BRITISH SUGAR PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

26 AUGUST 2023

(Registered Number: 315158)

CONTENTS

Company information

Directors	KR Packer JP Willis
Company secretary	RG Cahill
Business address	1 Samson Place London Road Hampton Peterborough PE7 8QJ
Registered office	Weston Centre 10 Grosvenor Street London W1K 4QY
Independent auditor	Ernst & Young LLP Statutory Auditor Cowley Road Cambridge CB4 0WZ

Strategic Report

The directors present their Strategic Report for the 52 weeks ended 26 August 2023.

Principal activities
British Sugar plc ("the Company") is a wholly owned subsidiary of Associated British Foods plc ("ABF"). During the period, the principal activities continued to be the processing of sugar beet and the manufacture and sale of sugar, animal feed, bioethanol and other co-products of the sugar manufacturing process. These activities are expected to continue for the foreseeable future.

Review of the business
The Company's sugar production levels were exceptionally low at 0.74 million tonnes (2022: 1.03 million tonnes), 28% lower than the prior year's campaign, the result of a sequence of unusually poor weather conditions which reduced the crop size and lowered beet yields and sugar content. The business secured alternative sources of supply to fulfil customer contracts, but profitability was significantly reduced as a consequence in the second half of the year. In the course of the year energy costs remained at elevated levels but were partially offset by strong pricing for electricity produced and other co-products. Profitability for the year at British Sugar was lower as a result of the combination of these factors.

Key performance indicators
Management key performance indicators are:

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m	Variance £m	Variance %
Revenue (£m)	**1,061.3**	866.3	195.0	22.5
Operating profit (£m)	**52.9**	69.5	(16.6)	(23.9)

Principal risks and uncertainties

The Company's functional currency is sterling but sugar prices within the EU sugar market are generally quoted in euros. Accordingly, the Company is exposed to currency risk which is managed using a range of financial instruments. The following table shows the euro/sterling exchange rates for the period:

	52 weeks ended 26 August 2023	52 weeks ended 27 August 2022
Euro/sterling spot rate at period end	**1.1658**	1.1771
Euro/sterling average rate for the period	**1.1475**	1.1826

Strategic Report (continued)

Principal risks and uncertainties (continued)
Sugar production requires substantial energy use which exposes the Company to fluctuations in energy prices. This exposure is managed using a range of financial instruments.

The business is exposed to the risk of poor crop harvests as a result of variable weather conditions and also crop diseases that can affect yield. These risks are closely monitored and management actions are taken as appropriate to mitigate the risks.

Engaging with our stakeholders - Section 172 statement
The directors are required to act in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

The Company is a subsidiary of Associated British Foods plc and, as such, the Company has adopted and the directors have due regard to applicable group policies and procedures which impact on the Company's stakeholders, including those referred to in the ABF Section 172 Statement on pages 40 to 45 of the ABF 2023 annual report and accounts.

As part of the identification of key stakeholders, the directors have identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:
- Employees
- Suppliers
- Customers
- Communities and environment
- Government and regulators
- Shareholder
- ABF and other group companies

Employees
The Company employs around 1,400 people. Our people are central to the Company's success and employee engagement is crucial to embedding our culture and values, and to helping our people see how their efforts contribute to their Company's strategic objectives.

During the year the Company has focused on building leadership development through its Leadership Model and has recently launched a 'Future Senior Leaders' programme, which is open to everyone.

To reinforce great behaviour, in line with the Leadership Model and values, our recognition programme, including an online platform and associated app, makes it easy for colleagues to highlight and reward the great work of other team members.

During the reporting period the Company undertook six-monthly internal engagement surveys and engaged with people through a wide range of communication tools, including monthly meetings hosted by the Board, monthly business update packs for cascade through teams, weekly news roundups and an intranet with an internal social media platform – Workplace.

Strategic Report (continued)

Section 172 statement (continued)
Employees (continued)
Safety and Health programmes are embedded within our culture and communicated on regularly. Most recently we have introduced and are rolling out 'Personal Choices', a behavioural-based approach to safety and health, across all our sites.

Suppliers
Our Supplier Code of Conduct, which applies to all companies in the ABF group, and which can be found on the ABF website (www.abf.co.uk), sets out our values and standards on how we work and engage with our suppliers. This covers ethical and environmental matters as well as other relevant matters including on key issues such as payment practices, responsible sourcing, supply chain sustainability, human rights and modern slavery. The Company is a signatory to the Prompt Payment Code and makes public disclosure twice a year of its payment practices.

A critical supplier group is our 2,300 growers. Through deep and well-established relationships with individual growers and businesses we drive better decision-making and collaborative working. Our Field to Factory programme continues to work to further strengthen working relationships within our supply chain. This has resulted in more regular, open and transparent communications. Through the British Beet Research Organisation (BBRO), a non-profit making company funded jointly by British Sugar and UK sugar beet growers, we collaborate on research to increase the competitiveness and profitability of our industry in a sustainable and environmentally acceptable manner.

Our commercial relationship with the National Farmers Union ("NFU"), through NFU Sugar, the representative body for our growers, supports effective advocacy and collaborative working. As an industry we continue to focus on science-led decisions to support sustainable growth. This year, the industry was again successful in its application for an emergency authorisation for a neonicotinoid seed treatment to help deal with the pernicious virus yellows disease which has a huge impact on crop. The treatment is tightly controlled and regulated through a joint stewardship agreement between British Sugar and the NFU, supported by the BBRO.

As part of our work on building a resilient future for UK agriculture, we are keen to harness improvements in modern breeding techniques and to reduce use of pesticides, while also improving yields. We want to see a long-term sustainable set of policies for the beet sugar industry that enhance the use of modern plant breeding techniques, uphold the highest environmental and food safety standards for the future, and ensure that the regulation of plant protection products remains risk-based and science-led. We continue to invest in research programmes in relation to gene editing, so that we are at the forefront of work to develop these techniques for use in the beet sugar industry.

Customers
Customer needs are at the heart of business decision-making, whether from new products and services, order fulfilment or sustainability and quality policies. The Board and senior management team are regularly updated on key customer needs from direct engagement with customers, anonymous customer surveys and market insights. We uphold the highest standards for quality and service flexibility and aim to stay one step ahead of our customers' needs, scanning the consumer and supply markets for changes that can impact our customers. We regularly track customer feedback, adopt a continuous improvement approach, and strive to be our customers' supplier of choice.

Strategic Report (continued)

Section 172 statement (continued)

Customers (continued)

This year we have continued to track customer performance, setting targets to improve our customer proposition and service. As a result, both complaints and damages have fallen compared to prior year. While these results are welcome, we continue to drive improvements to ensure we are the supplier of choice, including developing a Customer Awareness Programme. This provides our employees with a toolkit of resources to ensure our customers are at the heart of everything we do, raising awareness of who our customers are, what they make and what they use our sugar for.

