

**NOTICE OF AGREEMENT TO EXEMPTION FROM AUDIT**

Date: 15 December 2022

The Directors

**G. Costa (Holdings) Limited (Company No. 3679738) ("Company")**

Weston Centre

10 Grosvenor Street

London

W1K 4QY

Dear Sir(s)/Madam(s)

**Agreement of the sole member of the Company, for the purposes of section 479A(2)(a) of the Companies Act 2006 ("CA 2006"), to the audit exemption set out in section 479A CA 2006**

We, being the holder of the entire issued share capital for the time being in the Company, agree for the purposes of section 479A(2)(a) CA 2006 to the Company being exempt from the requirement under Part 16 CA 2006 to have its annual accounts in respect of the financial year ended 17 September 2022 audited in accordance with the audit exemption set out in section 479A CA 2006.



For and on behalf of

**AB World Foods (Holdings) Limited**

ADRIAN KEE



# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 1. Operating segments *continued*

2021

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,594	1,714	1,539	1,687	5,593	(246)	13,881
Internal revenue	(1)	(64)	(2)	(179)	—	246	—
External revenue from continuing businesses	3,593	1,650	1,537	1,508	5,593	—	13,881
Businesses disposed	2	—	—	1	—	—	3
Revenue from external customers	3,595	1,650	1,537	1,509	5,593	—	13,884
Adjusted operating profit before joint ventures and associates	364	149	31	134	321	(70)	929
Share of profit after tax from joint ventures and associates	49	3	13	17	—	—	82
Adjusted operating profit	413	152	44	151	321	(70)	1,011
Finance income	—	—	—	—	—	9	9
Finance expense	(1)	(2)	—	(1)	(80)	(27)	(111)
Other financial expense	—	—	—	—	—	(1)	(1)
Adjusted profit before taxation	412	150	44	150	241	(89)	908
Profits less losses on disposal of non-current assets	2	1	—	1	—	—	4
Amortisation of non-operating intangibles	(41)	—	(2)	(7)	—	—	(50)
Acquired inventory fair value adjustments	(3)	—	—	—	—	—	(3)
Transaction costs	—	—	—	(2)	—	(1)	(3)
Exceptional items	—	(141)	—	—	(6)	(4)	(151)
Profits less losses on sale and closure of businesses	—	—	—	19	—	1	20
Profit before taxation	370	10	42	161	235	(93)	725
Taxation	—	—	—	—	—	(227)	(227)
<b>Profit for the period</b>	<b>370</b>	<b>10</b>	<b>42</b>	<b>161</b>	<b>235</b>	<b>(320)</b>	<b>498</b>
Segment assets (excluding joint ventures and associates)	2,541	1,776	441	1,480	6,919	154	13,311
Investments in joint ventures and associates	53	28	139	118	—	—	338
<b>Segment assets</b>	<b>2,594</b>	<b>1,804</b>	<b>580</b>	<b>1,598</b>	<b>6,919</b>	<b>154</b>	<b>13,649</b>
Cash and cash equivalents	—	—	—	—	—	2,275	2,275
Current asset investments	—	—	—	—	—	32	32
Income tax	—	—	—	—	—	81	81
Deferred tax assets	—	—	—	—	—	218	218
Employee benefits assets	—	—	—	—	—	640	640
<b>Segment liabilities</b>	<b>(601)</b>	<b>(361)</b>	<b>(151)</b>	<b>(340)</b>	<b>(4,142)</b>	<b>(208)</b>	<b>(5,803)</b>
Loans and overdrafts	—	—	—	—	—	(406)	(406)
Income tax	—	—	—	—	—	(172)	(172)
Deferred tax liabilities	—	—	—	—	—	(363)	(363)
Employee benefits liabilities	—	—	—	—	—	(147)	(147)
<b>Net assets</b>	<b>1,993</b>	<b>1,443</b>	<b>429</b>	<b>1,258</b>	<b>2,777</b>	<b>2,104</b>	<b>10,004</b>
Non-current asset additions	113	134	21	118	343	16	745
Depreciation (including of right-of-use assets)	(110)	(82)	(16)	(56)	(549)	(10)	(823)
Amortisation	(48)	(4)	(3)	(9)	(8)	(2)	(74)
Reversal of impairment of property, plant and equipment and right-of-use assets	—	—	—	10	—	—	10

## 2022

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	6,378	6,291	2,028	2,300	16,997
Segment assets	5,972	6,519	1,840	1,673	16,004
Non-current asset additions	285	487	177	103	1,052
Depreciation (including of right-of-use assets)	(277)	(392)	(69)	(64)	(802)
Amortisation	(25)	(32)	(5)	(6)	(68)
Impairment of property, plant and equipment on sale and closure of businesses	–	–	–	(30)	(30)
Acquired inventory fair value adjustments	(2)	(3)	–	–	(5)
Transaction costs	(2)	(3)	–	(1)	(6)
Exceptional items	–	(206)	–	–	(206)

## 2021

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	4,982	4,944	1,678	2,280	13,884
Segment assets	5,178	5,754	1,324	1,393	13,649
Non-current asset additions	200	382	74	89	745
Depreciation (including of right-of-use assets)	(288)	(406)	(62)	(67)	(823)
Amortisation	(35)	(26)	(7)	(6)	(74)
Reversal of impairment of property, plant and equipment on sale and closure of businesses	–	–	–	10	10
Acquired inventory fair value adjustments	–	(3)	–	–	(3)
Transaction costs	(2)	–	–	(1)	(3)
Exceptional items	(13)	(117)	–	(21)	(151)

The Group's operations in the following countries met the criteria for separate disclosure:

	Revenue		Non-current assets	
	2022 £m	2021 £m	2022 £m	2021 £m
Australia	<b>1,232</b>	1,209	<b>623</b>	533
Spain	<b>1,545</b>	1,190	<b>650</b>	670
United States	<b>1,315</b>	1,098	<b>866</b>	672

All segment disclosures are stated before reclassification of assets and liabilities classified as held for sale (see note 15).

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 2. Operating costs

	Note	2022 £m	2021 £m
<b>Operating costs</b>			
Cost of sales (including amortisation of intangibles)		<b>13,219</b>	10,753
Distribution costs		<b>1,465</b>	1,303
Administration expenses		<b>1,045</b>	952
Exceptional items		<b>206</b>	151
		<b>15,935</b>	13,159

### Operating costs are stated after charging/(crediting):

Employee benefits expense	3	<b>2,812</b>	2,639
Amortisation of non-operating intangibles	8	<b>44</b>	48
Amortisation of operating intangibles	8	<b>24</b>	26
Acquired inventory fair value adjustments		<b>5</b>	3
Profits less losses on disposal of non-current assets		<b>(7)</b>	(4)
Depreciation of property, plant and equipment	9	<b>521</b>	535
Depreciation of right-of-use assets and non-cash lease adjustments	10	<b>281</b>	288
Transaction costs		<b>6</b>	3
Effect of hyperinflationary economies		<b>16</b>	7
Other operating income		<b>(25)</b>	(23)
Research and development expenditure		<b>37</b>	34
Fair value gains on financial assets and liabilities held for trading		<b>(23)</b>	(15)
Fair value losses on financial assets and liabilities held for trading		<b>17</b>	12
Foreign exchange gains on operating activities		<b>(36)</b>	(31)
Foreign exchange losses on operating activities		<b>37</b>	33

Transaction costs of £6m and amortisation of non-operating intangibles of £47m (2021 – £3m and £50m) shown as adjusting items in the income statement, include £nil and £3m respectively (2021 – £nil and £2m respectively) incurred by joint ventures, in addition to the amounts shown above.

## Exceptional items

### 2022

The income statement this year included an exceptional charge of £206m comprising non-cash writedowns of £72m against property, plant and equipment and a writedown of £134m of right-of-use assets relating to the capitalisation of store leases for Primark. We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre-COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in our revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. We remain committed to our loyal customers in this important market and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio. Also £49m of the £63m exceptional charge included in the Group's total tax charge for this financial year was the de-recognition of the deferred tax assets relating to Germany.

### 2021

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

	2022 £m	2021 £m
Auditor's remuneration:		
<b>Fees payable to the Company's auditor and its associates in respect of the audit</b>		
Group audit of these financial statements	1.6	1.4
Audit of the Company's subsidiaries' financial statements	7.6	7.0
Total audit remuneration	9.2	8.4

**Fees payable to the Company's auditor and its associates in respect of non-audit related services**

Audit-related assurance services	0.4	0.4
All other services	0.5	0.3
Total non-audit related remuneration	0.9	0.7

### 3. Employees

	2022	2021
<b>Average number of employees</b>		
United Kingdom	41,526	42,696
Europe & Africa	73,155	67,681
The Americas	6,102	6,081
Asia Pacific	11,490	11,454
	132,273	127,912

	Note	2022 £m	2021 £m
<b>Employee benefits expense</b>			
Wages and salaries		2,350	2,209
Social security contributions		311	282
Contributions to defined contribution schemes	12	87	81
Charge for defined benefit schemes	12	45	50
Equity-settled share-based payment schemes	24	19	17
		2,812	2,639

Details of directors' remuneration, share incentives and pension entitlements are shown in the Remuneration Report on pages 126 to 153.

### 4. Interest and other financial income and expense

	Note	2022 £m	2021 £m
<b>Finance income</b>			
Cash and cash equivalents and current asset investments		19	9
		19	9
<b>Finance expense</b>			
Bank loans and overdrafts		(20)	(16)
All other borrowings		(8)	(10)
Lease liabilities	10	(81)	(84)
Other payables		(2)	(1)
		(111)	(111)
<b>Other financial income/(expense)</b>			
Interest income on employee benefit scheme assets	12	84	69
Interest charge on employee benefit scheme liabilities	12	(74)	(69)
Interest charge on irrecoverable surplus	12	(1)	(1)
Net financial income/(expense) from employee benefit schemes		9	(1)
Net foreign exchange gains on financing activities		4	–
Total other financial income/(expense)		13	(1)

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 5. Income tax expense

	2022 £m	2021 £m
<b>Current tax expense</b>		
UK – corporation tax at 19% (2021 – 19%)	44	46
Overseas – corporation tax	244	208
UK – (over)/under provided in prior periods	(12)	9
Overseas – over provided in prior periods	1	(9)
	<b>277</b>	<b>254</b>
<b>Deferred tax expense</b>		
UK deferred tax	18	13
Overseas deferred tax	72	(37)
UK – over provided in prior periods	(3)	(3)
Overseas – over provided in prior periods	(8)	–
	<b>79</b>	<b>(27)</b>
<b>Total income tax expense in the income statement</b>	<b>356</b>	<b>227</b>
<b>Reconciliation of effective tax rate</b>		
Profit before taxation	1,076	725
Less share of profit after tax from joint ventures and associates	(109)	(79)
<b>Profit before taxation excluding share of profit after tax from joint ventures and associates</b>	<b>967</b>	<b>646</b>
Nominal tax charge at UK corporation tax rate of 19% (2021 – 19%)	184	123
Effect of higher and lower tax rates on overseas earnings	4	33
Effect of changes in tax rates on the income statement	2	17
Expenses not deductible for tax purposes	63	51
Disposal of assets covered by tax exemptions or unrecognised capital losses	6	(3)
Deferred tax not recognised	120	9
Adjustments in respect of prior periods	(23)	(3)
	<b>356</b>	<b>227</b>
<b>Income tax recognised directly in equity</b>		
Deferred tax associated with defined benefit schemes	198	144
Deferred tax associated with share-based payments	1	–
Deferred tax associated with movement in cash flow hedging position	28	14
Deferred tax associated with movement in other investments	1	–
	<b>228</b>	<b>158</b>

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

In April 2019 the European Commission published its decision on the Group Financing Exemption in the UK's controlled foreign company legislation. The Commission found that the UK law did not comply with EU State Aid rules in certain circumstances. The Group has arrangements that may be impacted by this decision as might other UK-based multinational groups that had financing arrangements in line with the UK's legislation in force at the time. The UK Government, the Group and a number of other UK companies appealed against this decision to the General Court of the European Union ('GCEU'). On 8 June 2022, the GCEU found in favour of the Commission's original decision. As a result of this, in August 2022, the UK Government, the Group and various other UK companies appealed GCEU's decision to the Court of Justice of the European Union. We have calculated our maximum potential liability to be £26m (2021: £26m), however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. Following receipt of charging notices from HM Revenue & Customs ('HMRC'), we made payments to HMRC in the prior year. Our assessment remains that no provision is required in respect of this amount. We will continue to consider the impact of the Commission's decision on the Group and the potential requirement to record a provision.

Deferred taxation balances are analysed in note 13.

## 6. Dividends

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
2020 final	–	–	–	–
2021 interim	–	6.20	–	49
2021 final and special	<b>34.30</b>	–	<b>271</b>	–
2022 interim	<b>13.80</b>	–	<b>109</b>	–
	<b>48.10</b>	6.20	<b>380</b>	49

The 2022 interim dividend was declared on 26 April 2022 and was paid on 8 July 2022. The 2022 final dividend of 29.9p, total value of £236m, will be paid on 13 January 2023 to shareholders on the register on 16 December 2022.

Dividends relating to the period were 43.7p per share totalling £345m (2021 – 40.5p per share totalling £320m including the special dividend of 13.8p for £109m).

## 7. Earnings per share

The calculation of basic earnings per share at 17 September 2022 was based on the net profit attributable to equity shareholders of £700m (2021 – £478m), and a weighted average number of shares outstanding during the year of 789 million (2021 – 790 million). The calculation of the weighted average number of shares excludes the shares held by the Employee Share Ownership Plan Trust on which the dividends are being waived.

Adjusted earnings per ordinary share, which exclude the impact of profits less losses on disposal of non-current assets and the sale and closure of businesses, amortisation of acquired inventory fair value adjustments, transaction costs, amortisation of non-operating intangibles, exceptional items and any associated tax credits, is shown to provide clarity on the underlying performance of the Group.

Transaction costs of £6m and amortisation of non-operating intangibles of £47m (2021 – £3m and £50m) shown as adjusting items below include £nil and £3m respectively (2021 – £nil and £2m respectively) incurred by joint ventures.

The diluted earnings per share calculation takes into account the dilutive effect of share incentives. The diluted, weighted average number of shares is 789 million (2021 – 790 million). There is no difference between basic and diluted earnings.

	2022 £m	2021 £m
<b>Adjusted profit for the period</b>	<b>1,034</b>	633
Disposal of non-current assets	<b>7</b>	4
Sale and closure of businesses	<b>(23)</b>	20
Acquired inventory fair value adjustments	<b>(5)</b>	(3)
Transaction costs	<b>(6)</b>	(3)
Exceptional items	<b>(206)</b>	(151)
Tax effect on above adjustments	<b>(63)</b>	23
Amortisation of non-operating intangibles	<b>(47)</b>	(50)
Tax credit on non-operating intangibles amortisation and goodwill	<b>9</b>	5
<b>Profit for the period attributable to equity shareholders</b>	<b>700</b>	478

	2022 pence	2021 pence
<b>Adjusted earnings per share</b>	<b>131.1</b>	80.1
Disposal of non-current assets	<b>0.9</b>	0.5
Sale and closure of businesses	<b>(2.9)</b>	2.5
Acquired inventory fair value adjustments	<b>(0.6)</b>	(0.4)
Transaction costs	<b>(0.8)</b>	(0.4)
Exceptional items	<b>(26.1)</b>	(19.1)
Tax effect on above adjustments	<b>(8.0)</b>	3.0
Amortisation of non-operating intangibles	<b>(6.0)</b>	(6.3)
Tax credit on non-operating intangibles amortisation and goodwill	<b>1.0</b>	0.6
<b>Earnings per ordinary share</b>	<b>88.6</b>	60.5

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 8. Intangible assets

	Non-operating						Operating	
	Goodwill £m	Technology £m	Brands £m	Customer relationships £m	Grower agreements £m	Other £m	Other £m	Total £m
<b>Cost</b>								
At 12 September 2020	1,281	210	441	281	103	5	547	2,868
Acquisitions – externally purchased	–	–	–	–	–	–	96	96
Acquired through business combinations	–	16	–	3	–	–	1	20
Other disposals	–	–	–	–	–	–	(20)	(20)
Effect of hyperinflationary economies	4	–	–	–	–	–	–	4
Effect of movements in foreign exchange	(49)	(12)	(12)	(13)	6	–	(33)	(113)
At 18 September 2021	1,236	214	429	271	109	5	591	2,855
Acquisitions – externally purchased	–	–	–	–	–	–	138	138
Acquired through business combinations	85	49	33	6	–	–	–	173
Other disposals	–	–	–	–	–	–	(49)	(49)
Transfer to assets classified as held for sale	–	–	–	–	–	–	(16)	(16)
Effect of hyperinflationary economies	9	–	–	–	–	–	–	9
Effect of movements in foreign exchange	84	22	26	13	1	–	33	179
<b>At 17 September 2022</b>	<b>1,414</b>	<b>285</b>	<b>488</b>	<b>290</b>	<b>110</b>	<b>5</b>	<b>697</b>	<b>3,289</b>
<b>Amortisation and impairment</b>								
At 12 September 2020	115	204	363	182	103	5	267	1,239
Amortisation for the year	–	2	20	26	–	–	26	74
Impairment	–	–	–	–	–	–	2	2
Effect of movements in foreign exchange	(3)	(11)	(11)	(8)	6	–	(14)	(41)
At 18 September 2021	112	195	372	200	109	5	281	1,274
Amortisation for the year	–	7	22	15	–	–	24	68
Other disposals	–	–	–	–	–	–	(1)	(1)
Transfer to assets classified as held for sale	–	–	–	–	–	–	(4)	(4)
Effect of movements in foreign exchange	10	19	21	11	1	–	22	84
<b>At 17 September 2022</b>	<b>122</b>	<b>221</b>	<b>415</b>	<b>226</b>	<b>110</b>	<b>5</b>	<b>322</b>	<b>1,421</b>
<b>Net book value</b>								
At 12 September 2020	1,166	6	78	99	–	–	280	1,629
At 18 September 2021	1,124	19	57	71	–	–	310	1,581
<b>At 17 September 2022</b>	<b>1,292</b>	<b>64</b>	<b>73</b>	<b>64</b>	<b>–</b>	<b>–</b>	<b>375</b>	<b>1,868</b>

In addition to the amounts disclosed above, there are £12m (2021 – £nil) intangible assets classified as assets held for sale (see note 15).

Amortisation of non-operating intangibles of £47m (2021 – £50m) shown as an adjusting item in the income statement includes £3m (2021 – £2m) incurred by joint ventures in addition to the amounts shown above.

### Impairment

As at 17 September 2022, the consolidated balance sheet included goodwill of £1,292m (2021 – £1,124m). Goodwill is allocated to the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill, as follows.

CGU or group of CGUs	Primary reporting segment	Discount rate	2022 £m	2021 £m
Acetum	Grocery	12.3%	93	90
ACH	Grocery	13.0%	208	174
AB Mauri	Ingredients	16.2%	289	267
Twinings Ovaltine	Grocery	12.2%	119	119
Illovo	Sugar	23.4%	105	104
AB World Foods	Grocery	12.4%	79	78
Other (not individually significant)	Various	Various	399	292
			<b>1,292</b>	<b>1,124</b>



A CGU, or group of CGUs, to which goodwill has been allocated must be assessed for impairment annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. There has been no change in CGUs or group of CGUs from the prior year.

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

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

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

The cash flow projections have been discounted using a pre-tax weighted average cost of capital for each business, adjusted for country, industry and market risk. Inflation assumptions used to calculate discount rates are aligned with those used in the cash flow projections. The rates used were between 9.8% and 23.4% (2021 – between 9.8% and 25.7%).

The long-term growth rates beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that are significant to the total carrying amount of goodwill, were in a range between 0% and 6.7%, consistent with the inflation factors included in the discount rates applied (2021 – between 0% and 8.3%).

