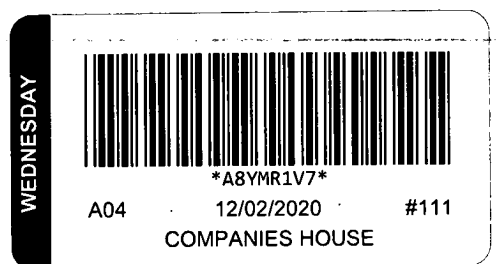


Primark Stores Limited

Directors' Report and financial statements for the period of
52 weeks ended 14 September 2019

Registered number: 453448



**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the period of 52 weeks ended 14 September 2019**

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COMPANY INFORMATION**DIRECTORS**

Mr. J. G. Bason
Mr. B. J. M. Mansfield
Mr. S. S. Gibbs

SECRETARY

Ms. R. S. Schofield

REGISTERED OFFICE

Weston Centre,
10 Grosvenor Street,
London,
W1K 4QY.

REGISTERED NUMBER

453448

BANKERS

Lloyds TSB Bank plc,
PO Box 72,
Bailey Drive,
Gillingham Business Park,
Kent, ME8 0LS.

Royal Bank of Scotland,
Ulster Bank Group Centre,
George's Quay,
Dublin 2,
Ireland.

Santander UK plc,
2 Triton Square,
Regent's Place,
London, NW1 3AN.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

STRATEGIC REPORT**for the period of 52 weeks ended 14 September 2019***PRINCIPAL ACTIVITIES*

The principal activity of the company is the operation of retail outlets in the United Kingdom under the Primark name. The directors intend to continue to develop these activities for the foreseeable future.

BUSINESS MODEL

The global Primark business model is based on delivering high sales volumes at lower retail margins. This is achieved by buying in vast quantities, keeping overheads to a minimum and passing cost savings to our customers. Primark continues to invest in state-of-the-art infrastructure which enables retail outlets to replenish stocks quickly, maintain high quality standards and perform rigorous product testing at every stage in the supply chain.

The company's growth has been achieved through a combination of increasing selling space along with continuing investment in refreshing existing stores to ensure they remain exciting places to shop. The increase in selling space has been driven by capital investment in freehold and leasehold properties as they have become available, on the high streets of the UK, in shopping centres, and more recently in retail parks. With a unique combination of the latest fashion and lean operations, Primark offers customers quality, up-to-the-minute designs at value-for-money prices. Primark's range includes ladies' clothing, underwear & nightwear, kids' clothing, men's clothing, ladies' footwear, accessories, ladies' hosiery, health & beauty and home.

BUSINESS REVIEW

In the 52 weeks ended 14 September 2019:

- turnover was £3,449.3 million (2018: £3,346.7 million);
- profit before taxation was £331.3 million (2018: £333.1 million); and
- net equity was £1,102.8 million (2018: £841.8 million).

The company performed well, with sales were 3% ahead of last year. Like-for-like sales for the full year declined by 1% but outperformed the weak clothing, footwear and accessories market.

In the second half of the year, Primark's global buying, merchandising, design, sourcing and quality functions, previously located in Reading and Dublin, were consolidated in Dublin to further enable a single global product range for Primark's customers and the delivery of efficiencies, and to support Primark's expansion into international markets.

The company continues to benefit significantly from access to Primark Limited in Ireland and its Leadership Team, including the business format they developed and run and access to the intellectual property, knowhow and services they provide.

STRATEGIC REPORT**for the period of 52 weeks ended 14 September 2019 (Continued)***BUSINESS REVIEW (Continued)*

Retail selling space increased by 0.32 million sq. ft. during the period to 7.45 million sq. ft. New stores were opened in Hastings, Bluewater, Belfast Donegall Place and Milton Keynes during the year. Commonwealth House in Belfast was opened during the year and stores in Harrow, Newtownabbey and Birmingham were relocated to bigger locations. Birmingham is now our flagship store and our largest store in the whole estate at 0.16 million sq. ft. Significant extensions also were carried out to stores in Merryhill and Peckham. This brought the total number of stores to 189 at year end.

