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Wittington
INVESTMENTS

# Financial Statements

18 September 2021

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**Wittington Investments Limited**
Registered number 00366054

# Contents

# Strategic report

## Group Business Model and Strategy

The business of Wittington Investments Limited (the 'Group') is the management of investments in a wide range of assets.

The Group's investments are managed in five business segments, being Luxury Retail, Real Estate, Hotels, Private Markets & Other Investments and Associated British Foods plc ('ABF'). The latter refers to the Group's 54.5% shareholding in ABF, which is quoted on The London Stock Exchange. The Group is committed to delivering sustainable growth in earnings and dividends.

Given the materiality of the ABF business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

The Garfield Weston Foundation ("The Foundation") is an English charitable trust, established in 1958 by the late W Garfield Weston. As at 18 September 2021, the Foundation holds 683,073 shares (2020 - 683,073) in Wittington Investments Limited representing 79.2% (2020 – 79.2%) of the Group's issued share capital and is, therefore, the Group's ultimate controlling party.

The Trustees of the Foundation increased their total grants to £98.3 million (year to 5 April 2021) in support of 2129 appeals (2020: £88.1 million in support of 2121 appeals). The Foundation accepts appeals from UK registered charities. No applications from individuals are considered and the Trustees do not typically fund projects outside the UK.

## Business Strategies

### Luxury Retail

Luxury Retail comprises Fortnum & Mason plc and Heal & Sons Ltd, 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.

### Real Estate

The Group invests in high-quality investment properties in the retail, office and distribution sectors across the UK. It also takes strategic positions in selected development opportunities, alongside local partners or sector specialists, where it can use its patient capital to unlock the potential in those sites.

### Hotels

As an *extension of its Real Estate strategy*, the *Group* invests in hotels with high-quality real estate backing and with a broad mix of customers from corporate, event and leisure markets.

### Private Markets & Other Investments

The Group 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 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.

### Associated British Foods plc

ABF is a diversified international food, ingredients and retail group with sales of £13.9bn, 128,000 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 2021 which can be found at www.abf.co.uk.

## Business Review

### Luxury Retail

#### Fortnum & Mason

In a year that was dominated by the continuing impact of and response to the COVID-19 pandemic, Fortnum & Mason delivered an overall turnover of £131.2m (2020: £139.3m) for the 52 weeks ended 11 July 2021, a decrease of 6% on the previous period. The Operating Loss was £2.4m (2020: £0.5m operating profit). Through these unprecedented challenges Fortum & Mason has taken *strong decisions to safeguard its teams and customers*, including the decision to not draw upon the UK Government's Furlough Scheme. The business continued to operate within its means through close management of working capital, existing cash reserves and a short £3.0m HSBC working capital facility to aid the purchase of stock for the key Christmas trading period. The facility was repaid in December 2020. Management were also successful in securing a COVID-19 insurance claim of £2.5m which further mitigated losses in the period. Capital investment in the year of £5.2m (2020: £11.5m) centred on a new e-commerce platform, further improvements in business systems and store experiences. Sales recovery after the last quarter of trading is ahead of plan, with a continued acceleration of online sales and recovery of its UK stores and restaurants. Hong Kong is also trading ahead of prior year however consumer confidence remains below that of the UK market therefore slower pace of recovery is expected in that region.

#### 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. E-commerce sales were 51% higher than last year at £27.7m (2020: £18.3m). As a result, total sales increased by 28% in the year to £38.0m (2020: £29.8m). 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. Heal's posted an operating profit of £2.0m (2020: £2.5m loss).

### Real Estate

Operating profit amounted to £3.9m (2020: £4.9m loss) which included an impairment charge of £6.2m (2020: £14.7m) in respect of the carrying value of some of the office and retail properties. One property was sold (George St, Edinburgh (proceeds of £5.75m)) and no properties were acquired during the year. COVID-19 continued to have a profound effect on the retail sector. The real estate management team proactively renegotiated leases that balanced aiding the tenants at a difficult time and representing the best interests of

# Strategic report

Wittington Investments. Over the year, 92% of rents were collected (2020: 94%) comparing very favourably with the sector as a whole.

**Hotels**

**Grand Hotel, Brighton**
Following a three month lockdown in 2019/20, the hotel was closed for a further six months in 2020/21 as a consequence of further UK lockdowns and restrictions in response to COVID-19. 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. However, the hotel benefitted from a very strong UK leisure market following its re-opening in May 2021 and the business recorded a operating profit for the year of £7.1m (2020: operating loss of £9.4m). Current and future bookings remain strong and a third-party valuation of the property supported a £7.9m reversal of the impairment charges recorded in 2019 and 2020.

**Richmond Hill Hotel**
Trading performance had benefitted from the major capital investment in 2019 until the initial lockdown in March 2020. Losses were incurred until the hotel was able to fully re-open in May 2021. 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. This decision compounded losses already incurred but did allow the hotel to reopen with a full complement of staff and ensured that the property was as COVID-safe as possible for staff and guests. Whilst there was very good leisure demand over the summer, the hotel incurred an operating loss of £1.8m (2020: operating loss of £10.7m).

**Private Markets & Other Investments**
Performance of the closed-end funds portfolio has been strong during the year. This was driven by both a recovery in underlying business operations from COVID-19 disruptions and by increases in valuations seen in both public and private equity markets. High valuations have prompted significant deal activity, with distributions received from the funds in the year totalling c.£30m, almost three times prior year. In the direct portfolio, shareholders took the opportunity to realise the investment in Lady of Leisure Investco Limited (holding company for Sweaty Betty, the athleisure brand). The Group first invested in Lady of Leisure Investco Limited in 2003; its 27% shareholding realised proceeds on sale of £79m, profit in the year of £62m and profit since inception of £70m. Performance elsewhere in the remaining direct portfolio companies continues to be mixed, with some still trading below pre pandemic levels. During the year, The Group invested in a UK company focused on carbon capture and utilisation and committed to a small cap, pan-European fund with an existing manager.

The Group continues to be positioned towards the short end in investment grade 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. Central Banks' reluctance to raise policy rates in the face of increasing inflation and the lack of yield in short-dated Treasury Bills has continued to suppress returns on these assets. Returns have been further hindered this year by the strengthening of sterling. The Group's externally managed high yield loan portfolios performed well, generating a 13% net return in the year (2020: 1% net loss).

The Group's small public equities portfolio performed well and in line with the market.

Profit after tax for the year for Private Markets & Other Investments was £82.2m (2020 £nil).

***Associated British Foods plc***
ABF provided safe, nutritious food under the most extraordinary conditions again this year, proving the value and resilience of its supply chains. ABF's food businesses delivered an adjusted operating profit increase of 10%, driven by high demand and improved productivity. Primark delivered a good performance in the face of continued disruption to trading caused by the pandemic. It also unveiled its wide-reaching sustainability strategy with the aim of making more sustainable fashion affordable for all. Although the possibility of further trading restrictions cannot be ruled out, Primark is expected to deliver a much improved margin and profit next year. Primark is intent on expanding its new store pipeline and investing in technology and digital capabilities to continue improving the performance of the business. Primark selling space increased 4% to 16,842,000 square feet in 2021 (2020: 16,247,000 square feet).

ABF's total statutory operating profit for the year of £808m was broadly in-line with prior year (2020: £810m) and is stated net of exceptional charges of £151m (2020: £156m). ABF's net cash before lease liabilities increased 19% to £1.9bn in 2021 (2020: £1.6bn). Given the strength of ABF's balance sheet and its confidence in the future, ABF announced a special dividend on November 9th 2021.

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

1. **The Garfield Weston Foundation:** The largest single shareholder of the Group is the Garfield Weston Foundation, a charitable grant-making body which supports a wide range of causes across the UK. The Group engages regularly with the Foundation to understand its grant pipeline and to ensure that it is in a position to pay dividends to a level commensurate with the Foundation's objectives. An additional key concern for the Foundation is that the Group operate with high ethical standards so as not to undermine the Foundation's charitable aims and objectives.
2. **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 and tax legislation), climate and environmental related matters and support of businesses and workers. The directors of The Group engage with this stakeholder group in various ways

# Strategic report

including meetings, responding to requests for inputs (e.g. on COVID 19 guidelines) and applications to participate in government schemes.

3. **Communities and the environment:** As The Group's controlling shareholder, the Foundation is heavily engaged in national efforts to mitigate climate change. This is primarily achieved through the award of grants to relevant bodies. Through the ABF business segment, the Group is also engaged in community relations at a national and international level and with the design and implementation of strategies to promote climate change mitigation and a circular economy. ABF engages with these stakeholder groups in various ways including coaching and training programmes and community programmes and schemes.
4. **Customers / consumers:** The Group depends heavily on its reputation with customers, in the UK and globally, across its grocery, retail and hotel operations. The key issues of concern to customers are health and safety, products and services, value for money, availability of products and services, impact on environment, store and hotel environments and customer relations. The business engages with this stakeholder group in various ways including customer surveys, labelling, social media and customer/consumer information lines.
5. **Employees:** Our people are central to our success. The Group employs 129,348 people of which 128,000 are employed by ABF. Given this, responsibility for engagement with employees lies principally with the ABF business segment. ABF engages with its employees in various ways including email, health and safety programmes, intranet, newsletters, surveys, town halls, training, virtual meetings and notice boards. The key issues of concern to employees are health and safety, engagement & development and diversity & inclusion.

   The Group is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotions to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. It is our policy that people with disabilities who fulfil the minimum criteria should have full and fair consideration for all vacancies. We endeavour to retain employees in the workforce if they become disabled during employment. It is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.
6. **Suppliers:** Through the ABF business segment, the Group is indirectly dependent on many complex supply chains operating at an international level. The key issues of concern with regards to supply chains 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.

**Principal decisions**

An example of a principal decision taken during the year that took stakeholder views into account is the decision to continue not to seek financial support through the Coronavirus Job Retention Scheme announced by the UK Chancellor in March 2020 for the Group's activities outside the ABF business segment.

The initial lockdown announced in that month saw the closure of the Group's 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; varying levels of restrictions came back into force through the period from October 2020 to July 2021. Throughout this financial year the companies within the Luxury Retail and Hotel segments were entitled to apply for the Coronavirus Job Retention Scheme, which was withdrawn September 2021. 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 Group not to apply for assistance from the scheme for the Group's activities outside the ABF business segment.

Given the significant cash outflows faced by the ABF business segment over the period of Primark store closures, financial support was sought for this segment. This support has largely been repaid since stores re-opened.

## Principal Risks and Uncertainties

The Group's 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:** COVID-19 and its impact on the UK and Global economy; events impacting consumer confidence leading to reduced consumer spending; movement in exchange rates; wage and materials inflation; fluctuations in commodity and energy prices; operating in global markets; health and nutrition concerns.

**Operational Risks:** supply chain interruptions and labour shortages; workplace health and safety; social distancing rules; product safety and quality; use of natural resources and managing environmental impact; ethical business practices; and breaches of IT and information security.

**Energy and Global Greenhouse Gas Emissions**

The Group is committed to making year-on-year improvements in operational energy efficiency. ABF's emissions (Scopes 1 and 2) reduced by 11% to 3.16 million tonnes $CO_2e$ (2020: 3.55 million tonnes $CO_2e$). ABF's energy consumption reduced by 4% to 21,990 GWh (2020: 22,877 GWh). The principal energy efficiency measures to reduce ABF's carbon emissions include the introduction of energy monitoring systems; conversions to LED lighting; and upgrades to production machinery such as compressors and boilers to improve efficiencies. Energy efficiency measures undertaken during the year in other parts of the Group include a considerable investment in the complete replacement of the existing building management system at the Fortnum & Mason Piccadilly store. 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

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deliver over 10% annual savings in Fortnum & Mason's energy consumption.

**Corporate Responsibility**
The Group's corporate responsibilities centre on those of ABF. As a diversified international food, ingredients and retail group with 128,000 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 2021 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 2021 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 2021 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.

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.

**COVID-19**
Whilst restrictions have eased in the UK since July 2021, the COVID-19 pandemic continues to be a worldwide crisis and the situation is still uncertain. Governments and authorities continue to impose restrictions on an international, national, regional and local level, fundamentally affecting the trading outlook for all of the Group's business segments. Since the pandemic became apparent in March 2020 the Group's Board has provided ongoing support and challenge of management's processes and internal controls.

Whilst the business segments of The Group had not planned for a global pandemic, teams reacted with immediacy to adapt to the evolving situation, often under extraordinary circumstances. Effective communication both within the ABF business segment and across the wider Group has ensured that appropriate actions continue to be taken to enable the businesses to operate fully, including the provision of safe, nutritious and affordable food to customers and meeting increased demand. Primark, Heals and Fortnum & Mason stores and the hotels were able to reopen safely when full lockdowns were not imposed and in the UK all stores and hotels have been fully open since July 2021. Many lessons have been learnt during the pandemic 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. One such response is partial or full-time homeworking. In order to support this, we modified our IT infrastructure, increased bandwidth with our telecommunications partners and deployed collaboration tools. Remote working increases the risk of users falling victim to phishing attacks because users rely primarily on email communication. We have ongoing phishing testing regimes and there is regular communication with all users to remind them of the risks. We raised the level of monitoring for phishing attempts and other security threats. In addition, we issued security awareness advice on secure home-working best practices. We 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 was issued to all businesses to ensure that systems are up to date and secure.

**Sir Guy Weston** ~~16~~ December 2021
Chairman

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

Company Number 00366054

# Directors' report

The directors present their annual report and audited financial statements for the 53 weeks ended 18 September 2021, in accordance with section 415 of the Companies Act 2006. The Board considers that the Group's Report and Accounts 2021, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Group's performance, business model and strategy.

Given the materiality of the ABF (Associated British Foods plc) business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

## Results and Dividends

The consolidated income statement is on page 11. Profit for the financial period amounted to £612m (2020: £437m) and dividends to £104m (2020: £104m). Dividends are detailed in note 8. Profit for the financial period attributable to equity shareholders amounted to £375m (2020: £220m).

## Directors

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

Sir Guy Weston (Chairman)
Emma Adamo
Sir Harry Djanogly
Martin Hattrell
Anna Catrina Hobhouse
Charles Mason
George Weston
Garth Weston
Alannah Weston
Graham Weston
Lindsay Pearson (appointed 16 September 2021)

The Company Secretary was Jennifer Dooley (appointed 28 September 2020).

## Directors' Indemnities

The Group has in place appropriate directors' and officers' liability insurance cover in respect of legal action against its executive and non-executive directors amongst others. 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 2021 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 2021 Annual Report. Other than these, there were no qualifying third-party indemnity provisions provided by the Group or its subsidiaries during the financial year and as at the date of the ABF 2021 Report.

## 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 Group and, through their control of the Group, the trustees of the Garfield Weston Foundation are controlling shareholders of ABF. On 14 November 2014 the Group 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 Group are given in note 31. Other than as noted, so far as is known, no other person holds or is beneficially interested in a disclosable holding in the Group.

## Engagement with suppliers

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

## Branches

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

## 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 28.

## Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the 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 auditor is aware of that information. For these purposes, relevant audit information means information needed by the auditor in connection with the preparation of its report on pages 8-10.

# Directors' report

## 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 Group 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 Board considers that the Group has, throughout the 53 weeks ended 18 September 2021, applied the main principles and complied with the provisions set out in the UK Corporate Governance Code.

The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk 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

Whilst restrictions have eased in the UK since July 2021, the COVID-19 pandemic remains a worldwide crisis and at the date of this report the situation is still evolving. Although the end to social restrictions appears in sight for all geographies in which the Group operates, normality is not expected to return until well into 2022. However, the directors believe the Group's resilience has been evidenced by the year-on-year growth in profit and cash set out in these statements and that the Group is well placed to trade through the uncertain times with adequate resources to continue to meet its commitments when called. As such these financial statements are prepared on a going concern basis (see note 1).

**Sir Guy Weston** 16 December 2021
Chairman

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

Company Number 00366054

# Statement of directors' responsibilities

## Statement of directors' responsibilities in respect of the annual 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. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The directors 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the directors in respect of the annual report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

**Sir Guy Weston**
Chairman

16 December 2021

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

Company Number 00366054

# Independent Auditor's Report

to the Members of Wittington Investments Limited

## Opinion

We have audited the financial statements of Wittington Investments Limited ('the parent company') and its subsidiaries (the 'group') for the 53 weeks ended 18 September 2021 which comprise 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. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 18 September 2021 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of *the group and parent company's ability to continue to adopt the going concern basis of accounting included:*

- Challenging the assumptions underpinning the Group's forecasts and going concern period until December 2022.
- Understanding the process taken by management to evaluate the operational and economic impacts of COVID-19 on the Group and to reflect these in the group's forecasts.
- Considering the downside scenario identified by management and assessing whether any other scenarios should be considered, and the potential impact on the assessment of such scenarios.
- Performing a reverse stress test to establish the reduction in revenue and related impact on cash flows that could lead to a loss of liquidity.
- Assessing the appropriateness of the Group's disclosure concerning the going concern basis of preparation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least 12 months to the end of December 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report set out on pages 1-7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

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

## Responsibilities of directors

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

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

## Auditor's responsibilities for the audit of the financial statements

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

## *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are International Accounting Standards in conformity with the requirements of the Companies Act 2006, the reporting framework (FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, GDPR, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the Company operates.
- We understood how Wittington Investments Limited is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the review of the following documentation:
    - all minutes of board meetings held during the period; and
    - any relevant correspondence with local tax authorities.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies. In doing so we focused on the value of investments held and designed and executed additional audit procedures to address the risk of material misstatement, placing emphasis on testing to third party confirmation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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, United Kingdom

16 December 2021

# Consolidated income statement

for the 53 weeks ended 18 September 2021

| Continuing operations | Note | 2021 £m | 2020 £m |
|---|---|---|---|
| **Revenue** | 3 | **14,079** | 14,133 |
| Operating costs before exceptional items | 4 | **(13,195)** | (13,281) |
| Exceptional items | 4 | **(151)** | (156) |
| | | **733** | 696 |
| Share of profit after tax from joint ventures and associates | 13 | **80** | 57 |
| Profits less losses on disposal of non-current assets | | **5** | 18 |
| **Operating profit** | | **818** | 771 |
| Adjusted operating profit | 3 | **1,020** | 985 |
| Profits less losses on disposal of non-current assets | | **5** | 18 |
| *Amortisation of non-operating intangibles* | 9 | **(50)** | (59) |
| Acquired inventory fair value adjustments | 4 | **(3)** | (15) |
| Transaction costs | 4 | **(3)** | (2) |
| Exceptional items | 4 | **(151)** | (156) |
| Profits less losses on sale and closure of businesses | 25 | **20** | (14) |
| **Profit before interest** | | **838** | 757 |
| Finance income | 6 | **137** | 23 |
| Finance expense | 6 | **(114)** | (131) |
| Other financial (expense)/income | 6 | **(9)** | 6 |
| **Profit before taxation** | | **852** | 655 |
| Adjusted profit before taxation | | **1,034** | 883 |
| Profits less losses on disposal of non-current assets | | **5** | 18 |
| Amortisation of non-operating intangibles | 9 | **(50)** | (59) |
| Acquired inventory fair value adjustments | 4 | **(3)** | (15) |
| Transaction costs | 4 | **(3)** | (2) |
| *Exceptional items* | 4 | **(151)** | (156) |
| Profits less losses on sale and closure of businesses | 25 | **20** | (14) |
| Taxation – UK (excluding tax on exceptional items) | | **(81)** | (66) |
| – UK on exceptional items | | **3** | 1 |
| – Overseas (excluding tax on exceptional items) | | **(196)** | (189) |
| – Overseas (on exceptional items) | | **34** | 36 |
| | 7 | **(240)** | (218) |
| **Profit for the period** | | **612** | 437 |
| **Attributable to** | | | |
| Equity shareholders | | **375** | 220 |
| Non-controlling interests | | **237** | 217 |
| **Profit for the period** | | **612** | 437 |

# Consolidated statement of comprehensive income

*at 18 September 2021*

| | 2021 £m | 2020 £m |
|---|---|---|
| **Profit for the period recognised in the income statement** | **612** | 437 |
| **Other comprehensive income** | | |
| Remeasurements of defined benefit schemes | **559** | (89) |
| Deferred tax associated with defined benefit schemes | **(144)** | 15 |
| Items that will not be reclassified to profit or loss | **415** | (74) |
| Effect of movements in foreign exchange | **(365)** | (97) |
| Net gain/(loss) on hedge of net investment in foreign subsidiaries | **14** | (3) |
| Deferred tax associated with movements in foreign exchange | **–** | 1 |
| Reclassification adjustement for movements in foreign exchange on subsidiaries disposed | **(6)** | – |
| Movement in cash flow hedging position | **39** | (15) |
| Deferred tax associated with movement in cash flow hedging position | **(14)** | – |
| Share of other comprehensive income of joint ventures and associates | **(10)** | (2) |
| Effect of hyperinflationary economies | **18** | 17 |
| Items that are or may be subsequently reclassified to profit or loss | **(324)** | (99) |
| **Other comprehensive income/(loss) for the period** | **91** | (173) |
| **Total comprehensive income for the period** | **703** | 264 |
| **Attributable to** | | |
| Equity shareholders | **419** | 132 |
| Non-controlling interests | **284** | 132 |
| **Total comprehensive income for the period** | **703** | 264 |