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

### **Sensitivity to changes in key assumptions**

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

AB Mauri full year trading was lower than the prior year and profitability has been impacted by the challenges of passing on high levels of input cost inflation to customers, including in hyperinflationary economies (Argentina and Turkey), compounded by competitive pricing pressures in some of its businesses and currency devaluations. Estimation uncertainty is increased as a result of the multiple locations the AB Mauri division operates in, the macroeconomic challenges described above, the continued development of new products and any residual impact of COVID-19. Accordingly, management has again undertaken an impairment review. Detailed forecasts for a period of five years to reflect the time required for completion of the business plan were prepared and management concluded that the assets were not impaired. The moderate forecast improvement has been driven off successful pricing actions in response to significant global input cost inflation across key commodities, energy and freight in addition to a number of cost reduction actions, and continued growth in the global bakery ingredients business. However, the increase in the discount rate significantly reduced overall headroom. Headroom was \$72m on a CGU carrying value of \$1,044m (2021 – headroom of \$232m on a CGU carrying value of \$1,003m). The geographic diversity and varying local economic environments of AB Mauri's operations mean that the critical assumptions underlying the detailed forecasts used in the impairment model are wide-ranging. It is therefore impractical to provide meaningful sensitivities to these assumptions other than the discount rate. The discount rate used was 16.2% (2021 – 14.1%) and would have to increase to more than 18.0% (2021 – 16.3%) before value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2–3% (2021 – 2–3%) per annum dependent on location.

In light of the supply side inflationary pressures combined with the cost of living crisis faced by our UK Grocery business management performed a detailed impairment review of Jordans Dorset Ryvita, and concluded no impairment was deemed necessary. Key drivers of the forecast improvement in performance include achievement of price increases in high inflation environments, strategic initiatives in the UK and US markets, implementation of a number of margin improvement initiatives, particularly in cost reduction, and conservative volume elasticity estimations. Headroom was £26m on a CGU carrying value of £147m (2021 – headroom of £47m on a CGU carrying value at £164m). The discount rate used was 12.0% and would have to increase to more than 13.5% before value in use fell below the CGU carrying value.

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for the 52 weeks ended 17 September 2022

## 9. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Sugar cane roots £m	Total £m
<b>Cost</b>						
At 12 September 2020	2,743	4,035	4,014	369	84	11,245
Acquisitions – externally purchased	56	50	119	304	10	539
Other disposals	(15)	(40)	(8)	–	–	(63)
Transfers from assets under construction	10	126	77	(213)	–	–
Transfer to assets classified as held for sale	(6)	(25)	–	–	–	(31)
Effect of movements in foreign exchange	(81)	(138)	(183)	(20)	(2)	(424)
At 18 September 2021	2,707	4,008	4,019	440	92	11,266
Acquisitions – externally purchased	32	76	203	421	11	743
Acquired through business combinations	1	4	1	–	–	6
Other disposals	(14)	(3)	(17)	–	(4)	(38)
Transfers from assets under construction	33	164	96	(293)	–	–
Transfer (to)/from assets classified as held for sale	(32)	(53)	(2)	–	–	(87)
Effect of movements in foreign exchange	98	223	119	37	6	483
<b>At 17 September 2022</b>	<b>2,825</b>	<b>4,419</b>	<b>4,419</b>	<b>605</b>	<b>105</b>	<b>12,373</b>
<b>Depreciation and impairment</b>						
At 12 September 2020	721	2,682	2,148	–	43	5,594
Depreciation for the year	51	180	296	–	8	535
Impairment	24	112	3	–	–	139
Reversal of impairment on sale and closure of business	(3)	(7)	–	–	–	(10)
Other disposals	(7)	(36)	(6)	–	–	(49)
Transfer to assets classified as held for sale	(3)	(18)	–	–	–	(21)
Effect of movements in foreign exchange	(24)	(86)	(98)	–	–	(208)
At 18 September 2021	759	2,827	2,343	–	51	5,980
Depreciation for the year	47	174	290	–	10	521
Impairment	–	–	72	–	–	72
Impairment on sale and closure of business	11	19	–	–	–	30
Other disposals	(1)	–	(17)	–	(4)	(22)
Transfer (to)/from assets classified as held for sale	(17)	(60)	(2)	–	–	(79)
Effect of movements in foreign exchange	35	160	74	–	3	272
<b>At 17 September 2022</b>	<b>834</b>	<b>3,120</b>	<b>2,760</b>	<b>–</b>	<b>60</b>	<b>6,774</b>
<b>Net book value</b>						
At 12 September 2020	2,022	1,353	1,866	369	41	5,651
At 18 September 2021	1,948	1,181	1,676	440	41	5,286
<b>At 17 September 2022</b>	<b>1,991</b>	<b>1,299</b>	<b>1,659</b>	<b>605</b>	<b>45</b>	<b>5,599</b>
					<b>2022</b>	<b>2021</b>
					<b>£m</b>	<b>£m</b>
Capital expenditure commitments – contracted but not provided for					<b>364</b>	307

In addition to the amounts disclosed above, there are £18m (2021 – £10m) of property, plant and equipment classified as assets held for sale (see note 15). Of this, £18m (2021 – £3m) is freehold land and buildings.

## Impairment

The methodology used to assess property, plant and equipment for impairment is the same as that described for impairment assessments of goodwill. See note 8 for further details. In addition where the fair value less costs of disposal is higher than value in use, this methodology has been used to determine the recoverable amount. This method uses inputs that are unobservable, using the best information available in the circumstances for valuing the CGU, and therefore falls into the Level 3 category of fair value measurement.

An impairment of A\$150m (£98m) was recorded in 2012 in the Australian meat business. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A\$46m on a CGU carrying value of A\$302m (2021 – headroom of A\$63m on a CGU carrying value of A\$292m). The discount rate used was 11.9% (2021 – 8.5%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2021 –2.0%) per annum. A sensitivity of +/- 1% on the discount rate decreases/increases headroom by A\$53m either way (2021 – A\$51m either way respectively).

The income statement this year included an exceptional charge of £206m comprising non-cash writedowns of £72m against property plant and equipment and a writedown of £134m of right-of-use assets relating to the capitalisation of Primark Germany store leases. We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre-COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in our revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. The impairment models assume that sales densities will decline for years 2 to 5 of these cashflows. Estimates of long-term growth rates beyond the forecast periods were 2% per annum. Key assumptions were revenue growth, sales density projections, assumptions on operating costs, margin and discount rates. The discount rate used was 8.05%.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 10. Leases

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

### Right-of-use assets

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
<b>Cost</b>				
At 12 September 2020	3,345	47	1	3,393
Additions	97	18	1	116
Lease incentives	(18)	–	–	(18)
Other movements	(6)	–	–	(6)
Effect of movements in foreign exchange	(157)	(2)	–	(159)
At 18 September 2021	3,261	63	2	3,326
Additions	161	10	–	171
Lease incentives	(46)	–	–	(46)
Acquired through business combinations	8	–	–	8
Other disposals	(1)	(1)	(1)	(3)
Other movements	12	2	–	14
Effect of movements in foreign exchange	107	2	–	109
<b>At 17 September 2022</b>	<b>3,502</b>	<b>76</b>	<b>1</b>	<b>3,579</b>
<b>Depreciation and impairment</b>				
At 12 September 2020	385	17	1	403
Depreciation for the year	279	17	–	296
Other movements	–	(1)	–	(1)
Effect of movements in foreign exchange	(20)	(1)	–	(21)
At 18 September 2021	644	32	1	677
Depreciation for the year	263	18	–	281
Impairment	134	–	–	134
Other disposals	(1)	(1)	(1)	(3)
Effect of movements in foreign exchange	33	1	–	34
<b>At 17 September 2022</b>	<b>1,073</b>	<b>50</b>	<b>–</b>	<b>1,123</b>
<b>Net book value</b>				
At 12 September 2020	2,960	30	–	2,990
At 18 September 2021	2,617	31	1	2,649
<b>At 17 September 2022</b>	<b>2,429</b>	<b>26</b>	<b>1</b>	<b>2,456</b>

### Impairment

The methodology used to assess right-of-use assets for impairment is the same as that described for impairment assessments of goodwill. See note 8 for further details.

In the year there was a £134m (2021 - £nil) impairment of right-of-use assets relating to Primark (included within exceptional items).

### Lease liabilities

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
<b>Cost</b>				
At 12 September 2020	3,620	35	–	3,655
Additions	91	18	1	110
Interest expense relating to lease liabilities	83	1	–	84
Repayment of lease liabilities	(354)	(19)	(1)	(374)
Other movements	(11)	1	–	(10)
Effect of movements in foreign exchange	(167)	(2)	–	(169)
At 18 September 2021	3,262	34	–	3,296
Additions	161	9	–	170
Interest expense relating to lease liabilities	80	1	–	81
Repayment of lease liabilities	(385)	(18)	–	(403)
Acquisition of businesses	8	–	–	8
Other movements	14	2	–	16
Effect of movements in foreign exchange	97	1	–	98
<b>At 17 September 2022</b>	<b>3,237</b>	<b>29</b>	<b>–</b>	<b>3,266</b>

	2022 £m	2021 £m
Current	330	304
Non-current	2,936	2,992
	<b>3,266</b>	<b>3,296</b>

Lease liabilities comprise £3,252m (2021 – £3,281m) capital payable and £14m (2021 – £15m) interest payable. The interest payable is all current and disclosed within trade and other payables. Repayments comprise £321m (2021 – £290m) capital and £82m (2021 – £84m) interest.

### Other information relating to leases

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

	2022 £m	2021 £m
Land and buildings	–	1
Plant and machinery	2	1
Fixtures and fittings	1	2
	<b>3</b>	<b>4</b>

The Group expensed £1m (2021 – £1m) of variable lease payments that do not form part of the lease liability. Cash outflows of £4m (2021 – £2m) that do not form part of the lease liability are expected to be made in the next 12 months.

Rental receipts of £4m (2021 – £6m) were recognised relating to operating leases. The total of future minimum rental receipts expected to be received is £36m (2021 – £45m). £11m (2021 – £17m) is due to be received in respect of sub-leasing right-of-use assets.

## 11. Investments in joint ventures and associates

	Joint ventures £m	Associates £m
At 12 September 2020	233	56
Acquisitions	43	–
Profit for the period	66	13
Dividends received	(58)	(5)
Effect of movements in foreign exchange	(6)	(4)
At 18 September 2021	278	60
Acquisitions	4	–
Profit for the period	90	19
Dividends received	(88)	(5)
Effect of movements in foreign exchange	17	11
<b>At 17 September 2022</b>	<b>301</b>	<b>85</b>

Details of joint ventures and associates are listed in note 29.

Included in the consolidated financial statements are the following items that represent the Group's share of the assets, liabilities and profit of joint ventures and associates:

	Joint ventures		Associates	
	2022 £m	2021 £m	2022 £m	2021 £m
Non-current assets	202	160	46	38
Current assets	641	441	427	302
Current liabilities	(475)	(285)	(386)	(278)
Non-current liabilities	(87)	(57)	(3)	(3)
Goodwill	20	19	1	1
Net assets	301	278	85	60
Revenue	2,165	1,566	1,313	914
Profit for the period	90	66	19	13

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 12. Employee entitlements

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

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

### UK defined benefit scheme

The Group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme (the 'Scheme'), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit scheme represents 90% (2021 – 91%) of the Group's defined benefit scheme assets and 86% (2021 – 88%) of defined benefit scheme liabilities. The Scheme is governed by a trustee board which is independent of the Group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2020, using the current unit method, and revealed a deficit of £302m. The market value of the Scheme assets was £3,317m, representing 92% of members' accrued benefits after allowing for expected future salary increases.

The Scheme's assets are managed using a risk-controlled investment strategy, which includes a liability-driven investment policy that seeks to match, where appropriate, the profile of the liabilities. This includes the use of derivative instruments to hedge inflation, interest and foreign exchange risks. The Scheme utilises both market and solvency triggers to develop the level of hedges in place. To date, the Scheme is fully hedged for 74% of inflation sensitivity and 53% of interest rate risk. It is intended to hedge 80% of total exposure.

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

### Overseas defined benefit schemes

The Group also operates defined benefit retirement schemes in a number of overseas businesses, which are primarily funded final salary schemes, as well as a small number of unfunded post-retirement medical benefit schemes, which are accounted for in the same way as defined benefit retirement schemes.

### Defined contribution schemes

The Group operates a number of defined contribution schemes for which the charge was £42m in the UK and £45m overseas, totalling £87m (2021 – UK £40m, overseas £41m, totalling £81m).

### Actuarial assumptions

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

	2022 UK %	2022 Overseas %	2021 UK %	2021 Overseas %
Discount rate	4.6	0.9-13.5	1.8	0-14.1
Inflation	2.6-3.4	0-55.0	2.6-3.4	0-12.4
Rate of increase in salaries	3.7-4.3	0-40.0	3.7-4.3	0-12.0
Rate of increase for pensions in payment	1.9-3.2	0-40.0	2.1-3.2	0-12.0
Rate of increase for pensions in deferment (where provided)	2.5-2.8	0-2.3	2.5-2.7	0-2.0

Discount rates are determined by reference to market yields at the balance sheet date on high-quality corporate bonds consistent with the estimated term of the obligations. This has been done in conjunction with independent actuaries in each jurisdiction.

The UK inflation assumption includes assumptions on both the Retail Price Index and Consumer Price Index measures of inflation on the basis that the gap between the two measures is expected to remain stable in the long term.

The mortality assumptions used to value the UK defined benefit schemes in 2022 are derived from the S3 mortality tables with improvements in line with the 2020 projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession (2021 – S3 mortality tables with improvements in line with the 2019 projection model), with a 0-year rating movement for males and females (2021 – 0-year rating movement for males and females), both with a long-term trend of 1.5% (2021 – 1.5%). These mortality assumptions take account of experience to date, and assumptions for further improvements in life expectancy of scheme members. Examples of the resulting life expectancies in the UK defined benefit schemes are as follows:

	2022		2021	
	Male	Female	Male	Female
Life expectancy from age 65 (in years)				
Member aged 65 in 2022 (2021)	22.1	24.3	22.1	24.3
Member aged 65 in 2042 (2041)	23.7	26.1	23.7	26.1

An allowance has been made for cash commutation in line with emerging scheme experience. Other demographic assumptions for the UK defined benefit schemes are set having regard to the latest trends in scheme experience and other relevant data.

The assumptions are reviewed and updated as necessary as part of the periodic funding valuation of the schemes.

For the overseas schemes, regionally appropriate assumptions for mortality, financial and demographic factors have been used.

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 17 September 2022 is.

	Change in assumption	Impact on scheme liabilities
Discount rate	decrease/increase by 0.1%	increase/decrease by 1.5%
Inflation	increase/decrease by 0.1%	increase by 0.9%/decrease by 1.2%
Rate of real increase in salaries	increase/decrease by 0.1%	increase/decrease by 0.3%
Rate of mortality	members assumed to be one year younger/older	increase/decrease by 4.2%

A sensitivity to the rate of increase in pensions in payment and pensions in deferment is represented by the inflation sensitivity, as all pensions increases and deferred revaluations are linked to inflation.

The sensitivity analysis above has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the period and may not be representative of the actual change. It is based on a change in the specific assumption while holding all other assumptions constant. When calculating the sensitivities, the same method used to calculate scheme liabilities recognised in the balance sheet has been applied. The method and assumptions used in preparing the sensitivity analysis have not changed since the prior year.

## Balance sheet

	2022			2021		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Equities	1,135	188	1,323	1,246	194	1,440
Government bonds	308	92	400	840	86	926
Corporate and other bonds	767	47	814	812	49	861
Property	398	37	435	360	29	389
Cash and other assets	1,126	53	1,179	1,057	55	1,112
Scheme assets	3,734	417	4,151	4,315	413	4,728
Scheme liabilities	(2,390)	(405)	(2,795)	(3,719)	(490)	(4,209)
Aggregate net surplus/(deficit)	1,344	12	1,356	596	(77)	519
Irrecoverable surplus*	–	(42)	(42)	–	(26)	(26)
Net pension asset/(liability)	1,344	(30)	1,314	596	(103)	493
Analysed as						
Schemes in surplus	1,366	27	1,393	633	7	640
Schemes in deficit	(22)	(57)	(79)	(37)	(110)	(147)
	1,344	(30)	1,314	596	(103)	493

Unfunded liability included in the present value of scheme liabilities above

(22) (52) (74) (37) (66) (103)

\* The surpluses in the plans are only recoverable to the extent that the Group can benefit from either refunds formally agreed or from future contribution reductions.

## UK Scheme

Scheme assets include £50m (2021 – £345m) of derivative instruments, £441m (2021 – £482m) of corporate debt instruments and £861m (2021 – £1,394m) of government debt.

Corporate and other bonds assets of £767m (2021 – £812m) include £248m (2021 – £225m) of assets whose valuation is not derived from quoted market prices. The valuation for all other equity assets, government bonds, and corporate and other bonds is derived from quoted market prices. The carrying value of UK property assets is based on a 30 June market valuation, adjusted for purchases, disposals and price indexation between the valuation and the balance sheet date. Cash and other assets includes £820m (2021 – £697m) of assets whose valuation is not derived from quoted market prices.

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## 12. Employee entitlements *continued*

For financial reporting in the Group's financial statements, liabilities are assessed by actuaries using the projected unit method.

The accounting value is different from the result obtained using the funding basis, mainly due to different assumptions used to project scheme liabilities.

The defined benefit scheme liabilities comprise 24% (2021 – 26%) in respect of active participants, 20% (2021 – 23%) for deferred participants and 56% (2021 – 51%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 15 years for both UK and overseas schemes (2021 – 17 years for both UK and overseas schemes).

### Income statement

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

	2022 £m	2021 £m
Charged to operating profit:		
Defined benefit schemes		
Current service cost	(45)	(46)
Past service cost	–	(4)
Defined contribution schemes	(87)	(81)
Total operating cost	(132)	(131)
Reported in other financial income/(expense):		
Net interest income on the net pension asset	10	–
Interest charge on irrecoverable surplus	(1)	(1)
Net impact on profit before tax	(123)	(132)

### Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £36m (2021 – £39m) and benefits paid in respect of unfunded schemes of £2m (2021 – £3m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £87m (2021 – £81m).

Total contributions to funded schemes and benefit payments by the Group in respect of unfunded schemes in 2023 are currently expected to be approximately £29m in the UK and £10m overseas, totalling £39m (2021 – UK £30m, overseas £10m, totalling £40m).

### Other comprehensive income

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

	2022 £m	2021 £m
Return on scheme assets excluding amounts included in net interest in the income statement	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	1,440	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	11	(4)
Experience (losses)/gains on scheme liabilities	(38)	12
Change in unrecognised surplus	(10)	(12)
Remeasurements of the net pension asset	821	559

### Reconciliation of change in assets and liabilities

	2022 assets £m	2021 assets £m	2022 liabilities £m	2021 liabilities £m	2022 net £m	2021 net £m
At beginning of year	4,728	4,153	(4,209)	(4,206)	519	(53)
Current service cost	–	–	(45)	(46)	(45)	(46)
Employee contributions	8	7	(8)	(7)	–	–
Employer contributions	36	39	–	–	36	39
Benefit payments	(154)	(179)	156	182	2	3
Past service cost	–	–	–	(4)	–	(4)
Interest income/(expense)	84	69	(74)	(69)	10	–
(Loss)/return on scheme assets less interest income	(582)	664	–	–	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	–	–	1,440	(101)	1,440	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	–	–	11	(4)	11	(4)
Experience (losses)/gains on scheme liabilities	–	–	(38)	12	(38)	12
Effect of movements in foreign exchange	31	(25)	(28)	34	3	9
At end of year	4,151	4,728	(2,795)	(4,209)	1,356	519



### Reconciliation of change in irrecoverable surplus

	2022 £m	2021 £m
At beginning of year	(26)	(13)
Change recognised in other comprehensive income	(10)	(12)
Interest charge on irrecoverable surplus	(1)	(1)
Effect of movements in foreign exchange	(5)	–
At end of year	(42)	(26)

### 13. Deferred tax assets and liabilities

	Property, plant and equipment £m	Intangible assets £m	Leases £m	Employee benefits £m	Financial assets and liabilities £m	Provisions and other temporary differences £m	Tax value of carry- forward losses £m	Total £m
At 12 September 2020	141	90	(93)	(16)	(2)	(90)	(32)	(2)
Amount credited to the income statement	(36)	(6)	(8)	(1)	–	5	2	(44)
Amount credited to equity	–	–	–	105	14	–	–	119
Acquired through business combinations	–	5	–	–	–	–	–	5
Effect of changes in tax rates on the income statement	29	6	(6)	(3)	–	(5)	(4)	17
Effect of changes in tax rates on equity	–	–	–	39	–	–	–	39
Effect of hyperinflationary economies taken to operating profit	2	–	–	–	–	–	–	2
Effect of movements in foreign exchange	1	(5)	6	1	–	6	–	9
At 18 September 2021	137	90	(101)	125	12	(84)	(34)	145
Amount credited to the income statement	34	(5)	27	1	–	13	8	78
Amount credited to equity	–	–	–	154	28	2	–	184
Acquired through business combinations	–	22	–	–	–	2	–	24
Effect of changes in tax rates on the income statement	2	–	–	–	–	–	–	2
Effect of changes in tax rates on equity	–	–	–	44	–	–	–	44
Effect of hyperinflationary economies taken to operating profit	3	–	–	–	–	–	–	3
Transfer to assets/liabilities held for sale	5	–	–	–	–	–	–	5
Effect of movements in foreign exchange	6	10	(4)	–	–	(8)	–	4
<b>At 17 September 2022</b>	<b>187</b>	<b>117</b>	<b>(78)</b>	<b>324</b>	<b>40</b>	<b>(75)</b>	<b>(26)</b>	<b>489</b>

Provisions and other temporary differences include provisions of £(93)m (2021 – £(93)m), biological assets of £32m (2021 – £29m), tax credits of £(16)m (2021 – £(15)m) and other temporary differences of £2m (2021 – £(5)m).

Certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	2022 £m	2021 £m
Deferred tax assets	(158)	(218)
Deferred tax liabilities	647	363
	489	145

In addition to the amounts disclosed above, there are £5m (2021 – £nil) deferred tax assets classified as assets held for sale (see note 15).

Deferred tax assets have not been recognised in respect of tax losses of £348m (2021 – £310m). Of these tax losses, £188m (2021 – £170m) will expire at various dates between 2022 and 2027 (2021 – 2021 and 2026). Deferred tax assets have also not been recognised in respect of other temporary differences of £516m (2021 – £107m). This includes £378m (2021 – £nil) relating to property, plant and equipment and leases in Germany which were derecognised during the year as a result of the impairment charge (see notes 9 and 10 for further details). These deferred tax assets have not been recognised on the basis that their future economic benefit is uncertain.

In addition, the Group's overseas subsidiaries have net unremitted earnings of £2,029m (2021 – £2,537m), resulting in temporary differences of £1,495m (2021 – £1,167m). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 14. Trade and other receivables

	2022 £m	2021 £m
<b>Non-current – other receivables</b>		
Loans and receivables	29	32
Other non-current investments	29	23
	<b>58</b>	<b>55</b>
<b>Current – trade and other receivables</b>		
Trade receivables	1,311	1,021
Other receivables	218	178
Accrued income	35	16
	<b>1,564</b>	<b>1,215</b>
Prepayments and other non-financial receivables	194	152
	<b>1,758</b>	<b>1,367</b>

In addition to the amounts disclosed above, there are £3m (2021 – £nil) trade and other receivables classified as assets held for sale (see note 15).

The directors consider that the carrying amount of receivables approximates fair value.

For details of credit risk exposure on trade and other receivables, see note 26.

Trade and other receivables include £29m (2021 – £32m) in respect of finance lease receivables, with £25m in non-current loans and receivables and £4m in current other receivables (2021 – £28m in non-current loans and receivables and £4m in current other receivables). Minimum lease payments receivable are £4m within one year, £16m between one and five years and £9m in more than five years (2021 – £4m within one year, £17m between one and five years and £11m in more than five years).

The finance lease receivables relate to property, plant and equipment leased to a joint venture of the Group (see note 28).

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

The Group currently expects to dispose of its north China sugar business, subject to competition and administrative requirements. In the prior year, held for sale assets and liabilities related to a Chinese yeast business expected to be sold to a Chinese joint venture.

	2022 £m	2021 £m
<b>Assets classified as held for sale</b>		
Intangible assets	12	–
Property, plant and equipment	18	10
Inventories	7	3
Taxation	5	–
Trade and other receivables	3	–
	<b>45</b>	<b>13</b>
<b>Liabilities classified as held for sale</b>		
Trade and other payables	(14)	–
	<b>(14)</b>	<b>–</b>
	<b>31</b>	<b>13</b>

## 16. Inventories

	2022 £m	2021 £m
Raw materials and consumables	607	411
Work in progress	70	55
Finished goods and goods held for resale	2,582	1,685
	<b>3,259</b>	<b>2,151</b>
Write-down of inventories	(115)	(95)

In addition to the amounts disclosed above, there are £7m (2021 – £3m) of inventories classified as assets held for sale (see note 1b).

## 17. Biological assets

	Growing cane £m	Other £m	Total £m
At 12 September 2020	66	6	72
Transferred to inventory	(92)	(13)	(105)
Purchases	–	1	1
Changes in fair value	105	12	117
At 18 September 2021	79	6	85
Transferred to inventory	(113)	(13)	(126)
Purchases	–	5	5
Other disposals	–	(1)	(1)
Changes in fair value	124	10	134
Effect of movements in foreign exchange	7	1	8
<b>At 17 September 2022</b>	<b>97</b>	<b>8</b>	<b>105</b>

### Growing cane

The fair value of growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for valuing the growing cane and therefore falls into the Level 3 category of fair value measurement. The following assumptions were used in the determination of the estimated sucrose tonnage at 17 September 2022:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
<b>Expected area to harvest (hectares)</b>	<b>6,028</b>	<b>19,207</b>	<b>16,163</b>	<b>8,419</b>	<b>9,612</b>	<b>5,802</b>
<b>Estimated yield (tonnes cane/hectare)</b>	<b>67.9</b>	<b>103.7</b>	<b>115.9</b>	<b>99.5</b>	<b>72.6</b>	<b>71.0</b>
<b>Average maturity of growing cane</b>	<b>47.6%</b>	<b>67.4%</b>	<b>65.7%</b>	<b>67.7%</b>	<b>46.2%</b>	<b>72.4%</b>

The following assumptions were used in the determination of the estimated sucrose tonnage at 18 September 2021:

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

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

	2022		2021	
	+1%	-1%	+1%	-1%
	£m	£m	£m	£m
Estimated sucrose content	1.2	(1.2)	1.1	(1.1)
Estimated sucrose price	1.4	(1.4)	1.4	(1.4)

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 18. Cash and cash equivalents

	Note	2022 £m	2021 £m
<b>Cash</b>			
Cash at bank and in hand		674	759
Cash equivalents		1,447	1,516
Cash and cash equivalents	26	2,121	2,275
<b>Reconciliation to the cash flow statement</b>			
Bank overdrafts	19	(126)	(86)
Cash and cash equivalents in the cash flow statement		1,995	2,189
Cash and cash equivalents on the face of the balance sheet		2,121	2,275
		2,121	2,275

Cash at bank and in hand generally earns interest at rates based on the applicable daily bank deposit rate.

Cash equivalents generally comprise deposits placed on money markets for periods of up to three months which earn interest at a short-term deposit rate.

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

## 19. Loans and overdrafts

	Note	2022 £m	2021 £m
<b>Current loans and overdrafts</b>			
Secured loans		1	–
Unsecured loans and overdrafts		156	330
		157	330
<b>Non-current loans</b>			
Secured loans		–	1
Unsecured loans		480	75
		480	76
	26	637	406
	Note	2022 £m	2021 £m
Secured loans			
• Other floating rate		1	1
Unsecured loans and overdrafts			
• Bank overdrafts	18	126	86
• GBP fixed rate		390	80
• USD floating rate		8	3
• USD fixed rate		87	217
• EUR floating rate		2	7
• Other floating rate		13	7
• Other fixed rate		10	5
	26	637	406

Secured loans comprise amounts borrowed from commercial banks and are secured by floating charges over the assets of subsidiaries. Bank overdrafts generally bear interest at floating rates.

## 20. Trade and other payables

	2022 £m	2021 £m
Trade payables	1,362	938
Accruals	1,275	997
	<b>2,637</b>	1,935
Deferred income and other non-financial payables	477	451
	<b>3,114</b>	2,386

In addition to the amounts disclosed above, there are £14m trade and other payables (2021 – £nil) classified as liabilities held for sale (see note 15).

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

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

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

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

At year end, the value of invoices sold by suppliers under supply chain financing arrangements was £45m (2021 – £27m).

## 21. Provisions

	Restructuring £m	Deferred consideration £m	Other £m	Total £m
At 18 September 2021	52	14	36	102
Created	31	14	16	61
Utilised	(16)	(9)	(7)	(32)
Released	(13)	–	(9)	(22)
Effect of movements in foreign exchange	1	1	2	4
<b>At 17 September 2022</b>	<b>55</b>	<b>20</b>	<b>38</b>	<b>113</b>
Current	49	16	22	87
Non-current	6	4	16	26
	<b>55</b>	<b>20</b>	<b>38</b>	<b>113</b>

Financial liabilities within provisions comprised deferred consideration in both years (see note 26).

### Restructuring

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

### Deferred consideration

Deferred consideration comprises estimates of amounts due to the previous owners of businesses acquired by the Group which are often linked to performance or other conditions.

### Other

Other provisions mainly comprise litigation claims and warranty claims arising from the sale and closure of businesses. The extent and timing of the utilisation of these provisions is more uncertain given the nature of the claims and the period of the warranties.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 22. Share capital and reserves

### Share capital

At 18 September 2021 and 17 September 2022, the Company's issued and fully paid share capital comprised 791,674,183 ordinary shares of 5 $\frac{1}{2}$ p, each carrying one vote per share. Total nominal value was £45m.

### Other reserves

£173m of other reserves arose from the cancellation of share premium account by the Company in 1993. £2m arose in 2010 as a transfer to capital redemption reserve following redemption of two million £1 deferred shares at par. The remaining £3m comprises a £4m unrealised gain on investments held at fair value through other comprehensive income, net of £1m deferred tax. All are regarded as non-distributable.

### Translation reserve

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

### Hedging reserve

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

## 23. Acquisitions and disposals

### Acquisitions

#### 2022

In January, the Group acquired 100% of Fytexia, a B2B specialty ingredients business in France and Italy producing and formulating polyphenols-based active ingredients for the dietary supplements industry. This acquisition will expand the Group's portfolio of products and capabilities to serving the pharmaceutical, nutritional and food market sectors.

In July, the Group acquired Greencoat, a UK-based animal supplement and care business. This acquisition contributes to AB Agri's strategic goal to expand its international animal nutrition and technology business.

During the year, the Group also acquired a small grocery company in New Zealand, a small agriculture business in Finland and a small ingredients business in Australia. The acquisitions had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying values £m	Recognised values on acquisition			
		Fytexia £m	Greencoat £m	Other £m	Total £m
<b>Net assets</b>					
Intangible assets	–	54	27	7	88
Property, plant and equipment and right-of-use assets	14	1	1	12	14
Working capital	17	3	11	11	25
Cash and overdrafts	10	6	1	3	10
Loans	(23)	(11)	(3)	(9)	(23)
Lease liabilities	(8)	–	–	(8)	(8)
Provisions	(7)	(7)	–	–	(7)
Taxation	(8)	(14)	(8)	(2)	(24)
Net identifiable assets and liabilities	(5)	32	29	14	75
Goodwill		61	12	12	85
Total consideration		93	41	26	160

	Recognised values on acquisition £m
Satisfied by	
Cash consideration	153
Deferred consideration	7
	160
Net cash	
Cash consideration	153
Cash and cash equivalents acquired	(10)
	143

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £88m of non-operating intangibles in respect of brands, technology and customer relationships, an £8m uplift to inventory, a £16m related deferred tax liability and goodwill of £85m. Cash flow on acquisition of subsidiaries, joint ventures and associates of £154m comprised £153m cash consideration less £10m cash and overdrafts acquired, £7m of deferred consideration relating to previous acquisitions and a £4m contribution to an existing joint venture in China.

## 2021

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

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

## Disposals

### 2022

The proposed sale of a yeast company to the joint venture with Wilmar International in China (classified as held for sale at the 2021 year end) is not going ahead. The £10m non-cash impairment reversed in 2021 through profit/(loss) on sale and closure of business has been reinstated at a cost of £11m.

The Group's investment in north China Sugar is classified as held-for-sale at year end and an associated £19m non-cash write-down has been charged to loss on sale and closure of business.

The Group also released £3m of closure provisions in Vivergo in the UK and £4m of warranty provisions no longer required for a disposed Ingredients business in the United States.

### 2021

The Group sold a number of Chinese yeast and bakery ingredients businesses into a new Chinese joint venture with Wilmar International. Gross cash consideration was £39m with £5m of cash disposed with the businesses. The joint venture also assumed £11m of debt, resulting in net proceeds of £45m. Net assets disposed were £33m with provisions of £6m for associated restructuring costs and a £6m gain on the recycling of foreign exchange differences. The gain on disposal was £6m.

The Group agreed the sale of a factory in China to the same joint venture, subject to regulatory approval. These assets were fully written down in 2019 when the proposed joint venture with Wilmar was first announced. A non-cash reversal of impairment of £10m was included in profit on sale and closure of business. This was reversed in 2022 (see above).

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

## Notes forming part of the financial statements

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### 24. Share-based payments

The annual charge in the income statement for equity-settled share-based payments schemes was £19m (2021 – £17m). The Group had the following principal equity-settled share-based payment plans in operation during the period:

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

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

#### Associated British Foods 2016 Short-term Incentive Plan ('the 2016 STIP')

The 2016 STIP was approved and adopted by the Board on 2 November 2016. It takes the form of conditional allocations of shares which are released at the end of a three-year vesting period if, and to the extent that, performance targets are satisfied, over a one-year performance period.

Further information regarding the operation of the above plans can be found in the Remuneration Report on pages 126 to 153.

Total conditional allocations under the Group's equity-settled share-based payment plans are as follows:

	Balance outstanding at the beginning of the period	Granted/ awarded	Vested	Expired/lapsed	Balance outstanding at the end of the period
2022	5,419,237	2,445,814	(718,185)	(1,056,861)	6,090,005
2021	5,030,360	2,498,918	(440,870)	(1,669,171)	5,419,237

#### Employee Share Ownership Plan Trust

Shares subject to allocation under the Group's equity-settled share-based payment plans are held in a separate Employee Share Ownership Plan Trust funded by the Company. Voting rights attached to shares held by the Trust are exercisable by the trustee, who is entitled to consider any recommendation made by a committee of the Company. At 17 September 2022 the Trust held 3,042,132 (2020 – 1,347,089) ordinary shares of the Company. The market value of these shares at the year end was £40m (2021 – £25m). The Trust has waived its right to dividends. Movements in the year were a release of 718,185 shares and the purchase of 2,413,228 shares (2021 – release of 440,870 shares).

#### Fair values

The weighted average fair value of conditional grants made was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 1,837p (2021 – 1,879p) and the weighted average share price was 1,975p (2021 – 2,021p). The dividend yield used was 2.5% (2021 – 2.5%).



## 25. Analysis of net debt

	At 18 September 2021 £m	Cash flow £m	Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	At 17 September 2022 £m
Short-term loans	(244)	12	(23)	224	–	(31)
Long-term loans	(76)	(178)	–	(224)	(2)	(480)
Lease liabilities	(3,281)	321	(8)	(186)	(98)	(3,252)
Total liabilities from financing activities	(3,601)	155	(31)	(186)	(100)	(3,763)
Cash at bank and in hand, cash equivalents and overdrafts	2,189	(268)	–	–	74	1,995
Current asset investments	32	(30)	–	–	2	4
	(1,380)	(143)	(31)	(186)	(24)	(1,764)

	At 12 September 2020 £m	Cash flow £m	Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	At 18 September 2021 £m
Short-term loans	(65)	10	10	(202)	3	(244)
Long-term loans	(318)	18	–	202	22	(76)
Lease liabilities	(3,639)	290	–	(100)	168	(3,281)
Total liabilities from financing activities	(4,022)	318	10	(100)	193	(3,601)
Cash at bank and in hand, cash equivalents and overdrafts	1,909	340	–	–	(60)	2,189
Current asset investments	32	2	–	–	(2)	32
	(2,081)	660	10	(100)	131	(1,380)

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less. £126m (2021 – £86m) of bank overdrafts that are repayable on demand form part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement (see note 18 for a reconciliation).

Net cash excluding lease liabilities is £1,488m (2021 – £1,901m).

£126m (2021 – £86m) of bank overdrafts plus the £31m (2021 – £244m) of short-term loans shown above comprise the £157m (2021 – £330m) of current loans and overdrafts shown on the face of the balance sheet.

Current and non-current lease liabilities shown on the face of the balance sheet of £316m and £2,936m respectively (2021 – £289m and £2,992m respectively) comprise the £3,252m (2021 – £3,281m) of lease liabilities shown above.

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

Interest paid is included within financing activities. The roll-forward of the liabilities associated with interest paid is an opening balance of £(20)m, expense of £(111)m, payments of £114m, fx of £(1)m and a closing balance of £(18)m (2021 – opening balance of £(23)m, expense of £(111)m, payments of £116m, fx of £(2)m and a closing balance of £(20)m).

# Notes forming part of the financial statements

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## 26. Financial instruments

Financial instruments include £3m (2021 – £nil) of trade and other receivables and £14m (2021 – £nil) of trade and other payables which are classified as held for sale (see note 15). All disclosures in this note are given gross, before the held-for-sale reclassification is made.

### a) Carrying amount and fair values of financial assets and liabilities

	2022 £m	2021 £m
<b>Financial assets</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	2,121	2,275
Current asset investments	4	32
Trade and other receivables	1,567	1,215
Other non-current receivables	29	32
<b>At fair value through other comprehensive income</b>		
Investments	29	23
<b>At fair value through profit or loss</b>		
Derivative assets not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross-currency swaps)	50	9
• commodity derivatives	3	–
<b>Designated cash flow hedging relationships</b>		
Derivative assets designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross-currency swaps)	70	22
• cross-currency swaps	29	44
• commodity derivatives	323	49
<b>Total financial assets</b>	<b>4,225</b>	<b>3,701</b>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	(2,651)	(1,935)
Secured loans	(1)	(1)
Unsecured loans and overdrafts (fair value 2022 – £571m; 2021 – £417m)	(636)	(405)
Lease liabilities (fair value 2022 – £3,471m, 2021 – £3,293m)	(3,252)	(3,281)
Deferred consideration	(20)	(14)
<b>At fair value through profit or loss</b>		
Derivative liabilities not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross-currency swaps)	(5)	(1)
• commodity derivatives	(3)	–
<b>Designated net investment hedging relationships</b>		
Derivative liabilities designated as net investment hedging instruments:		
• cross-currency swaps	(7)	(12)
<b>Designated cash flow hedging relationships</b>		
Derivative liabilities designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross-currency swaps)	(17)	(5)
• interest derivatives	(3)	–
• commodity derivatives	(170)	(16)
<b>Total financial liabilities</b>	<b>(6,765)</b>	<b>(5,670)</b>
<b>Net financial liabilities</b>	<b>(2,540)</b>	<b>(1,969)</b>

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

### Valuation of financial instruments carried at fair value

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

- Level 1: financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.
- Level 2: financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.
- Level 3: financial instruments are valued using techniques involving significant unobservable inputs.

### b) Derivatives

All derivatives are classified as current on the face of the balance sheet. The table below analyses the carrying amount of derivatives and their contractual/notional amounts, together with an analysis of derivatives by the level in the fair value hierarchy into which their fair value measurement method is categorised.

	2022				2021			
	Contractual/ notional amounts £m	Level 1 £m	Level 2 £m	Total £m	Contractual/ notional amounts £m	Level 1 £m	Level 2 £m	Total £m
<b>Financial assets</b>								
Currency derivatives (excluding cross-currency swaps)	2,193	–	120	120	1,360	–	31	31
Cross-currency swaps	94	–	29	29	228	–	44	44
Commodity derivatives	439	3	323	326	188	4	45	49
	<b>2,726</b>	<b>3</b>	<b>472</b>	<b>475</b>	<b>1,776</b>	<b>4</b>	<b>120</b>	<b>124</b>
<b>Financial liabilities</b>								
Currency derivatives (excluding cross-currency swaps)	921	–	(22)	(22)	702	–	(6)	(6)
Cross-currency swaps	68	–	(7)	(7)	196	–	(12)	(12)
Interest-rate swaps	400	–	(3)	(3)	–	–	–	–
Commodity derivatives	366	–	(173)	(173)	166	(1)	(15)	(16)
	<b>1,755</b>	<b>–</b>	<b>(205)</b>	<b>(205)</b>	<b>1,064</b>	<b>(1)</b>	<b>(33)</b>	<b>(34)</b>

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 26. Financial instruments *continued*

### c) Cash flow hedging reserve

The following table identifies the movements in the cash flow hedging reserve during the year, and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact profit or loss are materially the same.