KEY PERFORMANCE INDICATORS

Primark management monitors a range of key performance indicators against budgets, forecasts and prior periods. These performance indicators include:

Sales volumes and values

Sales were satisfactory during the period with reference to market conditions in the UK.

Margins

Gross profit margin as presented in the income statement decreased from 19% to 18.5% due to increased administration costs and an increase in the cost of buying stock in US dollars.

RESULTS AND DIVIDENDS

The income statement for the period of 52 weeks ended 14 September 2019 and the Balance Sheet at that date are set out on pages 14 and 17, respectively.

Profit on ordinary activities before taxation amounted to £331.3 million (2018: £333.1 million). The profit for the period after taxation is £262.5 million (2018: £232.4 million) which is available for distribution.

There were no dividends declared or paid in the current year (2018: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risks and uncertainties facing the company (which are typical of those facing the retail sector) are:

- margin reduction due to competition and/or currency exposure
- increases in raw material costs
- changes in consumer spending patterns, including in relation to environmental sustainability
- retaining key employees and succession planning
- VAT rate changes
- socio-political uncertainty
- workplace health and safety
- product safety and quality
- retail rent and rates
- breaches of I.T and information security
- Brexit and the resulting uncertainties at the time of signing accounts. We have evaluated Brexit and have completed all practical preparations and have contingency plans in place should we experience some disruption at the time of exit.

STRATEGIC REPORT**for the period of 52 weeks ended 14 September 2019 (Continued)***PRINCIPAL RISKS AND UNCERTAINTIES (Continued)*

Our approach to risk management incorporates potential short-term market volatility and evaluates longer-term socio-economic and political scenarios.

FINANCIAL RISK MANAGEMENT

The directors consider the company's financial risk profile to be low. Borrowings are low relative to the company's asset base. Liquidity, cash flow and credit risks are low due to the cash-based nature of the business and the strong cash flows generated. Where the company is exposed to currency fluctuations it is Primark's policy to hedge the underlying transaction using foreign currency forward contracts, thereby fixing the rate of any material payments in a foreign currency. Hedge accounting is used when certain criteria are met, as explained in the accounting policy, note 1(o).

Other financial risks include price risk - as a value retailer, Primark constantly monitors developments in market pricing and responds accordingly.

FUTURE DEVELOPMENTS

No new stores in the UK have opened since the year end. An extension in Norwich opened on 4 December 2019.

On behalf of the board



S. S. Gibbs
Director

Date: 28/01/2020

DIRECTORS' REPORT**for the period of 52 weeks ended 14 September 2019**

The directors present their report together with the audited financial statements of Primark Stores Limited for the 52 week period ended 14 September 2019.

Included in the Strategic Report are the following areas which would otherwise have been disclosed in the Directors' Report:

- Principal Risks and Uncertainties
- Financial Risk Management
- Future Developments

DIRECTORS, SECRETARY AND THEIR INTERESTS

The directors and secretary who held office during the period and subsequent to the period end are as follows:

Directors:

- Mr J. G. Bason
- Mr B. J. M. Mansfield
- Mr S. S. Gibbs

Secretary:

- Ms R. S. Schofield

In accordance with the Articles of Association, the directors are not required to retire by rotation.

The directors and secretary who held office at 14 September 2019 had no beneficial interest in the share capital of the company during the financial period.

No director or secretary had at any time during the period any material interest in a contract with the company, other than service contracts.

EMPLOYMENT POLICIES

The company is committed to offering equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard for their particular aptitudes and abilities. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the company an opportunity for retraining and for continuation in employment. It is company policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

The company is committed to the further development of employee communication and consultation ensuring at all times that employees are informed of developments affecting the company.

DIRECTORS' REPORT**for the period of 52 weeks ended 14 September 2019 (Continued)***HEALTH AND SAFETY*

The company keeps its safety, health and environmental performance and levels of legal compliance under regular review and ensures that its risk management controls are appropriate and effective. The company's board of directors reviews these at least annually, as does the board of Associated British Foods plc.

DIRECTORS' INDEMNITIES

The directors have benefited from the ABF group's Directors and Officers Insurance policy.