# Consolidated balance sheet

for the 53 weeks ended 18 September 2021

| | Note | 2021 £m | 2020 £m |
|---|---|---|---|
| **Non-current assets** | | | |
| *Intangible assets* | 9 | **1,591** | 1,640 |
| Property, plant and equipment | 10 | **5,406** | 5,768 |
| Right-of-use assets | 11 | **2,674** | 3,019 |
| Investment property | 12 | **214** | 223 |
| Investments in joint ventures | 13 | **278** | 238 |
| Investments in associates | 13 | **67** | 59 |
| Employee benefits assets | 14 | **640** | 100 |
| Investments | 28 | **101** | – |
| Income tax | | **23** | – |
| *Deferred tax assets* | 15 | **221** | 214 |
| Other receivables | 16 | **68** | 57 |
| **Total non-current assets** | | **11,283** | 11,318 |
| **Current assets** | | | |
| Assets classified as held for sale | 17 | **13** | 43 |
| Inventories | 18 | **2,179** | 2,168 |
| Biological assets | 19 | **85** | 72 |
| Trade and other receivables | 16 | **1,388** | 1,348 |
| Derivative assets | 28 | **124** | 102 |
| Investments | 28 | **1,093** | 1,204 |
| Income tax | | **63** | 30 |
| Cash and cash equivalents | 20 | **2,509** | 2,187 |
| **Total current assets** | | **7,454** | 7,154 |
| **Total assets** | | **18,737** | 18,472 |
| **Current liabilities** | | | |
| Liabilities classified as held for sale | 17 | **–** | (5) |
| Lease liabilities | 11 | **(293)** | (301) |
| *Loans and overdrafts* | 21 | **(376)** | (156) |
| Trade and other payables | 22 | **(2,432)** | (2,365) |
| Derivative liabilities | 28 | **(34)** | (87) |
| Income tax | | **(179)** | (171) |
| Provisions | 23 | **(71)** | (123) |
| **Total current liabilities** | | **(3,385)** | (3,208) |
| **Non-current liabilities** | | | |
| Lease liabilities | 11 | **(3,015)** | (3,368) |
| Loans | 21 | **(76)** | (365) |
| Provisions | 23 | **(31)** | (41) |
| Deferred tax liabilities | 15 | **(376)** | (218) |
| Employee benefits liabilities | 14 | **(157)** | (166) |
| **Total non-current liabilities** | | **(3,655)** | (4,158) |
| **Total liabilities** | | **(7,040)** | (7,366) |
| **Net assets** | | **11,697** | 11,106 |
| **Equity** | | | |
| Issued capital | | **–** | 1 |
| *Share premium* | | **382** | 382 |
| Other reserves | | **95** | 52 |
| Translation reserve | | **(19)** | 186 |
| Hedging reserve | | **24** | (3) |
| Retained earnings | | **6,617** | 6,174 |
| **Total equity attributable to equity shareholders** | | **7,099** | 6,792 |
| Non-controlling interests | | **4,598** | 4,314 |
| **Total equity** | | **11,697** | 11,106 |

The financial statements on pages 11 to 71 were approved by the Board of Directors on 16 December 2021 and were signed on its behalf by:

**Sir Guy Weston**
Chairman

# Consolidated cash flow statement

for the 53 weeks ended 18 September 2021

| | 2021 £m | 2020 £m |
|---|---|---|
| **Cash flow from operating activities** | | |
| *Profit before taxation* | **852** | 655 |
| Profits less losses on disposal of non-current assets | **(5)** | (18) |
| Profits less losses on sale and closure of businesses | **(20)** | 14 |
| Transaction costs | **3** | 2 |
| Finance income | **(137)** | (23) |
| Finance expense | **114** | 131 |
| Other financial expense/(income) | **9** | (6) |
| Share of profit after tax from joint ventures and associates | **(80)** | (57) |
| Amortisation | **76** | 91 |
| Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments) | **845** | 841 |
| Impairment of property, plant & equipment and right-of-use assets | **(8)** | 34 |
| Impairment of investment properties | **6** | 15 |
| Exceptional items | **151** | 156 |
| Acquired inventory fair value adjustments | **3** | 15 |
| Effect of hyperinflationary economies | **7** | 5 |
| Net change in the fair value of current biological assets | **(12)** | (1) |
| Share-based payment expense | **17** | 8 |
| Pension costs less contributions | **4** | 10 |
| (Increase)/decrease in inventories | **(130)** | 196 |
| (Increase)/decrease in receivables | **(78)** | 82 |
| Increase/(decrease) in payables | **135** | (169) |
| Purchases less sales of current biological assets | **(1)** | (1) |
| (Decrease)/increase in provisions | **(40)** | 41 |
| *Cash generated from operations* | **1,711** | 2,021 |
| Income taxes paid | **(304)** | (258) |
| **Net cash generated from operating activities** | **1,407** | 1,763 |
| | | |
| **Cash flow from investing activities** | | |
| Dividends received from joint ventures and associates | **63** | 43 |
| Purchase of property, plant and equipment | **(555)** | (573) |
| Purchase of intangibles | **(78)** | (64) |
| Lease incentives received | **10** | 35 |
| Sale of property, plant and equipment | **21** | 30 |
| Purchase of investment properties | **(2)** | (51) |
| Sale of investment properties | **6** | – |
| Purchase of subsidiaries, joint ventures and associates | **(57)** | (16) |
| Sale of subsidiaries, joint ventures and associates | **38** | 2 |
| Purchase of non-current investments | **(14)** | (7) |
| Sale/(purchase) of current investments | **130** | (253) |
| Interest and dividends received | **16** | 18 |
| **Net cash used in investing activities** | **(422)** | (836) |
| **Cash flow from financing activities** | | |
| Dividends paid to non-controlling interests | **(26)** | (131) |
| Dividends paid to equity shareholders | **(104)** | (104) |
| Interest paid | **(117)** | (105) |
| Repayment of lease liabilities | **(295)** | (251) |
| Decrease in short-term loans | **(10)** | (44) |
| Decrease in long-term loans | **(20)** | (2) |
| Purchase of shares in subsidiary undertaking from non-controlling interests | **(24)** | (2) |
| **Net cash used in financing activities** | **(596)** | (639) |
| **Net increase in cash and cash equivalents** | **389** | 288 |
| Cash and cash equivalents at the beginning of the period | **2,098** | 1,814 |
| Effect of movements in foreign exchange | **(64)** | (4) |
| **Cash and cash equivalents at the end of the period** | **2,423** | 2,098 |

# Consolidated statement of changes in equity

for the 53 weeks ended 18 September 2021

| | Issued capital £m | Attributable to equity shareholders<br>Share premium £m | Other reserves [i] £m | Translation reserve £m | Hedging reserve £m | Retained earnings [i] £m | Total £m | Non-controlling interests [i] £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|
| 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 loss | – | – | – | (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 and disposal 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 |
| **Total comprehensive income** | | | | | | | | | |
| Profit for the period recognised in the income statement | – | – | – | – | – | **375** | **375** | **237** | **612** |
| Remeasurements of defined benefit schemes | – | – | – | – | – | **304** | **304** | **255** | **559** |
| Deferred tax associated with defined benefit schemes | – | – | – | – | – | **(78)** | **(78)** | **(66)** | **(144)** |
| Items that will not be reclassified to profit or loss | – | – | – | – | – | **226** | **226** | **189** | **415** |
| Effect of movements in foreign exchange | – | – | – | **(205)** | – | – | **(205)** | **(160)** | **(365)** |
| Net gain on hedge of net investment in foreign subsidiaries | – | – | – | **8** | – | – | **8** | **6** | **14** |
| Reclassification adjustment for movements in foreign exchange on subsidiaries disposed | – | – | – | **(3)** | – | – | **(3)** | **(3)** | **(6)** |
| Movement in cash flow hedging position | – | – | – | – | **21** | – | **21** | **18** | **39** |
| Deferred tax associated with movements in cash flow hedging position | – | – | – | – | **(8)** | – | **(8)** | **(6)** | **(14)** |
| Share of other comprehensive income of joint ventures and associates | – | – | – | **(5)** | – | – | **(5)** | **(5)** | **(10)** |
| Effect of hyperinflationary economies | – | – | – | – | – | **10** | **10** | **8** | **18** |
| Items that are or may be subsequently reclassified to profit or loss | – | – | – | **(205)** | **13** | **10** | **(182)** | **(142)** | **(324)** |
| Other comprehensive income | – | – | – | **(205)** | **13** | **236** | **44** | **47** | **91** |
| Total comprehensive income | – | – | – | **(205)** | **13** | **611** | **419** | **284** | **703** |
| **Inventory cash flow hedge movements** | | | | | | | | | |
| Gains transferred to cost of inventory | – | – | – | – | **14** | – | **14** | **11** | **25** |
| Total inventory cash flow hedge movements | – | – | – | – | **14** | – | **14** | **11** | **25** |
| **Transactions with owners** | | | | | | | | | |
| Dividends paid to equity shareholders | – | – | – | – | – | **(104)** | **(104)** | – | **(104)** |
| Net movement in own shares held | – | – | – | – | – | **9** | **9** | **8** | **17** |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | **(26)** | **(26)** |
| Acquisition of non-controlling interests | – | – | – | – | – | **(4)** | **(4)** | **(20)** | **(24)** |
| Reclassification of reserves [i] | **(1)** | – | **43** | – | – | **(69)** | **(27)** | **27** | – |
| Total transactions with owners | **(1)** | – | **43** | – | – | **(168)** | **(126)** | **(11)** | **(137)** |
| **Balance as at 18 September 2021** | – | **382** | **95** | **(19)** | **24** | **6,617** | **7,099** | **4,598** | **11,697** |

(i) The Company has reanalysed the allocation of reserves between equity shareholders and non-controlling interests. This change has no impact on Net Assets or Comprehensive Income.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies

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

The consolidated financial statements for the 53 weeks ended 18 September 2021 comprise those of the Group, its subsidiaries and its interests in joint ventures and associates.

The directors authorised the consolidated financial statements for issue on 16 December 2021.

**Statement of compliance**
The consolidated financial statements have been prepared and approved by the directors in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Given the materiality of the ABF (Associated British Foods plc) business segment and for ease of cross-reference to the published financial statements of ABF, the directors have elected to provide additional information in the notes which follow setting out the contribution of the ABF business segment to the consolidated financial statements of the Group. For clarity, all references to the ABF business segment are shown in *italics* in the notes to these statements and are consistent with the published financial statements of ABF.

The directors 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'. These are presented on pages 72 to 76.

**Basis of preparation**
The Company presents its consolidated financial statements in sterling, rounded to the nearest million, prepared on the historical cost basis except that current biological assets held by ABF (Associated British Foods plc) 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 stated otherwise.

Details of new accounting standards which came into force in the year are set out at the end of this note.

The Group's consolidated financial statements are prepared to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 weeks ended 18 September 2021 (2020 - 52 weeks ended 12 September 2020).

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 2021. Adjustments are made as appropriate for significant transactions or events occurring between 18 September and these other balance sheet dates.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic report on pages 1 to 4. The Principal risks and uncertainties on page 3 and note 28 on pages 49 to 60 provide details of the Group's policy on managing its financial and commodity risks. 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.

**Going concern**
After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the consolidated financial statements.

Having reviewed the Board's best estimate of future cash flow to December 2022, and having applied reverse stress tests, the possibility that the financial headroom could be exhausted is considered to be extremely remote. The directors understand the risks, sensitivities and judgements included in the cash flow forecast and have a high degree of confidence in these cash flows. There is substantial financial headroom between this cash flow forecast and the cash on hand and funding available to the Group over the period.

**Basis of consolidation**
The consolidated financial statements include the results of the Company and its subsidiaries from the date that control commences to the date that control ceases.

They 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 affect significantly the returns of that entity.

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

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

Associates are those entities in which the group has significant influence, being the power to participate in the

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies continued

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 acquisitions**
On acquisition of a business, the Group attributes fair values to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. These include aligning accounting policies with those of the Group.

The Group finalises provisional fair values within 12 months of the date of acquisition and, where significant, reflects them by restatement of the comparative period in which the acquisition occurred. The Group measures non-controlling interests at the proportionate share of the net identifiable assets acquired.

The Group remeasures existing equity interests in the acquiree to fair value at the date of acquisition, with any resulting gain or loss taken to the income statement.

Goodwill arising on acquisition of a business 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 the Group expenses as incurred.

The Group measures contingent consideration at fair value at the date of acquisition, classified as a liability or equity (usually as a liability).

Other than for the finalisation of provisional fair values, the Group accounts for changes in contingent consideration classified as a liability in the income statement.

**Exceptional items**
Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructurings, significant onerous contract charges/releases, debt repurchase costs, certain pension past service credits/costs, asset impairments/write-backs and the tax effects of these items.

The Group distinguishes between exceptional and non-exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group give rise to exceptional impairments. Additionally, impairment charges that are of a one-off nature and significant enough value to distort the underlying results of the business are considered to be exceptional.

**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.

The Group recognises revenue when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer.

In the Food businesses of ABF, the Group generally recognises revenue from the sale of goods on dispatch or delivery to customers, dependent on shipping terms, and provides for discounts and returns 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 of ABF, the Group generally recognises revenue from the sale of goods when a customer purchases goods, and provides for returns 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**
The Group accounts for borrowing costs 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.

**Foreign currencies**
Individual Group companies record transactions in foreign currencies at the exchange rate at the date of the transaction, and translate monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date, with any resulting differences taken to the income statement, unless designated in a hedging relationship, in which case hedge accounting applies.

On consolidation, the Group translates the assets and liabilities of operations denominated in foreign currencies into sterling at the exchange rate at the balance sheet date. The Group translates the income statements of those operations into sterling at average exchange rates.

The Group records 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 exchange rates to those at the balance sheet date, in the translation reserve in equity.

**Pensions and other post-employment benefits**
The Group's pension and other post-employment benefit arrangements comprise defined benefit plans, defined contribution plans and other unfunded post-employment plans.

For defined benefit plans, the income statement charge comprises the cost of benefits earned by members and benefit improvements granted to members during the year, as well as net interest income/(expense) calculated by applying the liability discount rate to the opening net pension asset or liability.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies continued

The Group records the difference between the market value of scheme assets and the present value of scheme liabilities on a scheme-by-scheme basis as net pension assets (to the extent recoverable) or liabilities.

The Group recognises remeasurements and movements in irrecoverable surpluses in other comprehensive income.

The Group charges contributions payable in respect of defined contribution plans to operating profit as incurred.

The Group accounts for other unfunded post-employment plans in the same way as defined benefit plans.

**Income tax**

Income tax on profit or loss for the period comprises current and deferred tax. The Group recognises income tax 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 taxable income for the year, using tax rates enacted or substantively enacted for the period, together with any adjustment to tax payable in respect of previous years.

The Group provides for deferred tax 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 tax purposes.

The Group does not provide for the following temporary differences: 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 Group bases the amount of deferred tax provided 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.

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The Group recognises income tax arising from dividend distributions at the same time as the liability to pay the related dividend.

**Financial assets and liabilities**

The Group recognises financial assets and liabilities when it becomes a party to the contractual provision of the relevant financial instrument.

**Trade and other receivables**

The Group records trade and other receivables initially at fair value and subsequently 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 comprise finance lease receivables due from a joint venture and minority shareholdings in private companies. The Group accounts for finance lease receivables in the same way as for trade and other receivables.

The Group records minority shareholdings in designated private companies initially at fair value, including directly attributable transaction costs, and subsequently at fair value through other comprehensive income (FVOCI).

On disposal of a minority shareholding, the cumulative gain or loss previously recognised in other comprehensive income is included directly in retained earnings, without recycling it to the income statement.

**Bank and other borrowings**

The Group records bank and other borrowings initially at fair value, which equals the proceeds received, net of direct issue costs, and subsequently at amortised cost. The Group accounts for finance charges, including premiums payable on settlement or redemption and direct issue costs, using the effective interest rate method.

**Trade payables**

The Group records trade payables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value.

**Other financial assets**

*Other financial assets are classified, at initial recognition,* as valued at amortised cost or fair value through profit and loss (FVTPL). 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. Equity investments where the Company does not have significant influence, control or joint control are measured at FVTPL.

**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.

For the purposes of the cash flow statement, the Group includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management as a component of cash and cash equivalents.

**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. The Group acquires operating intangible assets in the ordinary course of business, typically including computer software, land use rights and emissions trading licences.

The Group records intangible assets other than goodwill 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 |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies continued

**Goodwill**

Goodwill is defined under 'Business acquisitions' on page 17. 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 subject to an annual impairment review.

**Impairment**

The Group reviews the carrying amounts of its intangible assets and property, plant and equipment at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the Group estimates the indicated asset's recoverable amount. For goodwill and intangibles without a finite life, the Group does this at least annually.

The Group recognises an impairment charge in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

The Group allocates impairment charges recognised in respect of CGUs first to reduce the carrying amount of any goodwill relating to that CGU and then to reduce the carrying amount of the other assets in the CGU 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 Group discounts estimated future cash flows to present value using a pre-tax discount rate reflective of 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 Group determines recoverable amount for the CGU to which the asset belongs.

**Reversals of impairment**

The Group does not subsequently reverse impairments of goodwill. For other assets, the Group does reverse an impairment charge 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 previously been recognised.

**Property, plant & equipment**

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

The Group charges depreciation to the income statement on a straight-line basis over the estimated useful economic lives of each item sufficient to reduce it to its estimated residual value. Land is not depreciated. Estimated useful economic 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 2020 financial year, the opening balance sheet was drawn up under IAS 17 Leases, with the adoption of IFRS 16 Leases on 15 September 2019 reflected as an opening balance adjustment in the 2020 financial year.

Since that date, where the Group is a lessee, the following accounting policy applied.

**Right-of-use assets**

The Group records right-of-use assets at cost at the commencement date of the lease, which is the date the underlying asset is available for use, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities.

Cost 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.

The Group charges depreciation to the income statement on a straight-line basis over the shorter of the estimated useful life and the lease term.

**Lease liabilities**

The Group records lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the commencement date of the lease 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.

The Group subsequently measures lease liabilities at amortised cost using the effective interest rate method. The Group records the accretion and settlement of interest through accruals and reduces the carrying amount of lease liabilities for the capital element of lease payments made.

The carrying amount of lease liabilities is also 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 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 considered uniformly low-value.

The Group expenses lease payments on short-term leases and leases of low-value assets in the income statement.

**Lessor accounting**

When subleasing assets, the Group assesses the sublease classification with reference to the head lease right-of-use asset, which considers, among other factors, whether the

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies continued

sublease represents a 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, taking into account whether the sublet/head lease are above or below market rate.

The Group records amounts due from lessees under finance leases as a receivable at an amount equal to the net investment in the lease, calculated using the incremental borrowing rate at the date of recognition. The Group recognises any difference between the derecognised right-of-use asset and the newly recognised amounts due from lessees under finance leases 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.

The Group recognises operating lease income as earned on a straight-line basis over the lease term.

**Inventories**

The Group records inventories 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.

The Group records retail inventories at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less appropriate trading margin. All retail inventories are finished goods.

On acquisition of a business, the Group records inventories at fair value. Subsequently, the Group charges the book value of the inventories to adjusted operating profit as they are sold or used. Any fair value uplift, if significant, is charged below adjusted operating profit as the inventories are sold or used.

**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.

***The following accounting policies relate exclusively to the income, expenditure, assets and liabilities of the Associated British Foods plc ("ABF") segment within the consolidated Group financial statements of Wittington Investments Limited.***

***Share-based payments***

*The Group maintains an employee share award scheme.*

*The Group recognises the fair value of share awards at grant date 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 Group adjusts the amount recognised to reflect expected and actual levels of vesting except where the failure to vest is as a result of not meeting a market condition.*

***Derivative financial instruments and hedging***

*The Group primarily uses derivatives to manage economic exposure to financial and commodity risks. The principal instruments used are foreign exchange and commodity contracts, futures, swaps or options. The Group does not use derivatives for speculative purposes.*

*The Group recognises derivatives at fair value based on market prices or rates, or calculated using discounted cash flow or option pricing models.*

*The Group recognises changes in the fair value of derivatives in the income statement unless the derivative is designated in a hedging relationship, when recognition of the 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 of changes in foreign exchange or interest rates and commodity prices.*

*At the inception of each hedging relationship, the Group documents the hedging instrument, the hedged item, the risk management objectives and strategy for undertaking the hedge and assesses hedge effectiveness.*

*During the life of each hedging relationship, the Group performs testing to demonstrate that the hedge remains effective.*

*For derivatives used as hedges of future cash flows, the Group recognises the change in fair value through other comprehensive income in either the cost of hedging reserve (for the element of the change in fair value relating to the currency spread) or in the hedging reserve (for the remaining change in fair value). 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 that asset or liability is recognised, the Group includes the associated gains and losses previously recognised in the hedging reserve in the initial measurement of that asset or liability.*

*When the future cash flow does not result in the recognition of a non-financial asset or liability, the Group includes the associated gains and losses previously recognised in the hedging reserve 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.*

*For derivative or non-derivative financial instruments used as hedges of the Group's net investment in foreign operations, the Group recognises the change in fair value through other comprehensive income in the net investment hedging reserve. Any ineffective portion is recognised immediately in the income statement.*

*The Group discontinues hedge accounting when a hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, the Group retains the cumulative associated gain or loss recognised 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.*

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 1. Significant Accounting policies continued

*The Group economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting. The Group records any derivatives held to hedge this exposure at fair value through profit and loss.*

***Research and development***

*The Group expenses research and development expenditure as incurred, unless development expenditure relates to products or processes which are technically and commercially feasible, in which case it is capitalised. The Group records capitalised development expenditure at cost less accumulated amortisation and impairment charges.*

***Current Biological Assets***

*Current biological assets held by the Group 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.*

***Grants***

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

***Hyperinflation***

*The Argentinian economy was designated hyperinflationary from 1 July 2018. The Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to the Group's 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 was 1 September 2018. The adjustments required by IAS 29 are set out below:*

- *adjustment of historical cost non-monetary 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 18 September 2021 (ARS135.23:£1); and*
- *the cumulative impact corresponding to previous years has been reflected in other comprehensive income in the year.*

*The FACPCE index was 337.0632 at 31 August 2020 and 510.3942 at 31 August 2021. The inflation index for the year is therefore 1.5142.*

*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:

- Amendments to IFRS 3 Definition of a Business;
- Amendments to IAS 1 and IAS 8 Definition of Material;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 1; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The Group is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the UKEB, these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKEB, the adoption date is less certain:

- IFRS 17 Insurance Contracts effective 2023 financial year (not yet endorsed by the UKEB);
- 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 UKEB);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective 2024 financial year (not yet endorsed by the UKEB);
- Amendments to IAS 8 Definition of Accounting Estimates effective 2024 financial year (not yet endorsed by the UKEB);
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction effective 2024 financial year (not yet endorsed by the UKEB);
- Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use effective 2023 financial year (not yet endorsed by the UKEB);
- Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract effective 2023 financial year (not yet endorsed by the UKEB);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 effective 2022 financial year (endorsed by the UKEB). Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories expected at the end of 2021, with remaining USD tenors expected to cease in 2023. We are primarily exposed to USD LIBORs that will be available until June 2023; and
- Annual Improvements to IFRS 2018-2020 effective 2023 financial year (not yet endorsed by the UKEB).

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 2. Accounting estimates and judgements for the 53 weeks ended 18 September 2021

In applying the accounting policies detailed on pages 16 to 21, the directors have made estimates in a number of areas. The actual outcome may differ from those estimates. 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.

**Impairment risk associated with COVID-19**
The global spread of COVID-19 began in the first half of the 2020 financial year and continues to the date of these financial statements. 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 and investments 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 12 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 15.

