

Primark Stores Limited

Directors' Report and financial statements for the period of
52 weeks ended 15 September 2018

Registered number: 453448

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the period of 52 weeks ended 15 September 2018**

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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 15 September 2018*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.

Primark Stores Limited's growth has been achieved through a combination of increasing selling space along with investment 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, 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. Buying and merchandising teams travel internationally to source and buy garments that best reflect each season's key fashion trends. Primark's range includes ladies' clothing, underwear & nightwear, kids' clothing, men's clothing, ladies' footwear, accessories, ladies' hosiery, health & beauty, and home.

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 15 September 2018:

- The company turnover was £3,346.7 million (2017: £3,171.7 million)
- The company made a profit before taxation of £333.1 million (2017: £304.2 million)
- The company has net equity of £841.8 million (2017: £593.1 million)

Primark performed particularly well in the UK where sales were 5.3% ahead of last year. Like-for-like sales growth for the full year was 1.2% and our share of the total clothing market increased overall. This was achieved in a market which declined year-on-year.

Our store in central Belfast was sadly destroyed by fire in August. Our store is housed in an iconic building and we have already re-established a trading presence in Belfast with the opening of a store in Commonwealth House in December 2018. We also opened a temporary store in Belfast in Fountain House in April 2019. We are committed to working with the authorities to restore our original Bank Buildings store over the longer term.

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

STRATEGIC REPORT**for the period of 52 weeks ended 15 September 2018 (Continued)***BUSINESS REVIEW (Continued)*

Retail selling space increased by 0.29 million sq. ft. during the period to 7.13 million sq. ft. Four new stores were opened during the year, and the stores in Oxford and Rotherham were relocated to bigger locations. Significant extensions also were carried out to stores in Kingston, Grimsby and Meadowhall. The store in Lisnagelvin was closed during the year. This brought the total number of stores to 185 at year end. The new store openings during the period were:

- Westfield London – White City
- Burnley
- Staines
- Charlton Brocklebank

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 increased from 18.5% to 19.0% primarily due to strong sales performance and better stock control as well as transactional benefit on buying stock in US dollars.

Overheads

The increase in overheads is due to a rise in administration expenses as well as increased staff costs related to new stores.

RESULTS AND DIVIDENDS

The Income Statement for the period of 52 weeks ended 15 September 2018 and the Balance Sheet at that date are set out on pages 14 and 17, respectively.

Profit on ordinary activities before taxation amounted to £333.1 million (2017: £304.2 million). The profit for the period after taxation is £232.4 million (2017: £235.5 million) which is available for distribution.

There were no dividends declared or paid in the current year (2017: £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
- Reduction in consumer spending
- VAT rate changes

STRATEGIC REPORT**for the period of 52 weeks ended 15 September 2018 (Continued)***PRINCIPAL RISKS AND UNCERTAINTIES (Continued)*

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, 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

Two extensions (Peckham on 7 November 2018 and Merryhill on 29 November 2018), one relocation (Harrow on 10 December 2018) and one temporary store (Belfast on 8 December 2018) have opened since the year end. The company continues to work to open further new stores across the United Kingdom. In April 2019 we moved to a new premises at Birmingham Pavilions which, at 160,000 sq. ft. is our largest store in the whole estate.

On behalf of the board



S. S. Gibbs
Director

Date: 5/6/2019

DIRECTORS' REPORT**for the period of 52 weeks ended 15 September 2018**

The directors present their report together with the audited financial statements of Primark Stores Limited for the 52 week period ended 15 September 2018.

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

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

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

The directors and secretary who held office at 15 September 2018 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 15 September 2018 (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 (2017: £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, 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 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.

GOING CONCERN

The financial statements are prepared on a going concern basis as the company's immediate

DIRECTORS' REPORT

for the period of 52 weeks ended 15 September 2018 (Continued)

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 will therefore continue in office.

On behalf of the board



S. S. Gibbs
Director

Date: 8/6/2019

DIRECTORS' RESPONSIBILITIES STATEMENT
for the period of 52 weeks ended 15 September 2018

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: 5/6/2019

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 15 September 2018, which comprise the Income Statement, 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 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 15 September 2018 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

Other information

The other information comprises the information included in the Director's 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 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

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.