POLITICAL DONATIONS

The company made no political donations during the period (2018: £nil).

PARENT UNDERTAKING

The immediate holding company is ABF Investments plc, a company registered in England and Wales. The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc.

The consolidated accounts of these groups are available to the public and may be obtained from the registered office of Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were members of the board at the time of approving the Directors' Report are listed on page 3. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events since the Balance Sheet date which would require disclosure in the financial statements.

DIRECTORS' REPORT

for the period of 52 weeks ended 14 September 2019 (Continued)

GOING CONCERN

The financial statements are prepared on a going concern basis as the company's immediate parent undertaking has agreed to provide sufficient funds, to the extent they are required, to enable the company to meet all debts as they fall due for a period of twelve months from the date of approval of the financial statements.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young, Chartered Accountants will therefore continue in office.

On behalf of the board



S. S. Gibbs
Director

Date: 28/01/2020

DIRECTORS' RESPONSIBILITIES STATEMENT
for the period of 52 weeks ended 14 September 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these 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;
- 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



S. S. Gibbs
Director

Date: 28/01/2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED

Opinion

We have audited the financial statements of Primark Stores Limited for the period of 52 weeks ended 14 September 2019 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 company's affairs as at 14 September 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED (Continued)

Other information

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

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

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

We have nothing to report in this regard.

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 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED (Continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


Roger Wallace (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 30 January 2020

INCOME STATEMENT**for the period of 52 weeks ended 14 September 2019**

		<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
	<i>Note</i>		
Turnover – continuing operations	2	3,449,257	3,346,702
Cost of sales		(2,811,185)	(2,711,960)
Gross profit		638,072	634,742
Distribution costs		(66,067)	(64,326)
Administration expenses		(239,060)	(237,273)
Other operating income		3,715	3,274
Profit on disposal of fixed assets		-	278
Operating profit – continuing operations	3	336,660	336,695
Interest payable and similar charges	4	(5,379)	(3,546)
Profit on ordinary activities before taxation		331,281	333,149
Tax on profit on ordinary activities	6	(68,762)	(100,773)
Profit for the financial period		262,519	232,376

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period of 52 weeks ended 14 September 2019

	<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
Profit for the financial period	262,519	232,376
Other comprehensive income		
Items that are or may be subsequently reclassified to profit or loss:		
Net (loss)/gain on hedging instruments	(3,416)	19,318
Tax on items relating to components of other comprehensive income	581	(3,284)
	<hr/>	<hr/>
Other comprehensive (loss)/income or the period	(2,835)	16,034
	<hr/>	<hr/>
Total comprehensive income for the period	<u>259,684</u>	<u>248,410</u>

STATEMENT OF CHANGES IN EQUITY
for the period of 52 weeks ended 14 September 2019

	<i>Called-up share capital £'000</i>	<i>Share based payment reserve £'000</i>	<i>Cash flow hedge reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total equity £'000</i>
At 16 September 2017	50,000	5,369	(16,698)	554,379	593,050
Profit for the financial period	-	-	-	232,376	232,376
Other comprehensive income for the period	-	-	16,034	-	16,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	16,034	232,376	248,410
Share-based payment transactions	-	373	-	-	373
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 15 September 2018	50,000	5,742	(664)	786,755	841,833
Profit for the financial period	-	-	-	262,519	262,519
Other comprehensive loss for the period	-	-	(2,835)	-	(2,835)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive (loss)/income for the period	-	-	(2,835)	262,519	259,684
Share-based payment transactions	-	1,322	-	-	1,322
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 14 September 2019	50,000	7,064	(3,499)	1,049,274	1,102,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