	2022					2021				
	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest derivatives £m	Commodity derivatives £m	Total £m	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest derivatives £m	Commodity derivatives £m	Total £m
Opening balance	(14)	(1)	–	(28)	(43)	6	(1)	–	2	7
(Gains)/losses recognised in the hedging reserve	(295)	(20)	3	(234)	(546)	3	16	–	(55)	(36)
Amount removed from the hedging reserve and included in the income statement:										
• revenue	5	–	–	(4)	1	8	–	–	(4)	4
• cost of sales	–	–	–	105	105	–	–	–	9	9
• other financial expense/ (income)	–	21	–	–	21	–	(16)	–	–	(16)
Amount removed from the hedging reserve and included in a non-financial asset:										
• inventory	258	–	–	22	280	(37)	–	–	12	(25)
Deferred tax	5	–	(1)	24	28	6	–	–	8	14
Closing balance	(41)	–	2	(115)	(154)	(14)	(1)	–	(28)	(43)
Cash flows are expected to occur:										
• within six months	(36)	–	2	(105)	(139)	(9)	–	–	(25)	(34)
• between six months and one year	(6)	–	–	(10)	(16)	(4)	–	–	(2)	(6)
• between one and two years	1	–	–	–	1	(1)	–	–	(1)	(2)
• between two and five years	–	–	–	–	–	–	(1)	–	–	(1)
	(41)	–	2	(115)	(154)	(14)	(1)	–	(28)	(43)

Of the closing balance of £(154)m, £(154)m is attributable to equity shareholders and £nil to non-controlling interests (2021 – £(43)m, £(43)m attributable to equity shareholders and £nil to non-controlling interests). Of the net movement in the year of £(111)m, £(111)m is attributable to equity shareholders and £nil to non-controlling interests (2021 – £(50)m, £(50)m attributable to equity shareholders and £nil to non-controlling interests).

The balance remaining in the commodity cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied is £1m (2021 – £(1)m).

The balance in the cost of hedging reserve was not significant at 18 September 2021 or 17 September 2022.

### d) Financial risk identification and management

The Group is exposed to the following financial risks from the use of financial instruments:

- market risk; and
- credit risk.

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

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

Treasury activities and commodity procurement and hedging are conducted within a clearly defined framework of Board-approved policies and guidelines to manage the Group's financial and commodity risks. Group Treasury works closely with the Group's procurement teams to manage commodity risks. Group Treasury policy seeks to ensure that adequate financial resources are available at all times for the management and development of the Group's businesses, whilst effectively managing its market risk and credit risk. The Group's risk management policy explicitly forbids the use of financial or commodity derivatives (outside its risk management framework of mitigating financial and commodity risks) for speculative purposes.

#### **e) Foreign currency translation**

The Group presents its financial statements in sterling. As a result of its worldwide operations, the Group is exposed to foreign currency translation risk where overseas operations have a functional currency other than sterling. Changes in foreign currency exchange rates impact the translation into sterling of both the income statement and net assets of these foreign operations.

The Group finances its operations using own funds generated in the functional currency of its operations and where appropriate, by borrowing locally in the same functional currency. This reduces net asset values reported in functional currencies other than sterling, thereby reducing the economic exposure to fluctuations in foreign currency exchange rates on translation.

The Group also finances its operations by obtaining funding at Group level through external borrowings and, where they are not in sterling, these borrowings may be designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations. At year end, the Group had no borrowings (2021 – none) that were designated as hedges of its net investment in foreign operations.

The Group also holds cross-currency interest rate swaps to hedge its fixed rate non-sterling debt. These are reported as cash flow hedges and net investment hedges. The change in fair value of the hedging instrument, to the degree effective, is retained in other comprehensive income. Under IFRS 9, the currency basis on the cross-currency swaps is excluded from the hedge designation and recognised in other comprehensive income – cost of hedging. The value of the currency basis is not significant. Effectiveness is measured using the hypothetical derivative approach. The hypothetical derivative is based on the critical terms of the debt and therefore the only ineffectiveness that might arise is in relation to credit risk. Credit risk is monitored regularly and is not a significant factor in the hedge relationship.

The Group does not actively hedge the translation impact of foreign exchange rate movements on the income statement (other than via the partial economic hedge arising from the servicing costs on non-sterling borrowings).

The Group designates certain of its intercompany loan arrangements as quasi-equity for the purposes of IAS 21. The effect of the designation is that any foreign exchange volatility arising within the borrowing entity and/or the lending entity is accounted for directly within other comprehensive income.

A net foreign exchange £nil (2021 – £nil) on retranslation of these loans has been taken to the translation reserve on consolidation, all of which was attributable to equity shareholders. The Group also held cross-currency swaps that have been designated as hedges of its net investments in euros, whose change in fair value of £1m has been debited to the translation reserve, all of which was attributable to equity shareholders (2021 – £14m has been credited to the translation reserve).

#### **f) Market risk**

Market risk is the risk of movements in the fair value of future cash flows of a financial instrument or forecast transaction as underlying market prices change. The Group is exposed to changes in the market price of commodities, interest rates and foreign exchange rates. These risks are known as 'transaction' (or recognised) exposures and 'economic' (or forecast) exposures.

#### **(i) Commodity price risk**

Commodity price risk arises from the procurement of raw materials and the consequent exposure to changes in market prices.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities including sugar raws, energy, wheat, edible oils, soya beans, tea, lean hog, cocoa and rice is managed through the use of forward physical contracts and hedging instruments, including futures, swaps and options primarily to convert floating prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and is continually monitored by Group Treasury. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 26. Financial instruments continued

Some of the Group's commodity forward contracts are classified as 'own use' contracts, since they are entered into, and continue to be held, for the purposes of the Group's ordinary operations. In this instance the Group takes physical delivery of the commodity concerned. Own use contracts do not require accounting entries until the commodity purchase actually crystallises. Where possible, other commodity derivatives are accounted for as cash flow hedges (typically with a one-to-one hedge ratio), but there are some commodity derivatives for which the strict requirements of hedge accounting cannot be satisfied. Such commodity derivatives are used only where the business believes they provide an economic hedge of an underlying exposure. These instruments are classified as held for trading and are marked to market through the income statement.

The majority of the Group's forward physical contracts and commodity derivatives have maturities of less than one year.

The Group's sensitivities in respect of commodity derivatives for a +/- 20% movement in underlying commodity prices are £62m (2021 – £24m) and £(57)m (2021 – £(24)m), respectively.

### (ii) Interest rate risk

Interest rate risk comprises two primary elements:

- *interest price risk results from financial instruments bearing fixed interest rates. Changes in floating interest rates therefore affect the fair value of these financial instruments; and*
- *interest cash flow risk results from financial instruments bearing floating rates. Changes in floating interest rates affect cash flows on interest receivable or payable.*

The Group's policy is to manage its mix of fixed and floating rate debt, cash and investments so that a significant change in interest rates does not have a material negative impact on the Group's cash flows.

At 17 September 2022, £487m (76%) (2021 – £303m and 75%) of total debt was subject to fixed rates of interest, the majority of which is the 2034 public bond. Floating rate debt comprises other bank borrowings bearing interest rates for various time periods up to 12 months, by reference to the relevant market rate for the currency and location of the borrowing.

The Group's cash and cash equivalents and current asset investments are subject to floating rates of interest, typically fixed for periods up to 3 months by reference to the relevant market rate for the currency of the cash placing or investment.

£400m of 12-month sterling interest rate swaps have been entered into so that the floating interest rate received on an equivalent balance of the Group's cash and cash equivalents is fixed for the 12-month period to August 2023.

### (iii) Foreign currency risk

The Group conducts business worldwide and consequently in many foreign currencies. As a result, it is exposed to movements in foreign currency exchange rates which affect the Group's transaction costs. The Group also publishes its financial statements in sterling and is therefore exposed to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into sterling.

Translation risk is discussed in section e) on page 207.

### Transaction risk

Currency transaction exposure occurs where a business makes sales and purchases in a currency other than its functional currency. It also arises where monetary assets and liabilities of a business are not denominated in its functional currency, and where dividends or surplus funds are remitted from overseas. The Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign currency contracts.

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

### Economic (forecast) risk

The Group principally uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases on a rolling 12-month basis. The Group does not formally define the proportion of highly probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the Group's risk management policies and prevailing market conditions. The Group designates currency derivatives used to hedge its highly probable forecast transactions as cash flow hedges. Under IFRS 9, the spot component is designated in the hedging relationship and forward points and currency basis are excluded and recognised in other comprehensive income – cost of hedging. The cost of hedging value during the period and at the balance sheet date was not material. The economic relationship is based on critical terms and a one-to-one hedge ratio. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

The majority of the Group's currency derivatives have original maturities of less than one year.

The Group's most significant currency transaction exposures are:

- sourcing for Primark – costs are denominated in a number of currencies, predominantly sterling, euros and US dollars.
- sugar sales in British Sugar to movements in the sterling/euro exchange rate.

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

The table below illustrates the effects of hedge accounting on the consolidated balance sheet and consolidated income statement by disclosing separately by risk category, and each type of hedge, the details of the associated hedging instrument and hedged item.

2022						
	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedged item used to determine hedge effectiveness £m
<b>Current</b>						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	2,102	54	Sep 23	100%	54	(54)
• commodity derivatives	739	152	Aug 23	100%	152	(152)
• interest rate swap	400	(3)	Aug 23	100%	(3)	3
<b>Non-current</b>						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	32	(1)	Sep 24	100%	(1)	1
• cross-currency swaps	94	29	Mar 24	100%	14	(14)
• commodity derivatives	20	1	Jan 24	100%	1	(1)
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	68	(7)	Mar 24	100%	(3)	3
2021						
	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedged item used to determine hedge effectiveness £m
<b>Current</b>						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	1,367	16	Sep 22	100%	16	(16)
• cross-currency swaps	150	28	Mar 22	100%	(11)	11
• commodity derivatives	350	33	Aug 22	100%	34	(34)
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	129	(8)	Mar 22	100%	10	(10)
<b>Non-current</b>						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	34	1	Dec 22	100%	1	(1)
• cross-currency swaps	78	16	Mar 24	100%	(6)	6
• commodity derivatives	4	–	Jan 23	100%	–	–
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	67	(4)	Mar 24	100%	5	(5)

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 26. Financial instruments continued

Hedging relationships are typically based on a one-to-one hedge ratio. The economic relationship between the hedged item and the hedging instrument is analysed on an ongoing basis. Sources of possible ineffectiveness include changes in forecast transactions as a result of timing or value or, in certain cases, different indices linked to the hedged item and the hedging instrument. As at 17 September 2022, £2,134m of forward foreign currency contracts designated as cash flow hedges were outstanding (2021 – £1,401m), largely in relation to purchases of USD (£1,453m) and sales of EUR (£214m) with varying maturities up to September 2024. Weighted average hedge rates for these contracts are GBPUSD: 1.21, EURUSD: 1.04 and GBPEUR: 1.16. Weighted average hedge rates for the cross-currency swaps are GBPUSD: 1.70 and GBPEUR: 1.26. Commodity derivatives designated as cash flow hedges related to a range of underlying hedged items, with varying maturities up to January 2024.

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

	2022				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
<b>Financial assets</b>					
Cash and cash equivalents	1	78	10	38	127
Trade and other receivables	–	55	54	24	133
	1	133	64	62	260
<b>Financial liabilities</b>					
Trade and other payables	(29)	(512)	(38)	(17)	(596)
Unsecured loans and overdrafts	–	(90)	–	–	(90)
	(29)	(602)	(38)	(17)	(686)
<b>Currency derivatives</b>					
Gross amounts receivable	93	2,143	98	256	2,590
Gross amounts payable	(2)	(202)	(428)	(57)	(689)
	91	1,941	(330)	199	1,901
	63	1,472	(304)	244	1,475
	2021				
	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
<b>Financial assets</b>					
Cash and cash equivalents	1	81	22	40	144
Trade and other receivables	–	39	45	19	103
	1	120	67	59	247
<b>Financial liabilities</b>					
Trade and other payables	(19)	(381)	(36)	(8)	(444)
Unsecured loans and overdrafts	–	(218)	–	(3)	(221)
	(19)	(599)	(36)	(11)	(665)
<b>Currency derivatives</b>					
Gross amounts receivable	62	1,374	197	221	1,854
Gross amounts payable	(2)	(133)	(431)	(50)	(616)
	60	1,241	(234)	171	1,238
	42	762	(203)	219	820

The following major exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	2022	2021
US dollar	1.29	1.37	1.14	1.38
Euro	1.18	1.14	1.14	1.17
Australian dollar	1.80	1.82	1.70	1.89

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's transactional currencies against local functional currencies would have had on profit and equity. The analysis covers currency translation exposures at year end on businesses' financial assets and liabilities that are not denominated in the functional currencies of those businesses. A similar but opposite impact would be felt on both profit and equity if the Group's main operating currencies weakened against local functional currencies by a similar amount.

The exposure to foreign exchange gains and losses on translating the financial statements of subsidiaries into sterling is not included in this sensitivity analysis, as there is no impact on the income statement, and the gains and losses are recorded directly in the translation reserve in equity (see below for a separate sensitivity). This sensitivity is presented before taxation and non-controlling interests.



## Sensitivity analysis

	2022 impact on profit for the period £m	2022 impact on total equity £m	2021 impact on profit for the period £m	2021 impact on total equity £m
10% strengthening against other currencies of				
Sterling	–	6	–	5
US dollar	19	172	(2)	87
Euro	(19)	(41)	12	(24)
Other	16	22	12	24

A second sensitivity analysis calculates the impact on the Group's profit before tax if the average rates used to translate the results of the Group's foreign operations into sterling were adjusted to show a 10% strengthening of sterling. A similar but opposite impact would be felt on profit before tax if sterling weakened against the other currencies by a similar amount.

	2022 impact on profit for the period £m	2021 impact on profit for the period £m
10% strengthening of sterling against		
US dollar	(18)	(19)
Euro	(3)	3
Australian dollar	(6)	(4)

### g) Credit risk

Credit risk is the risk that counterparties to financial transactions can not perform according to the terms of the contract. The Group's businesses are principally exposed to counterparty credit risk when dealing with their customers, and from certain financing activities.

The immediate credit exposure of financial derivatives is represented by those financial derivatives that have a net positive fair value by counterparty at 17 September 2022. The Group considers its maximum exposure to credit risk to be:

	2022 £m	2021 £m
Cash and cash equivalents	2,121	2,275
Current asset investments	4	32
Trade and other receivables	1,567	1,215
Other non-current receivables	29	32
Investments	29	23
Derivative assets at fair value through profit and loss	53	9
Derivative assets in designated cash flow hedging relationships	415	103
	4,218	3,689

The significant majority of cash balances and short-term deposits are held with strong investment-grade banks or financial institutions.

The Group uses changes in credit ratings and other metrics to identify significant changes to the financial profile of its counterparties.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 26. Financial instruments continued

### Counterparty risk profile and management

The table below analyses the Group's current asset investments, cash equivalents and derivative assets by credit exposure:

2022

Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Derivatives		Commodities £m	Total £m
			Currency derivative assets £m	Cross-currency swaps £m		
AA	–	299	2	–	10	311
A	4	955	103	22	–	1,084
BBB	–	157	–	–	–	157
BB	–	9	–	–	–	9
B	–	16	–	–	–	16
Not rated	–	11	–	–	315	326
<b>Total</b>	<b>4</b>	<b>1,447</b>	<b>105</b>	<b>22</b>	<b>325</b>	<b>1,903</b>

2021

Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Derivatives		Commodities £m	Total £m
			Currency derivative assets £m	Cross-currency swaps £m		
AA	29	22	–	–	2	53
A	3	1,148	21	27	1	1,200
BBB	–	319	3	5	–	327
BB	–	19	–	–	–	19
B	–	8	–	–	–	8
Not rated	–	–	–	–	37	37
<b>Total</b>	<b>32</b>	<b>1,516</b>	<b>24</b>	<b>32</b>	<b>40</b>	<b>1,644</b>

In the current year, we have included cash equivalents in the above disclosure and have re-presented the prior year comparatives on a consistent basis.

Cash of £674m (2021 – £759m) has been excluded from this analysis as the balances are available on demand.

### Trade and other receivables

Significant concentrations of credit risk are very limited as a result of the Group's large and diverse customer base. The Group has an established credit policy applied by each business under which the credit status of each new customer is reviewed before credit is advanced. This includes external credit evaluations where possible and in some cases bank references. Credit limits are established for all significant or high-risk customers, which represent the maximum amount permitted to be outstanding without requiring additional approval from the appropriate level of management. Outstanding debts are continually monitored by each business. Credit limits are reviewed on a regular basis, and at least annually. Customers that fail to meet the Group's benchmark creditworthiness may only transact on a prepayment basis. Aggregate exposures are monitored at Group level.

Many customers have been transacting with the Group for many years and the incidence of bad debts has been low. Where appropriate, goods are sold subject to retention of title so that, in the event of non-payment, the Group may have a secured claim. The Group does not typically require collateral in respect of trade and other receivables.

The Group provides for impairment of financial assets including trade and other receivables based on known events, and makes a collective provision for losses yet to be identified, based on historical data. The majority of the provision comprises specific amounts.

To measure expected credit losses, gross trade receivables are assessed regularly by each business locally with reference to considerations such as the current status of the relationship with the customer, the geographical location of each customer, and days past due (where applicable).

Expected losses are determined based on the historical experience of write-offs compared to the level of trade receivables. These historical loss expectations are adjusted for current and forward-looking information where it is identified to be significant. The Group considers factors such as national economic outlooks and bankruptcy rates of the countries in which its goods are sold to be the most relevant factors. Where the impact of these is assessed as significant, the historical loss expectations are amended accordingly.

The Group considers credit risk to have significantly increased for debts aged 180 days or over and expects these debts to be provided for in full. Where the Group holds insurance or has a legal right of offset with debtors who are also creditors, the loss expectation is applied only to the extent of the uninsured or net exposure.

Trade receivables are written off when there is no reasonable expectation of recovery, indicators of which may include the failure of the debtor to engage in a payment plan, and failure to make contractual payments within 180 days past due.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

	2022 £m	2021 £m
UK	579	442
Europe & Africa	385	306
The Americas	230	164
Asia Pacific	373	303
	<b>1,567</b>	<b>1,215</b>

Trade receivables can be analysed as follows:

	2022 £m	2021 £m
Not overdue	1,129	899
Up to one month past due	137	100
Between one and two months past due	31	16
Between two and three months past due	10	6
More than three months past due	31	24
Expected loss provision	(27)	(24)
	<b>1,311</b>	<b>1,021</b>

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

	2022 £m	2021 £m
Opening balance	24	27
Increase charged to the income statement	6	4
Amounts released	(4)	(2)
Amounts written off	(1)	(3)
Effect of movements in foreign exchange	2	(2)
Closing balance	<b>27</b>	<b>24</b>

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

The geographical and business line complexity of the Group, combined with the fact that expected credit loss assessments are all performed locally, means that it is not practicable to present further analysis of expected credit losses.

In relation to other receivables not forming part of trade receivables, a similar approach has been taken to assess expected credit losses. No significant expected credit loss has been identified.

The directors consider that the carrying amount of trade and other receivables approximates fair value.

#### Cash and cash equivalents

Banking relationships are generally selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements. The credit risk of these institutions are monitored on a continuing basis. Operating procedures including choice of bank, opening of bank accounts and repatriation of funds must be agreed with Group Treasury. The Group has not recorded impairments against cash or cash equivalents, nor have any recoverability issues been identified with such balances.

#### h) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. Group Treasury is responsible for monitoring and managing liquidity and ensures that the Group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The Group also has access to uncommitted facilities to assist with short-term funding requirements.

Available headroom is monitored via the use of detailed cash flow forecasts prepared by each business, which are reviewed at least quarterly, or more often, as required. Actual results are compared to budget and forecast each period, and variances investigated and explained. Particular focus is given to management of working capital.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet to ensure long-term financial stability. This includes maintaining access to significant total liquidity comprised of both net cash and undrawn committed credit facilities. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business.

