

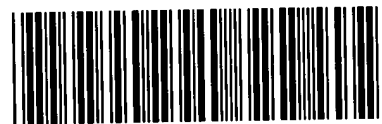
ABF Ingredients Limited

**Directors' report and financial
statements**

Registered number 482099

31 August 2021

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COMPANIES HOUSE

Corporate Information

Directors

K Fisher

P Lindblad

C Chantrey (appointed on 17 June 2021)

Secretary

R Schofield (resigned on 24 December 2020)

R Cahill (appointed on 22 April 2021)

Auditor

Ernst & Young LLP

400 Capability Green

Luton

LU1 3LU

Bankers

Lloyds Bank plc

10 Gresham Street

London

EC2V 7AE

Registered Office

Weston Centre

10 Grosvenor Street

London

W1K 4QY

Contents

Directors' report	1-2
Statement of directors' responsibilities	3
Independent auditor's report to the members of ABF Ingredients Limited	4-6
Statement of comprehensive income	7
Statement of changes in equity	8
Balance sheet	9
Notes	10-22

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2021.

Directors

The directors who held office during the year were as follows:

K Fisher
P Lindblad
C Chantrey (appointed on 17 June 2021)

Principal activities

The principal activities of the company during the year were the provision of management services to companies within the Ingredients division of Associated British Foods plc ("ABF").

Business review

The company is a wholly owned subsidiary of Associated British Foods plc.

Trading results and reserves

The profit on ordinary activities before taxation was £199,000 (2020: profit of £83,000). After a tax charge of £111,000 (2020: charge of £63,000) the company has reported a profit for the financial year of £88,000 (2020: profit of £20,000). The directors do not propose a dividend for the period (2020: £nil).

United Kingdom charitable and political contributions

No contributions were made to charitable organisations during the year (2020: £nil).

Principal risks and uncertainties

A full description of the principal risks and uncertainties applicable to the Associated British Foods plc group, of which this company is a wholly owned subsidiary, are disclosed on pages 88 to 94 of the 2021 group Annual Report which is available at www.abf.co.uk.

COVID-19

The COVID-19 pandemic has continued across the world. This has highlighted the importance of the global food supply chain, in which the Company plays an important part. The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2022 full year impact cannot yet be known.

The circumstances of COVID-19 currently assessed as significant to the Company are minimal. The Company is a service company whose revenues derive from providing management services to the Ingredients division of ABF. The amounts recharged are not dependent upon the performance of the Ingredients division and therefore the directors expect little impact on performance of the Company from COVID-19 during the year.

Going concern

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of at least twelve months from the date of signing of these financial statements.

After making due enquiries and considering the impact of COVID-19 and the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern (set out on page 95 of the 2021 Annual Report dated 9 November 2021 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to February 2023, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Directors' report *(continued)*

Supplier payment policy

It is the Company's policy to agree terms of business with suppliers prior to the supply of goods and services. In the absence of any dispute, the Company pays in accordance with these terms. On average our terms are 30 days.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

Health, safety and environment reporting

The Company, and the broader group of which it forms part, keeps its health, safety and environmental performance and levels of legal compliance under regular review and ensures that its risk management controls are appropriate and effective.

By order of the board



C Chantrey
Director
20 Dec 2021

Statement of directors' responsibilities

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and

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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of ABF Ingredients Limited

Opinion

We have audited the financial statements of ABF Ingredients Limited for the year ended 31 August 2021 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 18, 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 31 August 2021 and of its profit for the year 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

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

Independent auditor's report to the members of ABF Ingredients Limited *(continued)*

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 3, 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.

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

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

Independent auditor's report to the members of ABF Ingredients Limited (continued)

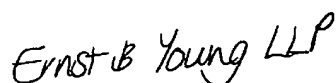
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relating to United Kingdom General Accepted Accounting Practice, the Companies Act 2006 and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including Data Protection Act 2018, Health and Safety at Work Act 1974, UK Bribery Act, Equality Act and Anti-Money Laundering Regulations.
- We understood how ABF Ingredients Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas. We have also understood the controls in place to reduce the opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of expenses, as these are recharged on to group entities.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included reading board meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.

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.

Handwritten signature of Lauren Houghton in black ink, reading "Ernst & Young LLP".