BALANCE SHEET
at 14 September 2019

		<i>At</i> 14 September 2019 £'000	<i>At</i> 15 September 2018 £'000
	<i>Note</i>		
FIXED ASSETS			
Tangible assets	7	1,516,219	1,484,770
CURRENT ASSETS			
Stock	8	564,326	508,960
Debtors	9	53,774	69,036
Cash at bank and in hand		37,592	35,932
		<u>655,692</u>	<u>613,928</u>
CREDITORS (amounts falling due within one year)	10	(922,551)	(1,113,362)
NET CURRENT LIABILITIES		<u>(266,859)</u>	<u>(499,434)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,249,360	985,336
CREDITORS (amounts falling due after more than one year)	11	(128,975)	(120,670)
Provision for liabilities and charges	12	(17,546)	(22,833)
NET ASSETS		<u>1,102,839</u>	<u>841,833</u>
CAPITAL AND RESERVES			
Called-up share capital	13	50,000	50,000
Share-based payment reserve		7,064	5,742
Cash flow hedge reserve		(3,499)	(664)
Profit and loss account		1,049,274	786,755
SHAREHOLDER'S FUNDS – EQUITY		<u>1,102,839</u>	<u>841,833</u>

On behalf of the board



S. S Gibbs
Director

Date: 28/01/2020

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The company is a private limited company incorporated and domiciled in England and Wales. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Accounting period

It is the policy of the company to make up its financial statements to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 14 September 2019.

(b) Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure. The financial statements of Primark Stores Limited were authorised for issue by the Board of Directors on 28 January 2020.

The financial statements are prepared on a going concern basis as the company's immediate parent undertaking has agreed to provide sufficient funds, to the extent they are required, to enable the company to meet all debts as they fall due for a period of twelve months from the date of approval of the financial statements.

The company's financial statements are presented in sterling which is also the company's functional currency, all values are rounded to the nearest thousand pounds and have been prepared on a historic cost basis unless otherwise indicated. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 14 September 2019.

(c) Judgements and key sources of estimation uncertainty

In applying the accounting policies management has made estimates in a number of areas and the actual outcome may differ from those calculated. Key sources of judgement and 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 period, are set out below.

NOTES TO THE FINANCIAL STATEMENTS**14 September 2019 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(c) Judgements and key sources of estimation uncertainty (continued)***Stock valuation:*

The company uses the retail method for stock valuation. The cost of inventory is determined by reducing the sales value of the inventory by its percentage gross margin. The percentage used takes into consideration inventory that has been marked down to below its original selling price. An average percentage margin for each retail department is used with inherent estimation required in relation to determining the mix of stock purchases which remain on hand at period end.

Useful lives of properties:

Assessment of useful lives of properties involves judgement in relation to the split between land and property values. Management considers store location, industry benchmarks and group accounting policies to determine split between land and property value and appropriate useful lives.

(d) Disclosure exemptions

The company is a qualifying company as defined in FRS 101. Its financial statements are included in the financial statements of Associated British Foods plc which are prepared in accordance with International Financial Reporting Standards as adopted by the EU and can be obtained from www.abf.co.uk. The company has taken advantage of the following FRS 101 disclosure exemptions:

- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1,
 - paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraphs 10(d), 10(f), 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*; and
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment* in respect of group settled share-based payments;
- the requirements of IFRS 7 *Financial Instruments: Disclosures*; and
- the requirements of paragraph 91 to 99 IFRS 13 *Fair Value Measurement*.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *New accounting policies*

The following accounting standards and amendments were adopted during the year and had no significant impact on the company, except as further described below:

IFRS 9 Financial Instruments:

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The company adopted IFRS 9 on 16 September 2018 and has applied it for the first time in the 2019 financial year, without restating comparative information. No adjustment to recognise the impact of applying IFRS 9 as at 16 September 2018 was required.

IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a principles-based approach to recognising revenue only when performance obligations are satisfied, and control of the related goods or services is transferred. It addresses items such as the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 18 *Revenue* and other related requirements.

The company's revenue recognition process is at the point of sale for retail. There is no significant judgement required in determining the timing of the company's revenue. The company adopted IFRS 15 on 16 September 2018 and has applied it for the first time in the 2019 financial year. IFRS 15 was adopted retrospectively without the requirement to restate comparative information. IFRS 15 had no impact on the company's reported revenue or profits. No cumulative adjustment to recognise the impact of applying IFRS 15 as at 16 September 2018 was required.