Communities and environment

Supporting society and respecting the environment are two of the key ways we live our values and make a difference. The Company is committed to seeking sustainable solutions to environmental challenges as outlined in the Mandatory Climate Disclosures ("MCD") on page 7-12.

Supporting the communities in which our sites are based is important to us and where we contribute the majority of our charitable donations. Through our Neighbourhood Support programme, all five of our sites have a budget which is allocated on behalf of employees and put towards local charities, community groups and causes of their choice, within a 30 mile radius of their respective site.

Another element of our Charities & Communities Programme is our Money Match programme, which is where we match fund the money raised by employees when they are fundraising for regional or national charities.

The final element is our volunteering programme. We are proud to support our employees, whether as individuals or teams, when they wish to give up their time to get involved in local community projects.

We continue to work closely with our growers to improve on-farm environmental performance and to maintain and improve soil health. We manage waste and water usage carefully across our sites which means that we generate only 200 grammes of waste per tonne of sugar produced. Our sites are excellent locations to continue to encourage biodiversity development; we continue to support nesting birds and wildflowers and continue to plant trees and work with the Norfolk Rivers Trust on water stewardship programmes on farm.

Government and regulators

The Company can be impacted by changes in laws and public policy. To mitigate the Company's exposure to such risks and to contribute to, and anticipate, important changes in public policies impacting our operations and sites, the directors have a regular dialogue, either directly or through being part of the broader ABF group, with government ministers, officials and constituency MPs. The directors recognise the importance of an open dialogue with our regulatory bodies which include the Environment Agency and the Health and Safety Executive. We also continue to submit our views to relevant government public consultations, in particular in the energy and decarbonisation space.

This year, our Agriculture Director has been appointed to the Department for Environment, Food and Rural Affairs Precision Breeding Working Group, helping to develop the regulatory framework which will govern gene edited crops.

Strategic Report (continued)

Section 172 statement (continued)
Shareholder
The Company reports up to its immediate shareholder, ABF Investments plc, and ultimately to the board of ABF, through reports up to the senior management of the Sugar and Grocery divisions of which the Company forms a significant part. The Company takes appropriate steps to ensure that its shareholder is kept up to date on key business activities and decisions.

ABF and other group companies
The Company forms part of the group of companies headed by ABF and the Company's accounts are consolidated into the ABF annual report and accounts. Group companies can provide financial and other support to the Company and the sharing of best practice and know-how between the businesses within the broader group is actively encouraged.

Principal decisions
Below are some examples of the principal decisions taken during the year, how the directors considered stakeholder views/interests and how such consideration impacted on decision-making.

Energy efficiency
During the year we have installed a new evaporator (designed in conjunction with APRO Polska) at our Wissington site. The installation was completed post year end, and we have seen a significant reduction in energy (gas) demand as a result. The project will mean an approximate 25% steam energy reduction in the sugar production process during the sugar beet campaign.

Safety and health
Our Personal Choices programme, launched at all five of our sites this year, is designed to inspire colleagues to make better choices in their everyday work, by understanding what drives them subconsciously to make the decisions they make. Stripping back to the basics of human behaviour in this way encourages participants of the programme to consider how making decisions in different ways could significantly improve the safety culture at British Sugar, and in turn drive better business performance.

A wide selection of people across British Sugar's sites are in the process of being trained to act as coaches in Personal Choices, ensuring the programme is owned, delivered, and nurtured by British Sugar employees.

Supplier engagement
With the aim of making the sugar beet campaign work better for everyone in the process, we have introduced the Adaptable Campaign Plan for operation during the 2023/24 campaign, as part of the Field to Factory programme. The project aims to increase supply-chain efficiency and visibility for sugar beet growers, contractors, harvesters, hauliers and factory processors. It involves creating a delivery plan based on the needs of the grower and allows everyone to track the progress of the plan in real time. The plan can work around the individual needs of growers, while ensuring sugar beet supplies to our factories remain consistent.

Strategic Report (continued)

Mandatory Climate Disclosures ('MCD')

Introduction

The Company is required to make mandatory climate disclosures under The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

Our governance processes evolve every year. This year we enhanced our processes to address the evolving requirements of climate change and other ESG matters. The Board continues to have oversight over, and responsibility for, climate-related risks and opportunities.

Oversight by the Board

The Board receives specific updates each year on climate and other ESG matters from the Performance & Strategy Director, People Director, Head of Strategy & Business Development, and the Head of Decarbonisation. This year, this included:

- an update on UK Mandatory Climate Disclosures
- update on strategic decisions taken in addressing climate change and wider ESG issues
- development of, and progress on delivery, of our decarbonisation roadmap

The Board will receive relevant updates throughout the year outside of this annual presentation. Significant matters relating to climate and decarbonisation are presented periodically to the Board.

The Board is proactive and has taken prior assessments of climate risks and opportunities and information from the above meetings and used these to influence strategic decisions. The Company has received advice from the Board which have sufficient competencies to lead the Company in responding to climate-related risks and opportunities.

Management's role

Managing the impact of climate change on the Company is the responsibility of the Managing Director, reporting to the Board. The climate risks and opportunities are assessed annually by the Board.

The Strategy and Performance Director and People Director have overall accountability to the Managing Director for corporate responsibility issues and act as the focal points for communications to the Board on corporate responsibility matters.

The Strategy and Performance Director, who reports to the Managing Director, is responsible for monitoring climate-related activities across the Company and for reviewing the robustness of all non-financial targets set by our businesses. This individual leads our Corporate Responsibility initiatives, which support our business on environmental and human rights issues and brings together professionals in our business to share knowledge and best practice.

The Strategy and Performance Director with the Head of Safety, Health & Environment, who report to the Managing Director, are responsible for measuring and reporting the environmental performance of our owned operations.

Strategic Report (continued)

Mandatory Climate Disclosures (continued)

Risk management

The Board is accountable for risk management including on climate change issues. The process for identifying, assessing and managing climate-related risks is the same as for other business risks. Risks are collated and reviewed at a functional level and are presented to the Board to review the key risks.

We have integrated climate-related considerations into processes affecting our financial statements, including considerations of capital expenditure within the Company as well as for impairment assessments.

Identifying, assessing, and managing climate-related risks and opportunities

A materiality-based risk assessment, focused on financially-material climate risks.and opportunities has been undertaken.

Our cross-functional teams have worked to understand climate-related physical and transition risks and opportunities. These are included in our scenario analysis. This enabled us to understand whether remaining risks and opportunities, both individually and in aggregate, could be material to the Company. The most significant risks were incorporated into relevant risk registers, in line with our existing risk management process.

Strategy and action, metrics and targets

The leaders within our Company are responsible for identifying and implementing strategies that both create and protect value within our governance framework.

Enabling decision-making by the people closest to these issues, with the relationships with affected stakeholders, provides resilience, agility and flexibility in planning, allowing for quick action on risks and opportunities (outlined below).

