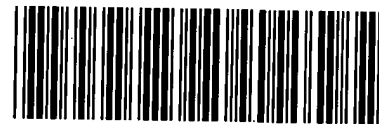


Primark Stores Limited

Directors' Report and financial statements for the period of
52 weeks ended 16 September 2017

Company Number 453448

WEDNESDAY



A15 *A771FISZ* #255
30/05/2018
COMPANIES HOUSE

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the period of 52 weeks ended 16 September 2017

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	6
DIRECTORS' RESPONSIBILITIES STATEMENT	8
INDEPENDENT AUDITOR'S REPORT	9
INCOME STATEMENT	12
STATEMENT OF OTHER COMPREHENSIVE INCOME	13
STATEMENT OF CHANGES IN EQUITY	14
BALANCE SHEET	15
NOTES TO THE FINANCIAL STATEMENTS	16

COMPANY INFORMATION**DIRECTORS**

Mr J. G. Bason
Mr B. J. M. Mansfield
Mr S. S. Gibbs (appointed 17 September 2017)

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 16 September 2017***PRINCIPAL ACTIVITIES*

The principal activity of the company is the operation of retail outlets. The directors intend to continue to develop these activities for the foreseeable future.

BUSINESS MODEL

The 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, not compromise on high quality standards and perform rigorous product testing at every stage in the supply chain.

The Primark group is one of the largest clothing retailers in Europe. At 16 September 2017 it traded from 345 stores and employed over 73,000 people in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium, Austria, France, Italy and the USA. It was founded in June 1969 in the Republic of Ireland where it continues to trade as Penneys.

Primark's growth has been achieved through a combination of like-for-like growth and increasing selling space. The like-for-like growth reflects investment in buying, merchandising and our success in constantly refreshing the 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, first on the high streets of the UK and Ireland, and more recently on the high streets and in the shopping centres of continental Europe and the USA. 2006 saw Primark's first foray into continental Europe with the opening of a store in Madrid and by this year end it operated from over 13 million sq. ft. of selling space across 11 countries. 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. Buying and merchandising teams travel internationally to source and buy garments that best reflect each season's key fashion trends. Primark's range includes womenswear, lingerie, childrenswear, menswear, footwear, accessories, hosiery, beauty and homeware.

BUSINESS REVIEW

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. In the 52 weeks ended 16 September 2017:

- The company turnover was £3,171.7 million (2016: £2,942.7 million).
- The company made a profit before taxation of £304.2 million (2016: £305.5 million).
- The company has net equity of £593.1 million (2016: £378.7 million).

Primark performed particularly well in the UK where sales were 10% ahead of last year on a comparable basis and our share of the total clothing market increased significantly. After a good first half, third quarter trading was strong in the lead-up to Easter, with the growth also benefiting from comparison with prior year results that were affected by poor weather and an earlier Easter holiday. Fourth quarter trading was equally strong, fully reflecting the success of our consumer offering. This was driven by the ability of our buying, merchandising and design teams to identify and deliver key seasonal trends.

STRATEGIC REPORT**for the period of 52 weeks ended 16 September 2017 (Continued)***BUSINESS REVIEW (Continued)*

The business continues to benefit significantly from access to Primark Limited in Ireland and its Senior Management team; from the business format developed and run from Primark Limited; and from the use of intellectual property, knowhow and services provided by Primark Limited.

Retail selling space increased by 0.47 million sq. ft. during the period to 6.84 million sq. ft. Eleven new stores were opened, our city centre flagship store at Oxford Street East was extended by 40% during the year, increasing it to 114,000 sq. ft., and the stores in Sheffield and Reading were relocated to bigger locations. This brought the total number of stores to 182 at year end. The new store openings during the period were:

Bracknell	Shrewsbury
Carlisle	Stafford
Colchester	Truro
Llandudno	Uxbridge
Llanelli	York, Coppergate
Rushden	

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 20.4% to 18.5%, principally reflecting adverse effect of the US dollar exchange rate on purchases.

Overheads

The decrease in overheads reflects the prior year investments required to commence operations in the new Islip distribution centre, as well as reduced depreciation charges on store fixtures and fittings offset by increased staff costs related to new stores.

RESULTS AND DIVIDENDS

The Income Statement for the period of 52 weeks ended 16 September 2017 and the Balance Sheet at that date are set out on pages 12 and 15, respectively.