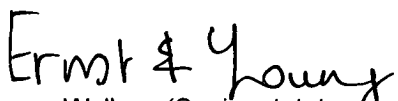
Auditor's responsibilities for the audit of the financial statements

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: 10 June 2019

INCOME STATEMENT**for the period of 52 weeks ended 15 September 2018**

		<i>Period ended 15 September 2018 £'000</i>	<i>Period ended 16 September 2017 £'000</i>
	<i>Note</i>		
Turnover – continuing operations	2	3,346,702	3,171,714
Cost of sales		(2,711,960)	(2,584,100)
Gross profit		634,742	587,614
Distribution costs		(64,326)	(65,480)
Administration expenses		(237,273)	(212,672)
Other operating income		3,274	4,386
Profit/(loss) on disposal of fixed assets		278	(5,706)
Operating profit – continuing operations	3	336,695	308,142
Interest payable and similar charges	4	(3,546)	(3,902)
Profit on ordinary activities before taxation		333,149	304,240
Tax on profit on ordinary activities	6	(100,773)	(68,735)
Profit for the financial period		232,376	235,505

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period of 52 weeks ended 15 September 2018

	<i>Period ended 15 September 2018 £'000</i>	<i>Period ended 16 September 2017 £'000</i>
Profit for the financial period	232,376	235,505
Other comprehensive income / (loss)		
Items that are or may be subsequently reclassified to profit or loss:		
Net gain / (loss) on hedging instruments	19,318	(27,222)
Tax on items relating to components of other comprehensive income	(3,284)	4,628
Other comprehensive income / (loss) for the period	16,034	(22,594)
Total comprehensive income for the period	248,410	212,911

STATEMENT OF CHANGES IN EQUITY
for the period of 52 weeks ended 15 September 2018

	<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 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	14	-	1,408	-	-	1,408
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
Total comprehensive income for the period		-	-	16,034	232,376	248,410
Share-based payment transactions	14	-	373	-	-	373
At 15 September 2018		50,000	5,742	(664)	786,755	841,833

BALANCE SHEET
at 15 September 2018

		At 15 September 2018 £'000	At 16 September 2017 £'000
	Note		
FIXED ASSETS			
Tangible assets	7	1,484,770	1,361,742
		<u> </u>	<u> </u>
CURRENT ASSETS			
Stocks	8	508,960	513,431
Debtors	9	69,036	50,460
Cash at bank and in hand		35,932	43,917
		<u> </u>	<u> </u>
		613,928	607,808
CREDITORS (amounts falling due within one year)	10	(1,113,362)	(1,266,529)
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(499,434)	(658,721)
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		985,336	703,021
CREDITORS (amounts falling due after more than one year)	11	(120,670)	(109,971)
Provision for liabilities and charges	12	(22,833)	-
		<u> </u>	<u> </u>
NET ASSETS		841,833	593,050
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Share based payment reserve	14	5,742	5,369
Hedge reserve	15	(664)	(16,698)
Profit and loss account		786,755	554,379
		<u> </u>	<u> </u>
SHAREHOLDER'S FUNDS – EQUITY		841,833	593,050
		<u> </u>	<u> </u>

On behalf of the board



S. S Gibbs
Director

Date: 5/6/2019

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018

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 15 September 2018.

(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 5 June 2019.

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 (£'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 15 September 2018.

(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.

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018 (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 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.

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 (EU adopted IFRS) 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*.

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:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share Based Payments* 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**15 September 2018 (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(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.

The anticipated useful life of other tangible fixed assets is generally deemed to be not 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. 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.

NOTES TO THE FINANCIAL STATEMENTS**15 September 2018 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) *Leased assets (continued)***

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS**15 September 2018 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(n) *Derivative financial instruments (continued)***

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.

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.

(o) *Cash*

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

NOTES TO THE FINANCIAL STATEMENTS**15 September 2018 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(p) *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.

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.

