Bonuit Investments Limited

Luxembourg
69, Boulevard de la Pétrusse, L-2320
ABF European Holdings & Co SNC (in liquidation)
3A, Val Ste Croix, L-1371
WIF Luxembourg S.a.r.l.

Malawi
Illovo House, Churchill Road, Limbe

Dwangwa Sugar Corporation Limited	76%
Illovo Sugar (Malawi) plc	76%
Malawi Sugar Limited	

Malaysia
No 118, Jalan Pudu, 1st Floor, 55100 Kuala Lumpur

Notes (continued)

30. Group entities (continued)

AB Mauri Malaysia Sdn. Bhd.	52%
Malta	
171 Old Bakery Street, Valletta, VLT 1455	
Relax Limited	70%
Mauritius	
10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene	
Illovo Group Financing Services Limited	
Illovo Group Holdings Limited	
Illovo Group Marketing Services Limited	
Kilombero Holdings Limited	73%
Sucoma Holdings Limited	
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.	
Avenida Javier Barros Sierra 495, piso 7 oficina 07-102, Col. Santa Fe, Alvaro Obregón, Ciudad de México, 01219	
ACH Foods Mexico, S. de R.L. de C.V.	
Servicios Alimentos Capullo, S. de R.L. de C.V.	
Mozambique	
KM75 EN1, Maçiana, Distrito de Manhiça, Provincia de Maputo	
Maragra Açucar, S.A.	90%
Netherlands	
Mijlweg 77, 3316 BE, Dordrecht, Netherlands	
AB Mauri Netherlands B.V.	
Luna ArenA, Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost	
AB Mauri Netherlands European Holdings B.V.	
Foods International Holding B.V.	
Primark Fashion B.V.	
Primark Netherlands B.V.	
Primark Stil B.V.	
Weena 505, 3013AL Rotterdam	
AB Vista Europe B.V.	
7122 JS Aalten, Dinxperlosestraatweg 122	
Germains Seed Technology B.V.	
Brieltjenspolder 16, 4921 PJ Made	
Mauri Technology B.V.	
Stadhuisstrat 3, 5038XZ, Tilburg	
Primark Austria B.V.	
Primark Germany B.V.	
Dalsteindreef 141, Diemen, 1112XJ	
Westmill Foods Europe B.V.	
New Zealand	
Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051	
Allied Foods (NZ) Ltd	
Anzchem NZ Limited	
George Weston Foods (NZ) Limited	
Nigeria	
23 Oba Akinjobi Street, GRA, Ikeja, Lagos, Nigeria	
Twinings Ovaltine Nigeria Limited	
Pakistan	
21KM Ferozepur Road, 2k KM Hadyara Drain, Lahore	
AB Mauri Pakistan (Private) Limited	60%
Peru	
Av. Republica de Argentina No. 1227, Z.I. La Chalaca, Callao	
Calsa Perú S.A.C.	
Philippines	
86 E Rodriguez Jr. Ave., Ugong Norte, QC,1604, Pasig City, Metro Manila	
AB Food & Beverages Philippines, Inc.	99%
1201-1202 Prime Land Building, Market Street, Madrigal Business Park, Ayala Alabang, Muntinlupa,1770	
AB Mauri Philippines, Inc.	
Poland	
Przemyslowa 2, 67-100 Nowa Sól, Lubuskie	
AB Foods Polska Spólka z ograniczona odpowiedzialnoscia (AB Foods Polska SP. z o.o.)	
ul. Rabowicka 29/31, 62-020, Swarzędz – Jasin,	
Primark Sklepy spolka z ograniczona odpowiedzialnoscia (Primark Sklepy sp. z.o.o)	
R. Twining and Company Spólka z ograniczona odpowiedzialnoscia (R. Twining and Company Sp. z o. o.)	
ul. Glówna 3A, Bruszczewo, 64-030, migiel	
AB Agri Polska spolka z organiczona odpowiedzialnoscia (AB Agri Polska sp.z.o.o)	
Portugal	
Avenida Salvador Allende, n.º 99, Lisboa Oetras, Julião da Barra, Paço de Arcos e Caxias, 2770-157, Paco de Arcos	
AB Mauri Portugal, S.A.	96%
Praça Marquês de Pombal, 1-8º, 1250 – 160 Lisbon	
Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A.	
Rwanda	
Shop number E002B, 1st Floor, CHIC Building, Nyarugenge District, Nyarugenge Sector, Kigali City	
Illovo Sugar (Kigali) Limited	
Singapore	
80 Robinson Road, #02-00, 068898 Singapore	
AB Mauri Investments (Asia) Pte Ltd	
112 Robinson Road, #05-01, 068902 Singapore	
AB Vista Asia Pte. Limited	
Slovakia	
Dvorakovo nabrezie 4, Bratislava 811 02, Slovakia	
Primark Slovakia s.r.o.	
Slovenia	
Cesta v Mestni log 88A, Ljubljana 1000, Slovenia	
Primark Trgovine, trgovsko podjetje, d.o.o	
South Africa	
1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, Kwazulu Natal, 4320, South Africa	
CGS Investments (Pty) Limited	
East African Supply (Pty) Limited	
Glendale Sugar (Pty) 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 (Pty) Limited	
Reynolds Brothers (Pty) Limited	
S.A. Sugar Distributors (Pty) Limited	