**Post-retirement benefits**
The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19 Employee Benefits. The accounting valuation, which has been assessed using assumptions determined with independent actuarial advice, resulted in a net surplus of £483m being recognised as at 18 September 2021. The size of this surplus is sensitive to the market value of the assets held by the schemes, to the discount rate used in assessing liabilities, to the actuarial assumptions (which include price inflation, rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions. Further details are included in note 14.

***The following accounting estimates and judgements relate exclusively to the income, expenditure, assets and liabilities of the Associated British Foods plc ("ABF") segment within the consolidated Group financial statements of Wittington Investments Limited.***

***Biological assets***
*In valuing growing cane, estimating sucrose content requires the Group to assess expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. Estimating sucrose price requires the Group 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 19.*

***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 the Group'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 directors believe the Group has made adequate provision for such matters.*

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 3. Our businesses

*ABF has five operating divisions, as described below, plus Central ABF. These are ABF's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered by each business, but also the production processes involved and the manner of the distribution and sale of goods.*

*Inter-division pricing is determined on an arm's length basis. Division result is adjusted operating profit, as shown on the face of the consolidated income statement. Division results include items directly attributable to a division as well as those that can be allocated on a reasonable basis. ABF is comprised of the following operating divisions:*

***Grocery***
*The manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, balsamic vinegars, bread and baked goods, cereals, ethnic foods, and meat products, which are sold to retail, wholesale and foodservice businesses.*

***Sugar***
*The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.*

***Agriculture***
*The manufacture of animal feeds and the provision of other products and services for the agriculture sector.*

***Ingredients***
*The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.*

***Retail***
*Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.*

In addition to ABF, the Group presents the revenue and adjusted operating profit of 'Luxury retail' and 'Other'. The latter includes the Group's 'Real Estate', 'Hotels' and 'Private Markets & Other Investments' business segments, none of which are individually material for separate disclosure. For more information see pages 1-2.

**Adjusted operating profit**
Adjusted operating profit is a key measure used in the ABF performance framework as outlined in the ABF remuneration report on page 119 of the ABF consolidated financial statements. Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items.

Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.

A reconciliation of this measure is provided on the face of the consolidated income statement.

| | Revenue | | Adjusted operating profit | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| *Grocery* | ***3,595*** | *3,541* | ***413*** | *436* |
| *Sugar* | ***1,650*** | *1,594* | ***152*** | *100* |
| *Agriculture* | ***1,537*** | *1,395* | ***44*** | *43* |
| *Ingredients* | ***1,509*** | *1,512* | ***151*** | *146* |
| *Retail* | ***5,593*** | *5,895* | ***321*** | *362* |
| *Central ABF* | **–** | – | ***(70)*** | *(63)* |
| ***ABF Total*** | ***13,884*** | *13,937* | ***1,011*** | *1,024* |
| Luxury retail | **169** | 169 | **(1)** | (2) |
| Other | **26** | 27 | **10** | (37) |
| **Group Total** | **14,079** | 14,133 | **1,020** | 985 |

| | Revenue | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| **Geographical information** | | |
| *United Kingdom* | ***5,168*** | *5,242* |
| *Europe, Middle East & Africa* | ***4,945*** | *5,049* |
| *The Americas* | ***1,679*** | *1,619* |
| *Asia Pacific* | ***2,287*** | *2,223* |
| **Group Total** | **14,079** | 14,133 |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 4. Operating costs

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Operating costs** | | | | | |
| Costs of sales (including amortisation of intangibles) | | ***10,753*** | *10,800* | **10,854** | 10,900 |
| Distribution costs | | ***1,303*** | *1,293* | **1,317** | 1,303 |
| Administration expenses | | ***952*** | *953* | **1,024** | 1,078 |
| Exceptional items | | ***151*** | *156* | **151** | 156 |
| | | ***13,159*** | *13,202* | **13,346** | 13,437 |
| **Operating costs are stated after charging/(crediting):** | | | | | |
| Employee benefits expense | 5 | ***2,639*** | *2,505* | **2,687** | 2,556 |
| Amortisation of non-operating intangibles | 9 | ***48*** | *56* | **48** | 56 |
| Amortisation of operating intangibles | 9 | ***26*** | *33* | **28** | 35 |
| Acquired inventory fair value adjustments | | ***3*** | *15* | **3** | 15 |
| Profits less losses on disposal of non-current assets | | ***(4)*** | *(18)* | **(5)** | (18) |
| Depreciation of owned property, plant & equipment | 10 | ***535*** | *538* | **544** | 548 |
| Depreciation of right-of-use assets and non-cash lease adjustments | 11 | ***288*** | *289* | **301** | 312 |
| Impairment of property, plant & equipment and right-of-use assets | | – | *15* | **(8)** | 34 |
| Impairment of investment property | 12 | – | – | **6** | 15 |
| Transaction costs | | ***3*** | *2* | **3** | 2 |
| Effect of hyperinflationary economies | | ***7*** | *5* | **7** | 5 |
| Other operating income | | ***(23)*** | *(27)* | **(26)** | (27) |
| Research and development expenditure | | ***34*** | *31* | **34** | 31 |
| Fair value gains on financial assets and liabilities held for trading | | ***(15)*** | *(97)* | **(15)** | (97) |
| Fair value losses on financial assets and liabilities held for trading | | ***12*** | *69* | **12** | 69 |
| Foreign exchange gains on operating activities | | ***(31)*** | *(51)* | **(31)** | (51) |
| Foreign exchange losses on operating activities | | ***33*** | *59* | **33** | 59 |

Transaction costs of £3m and amortisation of non-operating intangibles of £50m (2020 – £2m and £59m) shown as adjusting items in the income statement, include £nil and £2m respectively (2020 – £nil and £3m respectively) incurred by joint ventures, in addition to the amounts shown above.

| **Auditor's remuneration** | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|
| **Fees payable to the Company's auditor and its associates in respect of the audit** | | | | |
| Group audit of these financial statements | – | – | – | – |
| Audit of Company's subsidiaries pursuant to legislation | ***8.4*** | *8.1* | **8.7** | 8.4 |
| Total audit remuneration | ***8.4*** | *8.1* | **8.7** | 8.4 |
| **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* | **0.4** | 0.4 |
| All other services | ***0.3*** | *0.3* | **0.3** | 0.3 |
| Total non-audit relate remuneration | ***0.7*** | *0.7* | **0.7** | 0.7 |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 4. Operating costs continued

**Exceptional items**

**2021**

*Exceptional items of £151m comprise impairments of £141m in property, plant and equipment at Azucarera and other sugar businesses, a £21m inventory charge in Primark, the reversal of £20m of the £22m Primark inventory provision raised last year, a £5m provision for excessive stock of COVID-19 related items in Primark and a £4m pension past service cost following a further High Court ruling on 20 November 2020 regarding the equalisation of Guaranteed Minimum Pensions.*

*In the Group's sugar business in Spain we have seen a significant increase in revenues reflecting strong demand and higher prices, although the operating profit margin was impacted by lower volumes from the northern beet crop, as well as a one-off charge from a court arbitration. The Group's current view for yield and sugar content from beet sugar and lower estimated margins due to the expected increases in raw refining volumes in the future has resulted in a non-cash exceptional charge of €136m to write down the net asset value of this business. Given the ongoing trading challenges in some of the Group's smaller sugar businesses the Group has reviewed its forward projections for these units, including the forecast evolution of beet area and yields. As a result, a non-cash adjustment of £21m has been made to the relevant net asset values as an exceptional charge this year.*

*ABF's half year results included an inventory charge of £21m in Primark, which related to certain seasonal items already on display in closed stores and which could not be sold before the end of the season. This inventory had been cleared from Primark's stores to allow spring/summer stock to be displayed as stores prepared to reopen, and an exceptional provision of £21m was charged to reflect the write-down of this inventory to net realisable value, which has subsequently been utilised.*

*The prior year end exceptional items included a £22m markdown provision which was created for potential damage of inventory stored on Primark's behalf by suppliers for longer than usual as a result of the pandemic. In large part, this damage did not arise and £20m of the provision has been released. £5m has been provided for excessive stock of COVID-19 related items.*

**2020**

*The prior year included exceptional items of £156m. Impairments of £116m in property, plant and equipment and right-of-use assets at Primark were recognised related to downsizing of a number of stores in the US and Germany. Beet volumes contracted by Azucarera in the second crop year after reducing the beet price paid to farmers resulted in revised business forecasts and a £23m non-cash write-down of goodwill. A charge of £22m related to a markdown provision in Primark for inventory stored on our behalf by suppliers for longer than usual as a result of the pandemic. A £5m gain was recorded related to the closure of our Speedibake Wakefield factory where the net proceeds received from the insurance claim raised for the factory being destroyed by a fire in February 2020 exceeded the losses recorded earlier in the year.*

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 5. Employees and directors

| | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|
| **Average number of employees** | | | | |
| United Kingdom | **42,696** | 46,066 | **44,070** | 47,665 |
| Europe & Africa | **67,681** | 69,571 | **67,681** | 69,571 |
| The Americas | **6,081** | 5,627 | **6,081** | 5,627 |
| Asia Pacific | **11,454** | 12,161 | **11,516** | 12,161 |
| | **127,912** | 133,425 | **129,348** | 135,024 |

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Employee benefits expense** | | | | | |
| Wages and salaries | | **2,209** | 2,093 | **2,251** | 2,138 |
| Social security contributions | | **282** | 278 | **286** | 282 |
| Contributions to defined contribution schemes | 14 | **81** | 79 | **83** | 81 |
| Charge for defined benefit schemes | 14 | **50** | 47 | **50** | 47 |
| Equity-settled share-based payment schemes | | **17** | 8 | **17** | 8 |
| | | **2,639** | 2,505 | **2,687** | 2,556 |

*Primark's major cost-reduction exercises during lockdowns included accessing government job retention schemes across Europe. In total this year, Primark received some £123m (2020 – £98m), recorded as a reduction to staff costs. £94m of these job retention scheme monies was repaid to the governments of the UK, the Republic of Ireland, Portugal, Czechia and Slovenia where there was an established process for repayment of these monies. This has been recorded in the income statement.*

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Directors' remuneration** | | |
| Aggregate directors' emoluments | **4,802** | 2,309 |

The aggregate emoluments of the highest paid director were £3,390,000 (2020: £1,138,000). He is a member of a group pension scheme and his annual accrued pension at the period end was £693,361 (2020: £670,637).

| | Number of directors 2021 | Number of directors 2020 |
|---|---|---|
| Retirement benefits are accruing to the following number of directors under: | | |
| Defined benefit schemes | **4** | 4 |

## 6. Interest and other financial and expense

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Finance income** | | | | | |
| Cash and cash equivalents | | **9** | 11 | **12** | 16 |
| Gain on sales of investments[i] | | **–** | – | **62** | – |
| Fair value gains on investments | | **–** | – | **59** | 2 |
| Dividends receivable | | **–** | – | **4** | 5 |
| | | **–** | – | **137** | 23 |
| **Finance expense** | | | | | |
| Bank loans and overdrafts | | **(16)** | (29) | **(17)** | (30) |
| All other borrowings | | **(10)** | (10) | **(10)** | (10) |
| Fair value losses on investments | | **–** | – | **(1)** | (5) |
| Lease liabilities | | **(84)** | (84) | **(85)** | (85) |
| Other payables | | **(1)** | (1) | **(1)** | (1) |
| | | **(111)** | (124) | **(114)** | (131) |
| **Other financial (expense)/income** | | | | | |
| Interest income on employee benefit scheme assets | 14 | **69** | 83 | **69** | 83 |
| Interest charge on employee benefit scheme liabilities | 14 | **(69)** | (80) | **(69)** | (80) |
| Interest charge on irrecoverable surplus | 14 | **(1)** | (1) | **(1)** | (1) |
| Net financial (expense)/income in respect of employee benefit schemes | | **(1)** | 2 | **(1)** | 2 |
| Net foreign exchange (losses)/gains on financing activities | | **–** | 1 | **(8)** | 4 |
| Total other financial (expense)/income | | **(1)** | 3 | **(9)** | 6 |

[i] During the year the Company sold its investment in Lady of Leisure Investco Limited, receiving proceeds of £79m.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 7. Income tax expense

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| **Current tax expense** | | | | |
| UK – corporation tax at 19% (2020 – 19%) | **46** | 57 | **51** | 57 |
| Overseas – corporation tax | **208** | 203 | **208** | 203 |
| UK – under provided in prior periods | **9** | 3 | **12** | 1 |
| Overseas – over provided in prior periods | **(9)** | (4) | **(9)** | (4) |
| | **254** | 259 | **262** | 257 |
| **Deferred tax expense** | | | | |
| UK deferred tax | **13** | 5 | **19** | 4 |
| Overseas deferred tax | **(37)** | (53) | **(37)** | (53) |
| UK – (over)/under provided in prior periods | **(3)** | 3 | **(4)** | 3 |
| Overseas – under provided in prior periods | **–** | 7 | **–** | 7 |
| | **(27)** | (38) | **(22)** | (39) |
| **Total income tax expense in income statement** | **227** | 221 | **240** | 218 |
| | | | | |
| **Reconciliation of effective tax rate** | | | | |
| Profit before taxation | **725** | 686 | **852** | 655 |
| *Less share of profit after tax from joint ventures and associates* | **(79)** | (57) | **(80)** | (57) |
| **Profit before taxation excluding share of profit after tax from joint ventures and associates** | **646** | 629 | **772** | 598 |
| | | | | |
| Nominal tax charge at UK corporation tax rate of 19% (2020 – 19%) | **123** | 120 | **147** | 114 |
| Effect of higher and lower tax rates on overseas earnings | **33** | 18 | **33** | 18 |
| Effect of changes in tax rates on income statement | **17** | 13 | **19** | 13 |
| Expenses not deductible for tax purposes | **51** | 54 | **47** | 59 |
| Disposal of assets covered by tax exemptions or unrecognised capital losses | **(3)** | 1 | **(15)** | 1 |
| Deferred tax not recognised | **9** | 6 | **7** | 6 |
| Adjustments in respect of prior periods | **(3)** | 9 | **(1)** | 6 |
| Other tax adjustments | **–** | – | **3** | 1 |
| | **227** | 221 | **240** | 218 |
| | | | | |
| **Income tax recognised directly in equity** | | | | |
| Deferred tax associated with defined benefit schemes | **144** | (15) | **144** | (15) |
| Deferred tax associated with share-based payments | **–** | (1) | **–** | (1) |
| Deferred tax associated with movements in cash flow hedging position | **14** | – | **14** | – |
| Deferred tax associated with movements in foreign exchange | **–** | (1) | **–** | (1) |
| | **158** | (17) | **158** | (17) |

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect these changes was enacted before the balance sheet date and UK deferred tax has been calculated accordingly. The effect of this change was a £19m charge to the income statement principally on the amortisation of non-operating intangibles and exceptional items and a £39m charge to other comprehensive income relating to the deferred tax liability on the pension surplus.

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 £26m (2020 – £27m), however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. Following receipt of charging notices from HM Revenue & Customs ('HMRC') during the year, we made payments to HMRC. Receipt of the charging notices marginally changed our assessment of the maximum potential liability, but did not change our assessment that no provision is required in respect of this amount. 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 15.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 8. Dividends

| | 2021 pence per share | 2020 pence per share | 2021 £m | 2020 £m |
|---|---|---|---|---|
| First interim | **71.25** | 71.25 | **62** | 62 |
| Second interim | **49.00** | 49.00 | **42** | 42 |
| | **120.25** | 120.25 | **104** | 104 |

## 9. Intangible assets

| | Consolidated Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-operating[i] | | | | | Operating[i] | |
| | Goodwill[i] £m | Technology £m | Brands £m | Customer relationships £m | Grower agreements £m | Other £m | Other £m | Total £m |
| **Cost** | | | | | | | | |
| 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 |
| Acquisitions – externally purchased | – | – | – | – | – | – | 98 | 98 |
| Acquired through business combinations | – | 16 | – | 3 | – | – | 1 | 20 |
| Other disposals | – | – | – | – | – | – | (25) | (25) |
| Effect of hyperinflationary economies | 4 | – | – | – | – | – | – | 4 |
| Effect of movements in foreign exchange | (49) | (12) | (12) | (13) | 6 | – | (33) | (113) |
| **At 18 September 2021** | **1,236** | **214** | **429** | **271** | **109** | **5** | **606** | **2,870** |
| **Amortisation and impairment** | | | | | | | | |
| 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 |
| Amortisation for the year | – | 2 | 20 | 26 | – | – | 28 | 76 |
| Impairment | – | – | – | – | – | – | 2 | 2 |
| Other disposals | – | – | – | – | – | – | (5) | (5) |
| Effect of movements in foreign exchange | (3) | (11) | (11) | (8) | 6 | – | (13) | (40) |
| **At 18 September 2021** | **112** | **195** | **372** | **200** | **109** | **5** | **286** | **1,279** |
| **Net book value** | | | | | | | | |
| At 14 September 2019 | 1,203 | – | 96 | 127 | – | – | 265 | 1,691 |
| At 12 September 2020 | 1,166 | 6 | 78 | 99 | – | – | 291 | 1,640 |
| **At 18 September 2021** | **1,124** | **19** | **57** | **71** | **–** | **–** | **320** | **1,591** |

i. All Goodwill and Non-operating Intangible assets are ABF assets. Of the total Operating Intangible assets of £320m (2020: £291m), £310m (2020: £280m) are ABF assets.

Amortisation of non-operating intangibles of £50m (2020 – £59m) shown as an adjusting item in the income statement includes £2m (2020 – £3m) incurred by joint ventures in addition to the amounts shown above.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 9. Intangible assets continued

**Impairment**

As at 18 September 2021, the consolidated balance sheet included goodwill of £1,124m (2020 – £1,166m). 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 segment within ABF business segment | Discount rate | 2021 £m | 2020 £m |
|---|---|---|---|---|
| Acetum | Grocery | 13.0% | **90** | 98 |
| ACH | Grocery | 14.9% | **174** | 187 |
| AB Mauri | Ingredients | 14.1% | **267** | 285 |
| Twinings Ovaltine | Grocery | 11.3% | **119** | 119 |
| Illovo | Sugar | 25.7% | **104** | 98 |
| AB World Foods | Grocery | 11.3% | **78** | 78 |
| Other (not individually significant) | Various | Various | **292** | 301 |
| | | | **1,124** | 1,166 |

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. There has been no change in CGUs or group of CGUs from the prior year.

The carrying value of goodwill is assessed by reference to its value in use reflecting the projected cash flows of each of the CGUs or group of CGUs. These projections are based on the most recent budget and reflects management's expectations of sales growth, operating costs and margin, based on past experience and external sources of information. Long-term growth rates for periods not covered by the annual budget reflect the products, industries and countries in which the relevant CGU, or group of CGUs, operate.

For some recently acquired intangible assets, management expects to achieve growth over the next three to five years in excess of the long-term growth rates for the applicable country or region. In these circumstances, budgeted cash flows are extended, generally to between three and five years, using specific growth assumptions and taking into account the specific business risks.

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

The cash flow projections have been discounted using a pre-tax weighted average cost of capital for each business, adjusted for country, industry and market risk. The rates used were between 9.8% and 25.7% (2020 – between 9.7% and 20.0%).

The long-term growth rates 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 8.3%, consistent with the inflation factors included in the discount rates applied (2020 – between 0% and 6.5%).