Lauren Houghton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton, UK

22 Dec 2021

Statement of Comprehensive Income
for the year ended 31 August 2021

	<i>Note</i>	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Turnover	3	10,194	7,702
Cost of sales		(9,651)	(7,128)
Other administrative expenses		(308)	(399)
Operating profit	4	<u>235</u>	<u>175</u>
Interest payable	5	(36)	(92)
Profit on ordinary activities before taxation		<u>199</u>	<u>83</u>
Tax on profit on ordinary activities	9	(111)	(63)
Profit for the financial year		<u>88</u>	<u>20</u>
Other comprehensive income:			
Exchange difference on retranslation of net assets of branch		-	-
Total comprehensive income		<u><u>88</u></u>	<u><u>20</u></u>

The income statement activities relate solely to continuing operations in the year.

The notes on pages 10 to 22 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 August 2021

	Share Capital £000	Foreign Currency Translation Reserve £000	Retained Earnings £000	Total Equity £000
At 31 August 2019	87	(5)	(7,965)	(7,883)
Profit for the financial year	-	-	20	20
Total comprehensive income	-	-	20	20
Share-based payments	-	-	(40)	(40)
At 31 August 2020	87	(5)	(7,985)	(7,903)
Profit for the financial year	-	-	88	88
Total comprehensive income	-	-	88	88
Share-based payments	-	-	(117)	(117)
At 31 August 2021	87	(5)	(8,014)	(7,932)

Balance sheet
as at 31 August 2021

	Note	31 August 2021		31 August 2020	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		223		267
Tangible assets	11		2		7
			<u>225</u>		<u>274</u>
Current assets					
Debtors	13	5,682		5,964	
		<u>5,682</u>		<u>5,964</u>	
Creditors: amounts falling due within one year	14	(13,839)		(14,141)	
Net current liabilities			(8,157)		(8,177)
Total assets less current liabilities			(7,932)		(7,903)
Net liabilities			(7,932)		(7,903)
Capital and reserves					
Called up share capital	15		87		87
Profit and loss account			(8,019)		(7,990)
Shareholder's deficit			<u>(7,932)</u>		<u>(7,903)</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on ²⁰~~18~~ December 2021 and were signed on its behalf by:



C. Chantrey
Director
20 Dec 2021
Company number: 482099

Notes to the financial statements as at 31 August 2021

1 Authorisation of financial statements and statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except when otherwise indicated. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Associated British Foods plc. The results of the Company are included in the consolidated financial statements of Associated British Foods plc which are available from Weston Centre, 10 Grosvenor Street, London W1K 4QY and at www.abf.co.uk.

The principal accounting policies adopted by the Company are set out in note 2.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented in dealing with items which are considered material in relation to the company's financial statements, unless otherwise stated.

The Company's activities are set out in the Principal activities section of the Directors' report on page 1.

Basis of preparation:

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures in respect of disclosure of key management personnel compensation;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which deals with IFRSs issued but not yet effective;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements; and
- the requirements of paragraph 45(b) and 46-52 of IFRS 2 Share Based Payment, because the share-based payment arrangement concerns the instruments of another group entity

Notes to the financial statements *(continued)*

2 Significant Accounting policies *(continued)*

Other exemptions are available under FRS 101 but these have not been set out above as they are not relevant to the Company's financial statements.

COVID-19

The COVID-19 pandemic has continued across the world. This has highlighted the importance of the global food supply chain, in which the Company plays an important part.

The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2022 full year impact cannot yet be known.

The circumstances of COVID-19 currently assessed as significant to the Company are minimal. The Company is a service company whose revenues derive from providing management services to the Ingredients division of ABF. The amounts recharged are not dependent upon the performance of the Ingredients division and therefore the directors expect little impact on performance of the Company from COVID-19 during the year.

Going concern

As set out in note 18, the smallest group in which the results of the company are consolidated is that headed by Associated British Foods plc, which confirmed in its Annual Report dated 9 November 2021 that its directors have a reasonable expectation that the Associated British Foods plc group has adequate resources to continue in operational existence for the foreseeable future.

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of at least 12 months from the date of signing of these financial statements.

After making due enquiries and considering the impact of COVID-19 and the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern (as set out on page 95 of the 2021 Annual Report dated 9 November 2021 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to February 2023, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to group companies during the year.

Fixed assets and depreciation

Depreciation, calculated on original cost, is provided on a straight-line basis over the anticipated life of the asset. The anticipated life of fixed assets is set out below:

Plant, machinery, fixtures and fittings	5 years
Motor vehicles	4 years

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate

Notes to the financial statements *(continued)*

2 Significant Accounting policies *(continued)*

of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

Taxation

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 provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Intangible Assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets) acquired in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is assessed for impairment annually or whenever there are indicators of impairment.

Software amortisation, calculated on original cost, is provided on a straight-line basis over the anticipated life of the asset.