Profit on ordinary activities before taxation amounted to £304.2 million (2016: £305.5 million). The profit for the period after taxation is £235.5 million (2016: £237.6 million) which is available for distribution.

A dividend of £192 million was declared and paid during the prior period. There were no dividends declared or paid in the current year.

STRATEGIC REPORT**for the period of 52 weeks ended 16 September 2017 (Continued)***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
- Reduction in consumer spending
- VAT rate changes

The UK's decision to leave the European Union had some immediate impact on the results as a consequence of the effect on currency markets. As the UK government continues its negotiations, uncertainty remains as to the extent to which our operations and financial performance will be affected in the longer term. We have continued to prepare for changes in legislation, trade agreements and working practices in order to take advantage of the changing commercial landscape and to mitigate risk. Our parent, Associated British Foods plc has contributed to government-led consultations on the potential changes and their likely impact on businesses and markets to help inform the exit strategy.

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, cashflow 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

Two new stores have opened since the year end: Charlton on 30 November 2017 and Staines on 6 February 2018. The company continues to work to open further new stores across the United Kingdom.

On behalf of the board



S. S. Gibbs

Director

Date: 14 May 2018

DIRECTORS' REPORT**for the period of 52 weeks ended 16 September 2017**

The directors present their report together with the audited financial statements of Primark Stores Limited for the 52 week period ended 16 September 2017.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The directors who held office during the period and subsequent to the period end are set out on page 2.

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

The directors and secretary who held office at 16 September 2017 had no beneficial interest in the share capital of the company during the financial period.

Full details of the group's long term incentive plan are provided in the financial statements of the parent company, Associated British Foods plc.

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.

HEALTH & 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. (2016: £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.

DIRECTORS' REPORT**for the period of 52 weeks ended 16 September 2017 (Continued)***PARENT UNDERTAKING (Continued)*

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.

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 2. 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.

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 LLP will therefore continue in office.

On behalf of the board



S. S. Gibbs

Director

Date: 14 May 2018

DIRECTORS' RESPONSIBILITIES STATEMENT
for the period of 52 weeks ended 16 September 2017

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: 14 May 2018

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 16 September 2017 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 21, 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 16 September 2017 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.

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.

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

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.

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report. 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.

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

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.

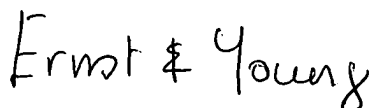
Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.



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

Date: 14 May 2018

INCOME STATEMENT**for the period of 52 weeks ended 16 September 2017**

	<i>Note</i>	<i>Period ended 16 September 2017 £'000</i>	<i>Period ended 17 September 2016 £'000</i>
Turnover – continuing operations	2	3,171,714	2,942,692
Cost of sales		(2,584,100)	(2,343,368)
Gross profit		587,614	599,324
Distribution costs		(65,480)	(71,336)
Administration expenses		(212,672)	(214,921)
Other operating income		4,386	1,743
Loss on disposal of fixed assets		(5,706)	-
Operating profit – continuing operations	3	308,142	314,810
Loss on disposal of fixed assets		-	(125)
Interest payable and similar charges	4	(3,902)	(9,221)
Profit on ordinary activities before taxation		304,240	305,464
Tax on profit on ordinary activities	6	(68,735)	(67,861)
Profit for the financial period		235,505	237,603

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period of 52 weeks ended 16 September 2017

	<i>Period ended 16 September 2017 €'000</i>	<i>Period ended 17 September 2016 €'000</i>
Profit for the financial period	235,505	237,603
Other comprehensive (loss)/income:		
Items that are or may be subsequently reclassified to profit or loss:		
Net (loss)/gain on hedging instruments	(27,222)	7,935
Tax on items relating to components of other comprehensive income	4,628	(1,375)
Other comprehensive (loss)/income for the period	(22,594)	6,560
Total comprehensive income for the period	212,911	244,163

STATEMENT OF CHANGES IN EQUITY
for the period of 52 weeks ended 16 September 2017

	<i>Note</i>	<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 12 September 2015		50,000	3,666	(664)	273,271	326,273
Profit for the financial period		-	-	-	237,603	237,603
Other comprehensive income for the period		-	-	6,560	-	6,560
Total comprehensive income for the period		-	-	6,560	237,603	244,163
Share-based payment transactions	15	-	295	-	-	295
Equity dividends paid	14	-	-	-	(192,000)	(192,000)
At 17 September 2016		50,000	3,961	5,896	318,874	378,731
Profit for the financial period		-	-	-	235,505	235,505
Other comprehensive loss for the period		-	-	(22,594)	-	(22,594)
Total comprehensive income for the period		-	-	(22,594)	235,505	212,911
Share-based payment transactions	15	-	1,408	-	-	1,408
At 16 September 2017		50,000	5,369	(16,698)	554,379	593,050