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

**Sensitivity to changes in key assumptions**

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

*AB Mauri full year trading was ahead of the prior year and globally our markets experienced some improving trends but remain challenging. 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 $232m on a CGU carrying value of $1,003m (2020 – headroom of $202m on a CGU carrying value of $831m). 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 14.1% (2020 – 13.9%) and would have to increase to more than 16.3% (2020 – 16.2%) before value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2–3% (2020 – 2–3%) per annum dependent on location.*

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 10. Property, plant and equipment

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings £m | Plant and machinery £m | Fixtures and fittings £m | Assets under construction £m | Sugar cane roots £m | Total £m |
| **Cost** | | | | | | |
| 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 |
| Other disposals | (20) | (76) | (10) | – | – | (106) |
| Transfers from assets under construction | 13 | 127 | 40 | (180) | – | – |
| 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 |
| Acquisitions – externally purchased | 56 | 50 | 122 | 305 | 10 | 543 |
| Other disposals | (15) | (40) | (10) | – | – | (65) |
| Transfers from assets under construction | 10 | 127 | 77 | (214) | – | – |
| Transfer to assets classified as held for sale | (6) | (25) | – | – | – | (31) |
| Effect of movements in foreign exchange | (81) | (138) | (182) | (20) | (2) | (423) |
| **At 18 September 2021** | **2,828** | **4,018** | **4,080** | **441** | **92** | **11,459** |
| | | | | | | |
| **Depreciation and impairment** | | | | | | |
| At 14 September 2019 | 710 | 2,590 | 1,790 | – | 40 | 5,130 |
| IFRS 16 opening balance adjustment | (10) | (1) | (4) | – | – | (15) |
| Depreciation for the year | 52 | 187 | 299 | – | 10 | 548 |
| Impairment | 22 | 26 | 36 | – | – | 84 |
| Impairment on sale and closure of business | – | 2 | – | – | – | 2 |
| Other disposals | (15) | (73) | (7) | – | – | (95) |
| Effect of movements in foreign exchange | 1 | (43) | 62 | – | (7) | 13 |
| At 12 September 2020 | 760 | 2,688 | 2,176 | – | 43 | 5,667 |
| Depreciation for the year | 53 | 180 | 303 | – | 8 | 544 |
| Impairment | 24 | 112 | 3 | – | – | 139 |
| Reversal of impairment of Brighton Grand hotel | (8) | – | – | – | – | (8) |
| Reversal of impairment on sale and closure of business | (3) | (7) | – | – | – | (10) |
| Other disposals | (7) | (36) | (8) | – | – | (51) |
| Transfer to assets classified as held for sale | (3) | (18) | – | – | – | (21) |
| Effect of movements in foreign exchange | (24) | (85) | (98) | – | – | (207) |
| **At 18 September 2021** | **792** | **2,834** | **2,376** | **–** | **51** | **6,053** |
| **Net book value** | | | | | | |
| At 14 September 2019 | 2,168 | 1,386 | 2,035 | 267 | 47 | 5,903 |
| At 12 September 2020 | 2,104 | 1,356 | 1,897 | 370 | 41 | 5,768 |
| **At 18 September 2021** | **2,036** | **1,184** | **1,704** | **441** | **41** | **5,406** |

| | 2021 £m | 2020 £m |
|---|---|---|
| Capital expenditure commitments – contracted but not provided for | **307** | 334 |

In addition to the amounts disclosed above, there are £10m (2020 – £30m) of property, plant and equipment classified as assets held for sale (see note 17). Of this, £3m (2020 – £13m) is freehold land and buildings.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 10. Property, plant and equipment continued

| | Land and buildings £m | Plant and machinery £m | Fixtures and fittings £m | Assets under construction £m | Sugar cane roots £m | Total £m |
|---|---|---|---|---|---|---|
| | ABF | | | | | |
| ***Cost*** | | | | | | |
| *At 14 September 2019* | 2,759 | 3,967 | 3,777 | 262 | 87 | 10,852 |
| *IFRS 16 opening balance adjustment* | (28) | (1) | (6) | – | – | (35) |
| *Acquisitions – externally purchased* | 22 | 90 | 147 | 278 | 10 | 547 |
| *Other disposals* | (20) | (76) | (7) | – | – | (103) |
| *Transfers from assets under construction* | 12 | 127 | 34 | (173) | – | – |
| *Effect of movements in foreign exchange* | (2) | (72) | 69 | 2 | (13) | (16) |
| *At 12 September 2020* | 2,743 | 4,035 | 4,014 | 369 | 84 | 11,245 |
| *Acquisitions – externally purchased* | 56 | 50 | 119 | 304 | 10 | 539 |
| *Other disposals* | (15) | (40) | (8) | – | – | (63) |
| *Transfers from assets under construction* | 10 | 126 | 77 | (213) | – | – |
| *Transfer to assets classified as held for sale* | (6) | (25) | – | – | – | (31) |
| *Effect of movements in foreign exchange* | (81) | (138) | (183) | (20) | (2) | (424) |
| ***At 18 September 2021*** | **2,707** | **4,008** | **4,019** | **440** | **92** | **11,266** |
| ***Depreciation and impairment*** | | | | | | |
| *At 14 September 2019* | 690 | 2,585 | 1,768 | – | 40 | 5,083 |
| *IFRS 16 opening balance adjustment* | (10) | (1) | (4) | – | – | (15) |
| *Depreciation for the year* | 50 | 186 | 292 | – | 10 | 538 |
| *Impairment* | 5 | 26 | 34 | – | – | 65 |
| *Impairment on sale and closure of business* | – | 2 | – | – | – | 2 |
| *Other disposals* | (15) | (73) | (4) | – | – | (92) |
| *Effect of movements in foreign exchange* | 1 | (43) | 62 | – | (7) | 13 |
| *At 12 September 2020* | 721 | 2,682 | 2,148 | – | 43 | 5,594 |
| *Depreciation for the year* | 51 | 180 | 296 | – | 8 | 535 |
| *Impairment* | 24 | 112 | 3 | – | – | 139 |
| *Reversal of impairment on sale and closure of business* | (3) | (7) | – | – | – | (10) |
| *Other disposals* | (7) | (36) | (6) | – | – | (49) |
| *Transfer to assets classified as held for sale* | (3) | (18) | – | – | – | (21) |
| *Effect of movements in foreign exchange* | (24) | (86) | (98) | – | – | (208) |
| ***At 18 September 2021*** | **759** | **2,827** | **2,343** | **–** | **51** | **5,980** |
| ***Net book value*** | | | | | | |
| *At 14 September 2019* | 2,069 | 1,382 | 2,009 | 262 | 47 | 5,769 |
| *At 12 September 2020* | 2,022 | 1,353 | 1,866 | 369 | 41 | 5,651 |
| ***At 18 September 2021*** | **1,948** | **1,181** | **1,676** | **440** | **41** | **5,286** |

## 10. Property, plant and equipment continued

**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 addition where the fair value less costs of disposal is higher than value in use, this methodology has been used to determine the recoverable amount. 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.

*In the Group's sugar business in Spain, a significant increase has been seen in revenues reflecting strong demand and higher prices, although the operating profit margin was impacted by lower volumes from the northern beet crop, as well as a one-off charge from a court arbitration. As in prior years, management has conducted an impairment assessment using projections over five years. The current view for yield and sugar content from beet sugar and lower estimated margins due to expected increases in raw refining volumes in the future has resulted in a non-cash exceptional charge of €136m to write down the book value of property, plant and equipment and operating intangibles from €193m to €57m (2020 – no impairment of plant, property and equipment but there was a €26m impairment of goodwill). €134m of the impairment charge relates to property, plant and equipment and the remaining €2m relates to operating intangibles. Estimates of long-term growth rates beyond the forecast period were 2% (2020 – 2%). The carrying value is sensitive to assumptions around beet crop area, discount rate and long-term carbon pricing (where climate change is addressed by creating financial incentives for companies to lower their emissions), and sugar price. A sensitivity of +/- 5% on long-term beet area affects carrying value by +/- €18m, and a movement in carbon pricing of +/- €5 per tonne changes carrying value by +/- €3m. Applying sensitivity of +/- 1% to the sugar price will change the carrying value by €9m. Increasing the discount rate used from 11.7% (2020 – 12.1%) to 11.9% reduces carrying value by €3m.*

*Given the ongoing trading challenges in some of the Group's smaller sugar businesses, forward projections for these units have been reviewed, including the forecast evolution of beet area and yields. As a result, a non-cash adjustment of £21m has been made to the relevant net asset values as an exceptional charge this year.*

*An impairment of A$150m (£98m) was recorded in 2012 in the Australian meat business within the ABF business segment. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A$63m on a CGU carrying value of A$292m (2020 – headroom of A$61m on a CGU carrying value of A$346m). The discount rate used was 8.5% (2020 – 10.7%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2020 –2.0%) per annum. A sensitivity of +/- 1% on the discount rate decreases/increases headroom by A$51m either way (2020 – A$38m and A$47m respectively).*

The Brighton Grand hotel recorded impairment charges in 2019 and 2020 following UK lockdowns triggered by the COVID-19 pandemic. The hotel has since benefitted from a very strong UK leisure market following its re-opening in May 2021 and a third-party valuation of the property supported a £7.9m reversal of the impairment charges previously recorded.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 11. Leases

Most of the Group's right-of-use assets are associated with ABF's leased property portfolio in its Retail segment.

### Right-of-use assets

| | Consolidated Group | | | |
|---|---|---|---|---|
| | Land and buildings £m | Plant and machinery £m | Fixtures and fittings £m | Total £m |
| **Cost** | | | | |
| 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 |
| Additions | 97 | 18 | 1 | 116 |
| Lease incentives | (18) | – | – | (18) |
| Other movements | (6) | – | – | (6) |
| Effect of movements in foreign exchange | (157) | (2) | – | (159) |
| **At 18 September 2021** | **3,294** | **63** | **2** | **3,359** |
| | | | | |
| **Depreciation and impairment** | | | | |
| Depreciation for the year | 295 | 16 | 1 | 312 |
| Impairment | 85 | 1 | – | 86 |
| Effect of movements in foreign exchange | 9 | – | – | 9 |
| At 12 September 2020 | 389 | 17 | 1 | 407 |
| Depreciation for the year | 283 | 18 | – | 301 |
| Other movements | – | (2) | – | (2) |
| Effect of movements in foreign exchange | (20) | (1) | – | (21) |
| **At 18 September 2021** | **652** | **32** | **1** | **685** |
| **Net book value** | | | | |
| At 12 September 2020 | 2,989 | 30 | – | 3,019 |
| **At 18 September 2021** | **2,642** | **31** | **1** | **2,674** |

| | *ABF* | | | |
|---|---|---|---|---|
| | *Land and buildings £m* | *Plant and machinery £m* | *Fixtures and fittings £m* | *Total £m* |
| ***Cost*** | | | | |
| *IFRS 16 opening balance adjustment at 15 September 2019* | *3,170* | *33* | *1* | *3,204* |
| *Additions* | *165* | *13* | – | *178* |
| *Lease incentives* | *(35)* | – | – | *(35)* |
| *Other movements* | *(18)* | *1* | – | *(17)* |
| *Effect of movements in foreign exchange* | *63* | – | – | *63* |
| *At 12 September 2020* | *3,345* | *47* | *1* | *3,393* |
| *Additions* | *97* | *18* | *1* | *116* |
| *Lease incentives* | *(18)* | – | – | *(18)* |
| *Other movements* | *(6)* | – | – | *(6)* |
| *Effect of movements in foreign exchange* | *(157)* | *(2)* | – | *(159)* |
| ***At 18 September 2021*** | ***3,261*** | ***63*** | ***2*** | ***3,326*** |
| | | | | |
| ***Depreciation and impairment*** | | | | |
| *Depreciation for the year* | *291* | *16* | *1* | *308* |
| *Impairment* | *85* | *1* | – | *86* |
| *Effect of movements in foreign exchange* | *9* | – | – | *9* |
| *At 12 September 2020* | *385* | *17* | *1* | *403* |
| *Depreciation for the year* | *279* | *17* | – | *296* |
| *Other movements* | – | *(1)* | – | *(1)* |
| *Effect of movements in foreign exchange* | *(20)* | *(1)* | – | *(21)* |
| ***At 18 September 2021*** | ***644*** | ***32*** | ***1*** | ***677*** |
| ***Net book value*** | | | | |
| *At 12 September 2020* | *2,960* | *30* | – | *2,990* |
| ***At 18 September 2021*** | ***2,617*** | ***31*** | ***1*** | ***2,649*** |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 11. Leases continued

**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 no impairment of right-of-use assets. In 2020 there was an £86m impairment charge, of which £82m related to Primark (in exceptional items), £2m related to Allied Bakeries (in operating profit) and £2m related to Jasol New Zealand (in loss on closure of business).

## Lease liability

| | Consolidated Group | | | |
|---|---|---|---|---|
| | *Land and buildings £m* | *Plant and machinery £m* | *Fixtures and fittings £m* | *Total £m* |
| **Cost** | | | | |
| IFRS 16 opening balance adjustment at 15 September 2019 | 3,669 | 36 | 1 | 3,706 |
| Additions | 170 | 13 | – | 183 |
| Interest expense relating to lease liabilities | 84 | 1 | – | 85 |
| Repayment of lease liability | (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 |
| Additions | 92 | 18 | 1 | 111 |
| Interest expense relating to lease liabilities | 84 | 1 | – | 85 |
| Repayment of lease liability | (359) | (19) | (1) | (379) |
| Other movements | (11) | 1 | – | (10) |
| Effect of movements in foreign exchange | (167) | (2) | – | (169) |
| **At 18 September 2021** | **3,289** | **34** | **–** | **3,323** |

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Current | **308** | 317 |
| Non-current | **3,015** | 3,368 |
| | **3,323** | 3,685 |

Lease liabilities comprise £3,308m (2020 – £3,669m) capital payable and £15m (2020 – £16m) interest payable. The interest payable is all current and disclosed within trade and other payables. Repayments comprise £295m (2020 – £251m) capital and £84m (2020 – £68m) interest.

| | ABF | | | |
|---|---|---|---|---|
| | *Land and buildings £m* | *Plant and machinery £m* | *Fixtures and fittings £m* | *Total £m* |
| ***Cost*** | | | | |
| *IFRS 16 opening balance adjustment at 15 September 2019* | *3,641* | *36* | *1* | *3,678* |
| *Additions* | *165* | *13* | *–* | *178* |
| *Interest expense relating to lease liabilities* | *83* | *1* | *–* | *84* |
| *Repayment of lease liability* | *(299)* | *(15)* | *(1)* | *(315)* |
| *Other movements* | *(36)* | *–* | *–* | *(36)* |
| *Effect of movements in foreign exchange* | *66* | *–* | *–* | *66* |
| *At 12 September 2020* | *3,620* | *35* | *–* | *3,655* |
| *Additions* | *91* | *18* | *1* | *110* |
| *Interest expense relating to lease liabilities* | *83* | *1* | *–* | *84* |
| *Repayment of lease liability* | *(354)* | *(19)* | *(1)* | *(374)* |
| *Other movements* | *(11)* | *1* | *–* | *(10)* |
| *Effect of movements in foreign exchange* | *(167)* | *(2)* | *–* | *(169)* |
| ***At 18 September 2021*** | ***3,262*** | ***34*** | ***–*** | ***3,296*** |

| | ABF | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Current | ***304*** | *313* |
| Non-current | ***2,992*** | *3,342* |
| | ***3,296*** | *3,655* |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 11. Leases continued

**Other information relating to leases**

The Group had the following expense relating to short-term leases and low-value leases:

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | **2021** £m | 2020 £m | **2021** £m | 2020 £m |
| Land and buildings | **1** | 2 | **1** | 2 |
| Plant and machinery | **1** | 2 | **1** | 2 |
| Fixtures and fittings | **2** | 1 | **2** | 1 |
| | **4** | 5 | **4** | 5 |

The Group expensed £1m (2020 – £1m) of variable lease payments that do not form part of the lease liability. Cash outflows of £2m (2020 – £2m) that do not form part of the lease liability are expected to be made in the next 12 months.

Rental receipts of £6m (2020 – £7m) were recognised relating to operating leases. The total of future minimum rental receipts expected to be received is £45m (2020 – £38m). £17m (2020 – £9m) is due to be received in respect of sub-leasing right-of-use assets.

## 12. Investment property

| | Consolidated Group £m |
|---|---|
| At 15 September 2019 | 187 |
| Additions | 51 |
| Disposals | – |
| Impairment losses | (15) |
| At 12 September 2020 | 223 |
| Additions | **2** |
| Disposals | **(5)** |
| Impairment losses | **(6)** |
| **At 18 September 2021** | **214** |

Impairment losses were recorded in both 2020 and 2021 to reflect the fair value of investment properties as determined by an independent value. The impairments were primarily recognised against properties with tenants operating in the retail sector, reflecting prevailing market conditions.

## 13. Investments in joint ventures and associates

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | *Joint ventures £m* | *Associates £m* | Joint ventures £m | Associates £m |
| At 14 September 2019 | *225* | *50* | 231 | 50 |
| Acquisitions | – | *1* | – | 1 |
| Profit for the period | *46* | *11* | 46 | 11 |
| Dividends received | *(38)* | *(5)* | (38) | (5) |
| Reclassification | – | – | (1) | 3 |
| Effect of movements in foreign exchange | – | *(1)* | – | (1) |
| At 12 September 2020 | *233* | *56* | 238 | 59 |
| Acquisitions | *43* | – | 40 | 1 |
| Profit for the period | *66* | *13* | 64 | 16 |
| Dividends received | *(58)* | *(5)* | (58) | (5) |
| Effect of movements in foreign exchange | *(6)* | *(4)* | (6) | (4) |
| **At 18 September 2021** | ***278*** | ***60*** | **278** | **67** |

Details of joint ventures and associates are listed in note 31.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 13. Investments in joint ventures and associates continued

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:

| | *ABF* | | | | Consolidated Group | | | |
|---|---|---|---|---|---|---|---|---|
| | *Joint ventures* | | *Associates* | | Joint ventures | | Associates | |
| | ***2021 £m*** | *2020 £m* | ***2021 £m*** | *2020 £m* | **2021 £m** | 2020 £m | **2021 £m** | 2020 £m |
| Non-current assets | ***160*** | *145* | ***38*** | *33* | **160** | 145 | **45** | 39 |
| Current assets | ***441*** | *372* | ***302*** | *224* | **457** | 377 | **310** | 224 |
| Current liabilities | ***(285)*** | *(258)* | ***(278)*** | *(199)* | **(301)** | (258) | **(284)** | (199) |
| Non-current liabilities | ***(57)*** | *(45)* | ***(3)*** | *(3)* | **(57)** | (45) | **(5)** | (6) |
| Goodwill | ***19*** | *19* | ***1*** | *1* | **19** | 19 | **1** | 1 |
| Net assets | ***278*** | *233* | ***60*** | *56* | **278** | 238 | **67** | 59 |
| Revenue | ***1,566*** | *1,445* | ***914*** | *792* | **1,574** | 1,445 | **923** | 792 |
| Profit for the period | ***66*** | *46* | ***13*** | *11* | **64** | 46 | **16** | 11 |

## 14. Employee entitlements

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the UK and overseas.

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

**UK defined benefit scheme**

The Group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme (the 'Scheme'), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit scheme represents 91% (2020 – 91%) of the Group's defined benefit scheme assets and 88% (2020 – 88%) 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 2020, using the current unit method, and revealed a deficit of £302m. The market value of the Scheme assets was £3,317m, representing 92% of members' accrued benefits after allowing for expected future salary increases.

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 75% of inflation sensitivity and 48% of interest rate risk. It is intended to hedge 80% of total exposure.

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

The Guaranteed Minimum Pension 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. This was charged as an exceptional past service cost in the income statement in the 2019 financial year, since the liabilities related to employee service between 1990 and 1997 and had no link to current business performance. Subsequent changes were accounted for in other comprehensive income.

Following a further High Court ruling on 20 November 2020 regarding the equalisation of GMPs, a further £4m exceptional past service cost was charged in the income statement in the current financial year, assessed using market conditions at the date of the ruling as required by IAS 19.

## 14. Employee entitlements continued

**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 £42m in the UK and £41m overseas, totalling £83m (2020 – UK £42m, overseas £39m, totalling £81m).

**Actuarial assumptions**

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

| | 2021 UK % | 2021 Overseas % | 2020 UK % | 2020 Overseas % |
|---|---|---|---|---|
| Discount rate | **1.8** | **0-14.1** | 1.6 | 0-14.8 |
| Inflation | **2.6-3.4** | **0-12.4** | 2.2-3.3 | 0-12.0 |
| *Rate of increase in salaries* | **3.7-4.3** | **0-12.0** | 3.2-4.3 | 0-12.0 |
| Rate of increase for pensions in payment | **2.1-3.2** | **0-12.0** | 2.0-3.1 | 0-12.0 |
| Rate of increase for pensions in deferment (where provided) | **2.5-2.7** | **0-2.0** | 2.2-2.3 | 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 2021 are derived from the S3 mortality tables with improvements in line with the 2019 projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession (2020 – S2 mortality tables with improvements in line with the 2018 projection model), with a 0-year rating movement for males and females (2020 – 0-year rating movement for males and females), both with a long-term trend of 1.5% (2020 – 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:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Member aged 65 in 2021 (2020) | **22.1** | **24.3** | 21.6 | 24.3 |
| Member aged 65 in 2041 (2040) | **23.7** | **26.1** | 23.3 | 26.1 |

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.

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 18 September 2021 is:

| | Change in assumption | 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 2.7%/decrease by 2.8% |
| 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.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 14. Employee entitlements continued

**Balance sheet**

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | **UK £m** | **Overseas £m** | **Total £m** | UK £m | Overseas £m | Total £m |
| Equities | **1,246** | **194** | **1,440** | 1,115 | 189 | 1,304 |
| Government bonds | **840** | **86** | **926** | 755 | 52 | 807 |
| Corporate and other bonds | **812** | **49** | **861** | 715 | 62 | 777 |
| Property | **360** | **29** | **389** | 345 | 26 | 371 |
| Cash and other assets | **1,057** | **55** | **1,112** | 831 | 63 | 894 |
| Scheme assets | **4,315** | **413** | **4,728** | 3,761 | 392 | 4,153 |
| Scheme liabilities | **(3,729)** | **(490)** | **(4,219)** | (3,705) | (501) | (4,206) |
| Aggregate net surplus/(deficit) | **586** | **(77)** | **509** | 56 | (109) | (53) |
| Irrecoverable surplus* | **–** | **(26)** | **(26)** | – | (13) | (13) |
| Net pension asset/(liability) | **586** | **(103)** | **483** | 56 | (122) | (66) |
| Analysed as | | | | | | |
| Schemes in surplus | **633** | **7** | **640** | 94 | 6 | 100 |
| Schemes in deficit | **(47)** | **(110)** | **(157)** | (38) | (128) | (166) |
| | **586** | **(103)** | **483** | 56 | (122) | (66) |
| Unfunded liability included in the present value of scheme liabilities above | **(47)** | **(66)** | **(113)** | (38) | (64) | (102) |

* 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.

**UK Scheme**

Scheme assets include £345m (2020 – £235m) of derivative instruments, £482m (2020 – £440m) of corporate debt instruments and £1,394m (2020 – £710m) of government debt.

Corporate and other bonds assets of £812m (2020 – £715m) include £225m (2020 – £187m) of assets whose valuation is not derived from quoted market prices. The valuation for all other equity assets, government bonds, and 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 date. Cash and other assets includes £697m (2020 – £547m) 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 26% (2020 – 25%) in respect of active participants, 23% (2020 – 24%) for deferred participants and 51% (2020 – 51%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 17 years for both UK and overseas schemes (2020 – 18 years for both UK and overseas schemes).

**Income statement**

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

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Charged to operating profit: | | |
| Defined benefit schemes | | |
| Current service cost | **(46)** | (47) |
| Past service cost | **(4)** | – |
| Defined contribution schemes | **(83)** | (81) |
| Total operating cost | **(133)** | (128) |
| Reported in other financial (expense)/income: | | |
| Net interest income on the net pension asset | **–** | 3 |
| Interest charge on irrecoverable surplus | **(1)** | (1) |
| Net impact on profit before tax | **(134)** | (126) |

## 14. Employee entitlements continued

### Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £39m (2020 – £34m) and benefits paid in respect of unfunded schemes of £3m (2020 – £3m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £83m (2020 – £81m).

Total contributions to funded schemes and benefit payments by the Group in respect of unfunded schemes in 2022 are currently expected to be approximately £30m in the UK and £10m overseas, totalling £40m (2020 – UK £31m, overseas £11m, totalling £42m).