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(p) Financial instruments - initial recognition and subsequent measurement (continued)****(i) Financial assets (continued)***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**15 September 2018 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(p) 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
15 September 2018 (Continued)

3. STATUTORY AND OTHER INFORMATION	<i>Period ended 15 September 2018 £'000</i>	<i>Period ended 16 September 2017 £'000</i>
Operating profit is stated after charging:		
Depreciation		
- finance leased assets	186	170
- owned assets	91,890	92,627
Impairment	20,000	-
Insurance Income	(20,000)	-
Auditor's remuneration (including expenses)	145	115
Directors' remuneration	1,180	804
Net foreign currency exchange loss (gain)	66	(33)
Rentals payable under operating leases		
- land and buildings	100,214	92,908

During the financial year directors' remuneration in respect of qualifying services comprised of fixed and variable payroll amounts of £0.79m (2017: £0.59m), pension £0.06m (2017: £0.13m) and long term incentive plan £0.33m (2017: £0.08m).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £705,561 (2017: £804,255). 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 8,946 shares vested (2017: nil shares granted and 3,228 shares vested).

4. INTEREST PAYABLE AND SIMILAR CHARGES	<i>Period ended 15 September 2018 £'000</i>	<i>Period ended 16 September 2017 £'000</i>
Interest payable on amounts owed to group undertakings	2,947	3,289
Interest payable on overdrafts	-	12
Finance lease charges	599	601
	<u>3,546</u>	<u>3,902</u>

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)

5.	STAFF NUMBERS AND COSTS	<i>Period ended</i> <i>15 September</i> <i>2018</i> <i>Number</i>	<i>Period ended</i> <i>16 September</i> <i>2017</i> <i>Number</i>
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The average weekly number of employees during the period was:

Full time	5,786	4,923
Part time	32,196	30,817
Contractors	64	41
	<hr/>	<hr/>
	38,046	35,781
	<hr/>	<hr/>

The aggregate payroll costs of these employees were as follows:

	<i>Period ended</i> <i>15 September</i> <i>2018</i> <i>£'000</i>	<i>Period ended</i> <i>16 September</i> <i>2017</i> <i>£'000</i>
Wages and salaries	378,715	341,930
Social welfare costs	21,666	17,907
Pension costs	17,371	15,708
Share based payment expense	373	1,408
	<hr/>	<hr/>
	418,125	376,953
	<hr/>	<hr/>

6.	TAX ON PROFIT ON ORDINARY ACTIVITIES	<i>Period ended</i> <i>15 September</i> <i>2018</i> <i>£'000</i>	<i>Period ended</i> <i>16 September</i> <i>2017</i> <i>£'000</i>
	<i>Analysis of charge in the period</i>		
	<i>Current tax</i>		
	Corporation tax on income for the financial period	71,229	70,598
	Adjustments in respect of prior periods	8,681	(37)
		<hr/>	<hr/>
	Total current tax	79,910	70,561
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)	15 September 2018 £'000	16 September 2017 £'000
<i>Deferred tax</i>		
Origination/reversal of timing differences	1,560	(3,324)
Effect of change in tax rate	(164)	432
Adjustment in respect of prior periods	19,467	1,066
	<hr/>	<hr/>
Total deferred tax (note 12)	20,863	(1,826)
	<hr/>	<hr/>
Tax on profit on ordinary activities	100,773	68,735
	<hr/>	<hr/>
<i>Factors affecting tax charge</i>	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	333,149	304,240
	<hr/>	<hr/>
Current tax at effective rate of 19% (2017: 19.54%)	63,298	59,448
<i>Effects of:</i>		
Effect of rate change	(164)	432
Expenses not deductible	9,438	6,711
Loss on exempt disposals	53	1,115
Adjustment in respect of prior periods	28,148	1,029
	<hr/>	<hr/>
Current tax charge for period	100,773	68,735
	<hr/>	<hr/>