BALANCE SHEET
at 16 September 2017

		At 16 September 2017 £'000	At 17 September 2016 £'000
	<i>Note</i>		
FIXED ASSETS			
Tangible assets	7	1,361,742	1,285,072
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	8	513,431	487,338
Debtors	9	50,460	85,949
Cash at bank and in hand		43,917	19,611
		<hr/>	<hr/>
		607,808	592,898
CREDITORS (amounts falling due within one year)	10	(1,266,529)	(1,396,359)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(658,721)	(803,461)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		703,021	481,611
CREDITORS (amounts falling due after more than one year)	11	(109,971)	(97,740)
Provision for liabilities and charges	12	-	(5,140)
		<hr/>	<hr/>
NET ASSETS		593,050	378,731
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Share based payment reserve	15	5,369	3,961
Hedge reserve	16	(16,698)	5,896
Profit and loss account		554,379	318,874
		<hr/>	<hr/>
SHAREHOLDER'S FUNDS – EQUITY		593,050	378,731
		<hr/>	<hr/>

On behalf of the board



S. S Gibbs
Director

Date: 14 May 2018

NOTES TO THE FINANCIAL STATEMENTS**16 September 2017****1. SIGNIFICANT ACCOUNTING POLICIES**

The company is a limited liability company incorporated and domiciled in the UK. 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 period ended 16 September 2017.

(b) Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), 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 14 May 2018.

The financial statements are prepared on a going concern basis as the company's ultimate 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 (£'000) 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 16 September 2017.

(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.

Impairment:

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.

Stock valuation:

The company uses the retail method for stock valuation. The cost of the inventory is determined by reducing the sales value of the inventory by the appropriate 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 often used and estimation is also required in relation to determining the mix of stock purchases which remain on hand at period end.

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Judgements and key sources of estimation uncertainty**Useful lives of properties:*

Assessment of useful lives of properties involves judgement in relation to 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 (EU adopted IFRS) and can be obtained from www.abf.co.uk. The company has taken advantage of the following FRS 101 disclosure exemptions:

- requirements of IAS 7 *Statement of Cash Flows*.
- 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*.
- requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- requirements of paragraphs 10(d), 10(f), 38(a) to 38(d), 40(a) to 40(d), 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.
- requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.

As the consolidated financial statements of the parent, Associated British Foods plc, include the equivalent disclosures, the company has also taken advantage of the exemption under FRS 101 available in respect of the following disclosures:

- Requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Requirements of IFRS 7 *Financial Instruments: Disclosures*
- Requirements of paragraph 91 to 99 IFRS 13 *Fair Value Measurement*

(e) *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.

(f) *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.

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) *Tangible fixed assets and depreciation (continued)*

The anticipated useful life of other tangible fixed assets is generally deemed to be not longer than:

Freehold and leasehold property	36 - 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. Gain or loss on disposal is recorded as part of operating profit if this is related to normal 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.

(g) *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.

(h) *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.

(i) *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.

NOTES TO THE FINANCIAL STATEMENTS
16 September 2017 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)***(j) Taxation (continued)*

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.

(j) 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 certain 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 reserves. 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.

(k) Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or a hedged rate where appropriate. 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.

(l) 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 Primark Stores Limited 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.

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) 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 they 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.

The hedging reserve represents gain or loss on derivatives used to hedge future cash flows before underlying transaction being hedged is recognised on the Balance Sheet. Movement in the value of derivatives are tested against the movement in the value of underlying transaction being hedged for effectiveness. Any ineffective portion of the derivative is recognised immediately in the Income Statement. When the future cash flow results in the recognition of a non-financial asset or liability, the gains and losses previously recognised in the hedging reserves are included in the initial measurement of that asset or liability. Otherwise, gains and losses previously recognised in the hedging reserves are recognised in the Income Statement at the same time as the hedged transaction.

NOTES TO THE FINANCIAL STATEMENTS
17 September 2016 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(o) *Derivative financial instruments (continued)***

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualified 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 'held for trading' within derivative assets and liabilities. Changes in the fair value of such derivatives and the foreign exchange gains and losses arising on the related monetary items are recognised within operating profit.