### Other comprehensive income

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

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Return on scheme assets excluding amounts included in net interest in the income statement | **664** | (13) |
| Actuarial losses arising from changes in financial assumptions | **(101)** | (144) |
| Actuarial (losses)/gains arising from changes in demographic assumptions | **(4)** | 44 |
| Experience gains on scheme liabilities | **12** | 29 |
| Change in unrecognised surplus | **(12)** | (5) |
| Remeasurements of the net pension asset | **559** | (89) |

### Reconciliation of change in assets and liabilities

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | **2021 assets £m** | 2020 assets £m | **2021 liabilities £m** | 2020 liabilities £m | **2021 net £m** | 2020 net £m |
| At beginning of year | **4,153** | 4,206 | **(4,206)** | (4,164) | **(53)** | 42 |
| Current service cost | **–** | – | **(46)** | (47) | **(46)** | (47) |
| Employee contributions | **7** | 7 | **(7)** | (7) | **–** | – |
| Employer contributions | **39** | 34 | **–** | – | **39** | 34 |
| Benefit payments | **(179)** | (165) | **182** | 168 | **3** | 3 |
| Past service cost | **–** | – | **(4)** | – | **(4)** | – |
| Interest income/(expense) | **69** | 83 | **(69)** | (80) | **–** | 3 |
| Return on scheme assets less interest income | **664** | (13) | **–** | – | **664** | (13) |
| Actuarial losses arising from changes in financial assumptions | **–** | – | **(101)** | (144) | **(101)** | (144) |
| Actuarial (losses)/gains arising from changes in demographic assumptions | **–** | – | **(4)** | 44 | **(4)** | 44 |
| Experience gains on scheme liabilities | **–** | – | **12** | 29 | **12** | 29 |
| Effect of movements in foreign exchange | **(25)** | 1 | **34** | (5) | **9** | (4) |
| Transfer from Trade and other payables | **–** | – | **(10)** | – | **(10)** | – |
| At end of year | **4,728** | 4,153 | **(4,219)** | (4,206) | **509** | (53) |

### Reconciliation of change in irrecoverable surplus

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| At beginning of year | **(13)** | (9) |
| Change recognised in other comprehensive income | **(12)** | (5) |
| Interest charge on irrecoverable surplus | **(1)** | (1) |
| Effect of movements in foreign exchange | **–** | 2 |
| At end of year | **(26)** | (13) |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 15. Deferred tax assets and liabilities

| | Consolidated Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Property, plant and equipment £m | Intangible assets £m | Leases £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 14 September 2019 | 145 | 95 | – | – | 4 | (100) | (36) | 108 |
| IFRS 16 opening balance 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 rates on income statement | 13 | 3 | (1) | (1) | – | (1) | – | 13 |
| Effect of 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 |
| Amount credited to the income statement | **(36)** | **(6)** | **(8)** | **(1)** | **–** | **8** | **2** | **(41)** |
| Amount charged to equity | **–** | **–** | **–** | **105** | **14** | **–** | **–** | **119** |
| Acquired through business combinations | **–** | **5** | **–** | **–** | **–** | **–** | **–** | **5** |
| Effect of changes in tax rate on income statement. | **29** | **6** | **(6)** | **(3)** | **–** | **(3)** | **(4)** | **19** |
| Effect of changes in tax rates on equity | **–** | **–** | **–** | **39** | **–** | **–** | **–** | **39** |
| Effect of hyperinflationary economies taken to operating profit | **2** | **–** | **–** | **–** | **–** | **–** | **–** | **2** |
| Effect of movements in foreign exchange | **1** | **(5)** | **6** | **1** | **–** | **5** | **–** | **8** |
| **At 18 September 2021** | **140** | **90** | **(101)** | **125** | **18** | **(81)** | **(36)** | **155** |

Provisions and other temporary differences include provisions of £(93)m, biological assets of £29m, tax credits of £(15)m and other temporary differences of £(2)m.

| | *ABF* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | *Property, plant and equipment £m* | *Intangible assets £m* | *Leases £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 14 September 2019* | *142* | *95* | *–* | *–* | *(2)* | *(100)* | *(34)* | *101* |
| *IFRS 16 opening balance 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 rates on income statement* | *13* | *3* | *(1)* | *(1)* | *–* | *(1)* | *–* | *13* |
| *Effect of 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)* | *–* | *–* | *–* | *2* | *(12)* |
| *At 12 September 2020* | *141* | *90* | *(93)* | *(16)* | *(2)* | *(90)* | *(32)* | *(2)* |
| *Amount credited to the income statement* | ***(36)*** | ***(6)*** | ***(8)*** | ***(1)*** | ***–*** | ***5*** | ***2*** | ***(44)*** |
| *Amount charged to equity* | ***–*** | ***–*** | ***–*** | ***105*** | ***14*** | ***–*** | ***–*** | ***119*** |
| *Acquired through business combinations* | ***–*** | ***5*** | ***–*** | ***–*** | ***–*** | ***–*** | ***–*** | ***5*** |
| *Effect of changes in tax rates on income statement* | ***29*** | ***6*** | ***(6)*** | ***(3)*** | ***–*** | ***(5)*** | ***(4)*** | ***17*** |
| *Effect of changes in tax rates on equity* | ***–*** | ***–*** | ***–*** | ***39*** | ***–*** | ***–*** | ***–*** | ***39*** |
| *Effect of hyperinflationary economies taken to operating profit* | ***2*** | ***–*** | ***–*** | ***–*** | ***–*** | ***–*** | ***–*** | ***2*** |
| *Effect of movements in foreign exchange* | ***1*** | ***(5)*** | ***6*** | ***1*** | ***–*** | ***6*** | ***–*** | ***9*** |
| ***At 18 September 2021*** | ***137*** | ***90*** | ***(101)*** | ***125*** | ***12*** | ***(84)*** | ***(34)*** | ***145*** |

## 15. Deferred tax assets and liabilities continued

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:

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| **Deferred tax assets** | **(218)** | (212) | **(221)** | (214) |
| Deferred tax liabilities | **363** | 210 | **376** | 218 |
| | **145** | (2) | **155** | 4 |

Deferred tax assets have not been recognised in respect of tax losses of £310m (2020 – £238m) and other temporary differences of £111m (2020 – £119m). Of the total tax losses, £170m (2020 – £162m) will expire at various dates between 2021 and 2026. 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 £2,537m (2020 – £2,497m), resulting in temporary differences of £1,167m (2020 – £1,010m). 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.

## 16. Trade and other receivables

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | 2021 £m | 2020 £m | 2021 £m | 2020 £m |
| **Non-current - other receivables** | | | | |
| Loans and receivables | **32** | 39 | **45** | 51 |
| Investments designated FVOCI | **23** | 6 | **23** | 6 |
| | **55** | 45 | **68** | 57 |
| **Current – trade and other receivables** | | | | |
| Trade receivables | **1,021** | 1,022 | **1,032** | 1,027 |
| Other receivables | **178** | 159 | **181** | 169 |
| Accrued income | **16** | 15 | **19** | 16 |
| | **1,215** | 1,196 | **1,232** | 1,212 |
| Prepayments and other non-financial receivables | **152** | 132 | **156** | 136 |
| | **1,367** | 1,328 | **1,388** | 1,348 |

In addition to the amounts disclosed above, there are no trade and other receivables (2020 – £4m) classified as assets held for sale (see note 17).

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 28.

Trade and other receivables include £32m (2020 – £40m) in respect of finance lease receivables, with £28m in non-current loans and receivables and £4m in current other receivables (2020 – £35m in non-current loans and receivables and £5m in current other receivables). Minimum lease payments receivable are £4m within one year, £17m between one and five years and £11m in more than five years (2020 – £5m within one year, £18m between one and five years and £17m in more than five years).

The finance lease receivables relate to property, plant and equipment leased to a joint venture of the Group (see note 30).

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 17. Assets and liabilities classified as held for sale

Following the creation of a joint venture in China with Wilmar International, AB Mauri sold two yeast and bakery ingredients companies to the joint venture, which was completed in the second quarter of 2021. At year end, AB Mauri agreed the sale of a further yeast company to the joint venture, which is conditional upon regulatory approvals and is expected to be completed in the first half of 2022. The business has been classified as an asset held for sale.

As a result of this proposed sale and as the proceeds are in excess of the carrying value of the assets after they were impaired in 2019, £10m of the impairment recorded against the property, plant and equipment has been reversed through profits less losses on sale and closure of businesses.

| | Consolidated Group | |
|---|---|---|
| | **2021** **£m** | 2020 £m |
| **Assets classified as held for sale** | | |
| Intangible assets | **–** | 2 |
| Property, plant and equipment | **10** | 30 |
| Inventories | **3** | 5 |
| Trade and other receivables | **–** | 4 |
| Cash and cash equivalents | **–** | 2 |
| | **13** | 43 |
| **Liabilities classified as held for sale** | | |
| Trade and other payables | **–** | (5) |
| | **–** | (5) |

## 18. Inventories

| | ABF | | Consolidated Group | |
|---|---|---|---|---|
| | ***2021*** ***£m*** | *2020* *£m* | **2021** **£m** | 2020 £m |
| Raw materials and consumables | ***411*** | *429* | **411** | 429 |
| Work in progress | ***55*** | *53* | **55** | 53 |
| Finished goods and goods held for resale | ***1,685*** | *1,668* | **1,713** | 1,686 |
| | ***2,151*** | *2,150* | **2,179** | 2,168 |
| Write down of inventories | ***(95)*** | *(96)* | **(96)** | (97) |

In addition to the amounts disclosed above, there are £3m (2020 – £5m) of inventories classified as assets held for sale (see note 17).

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 19. Biological assets

| | Consolidated Group | | |
|---|---|---|---|
| | Growing cane £m | Other £m | Total £m |
| 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 |
| Transferred to inventory | (92) | (13) | (105) |
| Purchases | – | 1 | 1 |
| Changes in fair value | 105 | 12 | 117 |
| **At 18 September 2021** | **79** | **6** | **85** |

**Growing cane**

The fair value of growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for valuing the growing cane, and therefore falls into the Level 3 category of fair value measurement. The following assumptions were used in the determination of the estimated sucrose tonnage at 18 September 2021:

| | South Africa | Malawi | Zambia | Eswatini | Tanzania | Mozambique |
|---|---|---|---|---|---|---|
| **Expected area to harvest (hectares)** | **6,363** | **18,911** | **16,584** | **8,664** | **9,526** | **5,545** |
| Estimated yield (tonnes cane/hectare) | **66.9** | **108.4** | **115.7** | **102.0** | **73.9** | **83.6** |
| Average maturity of growing cane | **46.1%** | **67.4%** | **65.7%** | **67.7%** | **46.2%** | **71.6%** |

The following assumptions were 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% |

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **+1% £m** | **-1% £m** | +1% £m | -1% £m |
| Estimated sucrose content | **1.1** | **(1.1)** | 1.0 | (1.0) |
| Estimated sucrose price | **1.4** | **(1.4)** | 1.3 | (1.3) |

## 20. Cash and cash equivalents

| | | *ABF* | | Consolidated Group | |
|---|---|---|---|---|---|
| | Note | ***2021 £m*** | *2020 £m* | **2021 £m** | 2020 £m |
| **Cash** | | | | | |
| Cash at bank and in hand | | ***759*** | *718* | **993** | 909 |
| Cash equivalents | | ***1,516*** | *1,280* | **1,516** | 1,278 |
| Cash and cash equivalents | 28 | ***2,275*** | *1,998* | **2,509** | 2,187 |

| | | | | | |
|---|---|---|---|---|---|
| **Reconciliation to the cash flow statement** | | | | | |
| Bank overdrafts | 21 | ***(86)*** | *(89)* | **(86)** | (89) |
| Cash and cash equivalents in the cash flow statement | | ***2,189*** | *1,909* | **2,423** | 2,098 |
| | | | | | |
| Cash and cash equivalents on the face of the balance sheet | | ***2,275*** | *1,996* | **2,509** | 2,187 |
| Cash and cash equivalents classified as held for sale | 17 | – | 2 | – | 2 |
| | | ***2,275*** | *1,998* | **2,509** | 2,189 |

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 at fixed rates.

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

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 21. Loans and overdrafts

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Current loans and overdrafts** | | | | | |
| Secured loans | | – | 4 | 46 | 6 |
| Unsecured loans and overdrafts | | 330 | 150 | 330 | 150 |
| | | 330 | 154 | 376 | 156 |
| **Non-current loans** | | | | | |
| Secured loans | | 1 | 1 | 1 | 48 |
| Unsecured loans | | 75 | 317 | 75 | 317 |
| | | 76 | 318 | 76 | 365 |
| | 28 | 406 | 472 | 452 | 521 |

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Secured loans** | | | | | |
| - GBP floating rate | | – | – | 46 | 49 |
| - Other floating rate | | 1 | 5 | 1 | 5 |
| Unsecured bank loans and overdrafts | | | | | |
| - Bank overdrafts | 20 | 86 | 89 | 86 | 89 |
| - GBP fixed rate | | 80 | 101 | 80 | 101 |
| - USD floating rate | | 3 | 6 | 3 | 6 |
| - USD fixed rate | | 217 | 235 | 217 | 235 |
| - EUR floating rate | | 7 | 13 | 7 | 13 |
| - Other floating rate | | 7 | 21 | 7 | 21 |
| - Other fixed rate | | 5 | 2 | 5 | 2 |
| | | 406 | 472 | 452 | 521 |

Secured 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.

## 22. Trade and other payables

| | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|
| Trade payables | 938 | 909 | 952 | 921 |
| Accruals | 997 | 943 | 1,011 | 964 |
| | 1,935 | 1,852 | 1,963 | 1,885 |
| Deferred income and other non-financial payables | 451 | 464 | 469 | 480 |
| | 2,386 | 2,316 | 2,432 | 2,365 |

In addition to the amounts disclosed above, there are no trade and other payables (2020 – £5m) classified as liabilities held for sale (see note 17).

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

In a small number of businesses, the Group utilises supplier financing arrangements to enable participating suppliers, at each supplier's sole discretion, to sell any or all amounts due from the Group to a third-party bank earlier than the invoice due date, at better financing rates than the supplier alone could achieve.

Payment terms for suppliers are identical, irrespective of whether they choose to participate. The Group receives no benefit from these arrangements.

Contractual terms and invoice due dates are unchanged and the Group considers amounts owed to the third-party bank as akin to amounts owed to the supplier. Such amounts are therefore included within trade payables and associated cash flows are included within operating cash flows, as they continue to be part of the Group's normal operating cycle.

At year end, the value of invoices sold by suppliers under supply chain financing arrangements was £27m (2020 – £10m).

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 23. Provisions

| | Consolidated Group | | | |
|---|---|---|---|---|
| | Restructuring £m | Deferred consideration £m | Other £m | Total £m |
| At 12 September 2020 | 86 | 20 | 58 | 164 |
| Created | 24 | 4 | 22 | 50 |
| Utilised | (41) | (2) | (14) | (57) |
| Released | (15) | (7) | (26) | (48) |
| Effect of movements in foreign exchange | (2) | (1) | (4) | (7) |
| **At 18 September 2021** | **52** | **14** | **36** | **102** |
| Current | 41 | 6 | 24 | 71 |
| Non-current | 11 | 8 | 12 | 31 |
| | **52** | **14** | **36** | **102** |

Financial liabilities within provisions comprised deferred consideration in both years (see note 28).

**Restructuring**
Restructuring provisions include business restructure costs, including redundancy, associated with the Group's announced reorganisation plans. These restructuring provisions are largely expected to be utilised in the next financial year.

**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 the warranties.

## 24. Share capital and reserves

**Share capital**
At 12 September 2020 and 18 September 2021, the Group's issued and fully paid share capital comprised 862,022 ordinary shares of 50p, each carrying one vote per share. Total nominal value was £431,011.

**Other reserves**
Other reserves are non-distributable.

**Translation reserve**
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

**Hedging reserve**
The hedging reserve comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 25. Acquisitions and disposals

**Acquisitions**

**2021**

*In May 2021, the Group's Ingredients business acquired DR Healthcare España, a Spanish enzymes producer. Total consideration for this transaction was £14m, comprising £12m cash consideration and £2m deferred consideration. Net assets acquired included non-operating intangible assets of £19m, which were recognised with their related deferred tax of £5m.*

*During the period, the Group contributed £43m to the bakery ingredients joint venture in China with Wilmar International and also paid £2m of deferred consideration on acquisitions made in prior years.*

**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 £1m of other operating assets. Goodwill of £6m resulted from these acquisitions.*

**Disposals**

**2021**

*In the first half of 2021, the Group sold a number of Chinese yeast and bakery ingredients businesses into a new Chinese joint venture with Wilmar International. These businesses were classified as a disposal group and held for sale at the previous year end. Gross cash consideration was £39m with £5m of cash disposed with the businesses. The joint venture also assumed £11m of debt, resulting in net proceeds of £45m. Net assets disposed were £33m with provisions of £6m for associated restructuring costs and a £6m gain on the recycling of foreign exchange differences. The gain on disposal was £6m.*

*In August, the Group agreed the sale of a further factory in China to the same joint venture, subject to regulatory approval. These factory assets were fully written down in 2019 when the proposed joint venture with Wilmar was first announced. A non-cash reversal of impairment of £10m has been included in profit on sale and closure of business.*

*Closure provisions of £3m relating to disposals made in previous years were no longer required and were released to sale and closure of business in Ingredients and Grocery, both in Asia Pacific. Property provisions of £1m held in previous years were also no longer required and were released in the Central and UK segments.*

**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.*

## 26. Share-based payments

The annual charge in the income statement for equity-settled share-based payments schemes was £17m (2020 – £8m). The Group had the following principal equity-settled share-based payment plans in operation during the period:

**Associated British Foods 2016 Long-term Incentive Plan ('the 2016 LTIP')**

The 2016 LTIP was approved and adopted by the Group at the ABF AGM held on 9 December 2016. It takes the form of conditional allocations of shares which are 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 ABF Board on behalf of the Group 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 ABF on pages 117 to 135.

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 |
|---|---|---|---|---|---|
| 2021 | 5,030,360 | 2,498,918 | (440,870) | (1,669,171) | 5,419,237 |
| 2020 | 4,660,667 | 1,970,377 | (993,955) | (606,729) | 5,030,360 |

**Employee Share Ownership Plan Trust**

Shares subject to allocation under the Group's equity-settled share-based payment plans are held in a separate Employee Share Ownership Plan Trust funded by the Group. 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 ABF. At 18 September 2021 the Trust held 1,347,089 (2020 – 1,787,959) ordinary shares of ABF. The market value of these shares at the year end was £25m (2020 – £35m). The Trust has waived its right to dividends. Movements in the year were a release of 440,870 shares (2020 – release of 993,955 shares).

**Fair values**

The weighted average fair value of conditional grants made was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 1,879p (2020 – 2,327p) and the weighted average share price was 2,021p (2020 – 2,502p). The dividend yield used was 2.5% (2020 – 2.5%).

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 27. Analysis of net debt

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | At 12 September 2020 £m | Cash flow £m | Acquisitions and disposals £m | New leases and non-cash items £m | Exchange adjustments £m | **At 18 September 2021 £m** |
| Short-term loans | (65) | 10 | 10 | (248) | 3 | **(290)** |
| Long-term loans | (365) | 20 | – | 248 | 21 | **(76)** |
| Lease liabilities | (3,669) | 295 | – | (103) | 169 | **(3,308)** |
| Total liabilities from financing activities | (4,099) | 325 | 10 | (103) | 193 | **(3,674)** |
| Cash at bank and in hand, cash equivalents and overdrafts | 2,098 | 389 | – | – | (64) | **2,423** |
| Current investments designated FVTPL[i] | 1,204 | (51) | (17) | (43) | – | **1,093** |
| | (797) | 663 | (7) | (146) | 129 | **(158)** |

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | At 14 September 2019 (after IFRS 16 transition)[i] £m | Cash flow[i] £m | Disposals £m | New leases and non-cash items £m | Exchange adjustments £m | At 12 September 2020[i] £m |
| Short-term loans | (90) | 44 | – | (23) | 4 | (65) |
| Long-term loans | (395) | 2 | – | 23 | 5 | (365) |
| Lease liabilities | (3,706) | 251 | 1 | (281) | 66 | (3,669) |
| *Total liabilities from financing activities* | (4,191) | 297 | 1 | (281) | 75 | (4,099) |
| Cash at bank and in hand, cash equivalents and overdrafts | 1,814 | 288 | – | – | (4) | 2,098 |
| Current investments designated FVTPL[i] | 947 | 254 | – | 2 | 1 | 1,204 |
| | (1,430) | 839 | 1 | (279) | 72 | (797) |

(i) The Company has changed the analysis of net debt to include all current asset investments designated FVTPL.

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less. £86m (2020 – £89m) 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 (see note 20 for a reconciliation).

Net cash excluding lease liabilities is £3,150m (2020 – £2,872m).

Current and non-current lease liabilities shown on the face of the balance sheet of £293m and £3,015m respectively (2020 – £301m and £3,368m respectively) comprise the £3,308m (2020 – £3,669m) of lease liabilities shown above.

Current asset investments comprise term deposits and short-term investments with original maturities of greater than three months but less than one year.

# Notes to the consolidated financial statements

*for the 53 weeks ended 18 September 2021*

## 28. Financial instruments

Financial instruments include £nil (2020 – £3m) of trade and other receivables and £nil (2020 – £5m) of trade and other payables which are classified as held for sale (see note 17). 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

| | Note | ABF 2021 £m | ABF 2020 £m | Consolidated Group 2021 £m | Consolidated Group 2020 £m |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| **Financial assets at amortised cost** | | | | | |
| Cash and cash equivalents | | **2,275** | 1,998 | **2,509** | 2,189 |
| Investments | | **32** | 32 | **32** | 55 |
| Trade and other receivables | | **1,215** | 1,199 | **1,232** | 1,216 |
| Other non-current receivables | | **32** | 39 | **45** | 51 |
| **At fair value through other comprehensive income** | | | | | |
| Investments | | **23** | 6 | **23** | 6 |
| **At fair value through profit and loss** | | | | | |
| Investments | | **–** | – | **1,162** | 1,149 |
| Derivative assets not designated in a cash flow hedging relationship: | | | | | |
| - currency derivatives | | **9** | 10 | **9** | 10 |
| **Designated cash flow hedging relationships** | | | | | |
| Derivative assets designated and effective as cash flow hedging instruments: | | | | | |
| - currency derivatives | | **22** | 14 | **22** | 14 |
| - cross-currency swaps | | **44** | 60 | **44** | 60 |
| - commodity derivatives | | **49** | 18 | **49** | 18 |
| **Total financial assets** | | **3,701** | 3,376 | **5,127** | 4,768 |
| **Financial liabilities** | | | | | |
| **Financial liabilities at amortised cost** | | | | | |
| Trade and other payables | | **(1,935)** | (1,857) | **(1,963)** | (1,890) |
| Secured loans | | **(1)** | (5) | **(47)** | (54) |
| Unsecured loans and overdrafts (fair value 2021 – £417m; 2020 – £498m) | | **(405)** | (467) | **(405)** | (467) |
| Lease liabilities (fair value 2021 – £3,320m; 2020 – £3,837m) | | **(3,281)** | (3,639) | **(3,308)** | (3,669) |
| Deferred consideration | | **(14)** | (20) | **(14)** | (20) |
| **At fair value through profit and loss** | | | | | |
| Derivative liabilities not designated in a cash flow hedging relationship: | | | | | |
| - currency derivatives (excluding cross-currency swaps) | | **(1)** | (16) | **(1)** | (16) |
| - commodity derivatives | | **–** | (1) | **–** | (1) |
| **Designated net investment hedging relationships** | | | | | |
| Derivative liabilities designated as net investment hedging instruments: | | | | | |
| - cross-currency swaps | | **(12)** | (27) | **(12)** | (27) |
| **Designated cash flow hedging relationships** | | | | | |
| Derivative liabilities designated and effective as cash flow hedging instruments: | | | | | |
| - currency derivatives (excluding cross-currency swaps) | | **(5)** | (22) | **(5)** | (22) |
| - commodity derivatives | | **(16)** | (21) | **(16)** | (21) |
| **Total financial liabilities** | | **(5,670)** | (6,075) | **(5,771)** | (6,187) |
| **Net financial liabilities** | | **(1,969)** | (2,699) | **(644)** | (1,419) |

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

**Valuation of financial instruments carried at fair value**

Financial instruments carried at fair value on the balance sheet comprise derivatives and investments. The Group classifies these financial instruments using a fair value hierarchy that reflects the relative significance of both objective evidence and subjective judgements on the inputs used in making the fair value measurements:

Level 1: financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.