(f) *Turnover*

Turnover represents the value of sales made to customers after deduction of discounts, sales taxes and a provision for returns. Discounts include price discounts, certain promotional activities and similar items. Turnover from the sale of goods is recognised when the customer purchases goods in-store. Returns are provided for as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account historical trends and past experience.

Turnover from the sale of inventory to other Primark subsidiaries is recognised on dispatch of goods.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and impairment charges. No depreciation is provided on freehold land. The charge for depreciation is calculated to write down the cost of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives. Leasehold properties are written off over the shorter of the lease term and their useful lives.

The anticipated useful life of other tangible fixed assets is generally deemed to be no longer than:

Freehold and leasehold property	40 - 66 years
Fixtures and fittings	10 - 20 years
Computers (included in fixtures and fittings)	5 years

An item of tangible fixed assets is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of an asset is included in the income statement in the period of de-recognition, as part of operating profit if it relates to operating activities.

The carrying amounts of tangible fixed 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.

(h) *Leased assets*

Tangible fixed assets acquired under finance leases are recognised as assets within property, plant and equipment at the inception of the lease at the lower of fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the income statement on the same basis as owned assets. Payments made under finance leases are apportioned between capital repayments and interest expense charged to the income statement.

Rental payments on operating leases, where all the risks and rewards of ownership of an asset remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease, as is the benefit of lease incentives.

Premia received as incentives to enter into operating leases are held on the balance sheet as deferred credits and are recognised in the income statement on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS**14 September 2019 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Stocks**

Stocks are valued at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less appropriate trading margin. Net realisable value is the estimated selling price less all related selling, distribution and marketing costs. All retail inventories are finished goods.

(j) Taxation

Corporation tax payable is provided on taxable profits at the prevailing rate. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

(k) Share-based payments

Associated British Foods plc operates a share incentive plan which allows certain employees to receive allocations of shares subject to the attainment of specified financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the company, with a corresponding increase in equity. The fair value is measured at grant date and charged to the Income Statement over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Amounts charged to the company, in respect of the shares exercised with the company's parent, are accounted for as a charge to equity in the period in which the recharge occurs.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Income Statement.

(m) Pension costs

The company is a member of the Associated British Foods Pension Scheme. FRS 101 requires the sponsoring employer, Associated British Foods plc, to account for the defined benefit pension scheme in their financial statements as a defined benefit pension scheme in full and hence contributions made by the company are accounted for as if it were a defined contribution scheme. The cost recognised within the Income Statement for the period is based on the contributions payable to the scheme this period.

(n) Debtors

Debtors and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through Income Statement when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

(o) Derivative financial instruments

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

Derivatives are recognised in the balance sheet at fair value, based on market prices or rates, or calculated using either discounted cash flow or option pricing models. Changes in the value of derivatives are recognised in the Income Statement unless qualify for hedge accounting, when recognition of any change in fair value depends on the nature of item being hedged.

The purpose of hedge accounting is to mitigate the impact on the company's Income Statement of changes in foreign exchange, by matching the impact of the hedged risk and hedging instrument in the Income Statement.

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

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

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) *Derivative financial instruments (continued)*

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is retained in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments relating to an underlying exposure that no longer exists are taken to the Income Statement. The company economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting. Any derivatives that the company holds to hedge this exposure are classified as 'fair value through profit and loss' within derivative assets and liabilities. Changes in the fair value of such derivatives and the foreign exchange gains and losses arising on the related monetary items are recognised within operating profit.

(p) *Cash*

Cash in the balance sheet comprise cash at bank and in hand.

(q) *Financial instruments - initial recognition and subsequent measurement*

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provision of the instrument.

(i) *Financial assets**Initial recognition and subsequent measurement*

As of 16 September 2018, the company assessed which business models apply to each category of its financial assets and classified them into the three categories defined by IFRS 9: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The financial assets recognised by the company includes cash and cash equivalents, other receivables, intercompany receivables and derivative financial instruments. The company holds no financial assets at fair value through other comprehensive income.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

NOTES TO THE FINANCIAL STATEMENTS**14 September 2019 (Continued)**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) *Financial instruments - initial recognition and subsequent measurement (Continued)*(i) *Financial assets (continued)**Financial assets at amortised cost*

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Income Statement when the asset is derecognised, modified or impaired.