(p) *Cash*

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

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Financial assets are classified, at initial recognition, as financial assets at fair value through Income Statement, loans and receivables, held-to-maturity investments, Available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Income Statement, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through the Income Statement
- Loans and receivables
- Held-to-maturity investments
- Available for sale (AFS) financial assets

Financial assets recognised by the Company includes, cash and cash equivalents, other receivables and derivative financial instruments. The Company holds no financial assets classified as held-to maturity investments and available for sale (AFS) financial assets.

NOTES TO THE FINANCIAL STATEMENTS**17 September 2016 (Continued)****(q) Financial instruments - initial recognition and subsequent measurement (Continued)***Financial assets at fair value through the Income Statement*

Financial assets at fair value through the Income Statement include financial assets held for trading and financial assets designated upon initial recognition at fair value through the statement of profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to other receivables.

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.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(ii) Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of 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 include trade and other payables, bank overdrafts, and derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
17 September 2016 (Continued)**(q) Financial instruments - initial recognition and subsequent measurement (Continued)****(ii) Financial liabilities (Continued)***Subsequent measurement*

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

Financial liabilities at fair value through Income Statement

Financial liabilities at fair value through Income statement include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the Income Statement.

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 IAS 39.

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.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. TURNOVER

Turnover arises in Northern Ireland and Great Britain and is derived solely from retail trading activities.

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

3. STATUTORY AND OTHER INFORMATION	<i>Period ended 16 September 2017 £'000</i>	<i>Period ended 17 September 2016 £'000</i>
Operating profit is stated after charging:		
Depreciation		
- finance leased assets	170	190
- owned assets	92,627	100,590
Auditor's remuneration (including expenses)	115	102
Directors' remuneration	804	1,152
Net foreign currency exchange gain	(33)	(5,762)
Rentals payable under operating leases		
- land and buildings	92,908	92,440

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £804,255 (2016: £1,152,000). During the period, the highest paid director received shares under a long term incentive scheme. 8,946 shares were granted to the highest paid director then vested (2016: 11,718 granted, 3,228 vested). The other directors were not remunerated for their role as director of the Company.

4. INTEREST PAYABLE AND SIMILAR CHARGES	<i>Period ended 16 September 2017 £'000</i>	<i>Period ended 17 September 2016 £'000</i>
Interest payable on amounts owed to group undertakings	3,289	8,598
Interest payable on overdrafts	12	21
Finance lease charges	601	602
	<u>3,902</u>	<u>9,221</u>

5. STAFF NUMBERS AND COSTS	<i>Period ended 16 September 2017 Number</i>	<i>Period ended 17 September 2016 Number</i>
The average weekly number of employees during the period was:		
Full time	4,923	4,791
Part time	30,817	28,546
Contractors	41	78
	<u>35,781</u>	<u>33,415</u>

NOTES TO THE FINANCIAL STATEMENTS
16 September 2017 (Continued)

5. STAFF NUMBERS AND COSTS (Continued)

The aggregate payroll costs of these employees was as follows:

	<i>Period ended 16 September 2017 £'000</i>	<i>Period ended 17 September 2016 £'000</i>
Wages and salaries	341,930	321,492
Social welfare costs	17,907	15,658
Pension costs	15,708	15,086
Share based payment expense	1,408	295
	<u>376,953</u>	<u>352,531</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended 16 September 2017 £'000</i>	<i>Period ended 17 September 2016 £'000</i>
<i>Analysis of charge in the period</i>		
<i>Current tax</i>		
Corporation tax on income for the financial period	70,598	64,835
Adjustments in respect of prior periods	(37)	2,436
Total current tax	<u>70,561</u>	<u>67,271</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	(3,324)	2,933
Effect of change in tax rate	432	(501)
Adjustment in respect of prior periods	1,066	(1,842)
Total deferred tax (note 12)	<u>(1,826)</u>	<u>590</u>
Tax on profit on ordinary activities	<u>68,735</u>	<u>67,861</u>

NOTES TO THE FINANCIAL STATEMENTS
16 September 2017 (Continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

Factors affecting tax charge

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	304,240	305,464
Current tax at effective rate of 19.54% (2016: 20%)	59,448	61,093
	<u> </u>	<u> </u>
<i>Effects of:</i>		
Effect of rate change	432	(694)
Expenses not deductible	6,711	6,843
Loss on exempt disposals	1,115	25
Adjustment in respect of prior periods	1,029	594
	<u> </u>	<u> </u>
Current tax charge for period	<u>68,735</u>	<u>67,861</u>