Notes (continued)

30. Group entities (continued)

Smithchem (Pty) Limited
Umzimkulu Sugar Company (Pty) Ltd

Spain
Calle Cardenal Marcelo, Spinola, 42, 28016, Madrid
AB Azucarera Iberia, S.L. Sociedad Unipersonal
Calle Levadura, 5 14710, Villarubia, Córdoba
AB Mauri Food, S.A
AB Mauri Spain, S.L.U.
Avenida de Manoteras 46 3° B, Edificio Delta Norte, 28050, Madrid
AB Vista Iberia, S.L.
Levadura 5, Villarrubia 14710, Cordoba
ABF Iberia Holding S.L.
C/ Escultor Coomonte Bl. 2, Entreplanta, Benavente, Zamora
Agroteo S.A. 53%
Calle Comunidad do Murcia, Parcela LIE-1-03, Plataforma Logística de Fraga, 22520, Huesca
Alternative Swine Nutrition, S.L.
Avienda Virgen de Montserrat, 44 Castelloli, 08719, Barcelona
Germains Seed Technology, S.A.
Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid
Illovo Sugar Espana, S.L.
Gran Via, 32 5o 28013, Madrid, Spain
Primark Tiendas, S.L.U.
8, 2 Calle Via Servicio I, 2 CP, 19190 Torija, Guadalajara
Primark Logistica, S.L. Sociedad Unipersonal

Sri Lanka
124 Templers Road, Mount Lavinia
AB Mauri Lanka (Private) Limited

Sweden
Nobels väg 16, 171 65 Solna
Larodan AB

Switzerland
Fabrikstrasse 10, CH-3176, Neuenegg
Wander AG

Taiwan
5F, No. 217, Sec 3, Nanking E Rd, Taipei City, 104, Taiwan (R.O.C.)
AB Food and Beverages Taiwan, Inc.

Tanzania
Msolwa Mill Office, Kidatau, Kilombero District
Illovo Distillers (Tanzania) Limited 80%
Illovo Tanzania Limited
Kilombero Sugar Company Limited 55%

Thailand
11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakhanong, Bangkok, 10260
AB Food & Beverages (Thailand) Ltd.
ABF Holdings (Thailand) Ltd.
AB World Foods Asia Ltd
229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540
Jasol Asia Pacific Limited

Turkey
Aksakal Mahallesi, Kavakpinari, Kume Evleri No. 5, Bandirma- Balikesir, 10245
Mauri Maya Sanayi A.S.