Pension costs

The Company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee-administered funds. As the Company is unable to identify its share of the scheme's assets and liabilities on a consistent basis the scheme is accounted for by the Company as if it were a defined contribution scheme. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently-administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Share-based payments

The Associated British Foods plc group operates a share incentive plan which allows 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 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 vest.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from the estimates. The directors believe that there are no estimates or judgements that have a significant effect on the amounts recognised in the financial statements for the periods presented.

Notes to the financial statements *(continued)*

3 Segment information

The Company has one class of business which is the supply of services to other entities in the ABF Ingredients division.

The table below sets out turnover for each of the Company's geographic areas of operation. All trading during the year has been with other group companies.

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Europe	4,962	4,147
Rest of world	5,232	3,555
	<u>10,194</u>	<u>7,702</u>

4 Operating Profit

This is stated after charging /(crediting):

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off fixed tangible assets:		
Owned	5	6
Amortisation	56	44
Auditor's remuneration:		
Audit of these financial statements	9	9
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Amounts payable on loans from group undertakings	36	92
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

6 Directors and employees

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees	
	Year ended 31 August 2021	Year ended 31 August 2020
Average number of employees	18	18

The aggregate staff costs of these persons were as follows:

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Wages and salaries	2,010	1,922
Share based payments (see note 7)	(117)	(40)
Social security costs	263	274
Other pension costs (see note 8)	237	197
	<u>2,393</u>	<u>2,353</u>

Remuneration of directors

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
<i>Directors' emoluments:</i>		
Remuneration	324	449
Company contributions to money purchase pension schemes	25	34
	<u>349</u>	<u>483</u>

The number of directors employed by the Company during the year was 2 (2020: 1). During the year the directors participated in the Company's defined contribution pension scheme.

The highest-paid director received emoluments of £298,972 (2020: £449,010) in the year and pension contributions of £23,489 (2020: £33,785) were made on their behalf to the defined contribution pension scheme.

Directors' emoluments excludes the aggregate amount of any gains made by directors on the exercise of share options and excludes the share based payments charge relating to current year options. One of the directors received £nil remuneration from the company during the year (2020: £nil). This director was remunerated by a fellow group company. No allocation of the director's emoluments has been made as the director provides minimal services to the company.

Notes to the financial statements *(continued)*

7 Share-based payments

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

Associated British Foods 2016 Long Term Incentive Plan ('the 2016 LTIP')

The 2016 LTIP was approved and adopted by ABF plc at the annual general meeting held on 9 December 2016. It takes the form of conditional allocations of shares which are released if, and to the extent that, performance targets are satisfied, typically over a three-year vesting period.

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

	2021 Number of Shares	2020 Number of Shares
Balance at the start of the year	34,299	129,163
Granted in year	-	7,200
Vested during year	-	(34,629)
Lapsed during year	(20,305)	(4,812)
Transferred out during year	-	(62,623)
	<hr/>	<hr/>
Balance outstanding at the end of the year	13,994	34,299
	<hr/>	<hr/>

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 fair value of the shares awarded under the Share Incentive Plan during the year was 1,879 pence (2020: 2,327, pence) and the weighted average share price was 2,021 pence (2020: 2,502 pence).

The Company has recognised a credit of £117,000 (2020: credit of £40,000) in relation to total equity-settled share-based payment expense.

Notes to the financial statements *(continued)*

8 Pensions

The Company is a member of the Associated British Foods plc pension scheme which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the scheme's assets and liabilities on a consistent basis the scheme is accounted for by the Company as if it were a defined contribution scheme. On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. Employer's contributions to the defined benefit scheme for the year totalled £97,779 (2020: £56,866) and are recorded as a cost in the profit and loss account. For the defined contribution scheme, contributions for the year amounted to £138,952 (2020: £140,512), also recorded as a cost in the profit and loss account. No pension contributions were accrued at the period end (2020: nil).

The UK defined benefit schemes represent 91% (2020: 91%) of the group's defined benefit scheme assets and 88% (2020: 88%) of defined benefit scheme liabilities. The scheme is governed by a trustee board which is independent of the group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed. Full IAS 19 disclosures can be found within the annual report and accounts of the ABF group, which are available for download from the group's website at www.abf.co.uk. The most recent triennial funding valuation of the scheme, using the current unit method, was carried out as at 5 April 2020 and revealed a deficit of £302m (2020: surplus of £176m).