The financial assets at amortised cost includes amounts due from fellow group undertakings.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the Income Statement.

This category includes derivative financial instruments.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS**14 September 2019 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(q) Financial instruments - initial recognition and subsequent measurement (Continued)****(i) Financial assets (continued)***Impairment*

The company holds other receivables and intercompany receivables which are subject to impairment under IFRS 9's expected credit loss model. The company revised its impairment methodology under IFRS 9 for each of these classes of assets. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all receivables.

(ii) Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities mainly comprise trade and other payables, amounts due to fellow group undertakings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the Income Statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. This category includes derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
14 September 2019 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(q) Financial instruments - initial recognition and subsequent measurement (Continued)****(ii) Financial liabilities (continued)***Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

2. TURNOVER

Turnover arises in the United Kingdom and is derived solely from retail trading activities.

3	STATUTORY AND OTHER INFORMATION	<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
	Operating profit is stated after charging:		
	Depreciation		
	- finance leased assets	186	186
	- owned assets	107,088	91,890
	Impairment	-	20,000
	Insurance income	(7,750)	(20,000)
	Auditor's remuneration (including expenses)	140	145
	Directors' remuneration	578	1,180
	Net foreign currency exchange (gain)/loss	(17)	66
	Rentals payable under operating leases		
	- land and buildings	104,812	100,214
		<u> </u>	<u> </u>

During the financial year directors' remuneration in respect of qualifying services comprised fixed and variable amounts of £0.48m (2018: £0.79m), pension £0.07 (2018: £0.06m) and long term incentive plan £0.03m (2018: £0.33m).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £517,563 (2018: £705,561). During the period, the highest paid director did not receive any shares under a long-term incentive scheme. Nil shares were granted to the highest paid director and 1,204 shares vested (2018: nil shares granted and 8,946 shares vested).

4.	INTEREST PAYABLE AND SIMILAR CHARGES	<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
	Interest payable on amounts owed to group undertakings	4,777	2,947
	Finance lease charges	602	599
		<u> </u>	<u> </u>
		5,379	3,546
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
14 September 2019 (Continued)

5. STAFF NUMBERS AND COSTS

	<i>Period ended 14 September 2019 Number</i>	<i>Period ended 15 September 2018 Number</i>
The average weekly number of employees during the period was:		
Full time	6,446	5,786
Part time	30,784	32,196
Contractors	83	64
	<u>37,313</u>	<u>38,046</u>

	<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
The aggregate payroll costs of these employees were as follows:		
Wages and salaries	394,872	378,715
Social welfare costs	21,629	21,666
Pension costs	18,459	17,371
Share based payment expense	1,322	373
	<u>436,282</u>	<u>418,125</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended 14 September 2019 £'000</i>	<i>Period ended 15 September 2018 £'000</i>
<i>Analysis of charge in the period</i>		
<i>Current tax</i>		
Corporation tax on income for the financial period	68,881	71,229
Adjustments in respect of prior periods	4,587	8,681
Total current tax	<u>73,468</u>	<u>79,910</u>

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

6.	TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)	14 September 2019 £'000	15 September 2018 £'000
	<i>Analysis of charge in the period (continued)</i>		
	<i>Deferred tax</i>		
	Origination/reversal of timing differences	1,379	1,560
	Effect of change in tax rate	(145)	(164)
	Adjustment in respect of prior periods	(5,940)	19,467
	Total deferred tax (note 12)	(4,706)	20,863
	Tax on profit on ordinary activities	68,762	100,773
	<i>Factors affecting tax charge</i>	2019 £'000	2018 £'000
	Profit on ordinary activities before taxation	331,281	333,149
	Current tax at effective rate of 19% (2018: 19%)	62,943	63,298
	<i>Effects of:</i>		
	Effect of rate change	(145)	(164)
	Expenses not deductible	7,316	9,438
	Loss on exempt disposals	-	53
	Adjustment in respect of prior periods	(1,352)	28,148
	Total tax charge for period	68,762	100,773

Factors affecting the future effective tax rate of the company

The UK Corporation tax rate of 19% (2018-19%) will be reduced to 17% effective from 1 April 2020. The legislation to effect these changes had been enacted before the balance sheet date. Accordingly, UK deferred tax has been calculated using these rates as appropriate.