Factors affecting the future effective tax rate of the company

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

NOTES TO THE FINANCIAL STATEMENTS 16 September 2017 (Continued)

7. TANGIBLE FIXED ASSETS

	<i>Freehold property £'000</i>	<i>Leasehold property £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Total £'000</i>
<i>Cost</i>				
At 17 September 2016	577,751	275,122	1,193,945	2,046,818
Additions in period	51,443	934	125,095	177,472
Disposals in period	(9,514)	-	(88,275)	(97,789)
Transfers in period	11,820	(11,820)	-	-
Retirements in period	-	-	(60,655)	(60,655)
At 16 September 2017	631,500	264,236	1,170,110	2,065,846
<i>Depreciation</i>				
At 17 September 2016	85,780	42,991	632,975	761,746
Charge for period	9,241	5,497	78,059	92,797
Disposals	(1,509)	-	(88,275)	(89,784)
Retirements in period	-	-	(60,655)	(60,655)
At 16 September 2017	93,512	48,488	562,104	704,104
<i>Net book value</i>				
At 16 September 2017	537,988	215,748	608,006	1,361,742
At 17 September 2016	491,971	232,131	560,970	1,285,072

Leasehold property includes assets held under finance leases with a net book value of £10.1 million (2016: £10.3 million) on which depreciation of £0.17 million (2016: £0.19 million) was charged in the current period.

8	STOCKS	<i>16 September 2017 £'000</i>	<i>17 September 2016 £'000</i>
	Goods for resale	513,431	487,338

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

Cost of sales include inventories amounting £1,865 million (2016: £1,631 million) recognised as expense during the period.

NOTES TO THE FINANCIAL STATEMENTS
16 September 2017 (Continued)

9.	DEBTORS	16 September 2017 £'000	17 September 2016 £'000
	Amounts owed by group undertakings	-	26,129
	Prepayments	40,402	36,797
	Derivative assets	-	18,163
	Other debtors	8,744	4,828
	Other taxation and social security costs	-	32
	Deferred tax asset (note 12)	1,314	-
		<u>50,460</u>	<u>85,949</u>

Amounts owed by group undertakings at the prior year end were unsecured, interest free and receivable on demand.

10.	CREDITORS (amounts falling due within one year)	16 September 2017 £'000	17 September 2016 £'000
	Bank loans and overdrafts	-	28,341
	Finance lease obligations	36	34
	Trade creditors	250,503	205,046
	Amounts owed to group companies	793,745	955,080
	Accruals including current portion of reverse premia on leases	124,670	125,735
	Corporation tax	22,829	21,218
	Other taxation and social security costs	1,503	-
	Capital creditors	32,864	36,390
	VAT payable	8,999	23,420
	Derivative liabilities	31,380	1,095
		<u>1,266,529</u>	<u>1,396,359</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
16 September 2017 (Continued)

11. CREDITORS (amounts falling due after more than one year)	16 September 2017 £'000	17 September 2016 £'000
Reverse premia on leases (i)	98,026	85,759
Finance lease obligations (ii)	11,945	11,981
	<u>109,971</u>	<u>97,740</u>

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

(ii) Future minimum lease payments due:

	16 September 2017 £'000	17 September 2016 £'000
Not later than one year	634	634
After one year but not more than five years	2,540	2,540
After five years	36,128	36,762
	<u>39,302</u>	<u>39,936</u>
Finance charges allocated to future periods	(27,321)	(27,921)
	<u>11,981</u>	<u>12,015</u>

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

	16 September 2017 £'000	17 September 2016 £'000
Within one year	36	34
Two -five years	162	155
After five years	11,783	11,826
	<u>11,981</u>	<u>12,015</u>