Details of the Group's borrowing facilities are given in section i) on page 214.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 26. Financial instruments *continued*

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

		2022						
		Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
	Note							
<b>Non-derivative financial liabilities</b>								
Trade and other payables	20	(2,623)	(28)	–	–	–	(2,651)	(2,651)
Secured loans	19	–	(1)	–	–	–	(1)	(1)
Unsecured loans and overdrafts	19	(153)	(17)	(103)	(31)	(470)	(774)	(636)
Lease liabilities	10	(197)	(214)	(409)	(1,115)	(2,400)	(4,335)	(3,252)
Deferred consideration	21	(4)	(12)	(1)	(3)	–	(20)	(20)
<b>Derivative financial liabilities</b>								
• Currency derivatives (excluding cross-currency swaps) (net payments)		(15)	(2)	(1)	–	–	(18)	(22)
• Commodity derivatives (net payments)		(170)	(1)	(2)	–	–	(173)	(173)
• Interest rate derivatives (net payments)		(3)	–	–	–	–	(3)	(3)
<b>Total financial liabilities</b>		<b>(3,165)</b>	<b>(275)</b>	<b>(516)</b>	<b>(1,149)</b>	<b>(2,870)</b>	<b>(7,975)</b>	<b>(6,758)</b>
		2021						
		Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
	Note							
<b>Non-derivative financial liabilities</b>								
Trade and other payables	20	(1,915)	(20)	–	–	–	(1,935)	(1,935)
Secured loans	19	–	–	(1)	–	–	(1)	(1)
Unsecured loans and overdrafts	19	(320)	(9)	(13)	(75)	–	(417)	(405)
Lease liabilities	10	(173)	(189)	(381)	(1,048)	(2,515)	(4,306)	(3,281)
Deferred consideration	21	(6)	–	(8)	–	–	(14)	(14)
<b>Derivative financial liabilities</b>								
• Currency derivatives (excluding cross-currency swaps) (net payments)		(5)	(2)	–	–	–	(7)	(6)
• Commodity derivatives (net payments)		(12)	(4)	–	–	–	(16)	(16)
<b>Total financial liabilities</b>		<b>(2,431)</b>	<b>(224)</b>	<b>(403)</b>	<b>(1,123)</b>	<b>(2,515)</b>	<b>(6,696)</b>	<b>(5,658)</b>

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 17 September 2022.

The principal reasons for differences between carrying values and contractual undiscounted cash flows are coupon payments on the fixed rate debt to which the Group is already committed, future interest payments on the Group's lease liabilities, and cash flows on derivative financial instruments which are not aligned with their fair value.

### i) Borrowing facilities

The Group has substantial borrowing facilities available to it. The undrawn committed facilities available at 17 September 2022, in respect of which all conditions precedent have been met, amounted to £1,567m (2021 – £1,145m):

	2022			2021		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Committed Revolving Credit Facility	1,500	–	1,500	1,088	–	1,088
Public Bond due in 2034	390	390	–	–	–	–
US private placement	87	87	–	297	297	–
Illovo	77	12	65	65	10	55
Other	9	7	2	3	1	2
	<b>2,063</b>	<b>496</b>	<b>1,567</b>	<b>1,453</b>	<b>308</b>	<b>1,145</b>

Uncommitted facilities available at 17 September 2022 were:

	2022			2021		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Moneymarket lines	100	–	100	100	–	100
Illovo	188	99	89	157	63	94
Azucarera	36	2	34	30	5	25
China	39	–	39	37	–	37
Other	162	40	122	161	30	131
	525	141	384	485	98	387

In addition to the above facilities there are also £114m (2021 – £114m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business.

The Group has issued a public bond of £400m due in 2034. Included are deferred financing costs totalling £10m which have been capitalised against the bond and are to be amortised over its term.

The Group has a £1.5bn Committed Revolving Credit Facility which matures in June 2027. The Group also has £87m of private placement notes remaining in issue to institutional investors in the US and Europe which are due in 2024. At 17 September 2022, these had an average remaining duration of 1.5 years and an average fixed coupon of 3.92%. The other significant core committed debt facilities are local committed facilities in Illovo.

Uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can theoretically be withdrawn at any time.

Refer to note 9 for details of the Group's capital commitments and to note 27 for a summary of the Group's guarantees. An assessment of the Group's current liquidity position is given in the Financial Review on pages 60 to 63.

#### j) Capital management

The capital structure of the Group is presented in the consolidated balance sheet. For the purpose of the Group's capital management, capital includes issued capital and all other reserves attributable to equity shareholders, totalling £11,448m (2021 – £9,921m). The consolidated statement of changes in equity provides details on equity and note 19 provides details of loans and overdrafts. Short- and medium-term funding requirements are provided by a variety of loan and overdraft facilities, both committed and uncommitted, with a range of counterparties and maturities. Longer-term debt funding is sourced from the 2034 Public Bond, the private placement notes and committed syndicated loan facilities.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to enable successful future development of the business. The financial leverage policy is that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to Adjusted EBITDA to be well under 1.5 times at each half year and year end reporting date. The Board monitors return on capital by division and determines the overall level of dividends payable to shareholders.

From time to time the trustee of the Employee Share Ownership Plan Trust purchases the Company's shares in the market to satisfy awards under the Group's incentive plans. Once purchased, shares are not sold back into the market. The Group does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries is subject to externally-imposed capital requirements.

## 27. Contingencies

Litigation and other proceedings against the Group are not considered material in the context of these financial statements.

Where Group companies enter into financial guarantee contracts to guarantee the indebtedness of other Group companies, the Group considers these to be insurance arrangements and has elected to account for them as such in accordance with IFRS 4. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the relevant Group company issuing the guarantee will be required to make a payment under the guarantee.

As at 17 September 2022, Group companies have provided guarantees in the ordinary course of business amounting to £1,754m (2021 – £1,513m).

In 2021, a Thai court ruled in favour of the Group's Ovaltine business in Thailand in a legal action it brought against one of its suppliers in respect of a contractual dispute. The court concluded that between 2009 and 2019 the supplier had overcharged Ovaltine Thailand and should pay compensation of 2.2 billion Thai baht (£52m; 2021 – £48m). The relevant contractual relationship between the Group and its supplier terminated at the end of 2019. The Group has not yet recorded an asset in respect of this matter as the defendant is appealing the judgment.

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 28. Related parties

The Group has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 29. The Group has a related party relationship with its associates and joint ventures (see note 29) and with its directors. In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

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

	Sub note	2022 £000	2021 £000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		930	895
Dividends paid by Associated British Foods plc and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation and their close family	1	12,361	1,570
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family		2,322	300
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	2	128	14
Sales to fellow subsidiary undertakings on normal trading terms	3	48	55
Sales to companies with common key management personnel on normal trading terms	4	16,891	14,980
Amounts due from companies with common key management personnel	4	2,898	1,705
Sales to joint ventures on normal trading terms		54,111	44,405
Sales to associates on normal trading terms		73,360	46,407
Purchases from joint ventures on normal trading terms		436,467	361,287
Purchases from associates on normal trading terms		13,879	16,524
Amounts due from joint ventures		37,865	35,941
Amounts due from associates		9,151	4,033
Amounts due to joint ventures		30,214	22,960
Amounts due to associates		594	1,615

1. The Garfield Weston Foundation ('the Foundation') is an English charitable trust, established in 1958 by the late W. Garfield Weston. The Foundation has no direct interest in the Company, but as at 17 September 2022 was the beneficial owner of 683,073 shares (2021 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2021 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 17 September 2022, the trustees of the Foundation comprised nine grandchildren of the late W. Garfield Weston of whom five are children of the late Garry H. Weston.

2. Details of the directors are given on pages 106 and 107. Their interests, including family interests in the Company and its subsidiary undertakings are given on page 148. Key management personnel are considered to be the directors, and their remuneration is disclosed within the Remuneration Report on pages 126 to 158.

3. The fellow subsidiary undertakings are Fortnum and Mason plc and Heal & Son Limited.

4. The companies with common key management personnel are the George Weston Limited group, in Canada, and Selfridges & Co. Limited.

Amounts due from joint ventures include £29m (2021 – £32m) of finance lease receivables (see note 14). The remainder of the balance is trading balances. All but £4m (2021 – £4m) of the finance lease receivables are non-current.

## 29. Group entities

### Control of the Group

The largest group in which the results of the Company are consolidated is that headed by Wittington Investments Limited ('Wittington'), the accounts of which are available at Companies House, Crown Way, Cardiff CF14 3UZ. It is the ultimate holding company, is incorporated in Great Britain and is registered in England.

At 17 September 2022 Wittington, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares (2021 – 431,515,108) representing in aggregate 54.5% (2021 – 54.5%) of the total issued ordinary share capital of Associated British Foods plc.

Wittington, and through their control of Wittington, the trustees of the Garfield Weston Foundation ('the Foundation'), are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company (and including two of the Company's directors, George Weston and Emma Adamo) are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company. Wittington, the trustees of the Foundation and these individuals together comprise the controlling shareholders of the Company and, at 17 September 2022, have a combined interest in approximately 58.4% (2021 – 58.3%) of the Company's voting rights. Information on the relationship agreement between the Company and its controlling shareholders is set out on page 155 of the Directors' Report.

### Subsidiary undertakings

A list of the Group's subsidiaries as at 17 September 2022 is given below. The entire share capital of subsidiaries is held within the Group except where ownership percentages are shown. These percentages give the Group's ultimate interest and therefore allow for situations where subsidiaries are owned by partly owned intermediate subsidiaries. Where subsidiaries have different classes of shares, this is largely for historical reasons and the effective percentage holdings given represent both the Group's voting rights and equity holding. Shares in ABF Investments plc are held directly by Associated British Foods plc. All other holdings in subsidiaries are owned by members of the Associated British Foods plc group. All subsidiaries are consolidated in the Group's financial statements.

Subsidiary undertakings	% effective holding if not 100%	Subsidiary undertakings	% effective holding if not 100%
<b>United Kingdom</b>		ABF HK Finance Limited	
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom</i>		ABF Ingredients Limited	
A.B. Exploration Limited		ABF Investments plc	
A.B.F. Holdings Limited		ABF Japan Limited	
A.B.F. Nominees Limited		ABF MXN Finance Limited	
A.B.F. Properties Limited		ABF Overseas Limited	
AB Agri Limited		ABF PM Limited	
AB Foods Australia Limited		ABF UK Finance Limited	
AB Ingredients Limited		ABF US Holdings Limited	
AB Mauri (UK) Limited		ABF ZMW Finance Limited	
AB Mauri China Limited		ABN (Overseas) Limited	
AB Mauri Europe Limited		ABNA Feed Company Limited	
AB Sugar China Holdings Limited		ABNA Limited	
AB Sugar China Limited		Acetum (UK) Limited (previously Allied Technical Centre Limited)	
AB Sugar China North Limited		Agrilines Limited	
AB Sugar Limited		Allied Bakeries Limited	
AB Technology Limited		Allied Grain (Scotland) Limited	
AB World Foods (Holdings) Limited		Allied Grain (South) Limited	
AB World Foods Limited		Allied Grain (Southern) Limited	
ABF (No.1) Limited		Allied Grain Limited	
ABF (No.2) Limited		Allied Mills (No.1) Limited	
ABF (No.3) Limited		Allied Mills Limited	
ABF BRL Finance Ltd		Allinson Limited	
ABF Energy Limited		Associated British Foods Pension Trustees Limited	
ABF Europe Finance Limited		Atrium 100 Properties Limited	
ABF European Holdings Limited		Atrium 100 Stores Holdings Limited	
ABF Finance Limited		Atrium 100 Stores Limited	
ABF Food Tech Investments Limited		B.E. International Foods Limited	
ABF Funding		Banbury Agriculture Limited	
ABF Grain Products Limited		British Sugar (Overseas) Limited	
ABF Green Park Limited		British Sugar plc	
ABF Grocery Limited		BSO (China) Limited	
		Cereal Industries Limited	
		Cereform Limited	
		Dayjon Food Limited	

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 29. Group entities *continued*

Susidiary undertakings	% effective holding if not 100%	Susidiary undertakings	% effective holding if not 100%
Dorset Cereals Limited		Weston Biscuit Company Limited (The)	
Eastbow Securities Limited		Weston Foods Limited	
Elsenham Quality Foods Limited		Weston Research Laboratories Limited	
Fishers Foods Limited		Worldwing Investments Limited	
Fishers Seeds & Grain Limited		Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
Food Investments Limited		Greencoat Limited	
G. Costa (Holdings) Limited		C/O Greencoat Limited, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
G. Costa and Company Limited		Shep-Fair Products Limited	
Germain's (U.K.) Limited		Unit 4, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom	
H 5 Limited		Greencoat Farm Limited	
Illovo Sugar Africa Holdings Limited		Unit 4 & 5, Wonastow Road Industrial Estate (West), Monmouth NP25 5JA, United Kingdom	
John K. King & Sons Limited		Natural Vetcare Limited	
Kingsgate Food Ingredients Limited		Verron House, 40 New North Road, Huddersfield, West Yorkshire HD1 5LS, United Kingdom	
LeafTC Limited		Proper Nutty Limited	
Mauri Products Limited		1 College Place North, Belfast, BT1 6BG, United Kingdom	
Mountsfield Park Finance Limited		James Neill, Limited	
Nere Properties Limited		Unit 4, 211 Castle Road, Randalstown, Co. Antrim, BT41 2FB, United Kingdom	
Nutrition Trading (International) Limited		Jordan Bros. (N.I.) Limited	
Nutrition Trading Limited		Nutrition Services (International) Limited	
Patak (Spices) Limited		Vistavet Limited	
Patak Food Limited		180 Gientanar Road, Glasgow, G22 7UP, United Kingdom	
Patak's Breads Limited		ABN (Scotland) Limited	
Patak's Foods 2008 Limited		Miller Samuel LLP, RWF House	
Premier Nutrition Products Limited		5 Renfield Street, Glasgow, G2 5EZ, United Kingdom	
Pride Oils Public Limited Company		Korway Foods Limited	
Primark (U.K.) Limited		Korway Holdings Limited	
Primark Austria Limited		Patak's Chilled Foods Limited	
Primark Mode Limited		Patak's Frozen Foods Limited	
Primark Pension Administration Services Limited		<b>Argentina</b>	
Primark Stores Limited		Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428, Argentina	
Primary Diets Limited		AB Mauri Hispanoamerica S.A.	
Primary Nutrition Limited		Surgias S.A (in liquidation)	
Pro-Active Nutrition Limited		Av. Raul Alfonsín, Monte Chingolo, Buenos Aires 3145, Argentina	
R. Twining and Company Limited		Compañía Argentina De Levaduras S.A I.C.	
Reflex Nutrition Limited		<b>Australia</b>	
Roses Nutrition Ltd		Building A, Level 2, 11 Talavera Road, North Ryde, NSW 2113, Australia	
Seedcote Systems Limited		AB Mauri Overseas Holdings Limited	
Serpentine Securities Limited		AB Mauri Pakistan Pty Limited	
Sizzlers Limited		AB Mauri ROW Holdings Pty Limited	
Sizzles Limited		AB Mauri South America Pty Limited	
Spectrum Aviation Limited		AB Mauri South West Asia Pty Limited	
Speciabake Limited		AB Mauri Technology & Development Pty Limited	
Sunblest Bakeries Limited		AB Mauri Technology Pty Limited	
The Bakery School Limited		AB World Foods Pty Ltd	
The Billington Food Group Limited		Anzchem Pty Limited	
The Home Grown Sugar Company Limited		AusPac Ingredients Pty Ltd	
The Jordans & Ryvita Company Limited		CCD Animal Health Pty Ltd	
The Natural Sweetness Company Limited		Dagan Trading Pty. Ltd	
The Roadmap Company Limited		Food Investments Pty. Limited	
The Silver Spoon Company Limited		George Weston Foods (Victoria) Pty Ltd	
Tip Top Bakeries Limited		George Weston Foods Limited	
Trident Feeds Limited		Indonesian Yeast Company Pty Limited	
Twining Croshfield & Co. Limited			
Vivergo Fuels Limited			
W. Jordan & Son (Silo) Limited			
W. Jordan (Cereals) Limited			
Wereham Gravel Company Limited (The)			
Westmill Foods Limited			



Subsidiary undertakings	% effective holding if not 100%	Subsidiary undertakings	% effective holding if not 100%
Mauri Fermentation Brazil Pty Limited		North Huang He Road, Rudong New Economic Development Zone, Nantong City, Jiangsu Province, China	
Mauri Fermentation Chile Pty Limited		AB Agri Animal Nutrition (Nantong) Co., Ltd.	
Mauri Fermentation China Pty Limited		AB Agri Animal Nutrition (Rudong) Co., Ltd.	
Mauri Fermentation India Pty Limited		No 28, South Shunjin Road, Yintai District, Tongchuan, Shaanxi Province, China	
Mauri Fermentation Indonesia Pty Limited		AB Agri Animal Nutrition (Shaanxi) Co., Ltd.	
Mauri Fermentation Malaysia Pty Limited		Chuangxin Road, Tonggu Industry Zone, Sandu Town, Tonggu County, Jiangxi Province, China	
Mauri Fermentation Philippines Pty Limited		AB Agri Premeixin Tech (Jiangxi) Co., Ltd.	
Mauri Fermentation Vietnam Pty Limited		Room 2802, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China	
Mauri Yeast Australia Pty Limited		AB Enzymes Trading (Shanghai) Co., Ltd.	
N&C Enterprises Pty Ltd		Room 2803, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China	
NB Love Industries Pty Ltd		ABNA Management (Shanghai) Co., Ltd.	
Serrol Ingredients Pty Limited		ABNA Trading (Shanghai) Co., Ltd.	
The Jordans and Ryvita Company Australia Pty Ltd		Room 2906 Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China	
Yumi's Quality Foods Pty Ltd		Associated British Foods Holdings (China) Co., Ltd.	
35-37 South Corporate Avenue, Rowville, VIC 3178, Australia		Unit 006, Room 401, Floor 4, Building 1, No 15 Guanghua Road, Chaoyang District, Beijing, China	
AB Food & Beverages Australia Pty. Limited		AB Mauri (Beijing) Food Sales and Marketing Company Limited	
170 South Gippsland Highway, Dandenong, VIC 3175, Australia		Building 1, 35 Chi Feng Road, Yangpu District, Shanghai 200092, China	
ABF Wynyard Park Limited Partnership		AB Mauri Foods (Shanghai) Company Limited	90%
<b>Austria</b>		868 Yongpu Road, Pujiang Town, Minhang District, Shanghai 201112, China	
Wolkele 11/2 OG, 1010 Vienna, Austria		ABNA (Shanghai) Feed Co., Ltd.	
Primark Austria Ltd & Co KG		14 Juha Road, Jinghai Development Zone, Tianjin, China	
Krottenbachstrasse 82-88/Sig 1/Top 5, 1190 Vienna, Austria		ABNA (Tianjin) Feed Co., Ltd.	
Nutrilabs GmbH		Shu Shan Modern Industrial Zone of Shou County, Huainan City, Anhui Province, China	
<b>Bangladesh</b>		ABNA Feed (Anhui) Co., Ltd.	
Lovei 13 Shanta Western Tower, Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka 1208, Bangladesh		145 Xincheng Road, Tengao Economic Development Zone, Anshan, Liaoning 114225, China	
Twinnings Ovaltine Bangladesh Limited		ABNA Feed (Liaoning) Co., Ltd.	
<b>Belgium</b>		17 Xiangyang Street, Tu Township, Chayou Qianqi Inner Mongolia, China	
Industriepark 2d, 9820 Merelbeke, Belgium		Botian Sugar Industry (Chayou Qianqi) Co., Ltd.	
AB Mauri Belgium NV		No. 1 Botian Road, Economic Development Zone, Zhangbei County, Zhangjiakou City, Hebei Province, China	
Chaussee de la Hulpe 177/20, 1170 Bruxelles, Belgium		Botian Sugar Industry (Zhangbei) Co., Ltd.	
Primark SA		Room 1110, No.368, Changjiang Road, Nangang Concentrated District, Economic Development Zone, Harbin, China	
<b>Brazil</b>		Botian Sugar Industry Co., Ltd.	
Avenida Tietê, L-233 Barranca do Rio Tietê, City of Pederneras, State of São Paulo CEP 17 280-000, Brazil		1 Industrial North Street, Zhangjiakou, Zhangbei County, Hebei Province, China	
AB Brasil Indústria e Comércio de Alimentos Ltda		Hebei Mauri Food Co., Ltd.	
Alameda Madeira 328, 20th Floor, Room 2005, Alphaville - Barueri, São Paulo 06454-010, Brazil			
AB Enzimas Brasil Comercial Ltda			
Avenida Dra. Ruth Cardoso, n.º 7 221, 11º Floor, Room 1 101 (partel), Condomínio Edifício Birmann 21 Pinheiros, CEP 05425-902, City of São Paulo, State of São Paulo, Brazil			
AB Vista Brasil Comercio De Alimentação			
Animal Ltda			
<b>Canada</b>			
Blake Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Canada			
AB Mauri (Canada) Limited			
<b>Chile</b>			
Miraflores Street No 222, 28 Floor, Santiago, Chile			
Calsa Chile Inversiones Limitada			
<b>China</b>			
No. 1 Tongcheng Street, A Cheng District, Harbin, Heilongjiang Province, China			
AB (Harbin) Food Ingredients Co., Ltd.			
Harbin Mauri Yeast Co., Ltd. (in liquidation)			