NOTES TO THE FINANCIAL STATEMENTS 14 September 2019 (Continued)

7. TANGIBLE FIXED ASSETS

	<i>Freehold land £'000</i>	<i>Freehold buildings £'000</i>	<i>Leasehold property £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Total £'000</i>
<i>Cost:</i>					
At 15 September 2018	172,253	473,620	278,141	1,375,630	2,299,644
Additions in period	11,731	357	4,678	121,957	138,723
At 14 September 2019	183,984	473,977	282,819	1,497,587	2,438,367
<i>Depreciation:</i>					
At 15 September 2018	-	108,069	48,968	657,837	814,874
Charge for period	-	5,677	8,516	93,081	107,274
At 14 September 2019	-	113,746	57,484	750,918	922,148
<i>Net book value:</i>					
At 14 September 2019	183,984	360,231	225,335	746,669	1,516,219
At 15 September 2018	172,253	365,551	229,173	717,793	1,484,770

Leasehold property includes assets held under finance leases with a net book value of £9.7 million (2018: £9.9 million) on which depreciation of £0.2 million (2018: £0.2 million) was charged in the current period.

8. STOCKS	<i>14 September 2019 £'000</i>	<i>15 September 2018 £'000</i>
Goods for resale	564,326	508,960

The replacement cost of stocks does not differ significantly from the amounts shown in the balance sheet.

Cost of sales include inventories amounting £2,001 million (2018: £1,948 million) recognised as expense during the period.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

9.	DEBTORS	14 September 2019 £'000	15 September 2018 £'000
	Prepayments	40,571	38,515
	Insurance receivable	-	20,000
	Derivative assets	7,803	10,521
	Amounts owed by group companies	5,400	-
		<u>53,774</u>	<u>69,036</u>

Amounts owed by group companies are not interest bearing and are receivable on demand.

10.	CREDITORS (amounts falling due within one year)	14 September 2019 £'000	15 September 2018 £'000
	Bank loans and overdrafts	23,327	1,577
	Finance lease obligations	40	38
	Trade creditors	236,763	220,871
	Amounts owed to group companies	401,934	647,848
	Accruals including current portion of reverse premia on leases	118,858	102,421
	Corporation tax	76,480	57,386
	Capital creditors	24,390	54,592
	VAT payable	34,393	24,849
	Derivative liabilities	6,366	3,780
		<u>922,551</u>	<u>1,113,362</u>

Amounts owed to the company's parent are repayable on demand at an interest rate of Libor plus 25bps.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

11. CREDITORS (amounts falling due after more than one year)	14 September 2019 £'000	15 September 2018 £'000
Reverse premia on leases (i)	117,109	108,764
Finance lease obligations (ii)	11,866	11,906
	<u>128,975</u>	<u>120,670</u>

(i) This relates to incentives received from landlords in respect of certain property operating leases.

(ii) Future minimum lease payments due:

	14 September 2019 £'000	15 September 2018 £'000
Not later than one year	635	635
After one year but not more than five years	2,540	2,540
After five years	34,857	35,492
	<u>38,032</u>	<u>38,667</u>
Finance charges allocated to future periods	(26,126)	(26,723)
	<u>11,906</u>	<u>11,944</u>

This present value of minimum lease payments is analysed as follows:

	14 September 2019 £'000	15 September 2018 £'000
Within one year	40	38
Two - five years	179	171
After five years	11,687	11,735
	<u>11,906</u>	<u>11,944</u>