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

12.	PROVISION FOR LIABILITIES AND CHARGES	16 September 2017 £'000	17 September 2016 £'000
	Accelerated capital allowances	(3,501)	(5,272)
	Deferred tax on hedging reserve	3,419	(1,209)
	Other temporary differences	1,396	1,341
		<hr/>	<hr/>
	Deferred tax asset/(liability)	1,314	(5,140)
	Reclassified to debtors (note 9)	(1,314)	-
		<hr/>	<hr/>
		-	(5,140)
		<hr/>	<hr/>
		16 September 2017 £'000	17 September 2016 £'000
	Movement in deferred tax asset/(liability):		
	Deferred tax provision brought forward	(5,140)	(3,175)
	Credit/(charge) to Income Statement	1,826	(590)
	Credit/(charge) to Other Comprehensive Income	4,628	(1,375)
		<hr/>	<hr/>
		1,314	(5,140)
		<hr/>	<hr/>
13.	CALLED UP SHARE CAPITAL	16 September 2017 £'000	17 September 2016 £'000
	<i>Allotted, called up and fully paid</i>		
	50,000,000 (2016: 50,000) ordinary shares of £1 each	50,000	50,000
		<hr/>	<hr/>
14.	DIVIDEND	16 September 2017 £'000	17 September 2016 £'000
	Equity dividend of nil per issued share (2016: £3.84 per issued share)	-	192,000
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

16 September 2017 (Continued)

15. 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 2003 and 2013 ('the Share Incentive Plans')

The Share Incentive Plans were approved and adopted by Associated British Foods plc at its annual general meetings held on 5 December 2003 and 6 December 2013 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:

	16 September 2017 No.	17 September 2016 No.
Exercised	19,277	58,265
	<u> </u>	<u> </u>
<i>Movement on share based payment reserve:</i>	<i>Period ended</i>	<i>Period ended</i>
	<i>16 September</i>	<i>17 September</i>
	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
At beginning of period	3,961	3,666
Net charge recognised in the period	1,408	295
	<u> </u>	<u> </u>
At end of period	5,369	3,961
	<u> </u>	<u> </u>

The company recognised a total equity-settled share-based payment expense of £1.408 million (2016: £0.295 million) in administrative expenses in the financial period.

Fair values

The weighted average fair value of shares awarded 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 on conditionally allocated shares during the vesting period. The dividend yield used was 2.5%.

The weighted average share price on exercise of shares during the year was Stg2,602 pence per share (2016: Stg3,455 pence).

NOTES TO THE FINANCIAL STATEMENTS**16 September 2017 (Continued)****16. 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.

17. 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 Primark Stores Limited 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 previous triennial funding valuation of the Scheme was carried out as at 5 April 2014, using the current unit method, and revealed a surplus of £79 million. The market value of Scheme assets was £3.085 million, representing 103% of members' accrued benefits after allowing for expected future salary increases. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2017, was agreed by the trustees after the group's year end and revealed a surplus of £176 million.

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 £15.7 million (2016: £15.1 million).

18. 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

16 September 2017 (Continued)

19.	COMMITMENTS	16 September 2017 £'000	17 September 2016 £'000
(i)	<i>Capital</i>		
	Authorised and contracted for	179,973	263,737

- (ii) *Operating leases*
 Total leasing commitments payable amount to £2.254 million (2016: £2.206 million).
 The comparative operating lease commitment disclosure is presented in conformity
 with the current period to reflect the cumulative value of all future lease payments.

	<i>Land and buildings</i> 16 September 2017 £'000	<i>Land and buildings</i> 17 September 2016 £'000
Within one year	98,358	92,344
2-5 years inclusive	415,961	390,239
After more than five years	1,740,075	1,724,173
	<u>2,254,394</u>	<u>2,206,756</u>

- (iii) *Other commitments:*

- (a) Forward contracts for various foreign currencies with a value of £551.3 million at agreement dates (2016: £435.3 million) are open at period end.
- (b) Letters of credit issued to the company's suppliers by a third party bank of £21.6 million (2016: £133.6 million) were in place at year end.

20. 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

16 September 2017 (Continued)

21. RELATED PARTY TRANSACTIONS

Trading transactions

During the period, the company entered into the following trade transactions with related parties:

	<i>Commissions Paid 16 September 2017 £'000</i>	<i>Commissions Paid 17 September 2016 £'000</i>
Selfridges & Co. Limited	1,391	1,490
	<u>1,391</u>	<u>1,490</u>

The following amounts were outstanding at the balance sheet date:

	<i>Amounts owed by related parties 16 September 2017 £'000</i>	<i>Amounts owed by related parties 17 September 2016 £'000</i>	<i>Amounts owed to related parties 16 September 2017 £'000</i>	<i>Amounts owed to related parties 17 September 2016 £'000</i>
Selfridges & Co. Limited	394	342	-	-
	<u>394</u>	<u>342</u>	<u>-</u>	<u>-</u>

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.