Climate risks and opportunities

Output from the risks and opportunities assessment process		**Details of risk or opportunity**	**Timing of risk or opportunity**
Climate impact on key agricultural crops	Physical risks	Sugar yields in the UK	Medium/long term
Transitions risks as the world reduces its reliance on carbon	Transition risks	Carbon pricing mechanisms	Medium term
Carbon enablement: Providing solutions to reduce carbon	Opportunities	Biofuels, renewable energy	Medium term
Efficiency		Fuel substitution, energy efficiency, process optimisation and increased contribution from by-products	Short term

We used scenario analysis to assess the potential impact of these risks as detailed below.

Strategic Report (continued)

Mandatory Climate Disclosures (continued)

Scenario analysis

The Company has used third-party experts to perform scenario analysis. Knowledge in this area is growing and we expect models and pathways to evolve with time. Models have limitations, and some areas are challenging to model, for example the frequency and severity of extreme weather events. However, we can still consider how we would mitigate or adapt to such events. Additionally, in certain situations different models can project contrasting results. In these situations, we have used our experience of current risks that may be exacerbated by climate change and then considered how different outcomes would impact our business.

The following scenarios have been used:

Warming trajectory by 2100	Transition scenarios ('IEA')[1]	Physical scenarios ('IPCC')[2]
< 2C	Net Zero Emissions by 2050 Scenario ('NZE') (1.5C)	RCP2.6
	Sustainable Development Scenario ('SDS')	RCP4.5
2-3C	Stated Policies Scenario ('STEPS')	
~4C		RCP8.5

1. The International Energy Agency's (IEA) scenarios have been used to assess transition impacts with each scenario built on a set of assumptions on how the energy system might evolve. Each scenario has a different temperature outcome. We used scenarios covering 1.5C, <2C and <3C.
2. We used the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCP) to assess physical climate risk. RCPs are commonly used by climate scientists to assess physical climate risk. With each pathway representing a different greenhouse gas concentration trajectory which can then be translated into global warming impacts. We used climate data from the World Climate Research Programmes Coupled Model Intercomparisons Project - Phase 5 (CMIP 5 adjusted for spatial resolution and bias corrected) to do this translation. RCPs feed into climate, crop and flood models. There are four RCP pathways with RCP8.5 representing the worst-case scenario.

The impact of compounding means that even small changes in assumptions can lead to a significant range of outcomes from climate models and scenarios. We have therefore placed more emphasis on projections to 2030, using them for action planning, and used projections to 2050, where there is more uncertainty, to check our sense of direction and consider the resilience of our businesses should certain hypothetical scenarios take place.

Risks and opportunities have been considered over the following time horizons:

Term	Years	Rationale
Short-term	2025	Mid-decade
Medium-term	2030	Our emission reduction targets are set to 2030. These targets are supported by emission reduction plans.
Long-term	2050	2050 is consistent with many national and industry targets for net zero emissions.

Strategic Report (continued)

Mandatory Climate Disclosures (continued)

MCD physical risk: concepts and frameworks

In all physical risk analysis, we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures reaching some 4°C above pre-industrial levels by 2100. This scenario projects an extreme view of physical climate change impacts.

In addition to RCP8.5, the evaluation of physical risks has been supplemented with analysis using either RCP2.6 or RCP4.5 scenarios, depending on which climate scenario is most applicable to the risk. We have focused on the results of RCP8.5 as it is the most challenging scenario from a physical risk perspective.

In line with best practice, we used a multimodal approach to capture and assess the uncertainty of future climate change projections. Where appropriate we have also disclosed ranges in potential outcomes to reflect the uncertainties and variables inherent when using models to assess future climate outcomes. These outcome ranges represent 25th and 75th percentiles. Detailed data for the analysis was used including individual locations of our own operations.

Our third-party experts advised us which crop models to use to assess climate change impacts on crop yields, of which multiple were used.

Use of scenario results to support strategy and financial planning

We have placed greater emphasis in our planning and decision making on projections to 2030. This is because of the limitations of long-term scenario modelling described above.

Scenario analysis has helped our business confirm the actions we need to take and strategies to adopt on an ongoing basis to mitigate and adapt to risks and take advantage of opportunities. The scenario analysis performed in conjunction with the mitigating actions performed by our business demonstrate that we are resilient to climate change.

Impact assessment

Determining the potential impact of climate risks and the size of climate opportunities is challenging. Climate models include several fixed assumptions and there is significant uncertainty around the impacts of climate change and how governments will respond to its threats.

We have taken several factors into consideration when assessing our confidence in mitigating actions:

1. Greater reliance is placed on actions already underway and where we have seen evidence of the success of those actions, for example the benefits seen by farmers through pest control.
2. Physical risks from a changing climate are already present, growing and being managed. In many cases, risks may worsen but there is time to find innovative solutions to adapt to its impacts.

Strategic Report (continued)

Mandatory Climate Disclosures (continued)
Impact assessment (continued)

Impact Assessment	Description
Low	Projected impacts from scenario analysis are positive or not significant.
Medium	Impacts judged not to be significant once mitigating actions are considered.
High	Impacts judged to be significant even after mitigating actions have been considered.
Note 1: Significance assessed by considering the impact of climate risks and opportunities on the Company's financial performance and position.	

Projects addressing physical risks
We continue to implement projects to reduce the impact of these risks on our business, whilst also identifying opportunities to reduce our impact on the environment.

Project: Technology adoption
Description: British Sugar has implemented a Sustainable Agriculture Initiative Platform to support assessing, improving and validating on-farm sustainability. This focuses on soil health, pest management and climate change.
Impact: From the results from our National Crop Survey, we have seen increased uptake of low disturbance cultivations, cover crops being used in front of Sugar Beet benefiting improved soil health, we are also measuring a downwards trend on the amount of nitrogen fertiliser that is applied to the crop reducing our atmospheric emissions from the crop. Our account managers and technical team who directly manage our growers are driving knowledge exchange about integrated pest management strategies that is backed with science from the British Beet Research Organisation driving the uptake to reduce our reliance on pesticides.