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
15 September 2018 (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 16 September 2017	172,253	459,247	264,236	1,170,110	2,065,846
Additions in period	-	14,373	13,905	208,548	236,826
Disposals in period	-	-	-	(3,028)	(3,028)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 15 September 2018	172,253	473,620	278,141	1,375,630	2,299,644
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 16 September 2017	-	93,512	48,488	562,104	704,104
Charge for period	-	14,557	480	77,039	92,076
Disposals	-	-	-	(1,306)	(1,306)
Impairment	-	-	-	20,000	20,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 15 September 2018	-	108,069	48,968	657,837	814,874
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 15 September 2018	172,253	365,551	229,173	717,793	1,484,770
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 16 September 2017	172,253	365,735	215,748	608,006	1,361,742
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Leasehold property includes assets held under finance leases with a net book value of £9.9 million (2017: £10.1 million) on which depreciation of £0.2 million (2017: £0.17 million) was charged in the current period.

8	STOCKS	<i>15 September 2018 £'000</i>	<i>16 September 2017 £'000</i>
	Goods for resale	508,960	513,431
		<hr/>	<hr/>

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

Cost of sales include inventories amounting £1,948 million (2017: £1,865 million) recognised as expense during the period.

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)

9.	DEBTORS	15 September	16 September
		2018 £'000	2017 £'000
	Prepayments	38,515	40,402
	Insurance Receivable	20,000	-
	Derivative assets	10,521	-
	Other debtors	-	8,744
	Deferred tax asset (note 12)	-	1,314
		<u>69,036</u>	<u>50,460</u>
		<u><u>69,036</u></u>	<u><u>50,460</u></u>
10.	CREDITORS (amounts falling due within one year)	15 September	16 September
		2018 £'000	2017 £'000
	Bank loans and overdrafts	1,577	-
	Finance lease obligations	38	36
	Trade creditors	220,871	250,503
	Amounts owed to group companies	647,848	793,745
	Accruals including current portion of reverse premia on leases	102,421	124,670
	Corporation tax	57,386	22,829
	Other taxation and social security costs	-	1,503
	Capital creditors	54,592	32,864
	VAT payable	24,849	8,999
	Derivative liabilities	3,780	31,380
		<u>1,113,362</u>	<u>1,266,529</u>
		<u><u>1,113,362</u></u>	<u><u>1,266,529</u></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

15 September 2018 (Continued)

11. CREDITORS (amounts falling due after more than one year)	15 September 2018 £'000	16 September 2017 £'000
Reverse premia on leases (i)	108,764	98,026
Finance lease obligations (ii)	11,906	11,945
	<u>120,670</u>	<u>109,971</u>

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

(ii) Future minimum lease payments due:

	15 September 2018 £'000	16 September 2017 £'000
Not later than one year	635	634
After one year but not more than five years	2,540	2,540
After five years	35,492	36,128
	<u>38,667</u>	<u>39,302</u>
Finance charges allocated to future periods	(26,723)	(27,321)
	<u>11,944</u>	<u>11,981</u>

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

	15 September 2018 £'000	16 September 2017 £'000
Within one year	38	36
Two - five years	171	162
After five years	11,735	11,783
	<u>11,944</u>	<u>11,981</u>

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018 (Continued)

12.	PROVISION FOR LIABILITIES AND CHARGES	15 September 2018 £'000	16 September 2017 £'000
	Accelerated capital allowances	(7,824)	(3,501)
	Deferred tax on hedging reserve	136	3,419
	Other temporary differences	(15,145)	1,396
		<hr/>	<hr/>
	Deferred tax (liability) /asset	(22,833)	1,314
	Reclassified to debtors (note 9)	-	(1,314)
		<hr/>	<hr/>
		(22,833)	-
		<hr/>	<hr/>
		15 September 2018 £'000	16 September 2017 £'000
	Movement in deferred tax (liability) /asset:		
	Deferred tax provision brought forward	1,314	(5,140)
	(Charge) /Credit to Income Statement	(20,863)	1,826
	(Debit) /Credit to Other Comprehensive Income	(3,284)	4,628
		<hr/>	<hr/>
		(22,833)	1,314
		<hr/>	<hr/>
13.	CALLED UP SHARE CAPITAL	15 September 2018 £'000	16 September 2017 £'000
	Allotted, called up and fully paid:		
	50 million (2017: 50 million) ordinary shares of £1 each	50,000	50,000
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018 (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 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:

	15 September 2018 No.	16 September 2017 No.
Exercised	54,054	19,277

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**15 September 2018 (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 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 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 £17.4 million (2017: £15.7 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 15 September 2018 (Continued)

18. COMMITMENTS

15 September 2018 16 September 2017

- (i) The ultimate holding company is ABF Investments plc, a company registered in England and Wales. The ultimate holding company is Withington Investments Limited, authorised and contracted for in Great Britain and registered in England and Wales.