United Arab Emirates
Office 604, Jafza LOB 15, Jebel Ali Freezone, Dubai, PO BOX 17620
AB Mauri Middle East FZE

United States
CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles CA 90017
AB Mauri Food Inc.
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801
AB Enzymes, Inc
AB Vista, Inc.
AB World Foods US, Inc.
ABF North America Corp.
ABF North America Holdings, Inc.
Abitec Corporation
ACH Food Companies, Inc.
ACH Jupiter LLC
B.V. ABF Delaware, Inc.
BakeGood, LLC
Germains Seed Technology, Inc.
PGP International, Inc.
Primark US Corp.
SPI Pharma, Inc.
SPI Polyols, LLC
Twinings North America, Inc.
101 Arch Street, Floor 3, Boston MA 02110
Primark GCM LLC
158 River Road, Unit B, Clifton, NJ 07014
Balsamic Express LLC
158 River Road, Unit A, Clifton, NJ 07014
Modena Fine Foods, Inc.
Registered Agent Solutions, 1220 S St Ste 150, Sacramento Ca 95811
PennyPacker, LLC 80%
Registered Agent Solutions Inc., 9 E Loockerman Street 311, Dover, Kent DE 19901
Prosecco Source, LLC
5 Edgemoor Road, Suite 210, Wilmington, DE 19809
Fortnum & Mason USA Inc.

Uruguay
Cno. Carlos Antonio Lopez 7547, Montevideo, Uruguay
Levadura Uruguaya S.A.

Venezuela
Oficinas Once 3 (N° 11-3) y Once 4 (N° 11-4), Torre Mayupan, Centro Comercial San Luis, Av.Principal Urbanización San Luis, cruce con Calle Comercio, Caracas
Alimentos Fleischmann, C.A.,
Compañia de Alimentos Latinoamericana de Venezuela (CALSA) S.A.

Vietnam
Unit 2, 100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam
AB Agri Vietnam Company Limited
Km 102, Highway 20, La Nga Commune – Dinh Quan District, Dong Nai Province, Vietnam
AB Mauri Vietnam Limited 66%

Zambia
Nakambala Estates, Plot No. 118a Lubombo Road, Off Great North Road

Notes (continued)

30. Group entities (continued)

Illovo Sugar (Zambia) Limited	
Nanga Farms PLC	75%
Tukunka Agricultural Limited	75%
Zambia Sugar plc	75%

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. Further, as agreed with the LuSE, the remaining 1.5% were offered and sold to a local Zambian institutional investor on 5 December 2017. The shareholding for Illovo Sugar at 12 September 2020 was 75% of the total shareholding.

The results and balance sheet of Primark Mode Ltd. & Co. KG, seated in Essen, 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 12 September 2020. 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.

Abdale Finance Limited
Primark Limited
Primark Holdings
Primark Pension Trustees Limited
Primark Mode Limited

Joint ventures
A list of the group's joint ventures as at 12 September 2020 is given below. All joint ventures are included in the group's financial statements using equity method of accounting.

Joint venture	% holding
United Kingdom	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY	
Frontier Agriculture Limited	50%
Boothmans (Agriculture) Limited	50%
Forward Agronomy Limited	50%
G F P (Agriculture) Limited	50%
GH Grain Limited	50%
Grain Harvesters Limited	50%
Intracrop Limited	50%
Nomix Limited	50%
North Wold Agronomy Limited	50%
Phoenix Agronomy Limited	50%
SOYL Limited	50%
The Agronomy Partnership Limited	50%
1 Monkspath Road, Solihull, West Midlands B90 4FY	
Tango Real Estate LLP	80%
Second Floor, 11 Waterloo Street, Birmingham B2 5TB	
Nurton Developments (Quintus) Limited	50%
181 Piccadilly, London, W1A 1ER	
Fortnum & Mason Events Limited	50%
Fine Lady Bakeries Ltd, Southam Road, Banbury, Oxfordshire, OX16 2RE	
Chiltern Bakeries Limited	44%
Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG	
Southampton Grain Terminal Limited	25%
Kingseat, Newmacher, Aberdeenshire, AB21 0UE	
Euroagkem Limited	50%
Lothian Crop Specialists Limited	50%
1st Floor Offices, 10 Hereford Road, Abergavenny, Monmouthshire, NP7 5P	
Brian Lewis Agriculture Limited	50%
47, Beaumount Seymour & Co, Butt Road, Colchester, Essex CO3 3BZ	
Anglia Grain Holdings Limited	50%
Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT	
Anglia Grain Services Limited	50%
Unit 8, Burnside Business Park, Burnside Road, Market Drayton, TF9 3UX	
B.C.W (Agriculture) Limited	50%
Witham St Hughs, Lincoln, LN6 9TN	
Nomix Enviro Limited	50%
Australia	
Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113	
Fortnum & Masons Pty Limited	33%
Chile	
Ave. Balmaceda 3500, Valdivia	
Levaduras Collico S.A.	50%
China	
1828 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province	
Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	25%
Room 608, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai	
AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd	50%