Level 2: financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 28. Financial instruments continued

*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 Investments held at fair value through profit and loss:

| | Consolidated Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | | | 2020 | | | |
| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| Investments designated FVTPL | **690** | **469** | **3** | **1,162** | 719 | 430 | – | 1,149 |

**b) Derivatives**

All derivatives are classified as current on the face of the balance sheet. The table 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.

| | Consolidated Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | | | 2020 | | | |
| | Contractual/ notional amounts £m | Level 1 £m | Level 2 £m | Total £m | Contractual/ notional amounts £m | Level 1 £m | Level 2 £m | Total £m |
| **Financial assets** | | | | | | | | |
| Currency derivatives (excluding cross-currency swaps) | **1,360** | **–** | **31** | **31** | 814 | – | 24 | 24 |
| Cross-currency swaps | **228** | **–** | **44** | **44** | 254 | – | 60 | 60 |
| Commodity derivatives | **188** | **4** | **45** | **49** | 183 | 6 | 12 | 18 |
| | **1,776** | **4** | **120** | **124** | 1,251 | 6 | 96 | 102 |
| **Financial liabilities** | | | | | | | | |
| Currency derivatives (excluding cross-currency swaps) | **702** | **–** | **(6)** | **(6)** | 1,113 | – | (38) | (38) |
| Cross-currency swaps | **196** | **–** | **(12)** | **(12)** | 217 | – | (27) | (27) |
| Commodity derivatives | **166** | **(1)** | **(15)** | **(16)** | 139 | (4) | (18) | (22) |
| | **1,064** | **(1)** | **(33)** | **(34)** | 1,469 | (4) | (83) | (87) |

## 28. 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.

| | Consolidated Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | | | 2020 | | | |
| | Currency derivatives (excluding cross-currency) £m | Cross-currency swaps £m | Commodity derivatives £m | Total £m | Currency derivatives (excluding cross-currency) £m | Cross-currency swaps £m | Commodity derivatives £m | Total £m |
| Opening balance | **6** | **(1)** | **2** | **7** | 1 | 1 | 6 | 8 |
| Losses/(gains) recognised in the hedging reserve | **3** | **16** | **(55)** | **(36)** | (4) | 4 | 18 | 18 |
| Ineffective hedges recognised in the income statement | **–** | **–** | **–** | **–** | 21 | – | – | 21 |
| Amount removed from the hedging reserve and included in the income statement: | | | | | | | | |
| – revenue | **8** | **–** | **(4)** | **4** | (1) | – | 1 | – |
| – cost of sales | **–** | **–** | **9** | **9** | – | – | (18) | (18) |
| – other financial expense | **–** | **(16)** | **–** | **(16)** | – | (6) | – | (6) |
| Amount removed from the hedging reserve and included in a non-financial asset: | | | | | | | | |
| – inventory | **(37)** | **–** | **12** | **(25)** | (12) | – | (6) | (18) |
| Deferred tax | **6** | **–** | **8** | **14** | (1) | – | 1 | – |
| Effect of movements in foreign exchange | **–** | **–** | **–** | **–** | 2 | – | – | 2 |
| Closing balance | **(14)** | **(1)** | **(28)** | **(43)** | 6 | (1) | 2 | 7 |
| Cash flows are expected to occur: | | | | | | | | |
| – within six months | **(9)** | **–** | **(25)** | **(34)** | 6 | – | 1 | 7 |
| – between six months and one year | **(4)** | **–** | **(2)** | **(6)** | – | – | 1 | 1 |
| – between one and two years | **(1)** | **–** | **(1)** | **(2)** | – | – | – | – |
| – between two and five years | **–** | **(1)** | **–** | **(1)** | – | (1) | – | (1) |
| | **(14)** | **(1)** | **(28)** | **(43)** | 6 | (1) | 2 | 7 |

Of the closing balance of £43m, £24m is attributable to equity shareholders and £19 to non-controlling interests (2020 – £7m, £3m attributable to equity shareholders and £4m to non-controlling interests). Of the net movement in the year of £(50)m, £(27)m is attributable to equity shareholders and £(23)m to non-controlling interests (2020 – £(1)m, £(2)m attributable to equity shareholders and £1m 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 £(1)m (2020 – £2m).

The balance in the cost of hedging reserve was not significant at 12 September 2020 or 18 September 2021.

## 28. Financial instruments continued

**d) Financial risk identification and management**
The Group is exposed to the following financial risks from the use of financial instruments:

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

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

The Group sources and sells products and manufactures goods in many locations around the world. These operations expose the Group to potentially significant price volatility in the financial and commodity markets. Trading and risk management teams have been established in the Group's major businesses to manage this exposure by entering into a range of products, including physical and financial forward contracts, futures, swaps, and, where appropriate, options. These teams work closely with Group Treasury and report regularly to executive management.

Treasury operations and commodity procurement and hedging are conducted within a clearly defined framework of Board-approved policies and guidelines to manage the Group's financial and commodity risks. Group Treasury works closely with the Group's procurement teams to manage commodity risks. Group Treasury policy seeks to ensure that adequate financial resources are available 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 no borrowings (2020 – none) that were designated as hedges of its net investment in foreign operations.

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 significant. 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 might 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 £nil (2020 – gain of £1m) on retranslation of these loans has been taken to the translation reserve on consolidation, all of which was 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 £14m has been credited to the translation reserve, £8m of which was attributable to equity shareholders (2020 – £3m loss has been debited to the translation reserve, £2m attributable to equity shareholders).

## 28. Financial instruments continued

**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.

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, other 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 commodity derivatives for a +/- 20% movement in underlying commodity prices are £24m (2020 – £15m) and (£24m) (2020 – (£14m)), 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 risk.

At 18 September 2021, £303m (75%) (2020 – £338m and 72%) of total debt was subject to fixed rates of interest, the majority of which is the US private placement loans of £297m (2020 – £336m).

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.

## 28. Financial instruments continued

**(iii) Foreign currency risk**

The Group conducts business worldwide and consequently in many foreign currencies. As a result, it is exposed to movements in foreign currency exchange rates which affect the Group's transaction costs. The Group also publishes its financial 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) on page 52.

Transaction risk

Currency transaction exposure occurs where a business makes sales and purchases in a currency other than its functional currency. It also arises where monetary assets and liabilities of a business are not denominated in its functional currency, and where dividends or surplus funds are remitted from overseas. The Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign currency contracts. All foreign currency instruments contracted with non-Group entities to manage transaction exposures are undertaken by Group Treasury or, where foreign currency controls restrict Group Treasury acting on behalf of subsidiaries, under its guidance. Identification of transaction exposures is the responsibility of each business.

The Group uses derivatives (principally forward foreign currency contracts and time options) to hedge its exposure to movements in exchange rates on its foreign currency trade receivables and payables. The Group does not seek formal fair value hedge accounting for such transaction hedges. Instead, such derivatives are classified as held for trading and marked to market through the income statement. This offsets the income statement impact of the retranslation of the foreign currency trade receivables and payables.

Economic (forecast) risk

The Group 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 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 recognised 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; and
- sourcing for Primark – costs are denominated in a number of currencies, predominantly sterling, euros and US dollars.

Elsewhere, a number of businesses make sales and purchase a variety of raw materials in foreign currencies (primarily US dollars and euros), giving rise to transaction exposures. In all other material respects, businesses tend to operate in their functional currencies.

## 28. Financial instruments continued

The table below illustrates the effects of hedge accounting on the consolidated balance sheet 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.

| | Consolidated Group 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Contract notional £m | Carrying amount assets/ (liabilities) £m | Furthest maturity date £m | Hedge ratio % | Change in fair value of hedging instrument used to determine hedge ineffectiveness £m | Change in fair value of hedge item used to determine hedge effectiveness £m |
| ***Current*** | | | | | | |
| Designated cash flow hedging relationships: | | | | | | |
| – currency derivatives (excluding cross-currency swaps) | **1,367** | **16** | **Sep 22** | **100%** | **16** | **(16)** |
| – cross-currency swaps | **150** | **28** | **Mar 22** | **100%** | **(11)** | **11** |
| – commodity derivatives | **350** | **33** | **Aug 22** | **100%** | **34** | **(34)** |
| Designated net investment hedging relationships: | | | | | | |
| currency derivatives (cross-currency swaps) | **129** | **(8)** | **Mar 22** | **100%** | **10** | **(10)** |
| **Non-current** | | | | | | |
| Designated cash flow hedging relationships: | | | | | | |
| – currency derivatives (excluding cross-currency swaps) | **34** | **1** | **Dec 22** | **100%** | **1** | **(1)** |
| – cross-currency swaps | **78** | **16** | **Mar 24** | **100%** | **(6)** | **6** |
| – commodity derivatives | **4** | **–** | **Jan 23** | **100%** | **–** | **–** |
| Designated net investment hedging relationships: | | | | | | |
| – currency derivatives (cross-currency swaps) | **67** | **(4)** | **Mar 24** | **100%** | **5** | **(5)** |

| | Consolidated Group 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Contract notional £m | Carrying amount assets/ (liabilities) £m | Furthest maturity date £m | Hedge ratio % | Change in fair value of hedging instrument used to determine hedge ineffectiveness £m | Change in fair value of hedge item used to determine hedge effectiveness £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 investment hedging relationships: | | | | | | |
| – currency derivatives (cross-currency swaps) | 217 | (27) | Mar 24 | 100% | (5) | 5 |

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 18 September 2021, £1,401m of forward foreign currency contracts designated as cash flow hedges were outstanding (2020 – £1,230m), largely in relation to purchases of USD (£864m) and sales of EUR (£199m) with varying maturities up to December 2022. Weighted average hedge rates for these contracts are GBPUSD: 1.39, EURUSD: 1.19 and GBPEUR: 1.12. Weighted average hedge rates for the cross-currency swaps are GBPUSD: 1.70 and GBPEUR: 1.26. Commodity derivatives designated as cash flow hedges related to a range of underlying hedged items, with varying maturities up to January 2023.

## 28. Financial instruments continued

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

| | Consolidated Group 2021 | | | | |
|---|---|---|---|---|---|
| | **Sterling £m** | **US dollar £m** | **Euro £m** | **Other £m** | **Total £m** |
| **Financial assets** | | | | | |
| Cash and cash equivalents | **1** | **83** | **25** | **40** | **149** |
| Trade and other receivables | **–** | **39** | **45** | **19** | **103** |
| | **1** | **122** | **70** | **59** | **252** |
| **Financial liabilities** | | | | | |
| *Trade and other payables* | **(19)** | **(381)** | **(36)** | **(8)** | **(444)** |
| Unsecured loans and overdrafts | **–** | **(218)** | **–** | **(3)** | **(221)** |
| | **(19)** | **(599)** | **(36)** | **(11)** | **(665)** |
| **Currency derivatives** | | | | | |
| Gross amounts receivable | **62** | **1,374** | **197** | **221** | **1,854** |
| Gross amounts payable | **(2)** | **(133)** | **(431)** | **(50)** | **(616)** |
| | **60** | **1,241** | **(234)** | **171** | **1,238** |
| | **42** | **764** | **(200)** | **219** | **825** |

| | Consolidated Group 2020 | | | | |
|---|---|---|---|---|---|
| | Sterling £m | US dollar £m | Euro £m | Other £m | Total £m |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 1 | 142 | 13 | 84 | 240 |
| Trade and other receivables | – | 39 | 50 | 15 | 104 |
| | 1 | 181 | 63 | 99 | 344 |
| **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 |
| | 43 | 737 | (417) | 220 | 583 |

The following major exchange rates applied during the year:

| | Average rate | | Closing rate | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| US dollar | **1.37** | 1.27 | **1.38** | 1.28 |
| Euro | **1.14** | 1.14 | **1.17** | 1.08 |
| Rand | **20.34** | 20.53 | **20.27** | 21.40 |
| Renminbi | **8.90** | 8.94 | **8.89** | 8.74 |
| Australian dollar | **1.82** | 1.88 | **1.89** | 1.76 |

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's transactional 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.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 28. Financial instruments continued

### Sensitivity analysis

| 10% strengthening against other currencies of | 2021 Impact on profit for the period £m | 2021 Impact on total equity £m | 2020 impact on profit for the period £m | 2020 impact on total equity £m |
|---|---|---|---|---|
| Sterling | **–** | **5** | (1) | 3 |
| US dollar | **(2)** | **87** | (4) | 79 |
| Euro | **12** | **(24)** | – | (44) |
| Other | **12** | **24** | 10 | 20 |

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.

| 10% strengthening of sterling against | 2021 Impact on profit for the period £m | 2020 impact on profit for the period £m |
|---|---|---|
| US dollar | **(19)** | (14) |
| Euro | **3** | (1) |
| Rand | **–** | 1 |
| Renminbi | **–** | (2) |
| 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 18 September 2021. The Group considers its maximum exposure to credit risk to be:

| | Consolidated Group 2021 £m | 2020 £m |
|---|---|---|
| Cash and cash equivalents | **2,509** | 2,189 |
| Investments at amortised cost | **32** | 55 |
| Investments at fair value through profit and loss | **1,162** | 1,149 |
| Trade and other receivables | **1,232** | 1,216 |
| Other non-current receivables | **45** | 51 |
| Investments at fair value through other comprehensive income | **23** | 6 |
| *Derivative assets at fair value through profit and loss* | **9** | 10 |
| Derivative assets in designated cash flow hedging relationships | **103** | 65 |
| | **5,115** | 4,741 |

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 metrics to identify significant changes to the financial profile of its counterparties.

## 28. Financial instruments continued

**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 on a prepayment basis. Aggregate exposures are monitored at Group level.

Many 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 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 of which 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:

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| UK | **459** | 424 |
| Europe & Africa | **306** | 319 |
| The Americas | **164** | 160 |
| Asia Pacific | **303** | 313 |
| | **1,232** | 1,216 |

Trade receivables can be analysed as follows:

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Not overdue | **906** | 937 |
| Up to one month past due | **101** | 66 |
| Between one and two months past due | **18** | 12 |
| Between two and three months past due | **7** | 8 |
| More than three months past due | **24** | 32 |
| Expected loss provision | **(24)** | (27) |
| | **1,032** | 1,028 |

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

| | Consolidated Group | |
|---|---|---|
| | **2021 £m** | 2020 £m |
| Opening balance | **27** | 24 |
| Increase charged to the income statement | **4** | 9 |
| Amounts released | **(2)** | (1) |
| Amounts written off | **(3)** | (4) |
| Effect of movements in foreign exchange | **(2)** | (1) |
| Closing balance | **24** | 27 |

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

## 28. Financial instruments continued

The geographical and business line complexity of the Group, combined with the fact that expected credit 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 credit losses. No significant expected credit 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 or 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.

**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.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet to ensure long-term financial stability. They are the basis for investor, creditor and market confidence and enable the successful development of the business.

Details of the Group's borrowing facilities are given in section i) on page 60.

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

| | | Consolidated Group 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | **Due within 6 months £m** | **Due between 6 months and 1 year £m** | **Due between 1 and 2 years £m** | **Due between 2 and 5 years £m** | **Due after 5 years £m** | **Contracted amount £m** | **Carrying amount £m** |
| **Non-derivative financial liabilities** | | | | | | | | |
| Trade and other payables | 22 | **(1,943)** | **(20)** | **-** | **-** | **-** | **(1,963)** | **(1,963)** |
| Secured loans | 21 | **(46)** | **-** | **-** | **(1)** | **-** | **(47)** | **(47)** |
| Unsecured loans and overdrafts | 21 | **(320)** | **(9)** | **(13)** | **(75)** | **-** | **(417)** | **(405)** |
| Lease liabilities | 27 | **(177)** | **(193)** | **(387)** | **(1,074)** | **(2,570)** | **(4,401)** | **(3,308)** |
| Deferred consideration | 23 | **(6)** | **-** | **(8)** | **-** | **-** | **(14)** | **(14)** |
| **Derivative financial liabilities** | | | | | | | **-** | |
| Currency derivatives (excluding cross-currency swaps) (net payments) | | **(5)** | **(2)** | **-** | **-** | **-** | **(7)** | **(6)** |
| Commodity derivatives (net payments) | | **(12)** | **(4)** | **-** | **-** | **-** | **(16)** | **(16)** |
| **Total financial liabilities** | | **(2,509)** | **(228)** | **(408)** | **(1,150)** | **(2,570)** | **(6,865)** | **(5,759)** |

| | | Consolidated Group 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Due within 6 months £m | Due between 6 months and 1 year £m | Due between 1 and 2 years £m | Due between 2 and 5 years £m | Due after 5 years £m | Contracted amount £m | Carrying amount £m |
| **Non-derivative financial liabilities** | | | | | | | | |
| Trade and other payables | 22 | (1,870) | (20) | – | – | – | (1,890) | (1,890) |
| Secured loans | 21 | (6) | – | (47) | (1) | – | (54) | (54) |
| Unsecured loans and overdrafts | 21 | (110) | (58) | (245) | (85) | – | (498) | (467) |
| Lease liabilities | 27 | (189) | (192) | (390) | (1,112) | (2,897) | (4,780) | (3,669) |
| Deferred consideration | 23 | (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) |
| **Total financial liabilities** | | (2,230) | (277) | (685) | (1,213) | (2,897) | (7,302) | (6,160) |

## 28. Financial instruments continued

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 18 September 2021.

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 lease liabilities, 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 18 September 2021, in respect of which all conditions precedent have been met, amounted to £1,145m (2020 – £1,146m):

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Facility £m | Drawn £m | Undrawn £m | Facility £m | Drawn £m | Undrawn £m |
| Syndicated facility | **1,088** | **–** | **1,088** | 1,088 | – | 1,088 |
| US private placement | **297** | **297** | **–** | 336 | 336 | – |
| Illovo | **65** | **10** | **55** | 86 | 32 | 54 |
| Other | **49** | **47** | **2** | 54 | 50 | 4 |
| | **1,499** | **354** | **1,145** | 1,564 | 418 | 1,146 |

Uncommitted facilities available at 18 September 2021 were:

| | Consolidated Group | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Facility £m | Drawn £m | Undrawn £m | Facility £m | Drawn £m | Undrawn £m |
| Moneymarket lines | **100** | **–** | **100** | 100 | – | 100 |
| Illovo | **157** | **63** | **94** | 160 | 63 | 97 |
| Azucarera | **30** | **5** | **25** | 49 | 11 | 38 |
| China | **37** | **–** | **37** | 40 | – | 40 |
| Other | **161** | **30** | **131** | 167 | 27 | 140 |
| | **485** | **98** | **387** | 516 | 101 | 415 |

In addition to the above facilities there are also £114m (2020 – £98m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business.

The Group has a £1.1bn syndicated facility which matures in July 2023. The Group also has £297m of private placement notes in issue to institutional investors in the US and Europe. At 18 September 2021, these had an average remaining duration of 0.9 years and an average fixed coupon of 4.1%. The other significant core committed debt facilities are 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 29 for a summary of the Group's guarantees.

**j) Capital management**

The capital structure of the Group is presented in the consolidated balance sheet. For the purpose of the Group's capital management, capital includes issued capital and all other reserves attributable to equity shareholders, totalling £7,099m (2020 – £6,792m). The consolidated 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.

From time to time the trustee of the ABF Employee Share Ownership Plan Trust purchases ABF 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 is subject to externally-imposed capital requirements.

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 29. Contingencies

Litigation and other proceedings against 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 18 September 2021, Group companies have provided guarantees in the ordinary course of business amounting to £1,513m (2020 – £2,046m).

During the year, a Thai court ruled in favour of the Group's Ovaltine business in Thailand in a legal action it brought against one of its suppliers in respect of a contractual dispute. The court concluded that between 2009 and 2019 the supplier had overcharged Ovaltine Thailand and should pay compensation of 2.2 billion Thai baht (£48m). The relevant contractual relationship between the Group and its supplier terminated at the end of 2019. The Group has not yet recorded an asset in respect of this matter as the defendant is appealing the judgment.

## 30. Related parties

The Group has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 31. The Group has a related party relationship with its associates and joint ventures (see note 31) and with its directors. In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

Material transactions and year end balances with related parties were as follows:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Dividends paid by Associated British Foods plc and received in a beneficial capacity by: | | |
| (i) trustees of the Garfield Weston Foundation and their close family | **5,299** | 12,683 |
| (ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family | **1,287** | 4,513 |
| Sales to and commissions paid to companies with common key management personnel on normal trading terms | **14,980** | 18,961 |
| Amounts due from companies with common key management personnel | **1,705** | 2,237 |
| Sales to joint ventures and associates on normal trading terms | **90,812** | 42,403 |
| Purchases from joint ventures and associates on normal trading terms | **377,811** | 336,723 |
| Amounts due from joint ventures and associates | **52,292** | 57,123 |
| Amounts due to joint ventures and associates | **24,575** | 28,017 |
| Provision for doubtful debts on amounts due from joint ventures and associates | **(300)** | – |

1. The Garfield Weston Foundation ('the Foundation') is an English charitable trust, established in 1958 by the late W. Garfield Weston. The Foundation has no direct interest in the Company, but as at 18 September 2021 was the beneficial owner of 683,073 shares (2020 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2020 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 18 September 2021 trustees of the Foundation comprised four grandchildren of the late W. Garfield Weston and five children of the late Garry H. Weston.
2. Details of the directors of Wittington Investments Limited are given on page 5. Directors' remuneration is disclosed in note 5.
3. The fellow subsidiary undertakings are Fortnum and Mason plc and Heal & Son Limited.
4. The companies with common key management personnel are the George Weston Limited group, in Canada, and Selfridges & Co. Limited.