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 29. Group entities continued

Subsidiary undertakings	% effective holding if not 100%
8 Lancun Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China Shanghai AB Food & Beverages Co., Ltd No.68-1, Shuanglong Road, Fushan District, Yantai City, Shandong Province, China Yantai Mauri Yeast Co., Ltd.	92%
<b>Colombia</b> Cra 35# 34A-64, Palmira, Valle Colombia Fleischmann Foods S.A.	
<b>Czech Republic</b> Nádražní 523, 349 01 Stržbo, Czech Republic Bodit Tachov s.r.o. Palladium, Na Ponici 10/9/3a, Prague 1, 110 00, Czech Republic Primark Prodejny s.r.o.	
<b>Denmark</b> Skjernvej 42, Trostrup, 6920 Videbæk, Denmark AB Neo A/S Middelfartvej 77, Baring, 5466 Asperup, Denmark Cowconnect ApS	
<b>Ecuador</b> Medardo Ángel Silva 13 y Panamá, Manzana 12, El Recreo, Eloy Alfaro, Durán, Guayas, Ecuador ABCALSA S.A.	
<b>Eswatini</b> Ubombo Sugar Limited, Old Main Road, Big Bend, Eswatini Bar Circle Ranch Limited Illovo Swaziland Limited Moyeni Ranch Limited Ubombo Sugar Limited	60% 60% 60% 60%
<b>Finland</b> Tykkimäentie 15b (PO Box 26), Rajamäki, FI-05200, Finland AB Enzymes Oy Tykkimäentie 15b (PO Box 57), Rajamäki, FI-05201, Finland Enzymes Leasing Finland Oy Koskelontie 19 B, Espoo, FI-02920, Finland Alimetrics Group Oy Alimetrics Diagnostics Oy Alimetrics Research Oy AB Vista Finland Oy	
<b>France</b> 40/42, avenue Georges Pompidou, 69003, à Lyon, France AB Mauri France 25 Rue Anatole France, 92300 Levallois-Perret, France Twinings & Co SAS 11 Rue de Milan, 75009, Paris, France ABFI France SAS Centre Commercial Regional Créteil Soleil, Niveau 3, 101 Avenue du Général de Gaulle, 94000, Créteil, France Primark France SAS 845 Chemin du Vallon du maire, 13240, Septèmes les Vallons, France SPI Pharma SAS ZAE Via Europa, 3 rue d'Athènes, 34350 Vendres, France Fytexia Group Fytexia	

Subsidiary undertakings	% effective holding if not 100%
<b>Germany</b> Feldbergstrasse 78, 64293, Darmstadt, Germany AB Enzymes GmbH Wandsbeker Zollstrasse 59, 22041, Hamburg, Germany ABF Deutschland Holdings GmbH Ohly GmbH Ohly Grundbesitz GmbH Rheinische Presshefe- und Spritwerke GmbH Kennedyplatz 2, 45127, Essen, Germany Primark Mode Ltd & Co. KG Primark Property GmbH Westendstrasse 28, 60325, Frankfurt am Main, Germany Wander GmbH Marie-Kahle-Allee 2, D-53113, Bonn, Germany Westmill Foods Europe GmbH	
<b>Greece</b> 28, Dimitriou Soutsou Str, Athens, GR 115 21, Greece PSH Teal Single Member S.A.	
<b>Guernsey</b> Dorey Court, Admiral Park, St. Peter Port, GY1 2HT, Guernsey Talisman Guernsey Limited	
<b>Hong Kong</b> Workshop D, 8th Floor, Reason Group Tower, No 403 Castle Peak Road, Kwai Chung, New Territories, Hong Kong Associated British Foods Asia Pacific Holdings Limited	
<b>Hungary</b> Károlyi utca 12-3 em., Budapest, 1053, Hungary PSH Violet Kft.	
<b>India</b> #218 & #219, Bommasandra – Jigani Link Road, Anekal Taluk, Bangalore, 560105, India AB Mauri India Private Limited First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, Koramangala Bengaluru, Karnataka, 560030, India SPI Specialties Pharma Private Limited G3/41, New Budge Budge Trunk Road, Old Dakghar, Kolkata, West Bengal, 700141, India Twinings Private Limited	
<b>Indonesia</b> Wisma GKBI Lt 39, Suite 3901, No.28 Jl Jend. Sudirman, Jakarta, Indonesia P1 AB Food & Beverages Indonesia (in liquidation)	
<b>Ireland</b> 47 Mary Street, Dublin 1, Ireland Abdale Finance Limited Primark Holdings Unlimited Company Primark Pension Trustees Limited 1 Stokes Place, St Stephen's Green, Dublin 2, Ireland Allied Mills Ireland Limited Unit 5, Hebron House, Macdonagh Junction, Kilkenny, R95 T91Y, Ireland Intellync Technology Limited	

Subsidiary undertakings	% effective holding if not 100%
<i>Arthur Ryan House, 22-24 Parnell Street, Dublin 1, Ireland</i>	
Primark Limited	
Primark Austria Limited	
Primark Mode Limited	
<i>13 Claxson House, Dundrum Business Park, Dundrum, Dublin 14, D14X9F9 Ireland</i>	
Nutritional Advanced Formulas (Ireland) Limited	
<b>Italy</b>	
<i>Viale Monte Nero, 84, 20135, Milan, Italy</i>	
AB Agri Italy S.r.l.	
<i>Via Milano 42, 27045, Casteggio, (Pavia), Italy</i>	
AB Mauri Italy S.p.A.	
ABF Italy Holdings S.r.l.	
<i>Largo Francesco Richini 2/A, 20122, Milan, Italy</i>	
Primark Italy S.r.l.	
<i>Via Rizzotto 46, 41126, Modena (MO), Italy</i>	
Acetaia Fini Modena S.r.l.	
<i>Via Sandro Pertini 440, 401314, Cavezzo (MO), Italy</i>	
Acetum S.p.A.	
<i>Via Garibaldi 84, Magenta, 20013, Milan, Italy</i>	
ALP Immobiliare S.r.l.	70%
<i>Via Gran Sasso, 33, Corbetta, 20011, Milan, Italy</i>	
B Natural S.r.l.	70%
<b>Jersey</b>	
<i>First Floor, Durell House, 28 New Street, St. Helier, JE2 3RA, Jersey</i>	
Bonuit Investments Limited (dissolved on 20 September 2022)	
<b>Malawi</b>	
<i>Illovo House, Churchill Road, Limbe Malawi</i>	
Dwangwa Sugar Corporation Limited	76%
Illovo Sugar (Malawi) plc	76%
Malawi Sugar Limited	
<b>Malaysia</b>	
<i>Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, 59200 Jalan Kerinchi, Kuala Lumpur, Malaysia</i>	
AB Mauri Malaysia Sdn. Bhd.	52%
<b>Malta</b>	
<i>171 Old Bakery Street, Valletta, VLT 1455, Malta</i>	
Relax Limited	70%
<b>Mauritius</b>	
<i>10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius</i>	
Illovo Group Financing Services	
Illovo Group Holdings Limited	
Illovo Group Marketing Services Limited	
Kilombero Holdings Limited	
Sucoma Holdings Limited	
<b>Mexico</b>	
<i>Paseo de la Reforma No 2620, Edificio Reforma Plus, piso 8, 803, 804 y 805, Col. Lomas Atlas, DF 11950, Mexico</i>	
AB CALSA S.A. de C.V.	
<i>Avenida Javier Barros Sierra 495, piso 7 oficina 07-102, Col. Santa Fe, Alvaro Obregón, Ciudad de México, 01219, México</i>	
ACH Foods Mexico, S. de R.L. de C.V.	

Subsidiary undertakings	% effective holding if not 100%
<b>Mozambique</b>	
<i>KM75 EN1, Maçana, Distrito de Manhica, Provincia de Maputo, Mozambique</i>	
Maragra Açúcar, S.A.	
<b>Netherlands</b>	
<i>Mijlweg 77, 3316 BE, Dordrecht, Netherlands</i>	
AB Mauri Netherlands B.V.	
AB Mauri Netherlands European Holdings B.V.	
Foods International Holding B.V.	
<i>Van Oldenbarneveltplaats 36, 3012 AH, Rotterdam, Netherlands</i>	
Primark Fashion B.V.	
Primark Netherlands B.V.	
Primark Stil B.V.	
<i>Woon 505, 3013AL Rotterdam, Netherlands</i>	
AB Vista Europe B.V.	
<i>7122 JS Aalten, Dinxperlostraatweg 122, Netherlands</i>	
Germans Seed Technology B.V.	
<i>Oude Kerkstraat 55 4878 AK, Etten-Leur, Netherlands</i>	
Mauri Technology B.V.	
<i>Laarderhoogtweg 25, 1101 EB Amsterdam, Netherlands</i>	
Westmill Foods Europe B.V.	
<b>New Zealand</b>	
<i>Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand</i>	
Allied Foods (NZ) Ltd	
Anzchem NZ Limited (dissolved 28 October 2022)	
AusPac Ingredients NZ Limited	
George Weston Foods (NZ) Limited	
<i>57 Forge Road, Silverdale 0932 New Zealand</i>	
Dad's Pies Limited	
<b>Nigeria</b>	
<i>23 Oba Akinjobi Street, GRA, Ikoja, Lagos, Nigeria</i>	
Twinings Ovaltine Nigeria Limited	
<b>Pakistan</b>	
<i>21KM Ferozepur Road, 2 KM Hadyara Drain, Lahore, Pakistan</i>	
AB Mauri Pakistan (Private) Limited	60%
<b>Peru</b>	
<i>Av. Republica de Argentina No 1227, Z I. La Chalaca, Callao, Peru</i>	
Calsa Perú S.A.C.	
<b>Philippines</b>	
<i>86 E Rodriguez Jr. Ave., Ugong Norte, QC, 1604, Pasig City, Metro Manila, Philippines</i>	
AB Food & Beverages Philippines, Inc.	99%
<i>1201-1202 Prime Land Building, Market Street, Madrigal Business Park, Ayala Alabang, Muntinlupa, 1770, Philippines</i>	
AB Mauri Philippines, Inc.	
<b>Poland</b>	
<i>Przemysłowa 2, 67-100 Nowa Sól, Lubuskie, Poland</i>	
AB Foods Polska Spółka z ograniczoną odpowiedzialnością (AB Foods Polska Sp. z o.o.)	
<i>Towarowa 28, 00-839 Warsaw, Poland</i>	
Primark Sklepy spolka z ograniczona odpowiedzialnoscia (Primark Sklepy Sp. z o.o.)	

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 29. Group entities continued

Subsidiary undertakings	% effective holding if not 100%
<i>ul. Rabowicka 29/31, 62-020, Swarzędz - Jasin, Poland</i> R. Twining and Company Spółka z ograniczoną odpowiedzialnością (R. Twining and Company Sp. z o.o.)	
<i>ul. Główna 3A, BruszczeWO, 64-030, Śmigiel, Poland</i> AB Neo Polska spółka z ograniczoną odpowiedzialnością (AB Neo Polska Sp. z o.o.) (previously AB Agri Polska Sp. z o.o.)	
<b>Portugal</b> <i>Avenida Salvador Allende, n.º 99, Oeiras, J.º de S.º, Lisboa, Portugal</i> <i>Paco de Arcos, Portugal</i> AB Mauri Portugal, S.A.	96%
<i>Rua Castilho 50, 1250-071, Lisbon, Portugal</i> Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A.	
<b>Romania</b> <i>District 1, 165 Calda Floreasca, One Tower, 12th Floor, Bucharest, Romania</i> Primark Magazine S.R.L. (previously P.S.R. Indigo)	
<b>Rwanda</b> <i>Nyarugenge District, Nyarugenge Sector, Kigali City, Rwanda</i> Illovo Sugar (Kigali) Limited	
<b>Singapore</b> <i>80 Robinson Road, #02-00, 068898 Singapore</i> AB Mauri Investments (Asia) Pte Ltd <i>112 Robinson Road #05 01, 068902 Singapore</i> AB Vista Asia Pte. Limited	
<b>Slovakia</b> <i>Staromestska 3, 811 03 Bratislava - Stare Mesto, Slovakia</i> Primark Slovakia s.r.o.	
<b>Slovenia</b> <i>Blensvejska cesta 30, Ljubljana, 1000, Slovenia</i> Primark Trgovine, trgovsko podjetje, d.o.o.	
<b>South Africa</b> <i>1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal, 4320, South Africa</i> CGS Investments (Pty) Limited East African Supply (Pty) Limited Glendale Sugar (Pty) Ltd Illovo Distributors (Pty) Limited Illovo Sugar (South Africa) Proprietary Limited Illovo Sugar Africa Proprietary Limited Illprop (Pty) Limited Lacsa (Pty) Limited	70%
Noodsberg Sugar Company (Pty) Ltd Reynolds Brothers (Pty) Ltd S.A. Sugar Distributors (Pty) Limited	
<b>Spain</b> <i>Calle Cardenal Marcelo Spínola, 42, 28016, Madrid, Spain</i> AB Azucarera Iberia, S.L. Sociedad Unipersonal AB Vista Iberia, S.L. <i>Calle Levadura, 5 14710, Villarrubia, Córdoba</i> AB Mauri Food, S.A. AB Mauri Spain, S.L.U. ABF Iberia Holding S.L. <i>C/Escultor Coomonte nº. 2, Entreplanta, Benavente, Zamora, Spain</i> Agroteo S.A.	53%

Subsidiary undertakings	% effective holding if not 100%
<i>Calle Comunidad de Murcia, Parcela LIE-1-03, Plataforma Logistica de Fraga, 22520, Huesca, Spain</i> Alternative Swine Nutrition, S.L. <i>Calle Escolos Pies 49, Planta Baja, 08017 Barcelona, Spain</i> DR Healthcare España, S.L.U. <i>Avionda Virgen de Montserrat, 44 Castellón, 08719, Barcelona, Spain</i> Germaines Seed Technology, S.A. <i>Plaza Pablo Ruiz Picasso S/N Torre Picasso</i> <i>Planta 37, Madrid, Spain</i> Illovo Sugar Espana, S.L. <i>Gran Via, 32 5o 28013, Madrid, Spain</i> Primark Tiendas, S.L.U. <i>8, 2 Calle Via Servicio I, 2 CP, 19190 Torija, Guadalajara, Spain</i> Primark Logistica, S.L. Sociedad Unipersonal	
<b>Sri Lanka</b> <i>124 Templers Road, Mount Lavinia, Sri Lanka</i> AB Mauri Lanka (Private) Limited	
<b>Sweden</b> <i>Retzius väg 8, 171 65, Solna, Sweden</i> Larodan AB	
<b>Switzerland</b> <i>Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland</i> Wander AG	
<b>Taiwan</b> <i>5F, No.217, Sec 3, Nanking E Rd, Taipei City, 104, Taiwan (R.O.C.)</i> AB Food and Beverages Taiwan, Inc.	
<b>Tanzania</b> <i>Msolwa Mill Office, Kidatau, Kilombero District, Tanzania</i> Illovo Distillers (Tanzania) Limited Illovo Tanzania Limited Kilombero Sugar Company Limited	75%
<b>Thailand</b> <i>11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Prakhnong, Bangkok, 10260, Thailand</i> AB Food & Beverages (Thailand) Ltd. ABF Holdings (Thailand) Ltd. <i>1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand</i> AB World Foods Asia Ltd <i>229/110 Moo 1, Teparak Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn, 10540, Thailand</i> Jasol Asia Pacific Limited	
<b>Turkey</b> <i>Aksakal Mahallesi, Kavakpinari, Kume Evleri No.5, Bandirma- Balıkesir, 10245, Turkey</i> Maun Maya Sanayi A.S.	
<b>United Arab Emirates</b> <i>Office 604, Jafza 1 QB 15, Jebel Ali Freezone, Dubai, PO BOX 17620, United Arab Emirates</i> AB Mauri Middle East FZE	

Subsidiary undertakings	% effective holding if not 100%	Subsidiary undertakings	% effective holding if not 100%
<b>United States</b>		<i>Registered Agent Solutions Inc., 9 E Louckerman Street Suite 311, Dover, Kent DE 19901, United States</i> Prosecco Source, LLC <i>251 Little Falls Drive, Wilmington, DE 19808, United States</i> Fytexia Corp.	
<b>Uruguay</b>		<i>CNo Carlos Antonio Lopez 7547, Montevideo, Uruguay</i> Levadura Uruguaya S.A.	
<b>Venezuela</b>		<i>Oficinas Once 3 (N° 11-3) y Once 4 (N° 11-4), Torre Mayapan, Centro Comercial San Luis, Av.Principal Urbanizacion San Luis, cruce con Calle Comercio, Caracas, Bolivarian Republic of Venezuela</i> Alimentos Fleischmann, C.A., Compañía de Alimentos Latinoamericanos de Venezuela (CALSA) S.A	
<b>Vietnam</b>		<i>Unit 2, 100 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam</i> AB Agri Vietnam Company Limited <i>La Nga Commune, Dinh Quan District, Dong Nai Province, Vietnam</i> AB Mauri Vietnam Limited	66%
<b>Zambia</b>		<i>Nakambala Estates, Plot No.118a Lubombo Road, Off Great North Road, Zambia</i> Illovo Sugar (Zambia) Limited Nanga Farms PLC Tukunka Agricultural Limited Zambia Sugar plc	75% 75% 75%
CT Corporation System, 818 West Seventh Street, Suite 930, Los Angeles CA 90017, United States AB Mauri Food Inc. <i>The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States</i> AB Enzymes, Inc. AB Vista, Inc. AB World Foods US, Inc. ABF North America Corp. ABF North America Holdings, Inc. Abitec Corporation ACH Food Companies, Inc ACH Jupiter LLC B.V. ABF Delaware, Inc. (in liquidation) BakeGood, LLC Germains Seed Technology, Inc. PGP International, Inc. Primark US Corp. SPI Pharma, Inc. SPI Polyols, LLC Twinings North America, Inc. <i>101 Arch Street, Floor 3, Boston MA 02110, United States</i> Primark GCM LLC <i>158 River Road, Unit B, Clifton, NJ 07014, United States</i> Balsamic Express LLC <i>158 River Road, Unit A, Clifton, NJ 07014, United States</i> Modena Fine Foods, Inc. <i>Registered Agent Solutions, 1220 S St Ste 150, Sacramento CA 95811</i> PennyPacker, LLC			

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 29. Group entities continued

### Joint ventures

A list of the Group's joint ventures as at 17 September 2022 is given below. All joint ventures are included in the Group's financial statements using the equity method of accounting.