Results of the climate-related risks and opportunities assessment
Having evaluated, using scenario analysis, all physical and transition risks in the table on page 9, we disclose below the risks we believe have the potential to be the most financially significant and/or of the most interest to stakeholders:

Strategic Report (continued)

Mandatory Climate Disclosures (continued)

Results of the climate-related risks and opportunities assessment (continued)

Risk and opportunity	**FY23 assessment**
Impact of carbon pricing mechanisms on British Sugar	**Scenarios assessed** International Energy Agency's Net Zero Emissions by 2050 scenario ("NZE") Development scenario ("SDS") and State Policies Scenario ("STEPS") **Time horizon of risk** This risk is believed to be relevant in the medium term. **Assessment** Incremental impact ranges from £0m to £48m in 2030. We have developed a plan to reduce Scope 1 and 2 emissions by 30% from 2018 baseline by 2030, achieved through a series of fuel substitution and energy-efficiency programmes that generally have a return on investment above 15%. Beyond 2030, while some technologies exist, they are not yet commercially viable. The Company will continue to assess these options. Impact: Medium **Mitigation** • The Company has a detailed plan to achieve 30% absolute GHG reduction by 2030. To date, we have achieved a reduction of around 12% vs. the 2018 baseline. **Metrics and target** • GHG emissions: Scope 1 and 2 emissions vs target of 30% absolute reduction in Scope 1 and 2 emissions by 2030 vs 2017/18 baseline

By Order of the Board

JP Willis
Director

14 December 2023

Directors' Report

The directors present their Annual Report and financial statements for the 52 weeks ended 26 August 2023.

Directors

The directors and Company secretary who served during the year and to the date of signing are detailed below:

MI Carr (resigned 3 October 2022)
QH Heath (resigned 19 October 2023)
PR Kenward (resigned 4 November 2023)
KR Packer (appointed 23 August 2023)
C Noble (appointed 3 October 2022 and resigned 24 October 2023)
JP Willis

Company secretary:
RG Cahill

Directors' and officers' liability insurance

During the 52 weeks ended 26 August 2023, ABF maintained insurance for the directors and officers to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, as permitted by section 233 of the Companies Act 2006.

Streamlined energy and carbon reporting

In compliance with UK reporting requirements (Streamlined energy and carbon reporting), the directors provide the Company's UK energy and greenhouse ("GHG") emissions data in the table below.

	Units	Year ended 31 July 2023	Year ended 31 July 2022
Scope 1 emissions	tCO_2e	679,368	868,637
Scope 2 location method emissions	tCO_2e	5,809	5,267
Energy use	kWh	3,382,474,186	3,740,321,903
Emissions intensity (scopes 1 and 2 location method emissions)	tCO_2e per £1m of revenue	646	1,009

The period for which the information is reported (namely 1 August 2022 to 31 July 2023) is different to the period in respect of which the Directors' Report is prepared as the information for the period 1 August 2022 to 31 July 2023 has been externally assured.

To calculate the fugitive emissions from the management of on-site wastewater, we use an in-house methodology that was reviewed, tested and updated by our parent company, Associated British Foods plc in 2023. As a result, a proportion of ABF Sugar's Scope 1 emissions from wastewater were reclassified as biogenic emissions. In line with the GHG Protocol, these biogenic emissions are discounted from our greenhouse gas accounting inventory. A proportion of the reduction in our Scope 1 emissions in 2023 is due to this reclassification which was not applied in 2022.

Directors' Report (continued)

Streamlined energy and carbon reporting (continued)
We report our GHG inventory using the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework for calculations and disclosure. We use carbon conversion factors published by the UK Government in June 2022, other internationally recognised sources, and bespoke factors based on laboratory calculations at selected locations. This includes all activities where we have operational control.

During the year, at our Wissington site we were installing an additional evaporator, which completed post year end, along with other associated equipment and system improvements, which will reduce the quantity of steam energy required per tonne of sugar beet. We have also recommissioned an Air Liquide operated unit to capture and utilise carbon dioxide from our Wissington bioethanol plant into beneficial uses.

We are moving towards the use of electric cars within our own fleet where possible.

All of British Sugar's factories are able to generate their own heat and power through our highly efficient combined heat and power (CHP) plants: decarbonising electricity supply in communities through the export of power into the national grid.

In addition, the British Sugar's operational sites use management systems accredited to ISO14001 (environmental management) and ISO50001 (energy management).

Dividends
No dividends were paid during the period (2022: £nil) and the directors do not recommend the payment of a final dividend (2022: £nil).

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

After making enquiries and considering the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for twelve months from the date of signing of these financial statements. These considerations included the ABF group's directors' assessment of going concern (set out on pages 76 and 77 of the ABF 2023 annual report and accounts dated 7 November 2023 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to 1 March 2025, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Directors' Report (continued)

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

In addition to the consumption of purchased energy, the Company generates electricity from highly efficient CHP plants and supplies surplus electricity to the National Grid. The Company participates in the UK Government's CHP quality assurance scheme and its plants qualify for exemptions from the UK's Climate Change Levy of between 67.5% and 100%.

During the period the Company participated in the UK emissions trading scheme which is designed to incentivise an overall reduction in carbon emissions.

Employment policies
Details of the number of employees and related costs can be found in Note 10 to the financial statements.

The Company aims to involve employees in all aspects of its development. This is achieved through well-established communication channels and consultation processes that exist between management, trades unions, works advisory committees and individual employees which help to foster the mutual trust and recognition of common goals, essential to the smooth running of the business.

Every effort is made to ensure that people's race, religion, age, or gender do not hinder them from obtaining jobs or in the development of their careers. Comprehensive training programmes are designed to give employees the opportunity to improve their skills.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person not living with a disability.

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

Directors' Report (continued)

Auditor

It was noted that Ernst & Young LLP would be proposed for re-appointment at the Company's next annual general meeting pursuant to section 491 of the Companies Act 2006.

By Order of the Board

JP Willis
Director

14 December 2023

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of British Sugar plc

Opinion

We have audited the financial statements of British Sugar plc for the year ended 26 August 2023 which comprise the Profit and Loss Account, the Balance Sheet, the statement of comprehensive income, the statement of changes in equity and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 26 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining the letter of support received by ABF Investments plc and assessing the ability of ABF Investments plc to provide such support over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from approval of the financial statements.

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

Independent auditor's report to the members of British Sugar plc (continued)

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of British Sugar plc (continued)

Responsibilities of directors (continued)
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework"), Companies Act 2006 and the relevant tax laws and regulations.
- We understood how British Sugar plc is complying with those frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand their assessment of the susceptibility of the accounts to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings. In addition, we performed procedures to test unusual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing with a focus on unusual transactions, enquiries of legal counsel and enquiries of management.

Independent auditor's report to the members of British Sugar plc
(continued)

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

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

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 14th December 2023

Profit and loss account
for the 52 weeks ended 26 August 2023

	Note	**52 weeks ended 26 August 2023 £m**	52 weeks ended 27 August 2022 £m
Revenue	5	**1,061.3**	866.3
Cost of sales		**(880.3)**	(674.3)
Gross profit		**181.0**	192.0
Distribution costs		**(80.1)**	(69.4)
Administrative expenses		**(48.0)**	(53.1)
Operating profit	6	**52.9**	69.5
Interest receivable and similar income	7	**1.1**	0.3
Interest payable and similar charges	8	**(6.7)**	(1.3)
Profit on ordinary activities before taxation		**47.3**	68.5
Tax charge	13	**(19.1)**	(18.4)
Profit for the period		**28.2**	50.1

The Notes on pages 26 to 44 form part of these financial statements.