Notes (continued)

31. Group entities (continued)

Room 607, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai	
AB Mauri Yihai Kerry investment Company Limited	50%
Finland	
Tykkimäentie 15b (PO Box 57), Rajamäki, FIN-0520	
Roal Oy	50%
France	
59, Chemin du Moulin, 695701, Carron, Dardilly, France	
Synchronis	50%
Germany	
Brede 4, 59368, Werne	
UNIFERM GmbH & Co. KG	50%
INA Nahrmittel GmbH	50%
UNIFERM Verwaltungs GmbH	50%
Brede 8, 59368, Werne, Germany	
UNILOG GmbH	50%
Poland	
ul. Wybieg, nr 5, lok 9, miesjsc, KOD 61-315, Poznan, Poland	
Uniferm Polska Sp Z.o.o	50%
South Africa	
1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, Kwazulu Natal 4320	
Glendale Distilling Company	50%
Spain	
C/ Raimundo Fernández, Villaverde 28, Madrid, Spain	
Compañía de Melazas, S.A.	50%
United States	
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801	
Stratas Foods LLC	50%
Stratas Receivables I LLC	50%

Associates

A list of the group's associates as at 12 September 2020 is given below. All associates are included in the group's financial statements using the equity method of accounting.

Associates	% holding
United Kingdom	
Bakers Basco Limited	20%
C. Czarnikow Limited	43%
Czarnikow Group Limited	43%
C. Czarnikow Sugar Futures Limited	43%
C. Czarnikow Sugar Limited	43%
Sugarworld Limited	43%
Proper Nutty Limited	40%
Vanneck Residential LLP	41%
Davidson Holdings Limited	28%
The Adventure Experience Limited	44%
Lady of Leisure Investco Limited	29%
Australia	
Murray Bridge Bacon Pty Ltd	20%
Big River Pork Pty Ltd	20%
New Food Coatings Pty Ltd	50%
Bahrain	
Czarnikow Supply Chain Sales for Food & Beverage Ingedients Bahrain S.P.C.	43%
Brazil	
Czarnikow Brasil Ltda	43%
Cz Energy Commercializado Ra De Etanol S.A.	21%
China	
C. Czarnikow Sugar (Guangzhou) Company Limited	43%
India	
C. Czarnikow Sugar (India) Private Limited	43%
Indonesia	
PT Indo Fermex	49%
P.T. Jaya Fermex	49%
PT Sama Indah	49%
Israel	
Sucarim (Czarnikow Israel Sugar Trading) Ltd	43%
Sucris Limited	21%
Italy	
Czarnikow Italia Srl	43%
Kenya	
C. Czarnikow Sugar (East Africa) Limited	43%
Mauritius	
Sukpak Limited	30%
Mexico	
C. Czarnikow Sugar (Mexico), S.A. de C.V.	43%
Czarnikow Servicios de Personales (Mexico), S.A. de C.V.	43%
New Zealand	
New Food Coatings (New Zealand) Ltd	50%
Philippines	
New Food Coatings (Philippines) Inc.	50%
Singapore	
C. Czarnikow Sugar Pte. Limited	43%
South Africa	
Gledhow Sugar Company (Pty) Limited	30%
Tanzania	
Czarnikow Tanzania Limited	43%
Kilombero Sugar Distributions Limited	20%
Thailand	
Newly Wed Foods (Trading) Limited	50%
Newly Weds Foods (Thailand) Ltd	50%
Czarnikow (Thailand) Limited	43%
United States	
C. Czarnikow Sugar Inc.	43%
Vietnam	
Czarnikow (Vietnam) Limited	43%