Joint ventures	% holding	Joint ventures	% holding
<b>United Kingdom</b>		<i>Room 608, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China</i>	
<i>Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom</i>		<i>AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd</i>	50%
<i>Frontier Agriculture Limited</i>	50%	<i>Ta Ha Comprehensive Industrial Park, Fuyu County Economic Development Area, Qiqihar, Heilongjiang Province, China</i>	
<i>Boothmans (Agriculture) Limited</i>	50%	<i>AB Mauri Yihai Kerry (Fu Yu) Yeast Technology Co. Ltd</i>	50%
<i>Forward Agronomy Limited</i>	50%	<i>9 Tonggang Road, Shage Village, Nanpu Town, Quanzhou Area, Quanzhou, Fujian Province, China</i>	
<i>G F P (Agriculture) Limited</i>	50%	<i>AB Mauri Yihai Kerry (Quanzhou) Yeast Technology Co., Ltd.</i>	50%
<i>GII Grain Limited</i>	50%	<i>Intersection of Jiutong Avenue and Zhoushan Road, Gang District, Zhoushan, Henan Province, China</i>	
<i>GH Grain (No.2) Limited</i>	50%	<i>AB Mauri Yihai Kerry (Zhoushan) Yeast Technology Co., Ltd.</i>	50%
<i>Grain Harvesters Limited</i>	50%	<i>Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province, China</i>	
<i>Intracrop Limited</i>	50%	<i>AB Mauri Yihai Kerry (Dongguan) Food Co., Ltd</i>	50%
<i>Nomix Limited</i>	50%	<b>Finland</b>	
<i>North Wold Agronomy Limited</i>	50%	<i>Tykkimäentie 15b (PO Box 57), Rajamäki, FIN-05201, Finland</i>	
<i>Phoenix Agronomy Limited</i>	50%	<i>Roal Oy</i>	50%
<i>SOYL Limited</i>	50%	<b>France</b>	
<i>The Agronomy Partnership Limited</i>	50%	<i>59, Chemin du Moulin, 695701, Carron, Dardilly, France</i>	
<i>Berth 36, Test Road, Eastern Docks, Southampton, Hampshire, SO11 3GG, United Kingdom</i>		<i>Synchronis</i>	50%
<i>Southampton Grain Terminal Limited</i>	50%	<b>Germany</b>	
<i>Kingseat, Newmachar, Aberdeenshire, AB21 0UE, Scotland, United Kingdom</i>		<i>Brude 4, 59368, Werne, Germany</i>	
<i>Euroagkem Limited</i>	50%	<i>UNIFERM GmbH &amp; Co. KG</i>	50%
<i>Lothian Crop Specialists Limited</i>	50%	<i>INA Nahrungsmittel GmbH</i>	50%
<i>Riverside, Wixington Road, Nayland, Colchester, Essex, CO6 4LT, United Kingdom</i>		<i>UNIFERM Verwaltungs GmbH</i>	50%
<i>Anglia Grain Holdings Limited</i>	50%	<i>Brude 8, 59368, Werne, Germany</i>	
<i>Anglia Grain Services Limited</i>	50%	<i>UNIOLOG GmbH</i>	50%
<i>Unit 8, Burnside Business Park, Burnside Road, Market Brayton, TF9 3UX, United Kingdom</i>		<b>Japan</b>	
<i>B C W (Agriculture) Limited</i>	50%	<i>36F Atago Green Hills Mori Tower, 2-5-1 Atago, Minato-ku, Tokyo 105-6236, Japan</i>	
<i>Witham St Hughes, Lincoln, LN6 9TN, United Kingdom</i>		<i>Twinnings Japan Co Ltd</i>	50%
<i>Nomix Enviro Limited</i>	50%	<b>Poland</b>	
<i>Eagle Labs Incubator, 28 Chislington Road, Cambridge, England, CB4 3AZ</i>		<i>ul. Wybieg, nr 5, lok 9, miesjsc, KOD 61-315, Poznan, Poland</i>	
<i>Yagro Ltd</i>	50%	<i>Uniferm Polska Sp z o.o</i>	50%
<b>Australia</b>		<b>South Africa</b>	
<i>Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113, Australia</i>		<i>1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal 4320, South Africa</i>	
<i>Fortnum &amp; Masons Pty Limited</i>	33%	<i>Glendale Distilling Company</i>	50%
<b>Chile</b>		<b>Spain</b>	
<i>Ave. Balmaceda 3500, Valdivia, Chile</i>		<i>C/Raimundo Fernández, Villaverde 28, Madrid, Spain</i>	
<i>Levaduras Collico S.A.</i>	50%	<i>Compañía de Melazas, S.A.</i>	50%
<b>China</b>		<b>United States</b>	
<i>1828 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province, China</i>		<i>The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States</i>	
<i>Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd</i>	25%	<i>Stratas Foods LLC</i>	50%
<i>1 East Ren Min Road, Regiment 66, Cocodala, Xinjiang, China</i>		<i>Stratas Receivables I LLC</i>	50%
<i>AB Mauri Yihai Kerry (Cocodala) Food Co., Ltd. (previously Xinjiang Mauri Food., Ltd)</i>	50%		
<i>Room 607, 6th Floor, 1379, Bocheng Road, Pudong New District, Shanghai, China</i>			
<i>AB Mauri Yihai Kerry Investment Company Limited</i>	50%		

## Associates

A list of the Group's associates as at 17 September 2022 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

Associates	% holding
<b>United Kingdom</b>	
<i>Pacioli House, Duncan Close, Moulton Park Industrial Estate, Northampton, NN3 6WL, United Kingdom</i>	
Bakers Basco Limited	20%
<i>Paternoster House, 65 St. Paul's Churchyard, London, EC4M 8AB, United Kingdom</i>	
C. Czarnikow Limited	43%
Czarnikow Group Limited	43%
C. Czarnikow Sugar Futures Limited	43%
C. Czarnikow Sugar Limited	43%
Sugarworld Limited	43%
<i>Northants Ape, Rushton Road, Kettering, NN14 1FL England, United Kingdom</i>	
Navara Oat Milling Limited	19%
<b>Australia</b>	
<i>283 Flagstaff Road, Brinkley SA 5253, Australia</i>	
Big Pork River (Australia) Pty Ltd	20%
Big River Pork Pty Ltd	20%
Murray Bridge Bacon Pty Ltd	20%
<i>32 Davis Road, Wetherill Park, Sydney NSW 2164, Australia</i>	
New Food Coatings Pty Ltd	50%
<b>Bahrain</b>	
<i>Suite No.1959 Diplomatic Commercial Office, Tower B, Building No 1565, Road 1722, Diplomatic Area/Manama 317, Bahrain</i>	
Czarnikow Supply Chain Sales for Food & Beverage Ingredients Bahrain S P C.	43%
<b>Brazil</b>	
<i>Avenida Presidente Juscelino Kubitschek, n.º 2.041, 11º andar- Vila Olimpia, CEP 04.543-011, Sao Paulo, Brasil</i>	
Czarnikow Brasil Ltda	43%
<i>Rua Fidencio Ramos, 308, cj64, Torre A, Vila Olimpia, São Paulo, SP, Cep 04551-010, Brasil</i>	
Cz Energy Comercializado Ra De Etanol S.A	21%
<b>China</b>	
<i>Room 17A01, 232 Zhong Shan 6th Road, Guangzhou City, Guangdong Province, 510180, China</i>	
C. Czarnikow Sugar (Guangzhou) Company Ltd	43%
<b>India</b>	
<i>House No 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India</i>	
C. Czarnikow Sugar (India) Private Limited	43%
<b>Indonesia</b>	
<i>Komplek Puri Mutiara Blok A21-22, Jl. Griya Utama, Sunter Agung, Jakarta, 14350, Indonesia</i>	
PT Indo Fermex	49%
P.T. Jaya Fermex	49%
PT Sama Indah	49%
<b>Israel</b>	
<i>26, Harokmim st., Holon Azireli Center Building B, Israel</i>	
Sucarim (C.I.S.T.) Ltd	43%

Associates	% holding
<b>Italy</b>	
<i>Via Borgogna, 2 20122, Milan, Italy</i>	
Czarnikow Italia Srl	43%
<b>Kenya</b>	
<i>I &amp; M Bank House, Second Ngong Avenue, P.O. Box 10517, Nairobi 00100, Kenya</i>	
Czarnikow East Africa Limited	43%
<b>Mauritius</b>	
<i>No 5 President John Kennedy Street, Port Louis, Mauritius</i>	
Sukpak Limited	30%
<b>Mexico</b>	
<i>Jaime Balmes #8 Loc. 3-A, Los Morales Polanco, México City, 11510, Mexico</i>	
C. Czarnikow Sugar (Mexico), S.A. de C.V.	43%
Czarnikow Servicios de Personales (Mexico), S.A. de C.V.	43%
<b>New Zealand</b>	
<i>c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand</i>	
New Food Coatings (New Zealand) Limited	50%
<b>Philippines</b>	
<i>Unit A, 103 Excellence Avenue, Carmelrav Industrial Park 1, Canlubang, Calamba, Laguna, Philippines</i>	
New Food Coatings (Philippines) Inc.	50%
<i>5F Don Jacinto Building, Dela Rosa cor. Salcedo Streets, Legaspi Village, 1229 Makati City, Philippines</i>	
CZ Philippines, Inc.	43%
<b>Singapore</b>	
<i>3 Phillip Street, #14 01 Royal Group Building, Singapore 048693</i>	
C. Czarnikow Sugar Pte. Limited	43%
<b>South Africa</b>	
<i>1 Gledhow Mill Road, Gledhow, Kwadukuza, 4450, South Africa</i>	
Gledhow Sugar Company (Pty) Limited	30%
<b>Tanzania</b>	
<i>7th Floor Amani Place, Ohio Street, PO Box 38568, Dar-es-Salaam, Tanzania</i>	
Czarnikow Tanzania Limited	43%
<i>Msolwa Mill Office, Kidatau, Tanzania</i>	
Kilombero Sugar Distributors Limited	20%
<b>Thailand</b>	
<i>909 Moo 15, Teparak Road, Tambol Bangsaonthong, King Amphur Bangsaonthong, Samutprakarn, Thailand</i>	
Newly Weds Foods (Thailand) Ltd	50%
<i>1203, 12th Floor, Metropolis Building 725 Sukhumvit Road, North Klongton, Wattana, Bangkok, 10110, Thailand</i>	
Czarnikow (Thailand) Limited	43%
<b>United States</b>	
<i>333 SE 2nd Avenue, Suite 2660, Miami, FL 33131, USA</i>	
C. Czarnikow Sugar Inc.	43%
<b>Vietnam</b>	
<i>5th Floor, IMC Tower, 62 Tan Quang Khai, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam</i>	
Czarnikow (Vietnam) Limited	43%

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for the 52 weeks ended 17 September 2022

## 29. Group entities *continued*

In accordance with section 479A of the Companies Act 2006 (the 'Act'), and subject to compliance with the requirements of that section including the provision of a statutory guarantee from Associated British Foods plc, the following subsidiaries are exempt from the requirements of the Act relating to the audit of individual accounts in respect of the financial year ended 17 September 2022:

Company name	Company number	Company name	Company number
A.B. Exploration Limited	00487323	A.B.F. Properties Limited	00683361
AB Mauri China Limited	12109070	ABF UK Finance Limited	07267422
AB Sugar China Holdings Limited	09468366	ABF US Holdings Limited	05659249
AB Sugar China Limited	09469163	ABF ZMW Finance Limited	13485724
ABF (No.1) Limited	04668120	ABN (Overseas) Limited	00145374
ABF (No.2) Limited	03369799	Acetum (UK) Limited	00446610
ABF (No.3) Limited	00155305	Atrium 100 Properties Limited	04502487
ABF BRL Finance Ltd	11001902	Atrium 100 Stores Holdings Limited	04660969
ABF European Holdings Limited	01004268	Atrium 100 Stores Limited	05007953
ABF Finance Limited	04659735	British Sugar (Overseas) Limited	02400085
ABF Food Tech Investments Limited	00172141	BSO (China) Limited	03799608
ABF Funding	05380813	G. Costa (Holdings) Limited	03679738
ABF HK Finance Limited	07761084	Mountsfield Park Finance Limited	07882348
ABF Japan Limited	00492278	Twining Crosfield & Co Limited	00144900
ABF PM Limited	00486887	Worldwing Investments Limited	02778854



### 30. Alternative performance measures

In reporting financial information, the Board uses various APMs which it believes provide useful additional information for understanding the financial performance and financial health of the Group. These APMs should be considered in addition to IFRS measures and are not intended to be a substitute for them. Since IFRS does not define APMs, they may not be directly comparable to similar measures used by other companies.

The Board also uses APMs to improve the comparability of information between reporting periods and geographical units (such as like-for-like sales) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, the Board and management use APMs for performance analysis, planning, reporting and incentive-setting.

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Like-for-like sales	No direct equivalent	<p>The like-for-like sales metric enables measurement of the performance of our retail stores on a comparable year-on-year basis.</p> <p>This measure represents the change in sales at constant currency in our retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year.</p> <p>No adjustments are made for disruption during refits, extensions or downsizes if a store's retail square footage changes by less than 10%, for cannibalisation by new stores, or for the timing of national or bank holidays.</p> <p>It is measured against comparable trading days in each year.</p>	Consistent with the definition given
Three year like-for-like sales	No direct equivalent	<p>The like-for-like sales metric expressed over three years enables measurement of the performance of our retail stores compared to our experience in 2019, the last full financial year before any of the economic effects of COVID-19.</p> <p>It is calculated as described above for like-for-like sales, but with 2019 data as the comparator.</p>	Consistent with the definition given
Adjusted operating (profit) margin	No direct equivalent	Adjusted operating (profit) margin is adjusted operating profit as a percentage of revenue.	See note A
Adjusted operating profit	Operating profit	<p>Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items.</p> <p>Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.</p>	A reconciliation of this measure is provided on the face of the consolidated income statement and by operating segment in note 1 of the financial statements

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 30. Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Adjusted operating profit before repayment of job retention scheme monies	See Adjusted operating profit (non-IFRS) measure	Adjusted operating profit before repayment of job retention scheme monies is adjusted operating profit adjusted for repayment of job retention scheme monies.	See note A
Adjusted profit before tax	Profit before tax	Adjusted profit before tax is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses.  Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted profit before tax.	A reconciliation of this measure is provided on the face of the consolidated income statement and by operating segment in note 1 of the financial statements
Adjusted earnings and adjusted earnings per share	Earnings and earnings per share	Adjusted earnings and adjusted earnings per share are stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses, together with the related tax effect.  Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted earnings and adjusted earnings per share.	Reconciliations of these measures are provided in note 7 of the financial statements
Exceptional items	No direct equivalent	Exceptional items are items of income and expenditure which are material and unusual in nature and are considered of such significance that they require separate disclosure on the face of the income statement.	Exceptional items are included on the face of the consolidated income statement with further detail provided in note 2 of the financial statements

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Constant currency	Revenue and see adjusted operating profit (non-IFRS) measure	Constant currency measures are derived by translating the relevant prior year figures at current year average exchange rates, except for countries where CPI has escalated to extreme levels, in which case actual exchange rates are used. There are currently three countries where the Group has operations in this position – Argentina, Venezuela and Turkey.	See note B
Effective tax rate	Income tax expense	The effective tax rate is the tax charge for the year expressed as a percentage of profit before tax.	Whilst the effective tax rate is not disclosed, a reconciliation of the tax charge on profit before tax at the UK corporation tax rate to the actual tax charge is provided in note 5 of the financial statements
Adjusted effective tax rate	No direct equivalent	The adjusted effective tax rate is the tax charge for the year excluding tax on adjusting items expressed as a percentage of adjusted profit before tax.	The tax impact of reconciling items between profit before tax and adjusted profit before tax is shown in note 7 of the financial statements
Dividend cover	No direct equivalent	Dividend cover is the ratio of adjusted earnings per share to dividends per share relating to the year.	See note C
Capital expenditure	No direct equivalent	Capital expenditure is a measure of the investment each year in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles.	See note D
Gross investment	No direct equivalent	Gross investment is a measure of the investment each year in non-current assets in existing businesses and acquisitions of new businesses. It includes capital expenditure as well as cash outflows from the purchase of subsidiaries, joint ventures and associates, additional shares in subsidiary undertakings purchased from non-controlling interests and other investments, as well as net debt assumed in acquisitions.	See note E
Net cash/debt before lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments and loans.	A reconciliation of this measure is shown in note 25 of the financial statements

# Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

## 30. Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Net cash/debt including lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments, loans and lease liabilities.	A reconciliation of this measure is shown in note 25 of the financial statements
Adjusted EBITDA	See Adjusted operating profit (non-IFRS) measure	Adjusted EBITDA is stated before depreciation, amortisation and impairments charged to adjusted operating profit.	See note F
Financial leverage ratio	No direct equivalent	Financial leverage is the ratio of net cash/debt including lease liabilities to adjusted EBITDA.	See note F
Total liquidity	No direct equivalent	Total liquidity comprises net cash/debt before lease liabilities plus qualifying debts and credit facilities.  Qualifying debt and credit facilities are those which are medium-to-long-term, are committed and either contain no performance covenants, or where they do, they are assessed as highly unlikely to be breached in even a severe downside scenario.	See note G
(Average) capital employed	No direct equivalent	Capital employed is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of capital employed are calculated in accordance with Adopted IFRS.  Average capital employed for each segment and for the Group is calculated by averaging the capital employed for each period of the financial year based on the reporting calendar of each business.	Consistent with the definition given
Return on (average) capital employed	No direct equivalent	The return on (average) capital employed measure divides adjusted operating profit by average capital employed.	Consistent with the definition given
(Average) working capital	No direct equivalent	Working capital is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of working capital are calculated in accordance with Adopted IFRS.  Average working capital for each segment and for the Group is calculated by averaging the working capital for each period of the financial year based on the reporting calendar of each business.	Consistent with the definition given
(Average) working capital as a percentage of revenue	No direct equivalent	This measure expresses (average) working capital as a percentage of revenue.	Consistent with the definition given

## Note A

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
<b>2022</b>							
External revenue from continuing businesses	<b>3,735</b>	<b>2,016</b>	<b>1,722</b>	<b>1,827</b>	<b>7,697</b>	<b>–</b>	<b>16,997</b>
Adjusted operating profit	<b>399</b>	<b>162</b>	<b>47</b>	<b>159</b>	<b>756</b>	<b>(88)</b>	<b>1,435</b>
Adjusted operating margin %	<b>10.7%</b>	<b>8.0%</b>	<b>2.7%</b>	<b>8.7%</b>	<b>9.8%</b>		<b>8.4%</b>
<b>2021</b>							
External revenue from continuing businesses	3,593	1,650	1,537	1,508	5,593	3	13,884
Adjusted operating profit	413	152	44	151	321	(70)	1,011
Repayment of job retention scheme monies	–	–	–	–	94	–	94
Adjusted operating profit before repayment of job retention scheme monies	413	152	44	151	415	(70)	1,105
Adjusted operating margin %	11.5%	9.2%	2.9%	10.0%	5.7%		7.3%

## Note B

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Disposed businesses £m	Total £m
<b>2022</b>							
External revenue from continuing businesses at actual rates	<b>3,735</b>	<b>2,016</b>	<b>1,722</b>	<b>1,827</b>	<b>7,697</b>	<b>–</b>	<b>16,997</b>
<b>2021</b>							
External revenue from continuing businesses at actual rates	3,593	1,650	1,537	1,508	5,593	3	13,884
Impact of foreign exchange	36	54	18	27	(88)	–	47
External revenue from continuing businesses at constant currency	3,629	1,704	1,555	1,535	5,505	3	13,931
% change at constant currency	+3%	+18%	+11%	+19%	+40%		+22%
	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
<b>2022</b>							
Adjusted operating profit at actual rates	<b>399</b>	<b>162</b>	<b>47</b>	<b>159</b>	<b>756</b>	<b>(88)</b>	<b>1,435</b>
<b>2021</b>							
Adjusted operating profit at actual rates	413	152	44	151	321	(70)	1,011
Impact of foreign exchange	5	18	–	3	1	–	27
Adjusted operating profit at constant currency	418	170	44	154	322	(70)	1,038
% change at constant currency	-5%	-5%	+7%	+3%	+135%		+38%

**30. Alternative performance measures *continued*****Note C**

	2022	2021
Adjusted earnings per share (pence)	<b>131.1</b>	80.1
Dividends relating to the year (pence) – excluding special dividend proposed	<b>43.7</b>	26.7
Dividend cover	<b>3.00</b>	3.00

**Note D**

	2022 £m	2021 £m
From the cash flow statement		
Purchase of property, plant and equipment	<b>680</b>	551
Purchase of intangibles	<b>89</b>	76
	<b>769</b>	627

**Note E**

	2022 £m	2021 £m
From the cash flow statement		
Purchase of property, plant and equipment	<b>680</b>	551
Purchase of intangibles	<b>89</b>	76
Purchase of subsidiaries, joint ventures and associates	<b>154</b>	57
Purchase of shares in subsidiary undertaking from non-controlling interests	–	23
Purchase of other investments	<b>7</b>	14
	<b>930</b>	721