Statement of comprehensive income

for the 52 weeks ended 26 August 2023

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Profit for the period	**28.2**	50.1
Items that may be reclassified subsequently to profit and loss:		
Movement in cash flow hedging position	**(177.3)**	112.4
Deferred tax associated with movement in cash flow hedging position	**41.5**	(24.7)
Other comprehensive (loss)/income	**(135.8)**	87.7
Total comprehensive (loss)/income for the period	**(107.6)**	137.8

Balance sheet
at 26 August 2023

	Note	**26 August 2023 £m**	27 August 2022 £m
Fixed assets			
Intangible assets	14	**46.1**	55.4
Tangible assets	15	**422.6**	396.4
Right-of-use assets	16	**4.4**	2.2
Fixed asset investments	17	**3.6**	3.6
Total fixed assets		**476.7**	457.6
Current assets			
Stocks	18	**133.1**	107.4
Debtors	19	**215.7**	173.0
Derivative assets	20	**5.3**	300.0
Assets classified as held for sale	21	**-**	0.4
Cash at bank and in hand		**0.2**	0.2
Total current assets		**354.3**	581.0
Creditors: amounts falling due within one year	22	**(159.5)**	(163.7)
Derivative liabilities	23	**(40.9)**	(158.3)
Total current liabilities		**(200.4)**	(322.0)
Net current assets		**153.9**	259.0
Total assets less current liabilities		**630.6**	716.6
Creditors: amounts falling due after more than one year	24	**(215.1)**	(165.7)
Provisions for liabilities and charges	25	**(58.1)**	(88.5)
Net assets		**357.4**	462.4
Capital and reserves			
Called-up share capital	27	**80.0**	80.0
Share-based payment reserve		**16.5**	13.9
Revaluation reserve		**11.2**	12.6
Hedging reserve		**(26.0)**	109.8
Profit and loss account		**275.7**	246.1
Total shareholder's equity		**357.4**	462.4

The Notes on pages 26 to 44 form part of these financial statements.

The financial statements were approved by the Board on 14 December 2023 and signed on its behalf by:

JP Willis
Director
Registered Number: 315158

Statement of changes in shareholder's equity

for the 52 weeks ended 26 August 2023

	Called up share capital[1] £m	Share-based payment reserve £m	Revaluation reserve[2] £m	Hedging reserve £m	Profit and loss account £m	Total share-holder's equity £m
At 28 August 2021	80.0	12.1	14.9	22.1	193.7	322.8
Profit for the period	-	-	-	-	50.1	50.1
Other comprehensive income	-	-	-	87.7	-	87.7
Total comprehensive income for the period	**-**	**-**	**-**	**87.7**	**50.1**	**137.8**
Credit in respect of share-based payments	-	1.8	-	-	-	1.8
Transfer from revaluation reserve to profit and loss account	-	-	(2.3)	-	2.3	-
At 27 August 2022	**80.0**	**13.9**	**12.6**	**109.8**	**246.1**	**462.4**
Profit for the period	-	-	-	-	28.2	28.2
Other comprehensive income	-	-	-	(135.8)	-	(135.8)
Total comprehensive income for the period	**-**	**-**	**-**	**(135.8)**	**28.2**	**(107.6)**
Credit in respect of share-based payments	-	2.6	-	-	-	2.6
Transfer from revaluation reserve to profit and loss account	-	-	(1.4)	-	1.4	-
At 26 August 2023	**80.0**	**16.5**	**11.2**	**(26.0)**	**275.7**	**357.4**

1 See Note 27 for further details.

2 This relates to the revaluation of the majority of the Company's freehold land and buildings in September 1990, as carried out by a firm of independent chartered surveyors.

Notes to the financial statements

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

British Sugar PLC is a public company limited by shares and is incorporated and domiciled in England and Wales. The registered office is Weston Centre, 10 Grosvenor Street, London W1K 4QY.

The Company's financial statements are presented in sterling, rounded to the nearest hundred thousand sterling except where otherwise indicated. The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the Companies Act 2006.

The principal accounting policies adopted by the Company are set out in Note 4.

2. Accounting reference date

The accounting reference date of the Company is 31 August in each year and, in accordance with section 390(3) of the Companies Act 2006, these accounts have been prepared for the financial year of 52 weeks ended 26 August 2023.

3. Group accounts

These financial statements present information about the Company as an individual undertaking and not about its group.

4. Accounting policies

The following accounting policies have been applied consistently to items considered material to the financial statements:

Basis of preparation: (i) Disclosure exemptions

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

- the requirements of IAS 7 *Statement of Cash Flows;*
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures* in respect of disclosure of key management personnel compensation;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IFRS 7 *Financial Instruments: Disclosures;*
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets* which deal with certain assumptions and sensitivities significant for an impairment review;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which deals with IFRSs issued but not yet effective; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Basis of preparation: (i) Disclosure exemptions (continued)

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

Basis of preparation: (ii) Going concern

As set out in Note 31, the smallest group in which the results of the Company are consolidated is that headed by ABF, which confirmed in the annual report and accounts dated 7 November 2023 that its directors have a reasonable expectation that ABF has adequate resources to continue in operational existence for the foreseeable future.

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

After making enquiries and considering the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for twelve months from the date of signing of these financial statements. These considerations included the ABF group's directors' assessment of going concern (set out on pages 76 and 77 of the ABF 2023 annual report and accounts dated 7 November 2023 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to 2 March 2025, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

Basis of preparation: (iii) Other

The financial statements have been prepared under the historical cost convention modified for the revaluation of property, plant and equipment as determined by the relevant accounting standard.

Intangible assets

Intangible assets comprise purchased goodwill and operating intangibles (primarily computer software and EU emissions trading scheme assets). See page 37 for the Company's accounting policy in respect of internally-generated intangible assets arising from development activities.

Under the EU emissions trading scheme, allowances purchased are recognised at cost and are amortised over their life. Free allowances received from the government are initially recognised at fair value with a corresponding government grant recognised in deferred income. The government grant is subsequently recognised in the profit and loss account in line with the utilisation of the allowances. The emissions liability incurred by the Company is dependent on emissions incurred during the production process. The allowances held as assets are used to settle the liability.

Notes to the financial statements (continued)

4. **Accounting policies** (continued)

Property, plant and equipment

The Company records property, plant and equipment at cost less accumulated depreciation and impairment charges, or, where they have been revalued, at the revaluation value less accumulated depreciation and impairment charges.

Depreciation is calculated on a straight-line basis and is applied to completed capital expenditure from the month in which the asset is brought into use, at rates calculated to write off the relevant assets over their expected useful lives. Land is not depreciated. Estimated useful lives are generally deemed to be no longer than:

Industrial buildings and freehold property	66 years
Plant and machinery	20 years
Fixtures, fittings and equipment	20 years

Motor vehicles' cost and depreciation are disclosed within fixtures, fittings and equipment in Note 15 and are typically depreciated over a period of five years.