Notes (continued)

31. Subsequent events

We consider the UK and EU government decisions to temporarily close or impose tighter restrictions on trading, affecting ABF Retail, Luxury Retail and Hotels business segments, to be a non-adjusting post-balance sheet event, given the timing of the announcements after the year end. Any financial implications arising from these closures will be reflected in financial results for the year ended September 2021.

ABF's yeast and bakery ingredients joint venture in China with Wilmar International received regulatory approval in April and the new business commenced operations just after the year end. Construction of the major new yeast plant in northern China is well underway.

Company balance sheet
at 12 September 2020

	Note	2020 £m	2019 £m
Fixed assets			
Investment property	3	3	3
Shares in subsidiary undertakings	4	1,036	1,036
		1,039	1,039
Current assets			
Debtors: amounts falling due within one year	5	731	431
Other investments	6	41	39
Cash at bank and in hand		75	267
		847	737
Creditors: amounts falling due within one year	7	(19)	(23)
Net current assets		828	714
Net assets		1,867	1,753
Capital and reserves			
Called up share capital	8	1	1
Share premium account		382	382
Profit and loss reserve		1,484	1,370
Equity shareholders' funds		1,867	1,753

The Company's profit for the 52 week period ended 12 September 2020 was £218m (52 weeks ended 14 September 2019 - £174m)

The financial statements on pages 77 to 81 were approved by the board of directors on 17 December 2020 and were signed on its behalf by:

Guy Weston
Director

Company Number 00366054

Company statement of changes in equity

for the 52 weeks ended 12 September 2020

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 15 September 2018	1	382	1,297	1,680
Profit for the period			174	174
Other comprehensive income				-
Total comprehensive income for the period	-	-	174	174
Dividends paid			(101)	(101)
Balance at 14 September 2019	1	382	1,370	1,753
Profit for the period			218	218
Other comprehensive income				-
Total comprehensive income for the period	-	-	218	218
Dividends paid			(104)	(104)
Balance at 12 September 2020	1	382	1,484	1,867

Notes (forming part of the company financial statements)

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 12 September 2020.

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 Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")* and the Companies Act 2006. As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the Company has not been included in these financial statements.

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, payments on account or works of art. 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

Works of art are not depreciated and are included at cost, as they do not have a finite useful economic life.

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.

Notes (continued)

1. Accounting policies (continued)

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 12 September 2020 of £218m (2019 - £174m).

3. Investment property

	2020	2019
	£m	£m
Balance at the beginning of the period	3	3
Balance at the end of the period	3	3

4. Shares in subsidiary undertakings

	Listed	Unlisted	Total
	£m	£m	£m
At 12 September 2020	345	691	1,036
At 14 September 2019	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 (2019 - 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 12 September 2020 the market value of the holding was £7,819m (2019 - £9,450m). 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 (2019 - 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 30. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

5. Debtors

	2020	2019
	£m	£m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	722	423
Corporation tax recoverable	2	3
Other debtors	7	5
	731	431

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

6. Other investments

	2020	2019
	£m	*£m*
Unlisted investments	18	21
Listed investments	23	18
	41	39

Notes (continued)

7. Creditors: amounts falling due within one year

	2020 £m	2019 £m
Accruals and deferred income	10	9
Amounts due to subsidiary undertakings	9	14
	19	23

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

8. Share Capital

	Ordinary shares of 50p each	Nominal Value £
Authorised		
At 12 September 2020 and 14 September 2019	900,000	450,000
Issued and fully paid		
At 12 September 2020 and 14 September 2019	862,022	431,011