- (ii) The consolidated financial statements of the company are consolidated in accordance with the Companies Act 2006. The smallest group in which they are consolidated is the group of companies of which the company is the parent. The consolidated financial statements of the company are available to the public and may be obtained from the registered office of Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1A 3AB, or from the consolidated accounts of Associated British Foods plc, which are also available for download on the group's website at www.abf.co.uk.

20. RELATED PARTY TRANSACTIONS

Within one year	108,451	98,358
2-5 years inclusive	439,086	415,961
After more than five years	1,751,191	1,740,075
During the period, the company entered into the following trade transactions with related parties. The company has taken advantage of the exemption under paragraph 6(1) of FRS101 not to disclose transactions with related parties.		
	2,298,728	2,254,394
(iii) Other commitments:	Commissions paid	Commissions paid
	15 September 2018	16 September 2017
(a) Forward contracts for various foreign currencies with a value of £502.5 million at agreement dates (2017: £551.3 million) are open at period end.	£000	£000
(b) Letters of credit issued to the company's suppliers by a third party bank of nil amount (2017: £21.6 million) were in place at year end.	1,263	1,391

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties	Amounts owed by related parties
	15 September 2018	16 September 2017
	£000	£000
Selfridges & Co. Ltd	319	204

Selfridges & Co. Limited

	2018	2017
	£,000	£,000
3018	3017	
12 September	12 September	
related parties	related parties	
owed by	owed by	
Amounts	Amounts	

The following amounts were outstanding at the balance sheet date:

Selfridges & Co. Limited

	2018	2017
	£,000	£,000
3018	3017	
12 September	12 September	
paid	paid	
Commissions	Commissions	

expenses:

paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned related parties. The company has taken advantage of the exemption under. During the period, the company entered into the following trade transactions with trading transactions

20. RELATED PARTY TRANSACTIONS

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

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

18. PARENT UNDERTAKING

12 September 2018 (continued)

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018 (Continued)

18.	COMMITMENTS	15 September 2018 £'000	16 September 2017 £'000
(i)	<i>Capital</i>		
	Authorised and contracted for	129,589	179,973

- (ii) *Operating leases*
Total leasing commitments payable amount to £2,299 million (2017: £2.254 million).

	<i>Land and buildings</i> 15 September 2018 £'000	<i>Land and buildings</i> 16 September 2017 £'000
Within one year	108,451	98,358
2-5 years inclusive	439,086	415,961
After more than five years	1,751,191	1,740,075
	<u>2,298,728</u>	<u>2,254,394</u>

- (iii) *Other commitments:*

- (a) Forward contracts for various foreign currencies with a value of £502.5million at agreement dates (2017: £551.3 million) are open at period end.
- (b) Letters of credit issued to the company's suppliers by a third party bank of nil amount (2017: £21.6 million) were in place at year end.

NOTES TO THE FINANCIAL STATEMENTS

15 September 2018 (Continued)

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.

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 FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

	<i>Commissions paid 15 September 2018 £'000</i>	<i>Commissions paid 16 September 2017 £'000</i>
Selfridges & Co. Limited	1,263	1,391

The following amounts were outstanding at the balance sheet date:

	<i>Amounts owed by related parties 15 September 2018 £'000</i>	<i>Amounts owed by related parties 16 September 2017 £'000</i>
Selfridges & Co. Limited	319	394

NOTES TO THE FINANCIAL STATEMENTS
15 September 2018 (Continued)**20. RELATED PARTY TRANSACTIONS (Continued)**

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.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board on 5 June 2019.