Investments in subsidiaries and associated undertakings

Investments in subsidiaries and associated undertakings are stated at cost, less any provision for impairment. The carrying amounts of these investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the investment's recoverable amount is estimated and an impairment loss is recognised in the profit and loss account whenever the recoverable amount of an asset is lower than its carrying amount. The recoverable amount of an investment is the greater of the net realisable value of the investment and its value-in-use. In assessing value-in-use, the expected future cash flows are discounted to their 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 investment.

Deferred income

Government grants, including EU energy trading scheme credits, are released to the profit and loss account in line with the utilisation of the allowances.

Notes to the financial statements (continued)

4. Accounting policies (continued)

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 of time.

The Company recognises a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of the right-of-use assets is calculated as the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any incentive receivable. The lease payment also includes any penalty payments for cancellation of the lease if applicable. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event occurs. In calculating the present value of lease payments, the Company uses the Group's incremental borrowing rate. After the commencement date the lease liability is increased by the interest and reduced for lease payments made. Remeasurements of lease liabilities occur if any modifications to the lease agreements occurs.

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 12 months or less. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Stocks

These are valued as follows:

Consumable stores	At the lower of cost and net realisable value.
Sugar and other products	At the lower of cost and net realisable value. Cost comprises the direct cost of materials and labour together with associated overheads allocated on the basis of activity levels.
New crop expenditure	All expenditure relating to the following year's crop is carried forward to the next financial period, as production work-in-progress or finished goods at the lower of cost and net realisable value.

Revenue

Revenue comprises the net invoiced value of sales of sugar and other products delivered to customers and excludes sales tax.

The Company recognises sales in respect of bioethanol, animal feeds and other co-products (horticulture, surplus electricity generation and betaine) within revenue as these income streams are relevant to revenue rather than waste products.

Revenue is recognised when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer. In practice this means that revenue is recognised when goods are supplied to external customers in accordance with the terms of sale. Receipts are received after the performance obligations are met. Revenue is stated net of price discounts, certain promotional activities and similar items.

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are presented on a net basis in the balance sheet as they relate to income taxes levied by the same taxation authority.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company is able to demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete, and its ability to use or sell, the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Pension costs

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they arise.

The Company is a member of ABF's UK defined benefit scheme, the assets of which are held in trustee-administered funds. The scheme is a multi-employer scheme. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme is accounted for by the Company as if it was a defined contribution scheme.

Share-based payments

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

Foreign currencies

The Company's functional currency is pounds sterling. Transactions in foreign currencies are translated into sterling at the rate ruling on the day of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate prevailing at the balance sheet date. Any resulting differences are taken to the profit and loss account.

Notes to the financial statements (continued)

4. Accounting policies (continued)

Derivative financial instruments and hedging activities

Derivatives are used to manage the Company's economic exposure to financial and commodity risks. The principal instruments used are foreign exchange and commodity contracts.

Derivatives are recognised in the balance sheet, at fair value, based on market prices or rates. Changes in the value of derivatives are recognised in the profit and loss account unless they qualify for hedge accounting.

Changes in the fair value of derivatives used as hedges of future cash flows are recognised through the hedging reserve with any ineffective portion recognised immediately within operating profit in the profit and loss account.

Assets classified as held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

5. Segmental information

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Revenue by class of business:		
Sugar	**644.4**	513.9
CHP	**180.1**	125.2
Animal feed	**94.0**	82.9
Bioethanol	**51.8**	66.3
Other	**91.0**	78.0
	1,061.3	866.3
Revenue by geographic destination:		
UK	**1,037.9**	849.8
EU	**23.3**	15.8
Rest of world	**0.1**	0.7
	1,061.3	866.3

Notes to the financial statements (continued)

6. Operating Profit

Operating profit is stated after charging:

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Depreciation of owned tangible assets	**33.8**	31.3
Depreciation of right-of-use assets	**1.7**	2.9
Amortisation of intangible assets	**2.0**	2.0
Gain on sale of property, plant and equipment	-	1.2
Research and development expenditure	-	0.4
Auditor's remuneration, including expenses:		
- for statutory audit of this Company	**0.5**	0.4
Inventories recognised as an expense	**465.2**	384.6

The gain on sale of property, plant and equipment in the prior year relates to the part-disposal of a former head office site.

7. Interest receivable and similar income

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Interest on advances	**1.1**	0.3

8. Interest payable and similar charges

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Interest payable to fellow group companies	**6.7**	1.3

Notes to the financial statements (continued)

9. Directors' emoluments

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Directors' emoluments	**3.3**	3.0

The emoluments of the highest paid director were £1,598,531 (2022: £1,403,488). This includes a payment in lieu of pension of £102,917 (2022: £114,791).

During the period, three (2022: two) of the directors were members of the ABF defined contribution pension scheme.

Directors' emoluments exclude the aggregate amount of any gains made by directors on the exercise of share awards and excludes the share-based payments charge relating to the current period.

Four (2022: three) of the directors who served during the period, including the highest paid director, received shares under long-term incentive plans in respect of qualifying services (see Note 11 for further information).

10. Employees

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Staff costs during the period:		
Wages and salaries	**90.1**	86.1
Share-based payment charge	**2.6**	1.8
Social security costs	**11.0**	11.0
Other pension costs	**9.4**	9.2
	113.1	108.1

The average monthly number of employees, including directors, of the Company during the period was 1,434 (2022: 1,498).

Notes to the financial statements (continued)

11. Share-based payments

The ABF Long-Term Incentive Plan ("the LTIP") was approved and adopted by ABF at the AGM held on 9 December 2016. It takes the form of conditional allocations of shares in ABF which are released if, and to the extent that, certain performance targets are satisfied, typically over a three-year performance period.

Details of the conditional allocations of shares outstanding under ABF's equity-settled share-based payment plan are as follows:

	52 weeks ended 26 August 2023	52 weeks ended 27 August 2022
Shares outstanding at the beginning of the period	**281,360**	232,699
Awarded	**121,513**	114,299
Vested	**(54,423)**	(35,479)
Lapsed	**(146,668)**	(30,159)
Shares outstanding at the end of the period	**201,782**	281,360

Fair values

The weighted average fair value of shares awarded was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid on conditionally allocated shares during the vesting period.

The weighted average fair value of conditional shares allocated during the period was 1,549 pence (2022: 1,836 pence) and the weighted average share price was 1,665 pence (2022: 1,975 pence). The dividend yield used was 4.5% (2022: 2.5%).

The Company recognised a total equity-settled share-based payment expense of £2.6m (2022: £1.8m), with a corresponding entry in equity.