**Note F**

	2022 £m	2021 £m	2020 £m
Adjusted operating profit	<b>1,435</b>	1,011	1,024
Charged to adjusted operating profit:			
Depreciation of property, plant and equipment	<b>521</b>	535	538
Amortisation of operating intangibles	<b>24</b>	26	33
Depreciation of right-of-use assets and non-cash lease adjustments	<b>281</b>	288	289
Impairment of property, plant and equipment and right-of-use assets	–	–	15
Adjusted EBITDA	<b>2,261</b>	1,860	1,899
Net debt including lease liabilities	<b>(1,764)</b>	(1,380)	(2,081)
Financial leverage ratio	<b>0.8</b>	0.7	1.1

**Note G**

	2022 £m	2021 £m	2020 £m
Net cash before lease liabilities	<b>1,488</b>	1,901	1,558
Qualifying debt	<b>400</b>	72	236
Qualifying credit facilities	<b>1,500</b>	1,088	1,088
Total liquidity	<b>3,388</b>	3,061	2,882

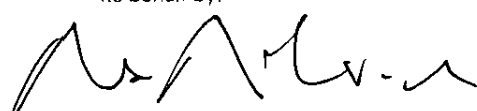
# Company balance sheet

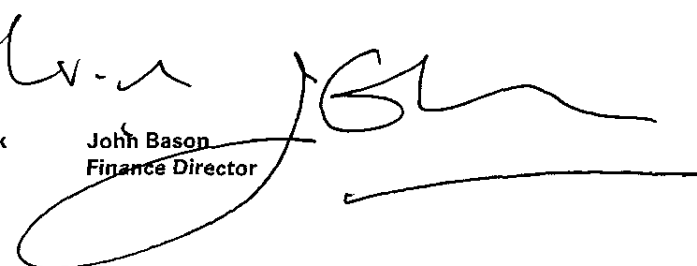
at 17 September 2022

	Note	2022 £m	2021 £m
<b>Fixed assets</b>			
Intangible assets	1	–	15
Right-of-use assets	2	9	12
Investments in subsidiaries	3	1,287	720
		<b>1,296</b>	<b>747</b>
<b>Current assets</b>			
Debtors:			
• due within one year	4	3,163	2,576
• due after one year	4	98	146
Employee benefits assets – due after one year	5	1,366	633
Derivative assets		30	44
Cash and cash equivalents		1,408	1,653
		<b>6,065</b>	<b>5,052</b>
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdrafts – unsecured		(2)	(229)
Lease liabilities	2	(3)	(3)
Other creditors	7	(4,013)	(3,322)
Derivative liabilities		(3)	–
		<b>(4,021)</b>	<b>(3,554)</b>
<b>Net current assets</b>		<b>2,044</b>	<b>1,498</b>
<b>Total assets less current liabilities</b>		<b>3,340</b>	<b>2,245</b>
<b>Creditors: amounts falling due after one year</b>			
Bank loans – unsecured		(481)	(74)
Lease liabilities	2	(7)	(11)
Amounts owed to subsidiaries	7	(196)	(243)
Employee benefits liabilities	5	(22)	(37)
Deferred tax liabilities	6	(324)	(137)
		<b>(1,030)</b>	<b>(502)</b>
<b>Net assets</b>		<b>2,310</b>	<b>1,743</b>
<b>Capital and reserves</b>			
Issued capital	8	45	45
Capital redemption reserve	8	2	2
Hedging reserve	8	–	4
Profit and loss reserve	8	2,263	1,692
<b>Equity shareholders' funds</b>		<b>2,310</b>	<b>1,743</b>

The Company's profit for the 52 weeks ended 17 September 2022 was £426m (53 weeks ended 18 September 2021 – loss of £44m).

The financial statements on pages 233 to 239 were approved by the Board of directors on 8 November 2022 and were signed on its behalf by:

  
**Michael McLintock**  
 Chairman

  
**John Bason**  
 Finance Director

# Company statement of changes in equity

for the 52 weeks ended 17 September 2022

	Share capital £m	Capital redemption reserve £m	Hedging reserve £m	Profit and loss reserve £m	Total £m
Balance as at 12 September 2020	45	2	4	1,366	1,417
<b>Total comprehensive income</b>					
Loss for the period recognised in the income statement	–	–	–	(44)	(44)
Remeasurement of defined benefit schemes	–	–	–	544	544
Deferred tax associated with defined benefit schemes	–	–	–	(142)	(142)
Items that will not be reclassified to profit or loss	–	–	–	402	402
Other comprehensive income	–	–	–	402	402
Total comprehensive income	–	–	–	358	358
<b>Transactions with owners</b>					
Dividends paid to equity shareholders	–	–	–	(49)	(49)
Net movement in own shares held	–	–	–	17	17
Total transactions with owners	–	–	–	(32)	(32)
Balance as at 18 September 2021	45	2	4	1,692	1,743
<b>Total comprehensive income</b>					
Profit for the period recognised in the income statement	–	–	–	426	426
Remeasurement of defined benefit schemes	–	–	–	742	742
Deferred tax associated with defined benefit schemes	–	–	–	(186)	(186)
Items that will not be reclassified to profit or loss	–	–	–	556	556
Movements in cash flow hedging position	–	–	(5)	–	(5)
Deferred tax associated with movements in cash flow hedging position	–	–	1	–	1
Items that are or may be subsequently reclassified to profit or loss	–	–	(4)	–	(4)
Other comprehensive income	–	–	(4)	556	552
Total comprehensive income	–	–	(4)	982	978
<b>Transactions with owners</b>					
Dividends paid to equity shareholders	–	–	–	(380)	(380)
Net movement in own shares held	–	–	–	(31)	(31)
Total transactions with owners	–	–	–	(411)	(411)
<b>Balance as at 17 September 2022</b>	<b>45</b>	<b>2</b>	<b>–</b>	<b>2,263</b>	<b>2,310</b>



# Accounting policies

for the 52 weeks ended 17 September 2022

## Basis of preparation

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

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

As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the Company has not been included in these financial statements. The principal accounting policies adopted are described below. They have all been applied consistently to all years presented.

## Intangible assets

Intangible assets comprised goodwill arising on business combinations and operating intangibles. Goodwill is defined under 'Business acquisitions' on page 172 of the consolidated financial statements. The Companies Act 2006 requires goodwill to be amortised on a systematic basis over its useful economic life. Under FRS 101, goodwill is not amortised but is instead reviewed for impairment on an annual basis or whenever there are indicators of impairment. The Company therefore previously invoked a 'true and fair view override' to overcome the requirement to amortise goodwill in the Companies Act 2006. Had the Company amortised goodwill, a period of three years would have been chosen as its useful life from the date of transition. The result for the year would have been no different as the goodwill would already have been fully amortised.

Intangible assets other than goodwill are stated at cost less accumulated amortisation and impairment charges. Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of intangible assets from the date they are available for use. The estimated useful lives are generally deemed to be no longer than five years.

## Investments in subsidiaries

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

## Impairment

The carrying amount of the Company's investments in subsidiaries and other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at least annually. An impairment charge is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment charge in respect of goodwill is not subsequently reversed. For other assets, an impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

## Financial assets and liabilities

Financial assets and financial liabilities, except for derivatives, are measured initially at fair value, plus directly attributable transaction costs, and thereafter at amortised cost.

## Derivatives

Derivatives are used to manage the Company's economic exposure to financial risks. The principal instruments used are foreign exchange contracts and swaps and interest rate swaps. 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 the item being hedged.

## Pensions and other post-employment benefits

The Company operates one defined contribution and two defined benefit pension schemes. The Company is the principal employer of the Associated British Foods Pension Scheme, which is a funded final salary scheme that is closed to new members, as well as a small unfunded final salary scheme. For the defined benefit schemes, the amount charged in the income statement is the cost of benefits accruing to employees over the year, plus any benefit improvements granted to members by the Company during the year. It also includes net interest expense or income calculated by applying the liability discount rate to the net pension asset or liability. The difference between market value of assets and present value of liabilities is disclosed as an asset or liability in the balance sheet. Any related deferred tax (to the extent recoverable) is disclosed separately in the balance sheet. Remeasurements are recognised immediately in other comprehensive income. Surpluses are recognised only to the extent that they are recoverable. Contributions payable by the Company in respect of defined contribution plans are charged to operating profit as incurred.

## Income tax

Income tax on profit or loss for the period comprises current and deferred tax. The Company recognises income tax in the income statement except to the extent that it relates to items taken directly to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

The Company provides for deferred tax using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The company bases the amount of deferred tax provided on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

### Share-based payments

The Company recognises the fair value of the share awards at grant date as an employee expense with a corresponding increase in equity, spread over the period during which the employees become unconditionally entitled to the shares.

The Company adjusts the amount recognised to reflect expected and actual levels of vesting except where the failure to vest is as a result of not meeting a market condition.

Where the Company grants allocations of shares to employees of its subsidiaries, these are accounted for on the same basis as allocations to employees of the Company, except that the fair value is recognised as an increase to investment in subsidiaries with a corresponding increase in equity.

### Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less.

### Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period.

Where the Company is a lessee, the following accounting policy applies.

#### Right-of-use assets

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

Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

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

#### Lease liabilities

The Company records lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

The carrying amount of lease liabilities is remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of whether to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered uniformly low value.

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

#### Lessor accounting

When subleasing assets the Company assesses the sublease classification with reference to the head lease right-of-use asset, which considers, among other factors, whether the sublease represents a majority of the remaining life of the head lease.

The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, taking into account whether the sublease/head lease are above or below market rate.

# Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

## 1. Intangible assets

	Goodwill £m	Operating intangibles £m	Total £m
<b>Cost</b>			
At 18 September 2021	14	9	23
Disposals	(14)	—	(14)
<b>At 17 September 2022</b>	<b>—</b>	<b>9</b>	<b>9</b>
<b>Amortisation</b>			
At 18 September 2021	—	(8)	(8)
Amortisation	—	(1)	(1)
<b>At 17 September 2022</b>	<b>—</b>	<b>(9)</b>	<b>(9)</b>
<b>Net book value</b>			
At 18 September 2021	14	1	15
<b>At 17 September 2022</b>	<b>—</b>	<b>—</b>	<b>—</b>

The goodwill balance was disposed of to a subsidiary undertaking at book value.

## 2. Leases

### Right-of-use assets

	Land and buildings £m	Total £m
<b>Cost</b>		
At 18 September 2021	18	18
<b>At 17 September 2022</b>	<b>18</b>	<b>18</b>
<b>Depreciation</b>		
At 18 September 2021	(6)	(6)
Depreciation for the year	(3)	(3)
<b>At 17 September 2022</b>	<b>(9)</b>	<b>(9)</b>
<b>Net book value</b>		
At 18 September 2021	12	12
<b>At 17 September 2022</b>	<b>9</b>	<b>9</b>

### Lease liabilities

	Land and buildings £m	Total £m
<b>Cost</b>		
At 18 September 2021	14	14
Repayment of lease liabilities	(4)	(4)
<b>At 17 September 2022</b>	<b>10</b>	<b>10</b>
Current	3	3
Non-current	7	7
	<b>10</b>	<b>10</b>

## 3. Investments in subsidiaries

	£m
At 18 September 2021	720
Additions	567
<b>At 17 September 2022</b>	<b>1,287</b>

Additions in the year comprise an increase of £556m in the existing investment in ABF Investments plc, a wholly owned subsidiary, and £11m relating to the allocation of shares under equity-settled share-based payment plans to employees of the Company's subsidiaries.

# Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

## 4. Debtors

	2022 £m	2021 £m
<b>Amounts falling due within one year</b>		
Amounts owed by subsidiaries	3,104	2,545
Other debtors	18	18
Corporation tax recoverable	41	13
	<b>3,163</b>	<b>2,576</b>
<b>Amounts falling due after one year</b>		
Amounts owed by subsidiaries	98	146

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

## 5. Employee entitlements

	2022 assets £m	2021 assets £m	2022 liabilities £m	2021 liabilities £m	2022 net £m	2021 net £m
<b>Reconciliation of changes in assets and liabilities</b>						
At beginning of year	4,315	3,761	(3,719)	(3,705)	596	56
Current service cost	–	–	(34)	(33)	(34)	(33)
Employee contributions	6	6	(6)	(6)	–	–
Employer contributions	27	30	–	–	27	30
Benefit payments	(136)	(159)	138	161	2	2
Past service cost	–	–	–	(4)	–	(4)
Interest income/(expense)	75	60	(64)	(59)	11	1
Return on scheme assets less interest income	(552)	617	–	–	(552)	617
Actuarial gains/(losses) arising from changes in financial assumptions	–	–	1,325	(75)	1,325	(75)
Actuarial losses/(gains) arising from changes in demographic assumptions	–	–	11	(9)	11	(9)
Experience (losses)/gains on scheme liabilities	–	–	(42)	11	(42)	11
At end of year	<b>3,735</b>	<b>4,315</b>	<b>(2,391)</b>	<b>(3,719)</b>	<b>1,344</b>	<b>596</b>

The net pension asset of £1,344m comprises a funded scheme with a surplus of £1,366m and an unfunded scheme with a deficit of £22m.

Further details of the Associated British Foods Pension Scheme are contained in note 12 of the consolidated financial statements.

## 6. Deferred tax assets and liabilities

	Employee benefits £m	Share-based payments £m	Other £m	Total £m
At 18 September 2021	(149)	3	9	(137)
Amount charged to the income statement	(1)	–	1	–
Amount charged to equity	(186)	–	1	(185)
Disposals	–	–	(2)	(2)
<b>At 17 September 2022</b>	<b>(336)</b>	<b>3</b>	<b>9</b>	<b>(324)</b>

## 7. Other creditors

	2022 £m	2021 £m
<b>Amounts falling due within one year</b>		
Accruals and deferred income	67	60
Amounts owed to subsidiaries	3,946	3,262
	<b>4,013</b>	<b>3,322</b>
<b>Amounts falling due after one year</b>		
Amounts owed to subsidiaries	196	243

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

## 8. Capital and reserves

### Share capital

At 18 September 2021 and 17 September 2022, the Company's issued and fully paid share capital comprised 791,674,183 ordinary shares of 5<sup>1</sup>/<sub>2</sub>p, each carrying one vote per share. Total nominal value was £45m.

### Capital redemption reserve

The non-distributable capital redemption reserve arose following redemption of two million £1 deferred shares at par in 2010.

### Dividends

Details of dividends paid and proposed are provided in note 6 to the consolidated financial statements.

### Share-based payments

Details of the Company's equity-settled share-based payment plans are provided in note 24 to the consolidated financial statements.

### 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.

## 9. Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. The guarantee contract is treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company had provided £484m of guarantees in the ordinary course of business as at 17 September 2022 (2021 – £473m).

## 10. Related parties

The Company has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 28 to the consolidated financial statements. The Company has a related party relationship with its subsidiaries, associates and joint ventures and directors. In the course of normal operations, related party transactions entered into by the Company have been contracted on an arm's length basis.

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

	Sub note	2022 £000	2021 £000
Charges to Wittington Investments Limited in respect of services provided by the Company		930	895
Dividends paid by the Company and received in a beneficial capacity by:			
1. (i) trustees of the Garfield Weston Foundation and their close family	1	12,631	1,570
2. (ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family	1	2,322	300
3. (iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	1	128	14
Charges to fellow subsidiary undertakings	2	–	7
Interest income earned from non-wholly owned subsidiaries	2	743	165
Amounts due from non-wholly owned subsidiaries	2	10,008	7,868

1 Details of the nature of the relationships with these bodies are set out in note 28 of the consolidated financial statements

2 Details of the Company's subsidiaries, joint ventures and associates are set out in note 29 of the consolidated financial statements.

## 11. Other information

### Emoluments of directors

The remuneration of the directors of the Company is shown in the Remuneration Report for the Group on pages 126 to 153.

### Employees

The Company had an average of 208 employees in 2022 (2021 – 217).

### Auditors' fees

Note 2 to the consolidated financial statements of the Group provides details of the remuneration of the Company's auditors on a group basis.

## Progress report

Saturday nearest to 15 September

	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Revenue	15,571	15,824	13,937	13,884	<b>16,997</b>
Adjusted operating profit	1,404	1,421	1,024	1,011	<b>1,435</b>
Exceptional items	–	(79)	(156)	(151)	<b>(206)</b>
Transaction costs	(2)	(2)	(2)	(3)	<b>(6)</b>
Amortisation of non-operating intangibles	(41)	(47)	(59)	(50)	<b>(47)</b>
Acquired inventory fair value adjustments	(23)	(15)	(15)	(3)	<b>(5)</b>
Profits less losses on disposal of non-current assets	6	4	18	4	<b>7</b>
Profits less losses on sale and closure of businesses	(34)	(94)	(14)	20	<b>(23)</b>
Finance income	15	15	11	9	<b>19</b>
Finance expense	(50)	(42)	(124)	(111)	<b>(111)</b>
Other financial (expense)/income	4	12	3	(1)	<b>13</b>
Profit before taxation	1,279	1,173	686	725	<b>1,076</b>
Taxation	(257)	(277)	(221)	(227)	<b>(356)</b>
Profit for the period	1,022	896	465	498	<b>720</b>
Basic and diluted earnings per ordinary share (pence)	127.5	111.1	57.6	60.5	<b>88.6</b>
Adjusted earnings per share (pence)	134.9	137.5	81.1	80.1	<b>131.1</b>
Dividends per share (pence)	45.0	46.35	nil	26.7	<b>43.7</b>

# Glossary

AGM	Annual General Meeting
APM	Alternative Performance Measure
the Board	the board of Associated British Foods plc
CDP	Carbon Disclosure Project
CGU	Cash-generating unit
the Company	Associated British Foods plc
CPI	Consumer Price Index (UK)
ESG	Environmental, Social and Governance
ESOP	Employee Share Ownership Plan
EY	Ernst & Young LLP, the Company's statutory auditor (also refers to associated firms of Ernst & Young LLP worldwide who work on the audit of the consolidated financial statements)
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS 101	Financial Reporting Standard 101 <i>Reduced Disclosure Framework</i>
GMP	Guaranteed Minimum Pension
the Group	Associated British Foods plc, its subsidiaries and its interests in joint ventures and associates
HSE	Health, Safety and Environment
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard(s)
LTIP	Long-term incentive plan
Net finance expense	the sum of finance income, finance expense and other financial income on the face of the consolidated income statement
RCF	Revolving Credit Facility
ROI	Return on investment (see ESG glossary for further information)
RSP	Restricted Share Plan
SBTi	the Science Based Targets initiative
STIP	Short-term incentive plan
TCFD	The Task Force for Climate-related Financial Disclosures
UKEB	UK Endorsement Board

# Company directory

## Associated British Foods plc

Registered office  
Weston Centre  
10 Grosvenor Street  
London W1K 4QY

Company registered in  
England and Wales,  
number 293262

## Company Secretary

Paul Lister

## Registrar

Equiniti  
Aspect House  
Spencer Road  
Lancing BN99 6DA

## Auditor

Ernst & Young LLP  
Chartered Accountants

## Brokers

Credit Suisse Securities (Europe) Limited  
One Cabot Square  
London E14 4QJ

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf

## Timetable

Annual general meeting  
9 December 2022

Interim results to be announced  
25 April 2023

## Website

[www.abf.co.uk](http://www.abf.co.uk)

## Warning about share fraud

From time to time, companies, their subsidiary companies, and shareholders can be the subject of investment scams. The perpetrators obtain lists of shareholders or subsidiaries and make unsolicited phone calls or correspondence concerning investment matters. They may offer to sell worthless or high-risk shares and may offer to buy your current shareholdings at an unrealistic price. They will often also inform you of untrue scenarios to make you think that you need to sell your shares or to justify an offer that seems too good to be true. These operations are commonly known as 'boiler rooms'.

Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or unsolicited investment opportunities. If you receive any such unsolicited calls, correspondence or investment advice.

- ensure you get the correct name of the person and firm;
- check that the firm is on the Financial Conduct Authority (FCA) Register to ensure they are authorised at <https://register.fca.org.uk/>;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
- if you feel uncomfortable with the call or the calls persist, simply hang up.

## Forward-looking statements

This report contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.



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Annual Report and Accounts please  
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