Notes to the financial statements (continued)

9 Taxation

a) Tax charge in the income statement

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
<i>Current Tax</i>		
Current tax on income for the financial period	76	43
Adjustments in respect of prior periods	48	20
	<hr/>	<hr/>
Total current income tax	124	63
<i>Deferred Tax</i>		
Origination/reversal of timing differences	(11)	3
Effect of change in tax rate	(1)	-
Adjustment in respect of previous years	(1)	(3)
	<hr/>	<hr/>
Total deferred tax	(13)	0
	<hr/>	<hr/>
Tax charge in the income statement	111	63
	<hr/>	<hr/>

b) Reconciliation of the total tax charge

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Profit on ordinary activities before tax	199	83
	<hr/>	<hr/>
Tax calculated at UK standard rate or corporation tax of 19% (2020: 19%)	38	16
Effects of rate change	(9)	(3)
Expenses not deductible/(Income not taxable)	36	34
Adjustments to tax charge in respect of previous years	46	16
	<hr/>	<hr/>
Total tax charge	111	63
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

9 Taxation *(continued)*

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Deferred tax asset	39	26
<i>Comprising:</i>		
Accelerated capital allowances	39	26
	39	26
Movement in deferred tax provision		
Brought forward	26	27
Charge to the income statement	13	-
Charge to reserves	-	(1)
Carried forward	39	26

c) *Factors affecting future tax charges*

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect these changes was enacted before the balance sheet date and deferred tax has been calculated accordingly.

Notes to the financial statements *(continued)*

10 Intangible fixed assets

Group	Goodwill £'000	Software £'000	Total £'000
<i>Cost</i>			
At beginning of year	1,804	312	2,116
Additions		12	12
At end of year	1,804	324	2,128
<i>Amortisation and impairment</i>			
At beginning of year	1,804	45	1,849
Amortisation		56	56
Disposals		-	-
At end of year	1,804	101	1,905
<i>Net book value</i>			
At 31 August 2021	-	223	223
At 31 August 2020	-	267	267

Notes to the financial statements *(continued)*

11 Tangible fixed assets

	Motor vehicles £'000	Total £'000
<i>Cost</i>		
At beginning of year	21	21
	<hr/>	<hr/>
At end of year	21	21
	<hr/>	<hr/>
<i>Depreciation</i>		
At beginning of year	14	14
Charge for year	5	5
	<hr/>	<hr/>
At end of year	19	19
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 August 2021	2	2
	<hr/>	<hr/>
At 31 August 2020	7	7
	<hr/>	<hr/>

12 Fixed Asset Investments

	Investment in subsidiaries £'000
<i>Cost</i>	
At beginning of year	23
	<hr/>
At end of year	23
	<hr/>
<i>Net book value</i>	
At 31 August 2021	23
	<hr/>
At 31 August 2020	23
	<hr/>

The company has only one subsidiary undertaking:

Subsidiary undertaking	Registered address	Principal activity	Class and percentage of share held
ABFI France SAS	11 rue de Milan 75009, Paris France	Activities relating to food, pharmaceuticals, animal feeds & other products	Ordinary shares of €1 each, 100%

Notes to the financial statements *(continued)*

13 Debtors

	31 August 2021 £'000	31 August 2020 £'000
Amounts owed by group undertakings	5,272	4,922
Other debtors	187	470
Called-up share capital not paid	87	87
Deferred tax	39	26
Corporation tax debtor	-	372
Prepayments and accrued income	97	87
	<u>5,682</u>	<u>5,964</u>

14 Creditors: amounts falling due within one year

	31 August 2021 £'000	31 August 2020 £'000
Trade creditors	302	27
Amounts owed to group undertakings	12,242	12,853
Corporation tax creditor	166	-
Other taxes and social security	78	56
Accruals and deferred income	1,051	1,205
	<u>13,839</u>	<u>14,141</u>

15 Called up share capital

	31 August 2021		31 August 2020	
	Number	£	Number	£
<i>Allotted and called up</i>				
Ordinary shares of £1 each	57,541	57,541	57,541	57,541
Deferred shares of £1 each	29,017	29,017	29,017	29,017
	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>

16 Contingent Liabilities

The Company, together with Associated British Foods plc and certain fellow UK subsidiary undertakings, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers.

Notes to the financial statements *(continued)*

17 Related party transactions

The Company, being a wholly owned subsidiary of Associated British Foods plc, has taken advantage of the IAS 24 *Related Party Disclosures* exemption not to disclose related party transactions with wholly owned entities in the same group.

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate holding company is ABF (No.2) Limited, a company registered in England and Wales. The ultimate parent 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 that headed by Wittington Investments Limited, incorporated in Great Britain. The smallest group in which they are consolidated is that 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 can be obtained from 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.