Details of the group's subsidiary undertakings and joint ventures are set out in note 31.

# Notes to the consolidated financial statements

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## 31. Group entities

**Control of the Group**

The trustees of the Garfield Weston Foundation ('the Foundation')are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company are, under the Listing Rules, treated as acting in concert with the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company.

**Subsidiary undertakings**

*A list of the Group's subsidiaries as at 18 September 2021 is given below. Given the Group owns 54.5% of the share* capital of ABF plc, the effective ownership of subsidiaries is 54.5% except where ownership percentages are shown. These percentages give the Group's ultimate interest and therefore allow for situations 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 | % effective holding if not 54.5% |
|---|---|
| **United Kingdom** | |
| *Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom* | |
| 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 (UK) Limited | |
| AB Mauri China 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 Energy Limited | |
| 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 plc | |
| ABF PM Limited | |
| ABF UK Finance Limited | |
| ABF US Holdings Limited | |
| ABF ZMW Finance Limited | |
| ABN (Overseas) Limited | |
| ABNA Feed Company Limited | |
| ABNA Limited | |
| Agrilines Limited | |
| Allied Bakeries Limited | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| Allied Grain (Scotland) Limited | |
| Allied Grain (South) Limited | |
| Allied Grain (Southern) Limited | |
| Allied Grain Limited | |
| Allied Mills (No.1) Limited (previously Allied Mills Limited) | |
| Allied Mills Limited (previously Allied Mills (No.1) Limited) | |
| Allied Technical Centre Limited | |
| Allinson Limited | |
| Associated British Foods Pension Trustees Limited | |
| 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 | |
| LeafTC Limited | |
| Kingsgate Food Ingredients Limited | |
| Mauri Products 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 | |

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## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| 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 | |
| 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 | |
| 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 (The) | |
| Weston Foods Limited | |
| Weston Research Laboratories Limited | |
| Worldwing Investments Limited | |
| *1 College Place North, Belfast, BT1 6BG, United Kingdom* | |
| James Neill, Limited | |
| *Unit 4, 211 Castle Road, Randalstown, Co. Antrim, BT41 2EB, United Kingdom* | |
| Jordan Bros. (N.I.) Limited | |
| Nutrition Services (International) Limited | |
| Vistavet Limited | |
| *180 Glentanar Road, Glasgow, G22 7UP, United Kingdom* | |
| ABN (Scotland) Limited | |
| *Miller Samuel LLP, RWF House, 5 Renfield Street, Glasgow, G2 5EZ, United Kingdom* | |
| Korway Foods Limited | |
| Korway Holdings Limited | |
| Patak's Chilled Foods Limited | |
| Patak's Frozen Foods Limited | |
| **United Kingdom – Non ABF** | |
| *Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom* | |
| Avery Row Management Limited | 100% |
| Listergate Student Holdings Limited | 100% |
| WINDL Offices Limited | 85% |
| Wittington Investments (Developments) Limited | 100% |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| Wittington Investments (Properties) Limited | 100% |
| Brighton Grand Hotel Operations Limited | 100% |
| Wittington Investments (Brighton Grand) Limited | 100% |
| Wittington Investments (Richmond Hill Hotel) Limited | 100% |
| Richmond Hill Hotel (Operations) Limited | 100% |
| George Weston Limited | 100% |
| Howard Investments Limited | 100% |
| Wittington Investments (Private Equity) Limited | 100% |
| Wittington Investments Finance Limited | 100% |
| WILH (Investments) Limited | 100% |
| Wittington Investments (17) Limited | 100% |
| Wittington Investments (Ahren) Limited | 100% |
| Wittington Investments (Apollo) Limited | 100% |
| Wittington Investments (Bestport) Limited | 100% |
| Wittington Investments (BPA III) Limited | 100% |
| Wittington Investments (BSP VIII) Limited | 100% |
| Wittington Investments (BSP) Limited | 100% |
| Wittington Investments (BSPF) Limited | 100% |
| Wittington Investments (BV III) Limited | 100% |
| Wittington Investments (Careplaces) Limited | 100% |
| Wittington Investments (CIP) Limited | 100% |
| Wittington Investments (Dunedin III) Limited | 100% |
| Wittington Investments (Dunedin) Limited | 100% |
| Wittington Investments (FAPI II) Limited | 100% |
| Wittington Investments (FAPI) Limited | 100% |
| Wittington Investments (FIPL) Limited | 100% |
| Wittington Investments (Graphite) Limited | 100% |
| Wittington Investments (Harbourvest) Limited | 100% |
| Wittington Investments (Next Wave) Limited | 100% |
| Wittington Investments (OCP) Limited | 100% |
| Wittington Investments (PPE) Limited | 100% |
| Wittington Investments (Reof) Limited | 100% |
| Wittington Investments (Sandaire) Limited | 100% |
| Wittington Investments (VO1) Limited | 100% |
| Wittington Investments (WHEB) Limited | 100% |
| Wittington Investments (WPX) Limited | 100% |
| *196 Tottenham Court Road, London, W1T 7LQ* | 100% |
| Ambrose Retail Limited | 100% |
| Heal & Son Limited | 100% |
| Heal's Finance Limited | 100% |
| Heal's Holdings Limited | 100% |
| Heal's Pension Fund Trustees Limited | 100% |
| Heal's plc | 100% |
| Heals (1810) Limited | 100% |
| *181 Piccadilly, London, W1A 1ER* | 100% |
| F. & M. Limited | 100% |
| Fortnum & Mason (Export) Limited | 100% |
| Fortnum & Mason (London) Limited | 100% |
| Fortnum & Mason Hospitality Limited | 100% |
| Fortnum & Mason Plc | 100% |
| Fortnums Limited | 100% |
| **Argentina** | |
| *Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428, Argentina* | |
| AB Mauri Hispanoamerica S.A. | |
| Surgras S.A (in liquidation) | |
| *Av. Raul Alfonsin, Monte Chingolo, Buenos Aires 3145, Argentina* | |
| Compañía Argentina De Levaduras S.A.I.C. | |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Australia** | |
| *Building A, Level 2, 11 Talavera Road, North Ryde, NSW 2113, Australia* | |
| 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 (Victoria) Pty Ltd | |
| George Weston Foods Limited | |
| Indonesian Yeast Company Pty Limited | |
| Mauri Fermentation Brazil Pty Limited | |
| 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, VIC 3178, Australia* | |
| AB Food & Beverages Australia Pty. Limited | |
| *170 South Gippsland Highway, Dandenong, VIC 3175, Australia* | |
| ABF Wynyard Park Limited Partnership | |
| **Austria** | |
| *Wollzeile 11/2. OG, 1010 Vienna, Austria* | |
| Primark Austria Ltd & Co KG | |
| **Bangladesh** | |
| *Level 13 Shanta Western Tower, Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka 1208, Bangladesh* | |
| Twinings Ovaltine Bangladesh Limited | |
| **Belgium** | |
| *Industriepark 2d, 9820 Merelbeke, Belgium* | |
| AB Mauri Belgium NV | |
| *Chaussée de la Hulpe 177/20, 1170 Bruxelles, Belgium* | |
| Primark SA | |
| **Brazil** | |
| *Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pedemeiras, State of Sao Paulo, CEP 17.280-000, Brazil* | |
| AB Brasil Indústria e Comércio de Alimentos Ltda | |
| *Alameda Madeira 328, 20th Floor, Room 2005, Alphaville – Barueri, Sao Paulo 06454-010, Brazil* | |
| AB Enzimas Brasil Comercial Ltda | |
| *Rua Cardeal Arcoverde. 1641 9th Floor, Sao Paulo, 05407002, Brazil* | |
| AB Vista Brasil Comércio De Alimentação Animal Ltda | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Canada** | |
| *Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Canada* | |
| AB Mauri (Canada) Limited | |
| **Chile** | |
| Miraflores Street No. 222, 28 Floor, Santiago, Chile | |
| Calsa Chile Inversiones Limitada | |
| **China** | |
| *No. 1 Tongcheng Street, A Cheng District, Harbin, Heilongjiang Province, China* | |
| AB (Harbin) Food Ingredients Company Limited | |
| Harbin Mauri Yeast Co., Ltd. (in liquidation) | |
| *No. 9 Third Row, Baxian Community-new village, Chengjiang Town, Du'an County, Hechi City, Guangzi, China* | |
| AB Agri Animal Nutrition (Guangzi) Co., Ltd (in liquidation) | |
| *North Huang He Road, Rudong New Economic Development Zone, Nantong City, Jiangsu Province, China* | |
| AB Agri Animal Nutrition (Nantong) Co., Ltd | |
| AB Agri Animal Nutrition (Rudong) Co., Ltd. | |
| *No 28. South Shunjin Road, Yintai District, Tongchuan, Shaanxi Province, China* | |
| AB Agri Animal Nutrition (Shaanxi) Co., Ltd. | |
| *Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tonggu County, Jiangxi Province, China* | |
| AB Agri Pumeixin Tech (Jiangxi) Co. Ltd. | |
| *Room 2802, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China* | |
| AB Enzymes Trading (Shanghai) Co., Ltd | |
| *Room 2803, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China* | |
| ABNA Management (Shanghai) Co., Ltd. | |
| ABNA Trading (Shanghai) Co., Ltd | |
| *Room 2906 Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China* | |
| *Unit 006, Room 401, Floor 4, Building 1, No. 15 Guanghua Road, Chaoyang District, Beijing, China* | |
| AB Mauri (Beijing) Food Sales and Marketing Company Limited | |
| *Building 1, 35 Chi Feng Road, Yangpu District, Shanghai 200092, China* | |
| AB Mauri Foods (Shanghai) Company Limited | 49% |
| *868 Yongpu Road, Pujiang Town, Minhang District, Shanghai 201112, China* | |
| ABNA (Shanghai) Feed Co., Ltd. | |
| *14 Juhai Road, Jinghai Development Zone, Tianjin, China* | |
| ABNA (Tianjin) Feed Co, Ltd | |
| *Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province, China* | |
| ABNA Feed (Anhui) Co., Ltd. | |
| *145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225, China* | |
| ABNA Feed (Liaoning) Co., Ltd. | |
| *17 Xiangyang Street, Tu Township, Chayou Qianqi, Inner Mongolia, China* | |

## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| Botian Sugar Industry (Chayou Qianqi) Co., Ltd. | |
| *No. 1 Botian Road, Economic Development Zone, Zhangbei County, Zhangjiakou City, Hebei Province, China* | |
| Botian Sugar Industry (Zhangbei) Co., Ltd. | |
| *Development Zone Administration Tower, Room 1110, No. 368, Changjiang Road, Nangang Concentrated District, Economic Development Zone, Harbin, China* | |
| Botian Sugar Industry Co., Ltd. | |
| *1 Industrial North Street, Zhangjiakou, Zhangbei County, Hebei Province, China* | |
| Hebei Mauri Food Co., Ltd. | |
| *8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China* | |
| Shanghai AB Food & Beverages Co., Ltd | |
| *No. 68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province, China* | |
| Yantai Mauri Yeast Co., Ltd. | 50% |
| **Colombia** | |
| *Cra 35# 34A-64, Palmira, Valle, Colombia* | |
| Fleischmann Foods S.A. | |
| **Czech Republic** | |
| *Nádražní 523, 349 01 Stříbro, Czech Republic* | |
| Bodit Tachov s.r.o. | |
| *Palladium, Na Poříčí 1079/3a, Prague 1, 110 00, Czech Republic* | |
| Primark Prodejny s.r.o. | |
| **Denmark** | |
| *Skjernvej 42, Trøstrup, 6920 Videbæk, Denmark* | |
| AB Neo A/S | |
| Middelfartveg 77, Baring, 5466 Asperup, Denmark | |
| Cowconnect ApS | |
| **Ecuador** | |
| *Medardo Ángel Silva 13 y Panamá, Manzana 12, El Recreo, Eloy Alfaro, Durán, Guayas, Ecuador* | |
| ABCALSA S.A. | |
| **Eswatini** | |
| *Ubombo Sugar Limited, Old Main Road, Big Bend, Eswatini* | |
| Bar Circle Ranch Limited | 33% |
| Illovo Swaziland Limited | 33% |
| Moyeni Ranch Limited | 33% |
| Ubombo Sugar Limited | 33% |
| **Finland** | |
| *Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200, Finland* | |
| AB Enzymes Oy | |
| *Tykkimäentie 15b (PO Box 57), Rajamäki, FI-05201, Finland* | |
| Enzymes Leasing Finland Oy | |
| **France** | |
| *40/42, avenue Georges Pompidou, 69003, à Lyon, France* | |
| AB Mauri France SAS | |
| *11 Rue de Milan, 75009, Paris, France* | |
| ABFI France SAS | |
| *5 Boulevard de l'Oise, Immeuble Le Rond Point, 95000 Cergy Pontoise, Cédex, France* | |
| Twinings & Co S.A.S. (previously Foods International SAS) | |
| *3-5 Rue Saint-Georges, 75009, Paris, France* | |
| Primark France SAS | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| *845 Chemin du Vallon du maire, 13240, Septemes les Vallons, France* | |
| SPI Pharma SAS | |
| **Germany** | |
| *Feldbergstrasse 78, 64293, Darmstadt, Germany* | |
| AB Enzymes GmbH | |
| *Wandsbeker Zollstrasse 59, 22041, Hamburg, Germany* | |
| ABF Deutschland Holdings GmbH | |
| Ohly GmbH | |
| Ohly Grundbesitz GmbH | |
| Rheinische Presshefe- und Spritwerke GmbH | |
| *Kennedyplatz 2, 45127, Essen, Germany* | |
| Primark Mode Ltd. & Co. KG | |
| Primark Property GmbH | |
| *Westendstrasse 28, 60325, Frankfurt am Main, Germany* | |
| Wander GmbH | |
| *Marie-Kahle-Allee 2, D-53113, Bonn, Germany* | |
| Westmill Foods Europe GmbH | |
| **Guernsey** | |
| *Dorey Court, Admiral Park, St. Peter Port, GY1 2HT, Guernsey* | |
| Talisman Guernsey Limited | |
| **Hong Kong** | |
| *Workshop D, 8th Floor, Reason Group Tower, No.403 Castle Peak Road, Kwai Chung, New Territories, Hong Kong* | |
| Associated British Foods Asia Pacific Holdings Limited | |
| **Hungary** | |
| *Károlyi utca 12. 3. em., Budapest, 1053, Hungary* | |
| PSH Violet Korlátolt Felelősségű Társaság | |
| **India** | |
| *#218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105, India* | |
| AB Mauri India Private Limited | |
| *First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030, India* | |
| SPI Specialties Pharma Private Limited | |
| *G3/41, New Budge Budge Trunk Road, Old Dakghar, Kolkata, West Bengal, 700141, India* | |
| Twinings Private Limited | |
| **Indonesia** | |
| *Wisma GKBI Lt.39, Suite 3901, No.28 Jl. Jend, Sudirman, Jakarta , Indonesia* | |
| 54.5% | |
| **Ireland** | |
| *47 Mary Street, Dublin 1, Ireland* | |
| Abdale Finance Limited | |
| Primark Holdings | |
| Primark Pension Trustees Limited | |
| 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland | |
| Allied Mills Ireland Limited | |
| Intellync Technology Limited | |
| *Arthur Ryan House, 22-24 Parnell Street, Dublin 1, Ireland* | |
| Primark Limited | |
| Primark Austria Limited | |
| Primark Mode Limited | |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Ireland – Non ABF** | |
| *24/26 City Quay, Dublin 2, D02 NY19, Ireland* | |
| Fortnum & Mason Limited | 100% |
| **Italy** | |
| *Viale Monte Nero, 84, 20135, Milan, Italy* | |
| AB Agri Italy S.r.l | |
| *Via Milano 42, 27045, Casteggio, (Pavia), Italy* | |
| AB Mauri Italy S.p.A. | |
| ABF Italy Holdings S.r.l. | |
| *Largo Francesco Richini 2/A, 20122, Milan, Italy* | |
| Primark Italy S.r.l. | |
| *Via Rizzotto 46, 41126, Modena (MO), Italy* | |
| Acetaia Fini Modena S.r.l. | |
| *Via Sandro Pertini 440, 401314, Cavezzo (MO), Italy* | |
| Acetum S.p.A. | |
| **Jersey** | |
| *First Floor, Durell House, 28 New Street, St. Helier, JE2 3RA, Jersey* | |
| Bonuit Investments Limited | |
| **Luxembourg** | |
| *69, Boulevard de la Pétrusse, L-2320, Luxembourg* | |
| ABF European Holdings & Co SNC (in liquidation) | |
| **Luxembourg – Non ABF** | |
| *3A, Val Sainte Croix, L-1371 Luxembourg* | 100% |
| WIF Luxembourg S.à r.l. | |
| **Malawi** | |
| *Illovo House, Churchill Road, Limbe, Malawi* | |
| Dwangwa Sugar Corporation Limited | 41% |
| Illovo Sugar (Malawi) plc | 41% |
| Malawi Sugar Limited | |
| **Malaysia** | |
| *Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, 59200 Jalan Kerinchi, Kuala Lumpur, Malaysia* | |
| AB Mauri Malaysia Sdn. Bhd. | 28% |
| **Malta** | |
| *171 Old Bakery Street, Valletta, VLT 1455, Malta* | |
| Relax Limited | 38% |
| **Mauritius** | |
| *10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius* | |
| Illovo Group Financing Services | |
| Illovo Group Holdings Limited | |
| Illovo Group Marketing Services Limited | |
| Kilombero Holdings Limited | |
| Sucoma Holdings Limited | |
| **Mexico** | |
| *Paseo de la Reforma No 2620, Edificio Reforma Plus, piso 8, 803, 804 y 805, 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, México* | |
| ACH Foods Mexico, S. de R.L. de C.V. | |
| *Avenida Javier Barros Sierra 495, piso 7 oficina 07-103, Col. Santa Fe, Alvaro Obregón, Ciudad de México, 01219, México* | |
| Servicios Alimentos Capullo, S. de R.L. de C.V. | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Mozambique** | |
| *KM75 EN1, Maçiana, Distrito de Manhiça, Provincia de Maputo, Mozambique* | |
| Maragra Açucar, S.A. | |
| **Netherlands** | |
| *Mijlweg 77, 3316 BE, Dordrecht, Netherlands* | |
| AB Mauri Netherlands B.V. | |
| AB Mauri Netherlands European Holdings B.V. | |
| Foods International Holding B.V. | |
| *Van Oldenbarneveltplaats 36, 3012 AH, Rotterdam, Netherlands* | |
| Primark Fashion B.V. | |
| Primark Netherlands B.V. | |
| Primark Stil B.V. | |
| *Weena 505, 3013AL Rotterdam, Netherlands* | |
| AB Vista Europe B.V. | |
| *7122 JS Aalten, Dinxperlosestraatweg 122, Netherlands* | |
| Germains Seed Technology B.V. | |
| *Oude Kerkstraat 55 4878 AK, Etten-Leur, Netherlands* | |
| Mauri Technology B.V. | |
| Dalsteindreef 141, Diemen, 1112XJ, Netherlands | |
| Westmill Foods Europe B.V. | |
| **New Zealand** | |
| *Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand* | |
| 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, 2 KM Hadyara Drain, Lahore, Pakistan* | |
| AB Mauri Pakistan (Private) Limited | 33% |
| **Peru** | |
| *Av. Republica de Argentina No. 1227, Z.I. La Chalaca, Callao, Peru* | |
| Calsa Perú S.A.C. | |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Philippines** | |
| *86 E Rodriguez Jr. Ave., Ugong Norte, QC,1604, Pasig City, Metro Manila, Philippines* | |
| AB Food & Beverages Philippines, Inc. | 54% |
| *1201-1202 Prime Land Building, Market Street, Madrigal Business Park, Ayala Alabang, Muntinlupa, 1770, Philippines* | |
| AB Mauri Philippines, Inc. | |
| **Poland** | |
| *Przemysłowa 2, 67-100 Nowa Sól, Lubuskie, Poland* | |
| AB Foods Polska Spólka z ograniczona odpowiedzialnoscia (AB Foods Polska Sp. z o.o.) | |
| *Towarowa 28,00-839 Warsaw, Poland* | |
| Primark Sklepy spolka z ograniczona odpowiedzialnoscia (Primark Sklepy sp. z.o.o) | |
| *ul. Rabowicka 29/31, 62-020, Swarzędz – Jasin, Poland* | |
| R. Twining and Company Spółka z ograniczona odpowiedzialnoscia (R. Twining and Company Sp. z o. o.) | |
| *ul. Główna 3A, Bruszczewo, 64-030, Śmigiel, Poland* | |
| AB Agri Polska spolka z organiczona odpowiedzialnoscia (AB Agri Polska sp.z.o.o) | |
| **Portugal** | |
| *Avenida Salvador Allende, n.º 99, Lisboa Oeiras, Julião da Barra, Paço de Arcos e Caxias, 2770-157, Paco de Arcos, Portugal* | |
| AB Mauri Portugal, S.A. | 52% |
| *Rua Castilho 50, 1250-071, Lisbon, Portugal* | |
| Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A. | |
| **Romania** | |
| *Sectorul 1, Strada Tipografilor, Nr. 11-15, S-Park, Corp B3-B4, Birou 38, Etaj 4, București, Romania* | |
| PSR Indigo S.R.L. | |
| **Rwanda** | |
| *Shop number E002B, 1st Floor, CHIC Building, Nyarugenge District, Nyarugenge Sector, Kigali City, Rwanda* | |
| 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** | |
| *Staromestska 3, 811 03 Bratislava - Stare Mesto, Slovakia* | |
| Primark Slovakia s.r.o. | |
| **Slovenia** | |
| *Bleiweisova cesta 30, 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) Ltd | |
| Illovo Distributors (Pty) Limited | |
| Illovo Sugar (South Africa) Proprietary Limited | |
| Illovo Sugar Africa Proprietary Limited | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| Illprop (Pty) Limited | |
| Lacsa (Pty) Limited | 38% |
| Noodsberg Sugar Company (Pty) Ltd | |
| Reynolds Brothers (Pty) Ltd | |
| S.A. Sugar Distributors (Pty) Limited | |
| Smithchem (Pty) Limited | |
| Umzimkulu Sugar Company (Pty) Ltd | |
| **Spain** | |
| *Calle Cardenal Marcelo Spínola, 42, 28016, Madrid, Spain* | |
| AB Azucarera Iberia, S.L. Sociedad Unipersonal | |
| AB Vista Iberia, S.L. | |
| *Calle Levadura, 5 14710, Villarrubia, Córdoba* | |
| AB Mauri Food, S.A | |
| AB Mauri Spain, S.L.U. | |
| ABF Iberia Holding S.L. | |
| *C/ Escultor Coomonte nº. 2, Entreplanta, Benavente, Zamora, Spain* | |
| Agroteo S.A. | 29% |
| *Calle Comunidad de Murcia, Parcela LIE-1-03, Plataforma Logistica de Fraga, 22520, Huesca, Spain* | |
| Alternative Swine Nutrition, S.L. | |
| *Calle Escoles Pies 49, Planta Baja, 08017 Barcelona, Spain* | |
| DR Healthcare España, S.L.U. | |
| *Avienda Virgen de Montserrat, 44 Castelloli, 08719, Barcelona, Spain* | |
| Germains Seed Technology, S.A. | |
| *Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid, Spain* | |
| Illovo Sugar Espana, S.L. | |
| *Gran Via, 32 5o 28013, Madrid, Spain* | |
| Primark Tiendas, S.L.U. | |
| *8, 2 Calle Via Servicio I, 2 CP, 19190 Torija, Guadalajara, Spain* | |
| Primark Logistica, S.L. Sociedad Unipersonal | |
| **Sri Lanka** | |
| *124 Templers Road, Mount Lavinia, Sri Lanka* | |
| AB Mauri Lanka (Private) Limited | |
| **Sweden** | |
| *Nobels väg 16, 171 65 Solna, Sweden* | |
| Larodan AB | |
| **Switzerland** | |
| *Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland* | |
| 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, Tanzania* | |
| Illovo Distillers (Tanzania) Limited | |
| Illovo Tanzania Limited | |
| Kilombero Sugar Company Limited | 41% |