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

12.	PROVISION FOR LIABILITIES AND CHARGES	14 September 2019 £'000	15 September 2018 £'000
	Accelerated capital allowances	(3,886)	(7,824)
	Deferred tax on hedging reserve	717	136
	Provisions	1,819	1,224
	Rolled over gain provision	(16,196)	(16,369)
	Deferred tax liability	<u>(17,546)</u>	<u>(22,833)</u>
		14 September 2019 £'000	15 September 2018 £'000
	Movement in deferred tax (liability)/asset:		
	Deferred tax provision brought forward	(22,833)	1,314
	Credit/(charge) to Income Statement	4,706	(20,863)
	Credit/(debit) to Other Comprehensive Income	581	(3,284)
		<u>(17,546)</u>	<u>(22,833)</u>
13.	CALLED-UP SHARE CAPITAL	14 September 2019 £'000	15 September 2018 £'000
	<i>Allotted, called up and fully paid:</i>		
	50 million (2018: 50 million) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

14. SHARE BASED PAYMENT RESERVE

The company had the following equity-settled share-based payment plans in operation during the period for certain employees:

Associated British Foods Executive Share Incentive Plans 2013 and 2016 ('the Share Incentive Plans')

The Share Incentive Plans were approved and adopted by Associated British Foods plc at its annual general meetings held on 6 December 2013 and on 9 December 2016 respectively. They take the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three-year performance period.

Details of the shares outstanding under the equity-settled share-based payment plan are as follows:

	14 September 2019 No.	15 September 2018 No.
Exercised	20,855	54,054

15. 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 FINANCIAL STATEMENTS**14 September 2019 (Continued)****16. PENSION INFORMATION**

The company is a member of the Associated British Foods Pension Scheme providing benefits based on final pensionable pay. As Associated British Foods plc is the sponsoring employer and has legal responsibility for the defined benefit pension scheme, FRS 101 requires the sponsoring employer to account for the defined benefit pension scheme in their financial statements as a defined benefit pension scheme in full and hence contributions made by the company are accounted for as if it were a defined contribution scheme. The cost recognised within the income statement for the year is based on the contributions payable to the scheme this year.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2017, using the current unit method, and revealed a surplus of £176 million. The market value of Scheme assets was £3,789 million, representing 105% of members' accrued benefits after allowing for expected future salary increases.

Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated financial statements of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.

On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme by Primark Stores Limited for the period was £18.5 million (2018: £17.4 million).

17. CONTINGENCIES

The company is routinely involved in claims and legal actions which arise in the normal course of business. Based on information currently available to the company and legal advice, the directors do not believe such litigation individually or in aggregate would have a material adverse effect on the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS

14 September 2019 (Continued)

18.	COMMITMENTS	14 September 2019 £'000	15 September 2018 £'000
(i)	<i>Capital</i>		
	Authorised and contracted for	65,314	129,589
		<u> </u>	<u> </u>
(ii)	<i>Operating leases</i>		
	Total leasing commitments payable amount to £2,177 million (2018: £2,299 million).		
		<i>Land and buildings</i>	<i>Land and buildings</i>
		14 September 2019 £'000	15 September 2018 £'000
	Within one year	110,693	108,451
	Two to five years inclusive	450,135	439,086
	After more than five years	1,616,206	1,751,191
		<u> </u>	<u> </u>
		2,177,034	2,298,728
		<u> </u>	<u> </u>
(iii)	<i>Other commitments:</i>		
	Forward contracts for various foreign currencies with a value of £540.7 million at agreement dates (2018: £502.5 million) are open at period end.		

19. PARENT UNDERTAKING

The immediate holding company is ABF Investments plc, a company registered in England and Wales. The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from the registered office of Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.

NOTES TO THE FINANCIAL STATEMENTS 14 September 2019 (Continued)

20. RELATED PARTY TRANSACTIONS

Trading transactions

During the period, the company entered into the following trade transactions with related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

	<i>Commissions paid 14 September 2019 £'000</i>	<i>Commissions paid 15 September 2018 £'000</i>
Selfridges & Co. Limited	1,098	1,263

The following amounts were outstanding at the balance sheet date:

	<i>Amounts owed by related parties 14 September 2019 £'000</i>	<i>Amounts owed by related parties 15 September 2018 £'000</i>
Selfridges & Co. Limited	108	319

Selfridges & Co. Limited is a related party of the company due to common key management personnel.

In the course of normal operations, related party transactions entered into by the company have been contracted on an arm's length basis.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.