12. Pensions

The Company is a member of the Associated British Foods Pension Scheme (the "Scheme") which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the Scheme's assets and liabilities on a consistent basis, the Scheme is accounted for by the Company as if it were a defined contribution scheme. On 30 September 2002, the Scheme was closed to new members and a defined contribution arrangement was put in place for other employees. Employer's contributions to the defined benefit scheme for the period totalled £4.4m (2022: £4.5m) and are recorded as a cost in the profit and loss account. For the defined contribution scheme, contributions for the period amounted to £5.0m (2022: £4.7m), also recorded as a cost in the profit and loss account. No pension contributions were accrued or prepaid at the period end (2022: £nil).

The valuation of the Scheme showed a surplus of £1,397m (2022: £1,366m). Full IAS 19 disclosures can be found within the ABF 2023 annual report and accounts which are available for download from the group's website at www.abf.co.uk. The most recent triennial funding valuation of the Scheme, using the current unit method, was carried out as at 5 April 2023 and revealed a surplus of £1,013m.

Notes to the financial statements (continued)

13. Taxation

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
The tax charge for the period comprises:		
UK corporation tax		
Current tax on profit for the period	**(3.3)**	(11.9)
Adjustments in respect of prior periods	**(5.4)**	(1.7)
Total current tax charge	**(8.7)**	(13.6)
Deferred tax		
Reversal of timing differences	**(8.7)**	(4.4)
Change in tax rate	**(1.5)**	(1.5)
Adjustments in respect of prior periods	**(0.2)**	1.1
Tax charge on profit on ordinary activities	**(19.1)**	(18.4)

A reconciliation of total tax is as follows:

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Profit on ordinary activities before tax	**47.3**	68.5
Tax (charge) at effective rate of 21.5% (2022: 19.0%)	**(10.2)**	(13.0)
Effects of:		
Expenses not deductible for tax purposes	**(2.0)**	(3.5)
Change in tax rates	**(1.3)**	(1.3)
Adjustments to tax charge in respect of previous periods	**(5.6)**	(0.6)
Total tax charge	**(19.1)**	(18.4)

The UK corporation tax rate of 19% increased to 25% from 1 April 2023. The current year tax and UK deferred tax has been calculated accordingly.

Notes to the financial statements (continued)

14. Intangible assets

	Goodwill £m	Operating intangibles £m	Total £m
Cost			
At 28 August 2021	2.3	41.5	43.8
Additions	-	70.0	70.0
Disposals	-	(40.8)	(40.8)
At 27 August 2022	2.3	70.7	73.0
Additions	-	48.0	48.0
Disposals	-	(55.3)	(55.3)
At 26 August 2023	**2.3**	**63.4**	**65.7**
Amortisation			
At 28 August 2021	-	(15.6)	(15.6)
Charge for the period	-	(2.0)	(2.0)
At 27 August 2022	-	(17.6)	(17.6)
Charge for the period	-	(2.0)	(2.0)
At 26 August 2023	**-**	**(19.6)**	**(19.6)**
Net book value			
At 27 August 2022	2.3	53.1	55.4
At 26 August 2023	**2.3**	**43.8**	**46.1**

Goodwill impairment review

Goodwill of £2.3m arose on the acquisition of The Billington Food Group Limited in 2005 and the subsequent hive-up of its trade and assets into the Company.

This balance has been allocated to one cash generating unit ("CGU"). Goodwill must be assessed for impairment annually or more frequently if events or circumstances indicate that the carrying value may not be recoverable. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Board. The cash flow projections have been discounted using a pre-tax discount rate of 12.5% (2022: 9.0%).

Notes to the financial statements (continued)

15. Tangible assets

	Freehold land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Assets under construction £m	Total £m
Cost or valuation					
At 28 August 2021	257.1	779.8	50.3	27.3	1,114.5
Additions	0.1	1.0	0.3	41.0	42.4
Transfers between categories	3.9	35.5	8.5	(47.9)	-
Disposals	(0.4)	(3.3)	(1.0)	-	(4.7)
At 27 August 2022	260.7	813.0	58.1	20.4	1,152.2
Additions	-	1.6	-	59.6	61.2
Transfers between categories	0.9	29.5	6.2	(36.6)	-
Disposals	(12.6)	(5.3)	-	-	(17.9)
At 26 August 2023	**249.0**	**838.8**	**64.3**	**43.4**	**1,195.5**
Depreciation					
At 28 August 2021	(144.9)	(547.8)	(35.2)	-	(727.9)
Charge for the period	(6.5)	(22.3)	(2.5)	-	(31.3)
Disposals	0.1	2.4	0.9	-	3.4
At 27 August 2022	(151.3)	(567.7)	(36.8)	-	(755.8)
Charge for the period	(4.7)	(25.1)	(4.0)	-	(33.8)
Disposals	12.3	4.4	-	-	16.7
At 26 August 2023	**(143.7)**	**(588.4)**	**(40.8)**	-	**(772.9)**
Net book value					
At 27 August 2022	109.4	245.3	21.3	20.4	396.4
At 26 August 2023	**105.3**	**250.4**	**23.5**	**43.4**	**422.6**

The majority of the Company's freehold land and buildings were revalued in September 1990, as carried out by a firm of independent chartered surveyors, and are stated at their revalued amount less any subsequent depreciation. The difference between depreciation based on the deemed cost charged in the profit and loss account and the assets' original cost is transferred from the revaluation reserve to retained earnings.

Notes to the financial statements (continued)

16. Leases

The majority of the Company's right-of-use assets relate to material handling equipment.

Right-of-use assets

	Land and buildings £m	Plant and machinery £m	Total £m
Cost			
At 28 August 2021	1.1	7.4	8.5
Additions	-	1.6	1.6
At 27 August 2022	1.1	9.0	10.1
Additions	0.5	1.5	2.0
Adjustments	-	1.9	1.9
At 26 August 2023	**1.6**	**12.4**	**14.0**
Depreciation			
At 28 August 2021	(0.5)	(4.6)	(5.1)
Charge for the period	(0.2)	(2.6)	(2.8)
At 27 August 2022	(0.7)	(7.2)	(7.9)
Charge for the period	(0.3)	(1.4)	(1.7)
At 26 August 2023	**(1.0)**	**(8.6)**	**(9.6)**
Net book value			
At 27 August 2022	0.4	1.8	2.2
At 26 August 2023	**0.6**	**3.8**	**4.4**

Lease liabilities

	Land and buildings £m	Plant and machinery £m	Total £m
At 28 August 2021	(0.7)	(3.0)	(3.7)
Additions	-	(1.6)	(1.6)
Payments	0.2	2.8	3.0
At 27 August 2022	(0.5)	(1.8)	(2.3)
Additions	(0.5)	(1.5)	(2.0)
Adjustments	-	(1.9)	(1.9)
Payments	0.3	1.3	1.6
At 26 August 2023	**(0.7)**	**(3.9)**	**(4.6)**

	26 August 2023 £m	27 August 2022 £m
Current	**(2.0)**	(0.8)
Non-current	**(2.6)**	(1.5)
	(4.6)	(2.3)

Notes to the financial statements (continued)