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for the 53 weeks ended 18 September 2021

## 31. Group entities continued

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| **Thailand** | |
| *11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakhanong, Bangkok, 10260, Thailand* | |
| AB Food & Beverages (Thailand) Ltd. | |
| ABF Holdings (Thailand) Ltd. | |
| *1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand* | |
| AB World Foods Asia Ltd | |
| *229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540, Thailand* | |
| Jasol Asia Pacific Limited | |
| **Turkey** | |
| *Aksakal Mahallesi, Kavakpinari, Kume Evleri No. 5, Bandirma- Balikesir, 10245, Turkey* | |
| Mauri Maya Sanayi A.S. | |
| **United Arab Emirates** | |
| *Office 604°, Jafza LOB 15, Jebel Ali Freezone, Dubai, PO BOX 17620, United Arab Emirates* | |
| AB Mauri Middle East FZE | |
| **United States** | |
| *CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles CA 90017, United States* | |
| AB Mauri Food Inc. | |
| *The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States* | |
| 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. | |

| Subsidiary undertakings | % effective holding if not 54.5% |
|---|---|
| *101 Arch Street, Floor 3, Boston MA 02110, United States* | |
| Primark GCM LLC | |
| *158 River Road, Unit B, Clifton, NJ 07014, United States* | |
| Balsamic Express LLC | |
| *158 River Road, Unit A, Clifton, NJ 07014, United States* | |
| Modena Fine Foods, Inc. | |
| *Registered Agent Solutions, 1220 S St Ste 150, Sacramento CA 95811* | |
| PennyPacker, LLC | 44% |
| *Registered Agent Solutions Inc., 9 E Loockerman Street Suite 311, Dover, Kent DE 19901, United States* | |
| Prosecco Source, LLC | 44% |
| **United States – Non ABF** | |
| *5 Edgemoor Road, Suite 210,Wilmington, DE 19809, United States* | |
| Fortnum & Mason USA Inc | 100% |
| **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, Bolivarian Republic of Venezuela* | |
| Alimentos Fleischmann, C.A., | |
| Compañía de Alimentos Latinoamericana de Venezuela (CALSA) S.A. | |
| **Vietnam** | |
| *Unit 2, 100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Choi Minh City, Vietnam* | |
| AB Agri Vietnam Company Limited | |
| *La Nga Commune, Dinh Quan District, Dong Nai Province, Vietnam* | |
| AB Mauri Vietnam Limited | 36% |
| **Zambia** | |
| *Nakambala Estates, Plot No. 118a Lubombo Road, Off Great North Road, Zambia* | |
| Illovo Sugar (Zambia) Limited | |
| Nanga Farms PLC | 41% |
| Tukunka Agricultural Limited | 41% |
| Zambia Sugar plc | 41% |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

### Joint ventures

A list of the Group's joint ventures as at 18 September 2021 is given below. All joint ventures are included in the Group's financial statements using the equity method of accounting.

| Joint ventures | % holding |
|---|---|
| **United Kingdom** | |
| *Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom* | |
| Frontier Agriculture Limited | 50% |
| Boothmans (Agriculture) Limited | 50% |
| Forward Agronomy Limited | 50% |
| G F P (Agriculture) Limited | 50% |
| GH Grain Limited | 50% |
| GH Grain (No. 2) 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% |
| *Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG, United Kingdom* | |
| Southampton Grain Terminal Limited | 50% |
| *Kingseat, Newmacher, Aberdeenshire, AB21 0UE, Scotland, United Kingdom* | |
| Euroagkem Limited | 50% |
| Lothian Crop Specialists Limited | 50% |
| *47, Beaumount Seymour & Co, Butt Road, Colchester, Essex CO3 3BZ, United Kingdom* | |
| Anglia Grain Holdings Limited | 50% |
| *Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT, United Kingdom* | |
| Anglia Grain Services Limited | 50% |
| *Unit 8, Burnside Business Park, Burnside Road, Market Brayton, TF9 3UX, United Kingdom* | |
| B.C.W (Agriculture) Limited | 50% |
| *Witham St Hughs, Lincoln, LN6 9TN, United Kingdom* | |
| Nomix Enviro Limited | 50% |
| **United Kingdom – Non ABF** | |
| *Prologis House, Blythe Gate, Blythe Valley Park, Solihull, B90 8AH* | |
| 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% |
| **Australia** | |
| *Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113, Australia* | |
| Fortnum & Masons Pty Limited | 33% |
| **Chile** | |
| *Ave. Balmaceda 3500, Valdivia, Chile* | |
| Levaduras Collico S.A. | 50% |

| Joint ventures | % holding |
|---|---|
| **China** | |
| *1828 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province, China* | |
| Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd | 25% |
| *Jie Liang Zi, Huo Cheug, Yi Li, Xinjiang, China* | |
| Xinjiang Mauri Food Co., Ltd. | 50% |
| *Room 607, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China* | |
| AB Mauri Yihai Kerry Investment Company Limited | 50% |
| *Room 608, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China* | |
| AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd | 50% |
| *Ta Ha Comprehensive Industrial Park, Fuyu County Economic Development Area, Qiqihar, Heilongjiang Province, China* | |
| AB Mauri Yihai Kerry (Fu Yu) Yeast Tehcnology Co., Ltd | 50% |
| *Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province, China* | |
| AB Mauri Yihai Kerry (Dongguan) Food Co., Ltd | 50% |
| **Finland** | |
| *Tykkimäentie 15b (PO Box 57), Rajamäki, FIN-05201, Finland* | |
| Roal Oy | 50% |
| **France** | |
| *59, Chemin du Moulin, 695701, Carron, Dardilly, France* | |
| Synchronis | 50% |
| **Germany** | |
| *Brede 4, 59368, Werne, Germany* | |
| UNIFERM GmbH & Co. KG | 50% |
| INA Nahrmittel GmbH | 50% |
| UNIFERM Verwaltungs GmbH | 50% |
| *Brede 8, 59368, Werne, Germany* | |
| UNILOG GmbH | 50% |
| **Japan** | |
| *36F Atago Green Hills Mori Tower, 2-5-1 Atago, Minato-ku, Tokyo 105-6236, Japan* | |
| Twinings Japan Co Ltd | 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, South Africa* | |
| 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, United States* | |
| Stratas Foods LLC | 50% |
| Stratas Receivables I LLC | 50% |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

### Associates

A list of the Group's associates as at 18 September 2021 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

| Associates | % holding |
|---|---|
| **United Kingdom** | |
| *Pacioli House, Duncan Close, Moulton Park Industrial Estate, Northampton, NN3 6WL, United Kingdom* | |
| Bakers Basco Limited | 20% |
| *Paternoster House, 65 St. Paul's Churchyard, London, EC4M 8AB, United Kingdom* | |
| C. Czarnikow Limited | 43% |
| Czarnikow Group Limited | 43% |
| C. Czarnikow Sugar Futures Limited | 43% |
| C. Czarnikow Sugar Limited | 43% |
| Sugarworld Limited | 43% |
| *The Cook Kitchen, Eurolink Way, Sittingbourne, Kent, ME10 3HH, United Kingdom* | |
| Cook Trading Limited | 16% |
| *Vernon House, 40 New North Road, Huddersfield, West Yorkshire, HD1 5LS, United Kingdom* | |
| Proper Nutty Limited | 40% |
| **United Kingdom – Non ABF** | |
| *Parker Cavendish, 28 Church Road, Stanmore, Middlesex, HA7 4XR,* | |
| Vanneck Residential LLP | 28% |
| *Unit 1 Woodley Park Estate, 59-69 Reading Road, Woodley, Reading, RG5 3AN* | |
| Davidson Holdings Limited | 44% |
| *Beverley Park Golf Range, Beverley Way, New Malden, Surrey, KT3 4PH* | |
| The Adventure Experience Limited | 29% |
| *7 Savoy Court, London, WC2R 0EX* | |
| *London Theatre Company Holdings Limited* | 19% |
| **Australia** | |
| *283 Flagstaff Road, Brinkley SA 5253, Australia* | |
| Big Pork River (Australia) Pty Ltd | 20% |
| Big River Pork Pty Ltd | 20% |
| Murray Bridge Bacon Pty Ltd | 20% |
| *32 Davis Road, Wetherill Park, Sydney NSW 2164, Australia* | |
| New Food Coatings Pty Ltd | 50% |
| **Bahrain** | |
| *Suite No. 1959 Diplomatic Commercial Office, Tower B, Building No. 1565, Road 1722, Diplomatic Area/Manama 317, Bahrain* | |
| Czarnikow Supply Chain Sales for Food & Beverage Ingredients Bahrain S.P.C. | 43% |
| **Brazil** | |
| *Avenida Presidente Juscelino Kubitschek, n.° 2.041, 11° andar- Vila Olímpia, CEP 04.543-011, São Paulo, Brasil* | |
| Czarnikow Brasil Ltda | 43% |
| *Rua Fidêncio Ramos, 308, cj64, Torre A, Vila Olímpia, São Paulo, SP, Cep 04551-010, Brasil* | |
| Cz Energy Comercializado Ra De Etanol S.A | 21% |
| **China** | |
| *Room 17A01, 232 Zhong Shan 6th Road, Guangzhou City, Guangdong Province, 510180, China* | |
| C. Czarnikow Sugar (Guangzhou) Company Ltd | 43% |
| **India** | |
| *House No. 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India* | |
| C. Czarnikow Sugar (India) Private Limited | 43% |

| Associates | % holding |
|---|---|
| **Indonesia** | |
| *Komplex Puri Mutiara Blok A21-22, JL. Griya Utama, Sunter Agung, Jakarta, 14350, Indonesia* | |
| PT Indo Fermex | 49% |
| P.T. Jaya Fermex | 49% |
| PT Sama Indah | 49% |
| **Israel** | |
| *3 Golda Meir St. Ness Ziona, 74-036, Israel* | |
| Sucarim (Czarnikow Israel Sugar Trading) Ltd | 43% |
| *8th Galgalay haplada, Herzlia, Israel* | |
| Sucris Limited | 21% |
| **Italy** | |
| *Via Borgogna, 2-20122, Milan, Italy* | |
| Czarnikow Italia Srl | 43% |
| **Kenya** | |
| *I & M Bank House, Second Ngong Avenue, P.O. Box 10517, Nairobi 00100, Kenya* | |
| C. Czarnikow Sugar (East Africa) Limited | 43% |
| **Mauritius** | |
| *No 5 President John Kennedy Street, Port Louis, Mauritius* | |
| Sukpak Limited | 30% |
| **Mexico** | |
| *Descartes #54 Int. 101, Col. Nueva Anzures Ciudad de Mexico, 11590, Mexico* | |
| C. Czarnikow Sugar (Mexico), S.A. de C.V. | 43% |
| Czarnikow Servicios de Personales (Mexico), S.A. de C.V. | 43% |
| **New Zealand** | |
| *c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand* | |
| New Food Coatings (New Zealand) Limited | 50% |
| **Philippines** | |
| *Unit A, 103 Excellence Avenue, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna, Philippines* | |
| New Food Coatings (Philippines) Inc. | 50% |
| **Singapore** | |
| *3 Phillip Street, #14-01 Royal Group Building, Singapore 048693* | |
| C. Czarnikow Sugar Pte. Limited | 43% |
| **South Africa** | |
| *1 Gledhow Mill Road, Gledhow, Kwadukuza, 4450, South Africa* | |
| Gledhow Sugar Company (Pty) Limited | 30% |

# Notes to the consolidated financial statements

for the 53 weeks ended 18 September 2021

## 31. Group entities continued

| Associates | % holding |
|---|---|
| **Tanzania** | |
| *7th Floor Amani Place, Ohio Street, PO Box 38568, Dar-es-Salaam, Tanzania* | |
| Czarnikow Tanzania Limited | 43% |
| *Msolwa Mill Office, Kidatau, Tanzania* | |
| Kilombero Sugar Distributors Limited | 20% |
| **Thailand** | |
| *909 Moo 15, Teparak Road, Tambol Bangsaothong, King Amphur Bangsaothong, Samutprakam, Thailand* | |
| Newly Weds Foods (Thailand) Ltd | 50% |
| Newly Weds Foods (Trading) Limited (in liquidation) | 50% |
| *1203, 12th Floor, Metropolis Building, 725 Sukhumvit Road, North Klongton, Wattana, Bangkok, 10110, Thailand* | |
| Czarnikow (Thailand) Limited | 43% |
| **United States** | |
| *333 SE 2nd Avenue, Suite 2860, Miami, FL 33131, USA* | |
| C. Czarnikow Sugar Inc. | 43% |
| **Vietnam** | |
| *5th Floor, IMC Tower, 62 Tan Quang Khai, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam* | |
| Czarnikow (Vietnam) Limited | 43% |

# Company balance sheet

at 18 September 2021

| | Note | 2021 £m | 2020 (restated)[i] £m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | 1 | **3** | 3 |
| Investments in subsidiaries | 2 | **1,042** | 1,036 |
| Investments in associates[i] | 3 | **2** | 2 |
| Deferred tax assets[i] | 4 | **3** | 2 |
| | | **1,050** | 1,043 |
| **Current assets** | | | |
| Trade and other receivables[i] | 5 | **676** | 727 |
| Other investments[i] | 6 | **30** | 39 |
| Income tax[i] | | **5** | 2 |
| Cash and cash equivalents | | **112** | 75 |
| | | **823** | 843 |
| **Current liabilities** | | | |
| Trade and other payables[i] | 7 | **(7)** | (9) |
| **Net current assets** | | **816** | 834 |
| **Non-current liabilities** | | | |
| Employee benefits liabilities[i] | 8 | **(10)** | (10) |
| **Net assets** | | **1,856** | 1,867 |
| **Equity** | | | |
| Called up share capital | 9 | **–** | – |
| Share premium account | 9 | **382** | 382 |
| Retained earnings | 9 | **1,474** | 1,485 |
| **Total equity attributable to equity shareholders** | | **1,856** | 1,867 |

(i) The Company has chosen to separately disclose balances previously included within Other investments, Trade and other receivables and Trade and other payables. This change has no impact on Net Assets or Comprehensive Income.

The Company's profit for the 53 week period ended 18 September 2021 was £93m (52 week period ended 12 September 2020: £218m).

The financial statements on pages 72 to 76 were approved by the Board of directors on 16 December 2021 and were signed on its behalf by:

**Sir Guy Weston**
Chairman

# Company statement of changes in equity

for the 53 weeks ended 18 September 2021

| | Share capital £m | Share premium £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|
| Balance at 14 September 2019 | – | 382 | 1,371 | 1,753 |
| **Total comprehensive income** | | | | |
| Profit for the period | – | – | 218 | 218 |
| Other comprehensive income | – | – | – | – |
| Total comprehensive income for the period | – | – | 218 | 218 |
| **Transactions with owners** | | | | |
| Dividends paid to equity shareholders | – | – | (104) | (104) |
| Balance at 12 September 2020 | – | 382 | 1,485 | 1,867 |
| **Total comprehensive income** | | | | |
| Profit for the period | **–** | **–** | **93** | **93** |
| Other comprehensive income | **–** | **–** | **–** | **–** |
| Total comprehensive income for the period | **–** | **–** | **93** | **93** |
| **Transactions with owners** | | | | |
| Dividends paid | **–** | **–** | **(104)** | **(104)** |
| **Balance at 18 September 2021** | **–** | **382** | **1,474** | **1,856** |

# Company accounting policies

for the 53 weeks ended 18 September 2021

## Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million. They are prepared under the historical cost basis, except that Other Investments are stated at their fair value, and in accordance with FRS 101 and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

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. The principal accounting policies adopted are described below. They have all been applied consistently to all years presented.

## 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.

## Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

## Investments in associates

Investments in associates are stated at cost less any provision for impairment.

## Impairment

The carrying amount of the Company's investments in subsidiaries and other assets 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. An impairment charge is recognised in the income statement whenever the carrying amount of an asset exceeds its 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, 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.

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.

## *Financial assets and liabilities*

The Company recognises financial assets and liabilities when it becomes a party to the contractual provision of the relevant financial instrument.

**Trade and other receivables**

The Company records trade and other receivables initially at fair value and subsequently 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.

**Trade payables**

The Company records trade payables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value.

**Other investments**

Equity investments where the Company does not have significant influence, control or joint control are measured at fair value through profit and loss (FVTPL), and are carried in the statement of financial position at fair value with net changes in fair value recognised in profit and loss.

## Pensions and other post-employment benefits

The Company operates one defined contribution and one unfunded post-employment plan. For the unfunded plan, 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 Company during the year. It also includes interest expense calculated by applying the liability discount rate to the pension liability. The present value of liabilities is disclosed as a 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. Contributions payable by the Company in respect of defined contribution plans are charged to operating profit as incurred.

## Income tax

Income tax on 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 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, using tax rates enacted or substantively enacted at the balance sheet date, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

## 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.

# Notes to the Company financial statements

for the 53 weeks ended 18 September 2021

## 1. Investment Property

| | £m |
|---|---|
| At 12 September 2020 | 3 |
| Additions | – |
| **At 18 September 2021** | **3** |

## 2. Investments in subsidiaries

| | Listed | Unlisted | Total £m |
|---|---|---|---|
| At 12 September 2020 | 345 | 691 | 1,036 |
| Additions | – | 6 | 6 |
| **At 18 September 2021** | **345** | **697** | **1,042** |

Investments in subsidiary undertakings are shown at cost less amounts written off. Investments include 403,341,215 ordinary shares of 5 15/22p (2020 - 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 18 September 2021 the market value of the holding was £7,623m (2020 - £7,819m). 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 (2020 – 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 31of the Company's consolidated financial statements. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

## 3. Investments in associates

| | £m |
|---|---|
| At 12 September 2020 | 2 |
| Additions | – |
| **At 18 September 2021** | **2** |

A list of associate undertakings is given in note 31 of the Company's consolidated financial statements.

## 4. Deferred tax assets

| | £m |
|---|---|
| At 12 September 2020 | 2 |
| Effect of changes in tax rate on income statement | 1 |
| **At 18 September 2021** | **3** |

## 5. Trade and other receivables

| | **2021 £m** | 2020 £m |
|---|---|---|
| Amounts falling due within one year | | |
| Amounts owed by subsidiary undertakings | **673** | 722 |
| Other debtors | **3** | 5 |
| | **676** | 727 |

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

## 6. Other Investments

| | **2021 £m** | 2020 £m |
|---|---|---|
| Unlisted investments | **1** | 16 |
| Listed investments | **29** | 23 |
| | **30** | 39 |

# Notes to the Company financial statements

for the 53 weeks ended 18 September 2021

## 7. Trade and other payables

| | 2021 £m | 2020 £m |
|---|---|---|
| Amounts falling due within one year | | |
| Accruals and deferred income | **1** | – |
| Amounts due to subsidiary undertakings | **6** | 9 |
| | **7** | 9 |

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

## 8. Employee benefits liabilities

| | £m |
|---|---|
| At 14 September 2019 | 10 |
| Current service cost | – |
| Actuarial gain | – |
| At 12 September 2020 | **10** |
| Current service cost | – |
| Actuarial gain | – |
| At 18 September 2021 | **10** |

The Company operates one unfunded post-employment plan which is accounted for in the same way as the Group's defined benefit retirement schemes detailed in note 14 of the consolidated financial statements. Applicable actuarial assumptions are stated on page 37. The Company's unfunded liability forms part of the Group's £47m (2020: £38m) unfunded UK liabilities disclosed on page 38.

## 9. Capital and reserves

**Share capital**

| | Ordinary shares of 50p each | Nominal Value £ |
|---|---|---|
| Authorised - At 18 September 2021 and 12 September 2020 | 900,000 | 450,000 |
| Issued and fully paid - At 18 September 2021 and 12 September 2020 | 862,022 | 431,011 |

**Dividends**

Details of dividends paid are provided in note 8 to the consolidated financial statements.

## 10. Related parties

The Company has a controlling shareholder relationship with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. The Company has a related party relationship with its subsidiaries, associates and joint ventures and directors. In the course of normal operations, related party transactions entered into by the Company have been contracted on an arm's length basis.

Material transactions and year end balances with related parties (excluding wholly owned subsidiaries) were as follows:

| | 2021 £'000 | 2020 £'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 | **3,729** | 3,532 |
| (ii) Directors of Wittington Investments Limited who are not Trustees of The Foundation | **987** | 881 |
| | | |
| Amounts due from joint ventures and associates | **12,318** | 11,904 |
| Provision for doubtful debts on amounts due from joint ventures and associates | **(300)** | – |

See note 30 to the consolidated financial statements for further details.

## 11. Other information

**Emoluments of directors**

Note 5 to the consolidated financial statements of the Group provides details of Directors remuneration.

**Employees**

The Company had an average of 34 employees in 2021 (2020 – 34).

**Auditors' fees**

Note 4 to the consolidated financial statements of the Group provides details of the remuneration of the Company's auditors on a Group basis.