16. Leases (continued)

The following are the amounts recognised in profit or loss:

	52 weeks ended 26 August 2023 £m	52 weeks ended 27 August 2022 £m
Depreciation expense relating to right-of-use assets	**1.7**	2.8
Expense relating to short-term leases	**1.5**	2.9

17. Fixed asset investments

	Unlisted subsidiary undertakings £m	Associated undertakings £m	Total £m
Cost and net book value:			
At 27 August 2022	0.7	2.9	3.6
At 26 August 2023	**0.7**	**2.9**	**3.6**

Undertakings in which the Company's interest is more than 10% are as follows:

Undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Unlisted subsidiary undertakings:			
The Billington Food Group Limited	Great Britain	Dormant	Ordinary shares 100%
The Wereham Gravel Company Limited	Great Britain	Growing of sugar beet	Ordinary shares 100%
Proper Nutty Limited	Great Britain	Food manufacturer	Ordinary shares 100%
Associated undertakings:			
British Beet Research Organisation	Great Britain	Research for the UK sugar beet industry	50.0% subscription in a company limited by guarantee
C. Czarnikow Limited	Great Britain	Sugar and ethanol trading	Ordinary shares 42.5%
Sukpak Limited	Mauritius	Sugar packaging	Ordinary shares 30.0%

British Beet Research Organisation ("BBRO") is a company limited by guarantee of which British Sugar plc has a £1 liability in the event of the company being wound up. It has an accounting reference date of 31 March.

The Wereham Gravel Company Limited's predominant geographic area of operations is the UK and it has an accounting reference date of the Saturday closest to 31 August.

Notes to the financial statements (continued)

17. Fixed assets investments (continued)

C. Czarnikow Limited has an accounting reference date of 31 December.

Proper Nutty Limited and Sukpak Limited have accounting reference dates of 31 March and 30 June, respectively.

In the opinion of the directors, the aggregate value of investments is not less than the value at which they are stated in the financial statements.

18. Stocks

	26 August 2023 £m	27 August 2022 £m
Consumable stores	**41.3**	30.5
Sugar and other products	**91.8**	76.9
	133.1	107.4

19. Debtors

	26 August 2023 £m	27 August 2022 £m
Trade debtors	**99.9**	77.0
Amounts owed by group undertakings	**29.7**	20.5
Other debtors	**68.6**	54.1
Prepayments and accrued income	**17.5**	21.4
	215.7	173.0

20. Derivative assets

	26 August 2023 £m	27 August 2022 £m
Derivative assets	**5.3**	300.0

Derivative assets relate to currency and commodity derivatives with maturity dates up to December 2024 (2022: October 2023).

21. Assets classified as held for sale

At 26 August 2023, £nil (2022: £0.4m) of assets were classified as held for sale. The amount in prior year related to part of the former head office of British Sugar, which was sold during the year.

Notes to the financial statements (continued)

22. Creditors: amounts falling due within one year

	Note	**26 August 2023 £m**	27 August 2022 £m
Trade creditors		**59.3**	44.6
Corporation tax		**13.2**	35.2
Other creditors including tax and social security costs		**0.6**	0.7
Amounts owed to group undertakings		**8.1**	3.5
Accruals and deferred income		**76.3**	78.9
Lease liabilities	16	**2.0**	0.8
		159.5	163.7

23. Derivative liabilities

	26 August 2023 £m	27 August 2022 £m
Derivative liabilities	**(40.9)**	(158.3)

Derivative liabilities relate to currency and commodity derivatives with maturity.

24. Creditors: amounts falling due after more than one year

	Note	**26 August 2023 £m**	27 August 2022 £m
Amounts owed to group undertakings		**212.5**	164.2
Lease liabilities	16	**2.6**	1.5
		215.1	165.7

25. Provisions for liabilities and charges

	Deferred tax (net, see Note 26) £m	**Other provisions £m**	**Total £m**
At 27 August 2022	87.7	0.8	88.5
Charged to profit and loss	10.4	3.0	13.4
Utilised	-	(1.6)	(1.6)
Charged to equity	(41.5)	-	(41.5)
Released	-	(0.7)	(0.7)
At 26 August 2023	**56.6**	**1.5**	**58.1**

Other provisions primarily comprise amounts provided to cover restructuring matters and are expected to be utilised within two years from the balance sheet date.

Notes to the financial statements (continued)

26. Deferred tax liabilities

	26 August 2023 £m	27 August 2022 £m
Accelerated capital allowances	**63.0**	52.3
Other short-term timing differences	**5.1**	6.5
Derivative financial instruments	**(11.5)**	28.9
	56.6	87.7

27. Called up share capital

	2023		2022	
	Number of shares 000s	**Value £m**	Number of shares 000s	Value £m
Issued and fully paid:				
Ordinary shares of 50 pence each	**160,000**	**80.0**	160,000	80.0

The ordinary shares have attached to them full voting dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

28. Commitments

Capital expenditure projects authorised and contracted for amount to £27.0m (2022: £20.5m).

29. Contingent liabilities

	26 August 2023 £m	27 August 2022 £m
Trading guarantees	**4.4**	4.3

No security has been given against these 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.

Notes to the financial statements (continued)

30. Related party transactions

The Company, being a wholly owned subsidiary of ABF, has taken advantage of the exemption in IAS 24 *Related Party Disclosures* ("IAS 24") not to disclose related party transactions with wholly owned entities in the same group. The Company's other related parties, as defined by IAS 24, the nature of the relationship and the extent of transactions with them are summarised below:

	Sales to related parties on normal trading terms £m	Purchases from related parties on normal trading terms £m	Amounts due from related parties £m	Amounts due to related parties £m
BBRO	0.3	(1.9)	-	-
C. Czarnikow Limited	61.3	(84.7)	4.8	6.7
Frontier Agriculture Limited	-	(2.7)	-	0.1
Sukpak Limited	-	(0.5)	-	0.1
Stratas Foods LLC	0.1	-	-	-
Total	**61.7**	**(89.8)**	**4.8**	**6.9**

BBRO is a non-profit making company that commissions and implements research and technology transfer designed to increase the competitiveness and profitability of the UK beet sugar industry. The board of directors consists of four members, two of whom are senior managers of British Sugar plc.

C. Czarnikow Limited, an associate undertaking as set out in Note 17, is a sugar and ethanol trading company.

Frontier Agriculture Limited is an agricultural services company providing supplies to farming businesses. The company is a joint venture between ABF and Cargill plc.

Sukpak Limited, an associate undertaking as set out in Note 17, is a sugar packaging company operating in Mauritius.

Stratas Foods LLC is supplier of products to the food industry. The company is a joint venture between ACH Food Companies Inc, a wholly owned subsidiary of ABF, and Archer-Daniels-Midland Company.

31. Holding company

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

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