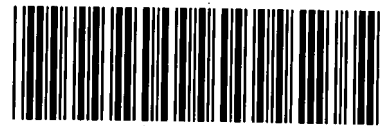


## **Primark Stores Limited**

Directors' Report and financial statements for the period of  
53 weeks ended 18 September 2021

*Registered number: 453448*

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**CONTENTS**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
COMPANY INFORMATION	3
STRATEGIC REPORT	4
DIRECTORS' REPORT	12
DIRECTORS' RESPONSIBILITIES STATEMENT	17
INDEPENDENT AUDITOR'S REPORT	18
INCOME STATEMENT	22
STATEMENT OF OTHER COMPREHENSIVE INCOME	23
STATEMENT OF CHANGES IN EQUITY	24
BALANCE SHEET	25
NOTES TO THE FINANCIAL STATEMENTS	26

**PRIMARK STORES LIMITED**

**Registered Number: 453448**

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**COMPANY INFORMATION**

**DIRECTORS**

Mr. J. G. Bason  
Mr. B. J. M. Mansfield  
Mr. J. E. Rolls (appointed on 23 April 2021)  
S. S. Gibbs (resigned on 1 April 2021)

**SECRETARY**

Mr. R. G. Cahill (appointed 24 December 2020)  
Ms. R.S. Schofield (resigned 24 December 2020)

**REGISTERED OFFICE**

Weston Centre,  
10 Grosvenor Street,  
London,  
W1K 4QY.

**REGISTERED NUMBER**

453448

**BANKERS**

Lloyds TSB Bank plc,  
PO Box 72,  
Balley Drive,  
Gillingham Business Park,  
Kent, ME5 0LS.

Royal Bank of Scotland,  
Ulster Bank Group Centre,  
George's Quay,  
Dublin 2,  
Ireland.

Santander UK plc,  
2 Triton Square,  
Regent's Place,  
London, NW1 3AN.

**AUDITORS**

Ernst & Young,  
Harcourt Centre,  
Harcourt Street,  
Dublin 2,  
Ireland.

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**STRATEGIC REPORT**  
**for the period of 53 weeks ended 18 September 2021***PRINCIPAL ACTIVITIES*

The principal activity of Primark Stores Limited ("the Company") is the operation of retail outlets in the United Kingdom under the Primark name. The directors intend to continue to develop these activities for the foreseeable future.

*BUSINESS MODEL*

Primark's business model is based on doing things differently, allowing us to keep prices low and offer the best value on the high street. We achieve this by doing limited advertising, focusing instead on marketing through our website and popular social media channels and store windows; and only selling our products in-store. Primark delivers a vision of making high-quality affordable fashion accessible to everyone, put simply: Amazing Fashion, Amazing Prices. Although a bricks and mortar retailer, we have a strong digital presence and a high level of customer engagement with over 24 million followers across our social media channels.

The Company's growth over many years has been achieved through a combination of increasing selling space along with continuing investment in refreshing existing stores to ensure they remain exciting places to shop. The increase in selling space has been driven by capital investment in freehold and leasehold properties as they have become available, on the high streets of the UK, in shopping centres, and more recently in retail parks. With a unique combination of the latest fashion and lean operations, Primark offers customers quality, up-to-the-minute designs at value-for-money prices. Primark's range includes a wide selection of products available across womenswear, menswear, kids, home, health & beauty and gifting.

In September 2021, the Primark group unveiled a wide-reaching new sustainability strategy, pledging to make more sustainable fashion choices affordable for all. It is designed to reduce fashion waste, halve carbon emissions across its value chain and improve the lives of people who make Primark products. The new strategy was launched with a new customer campaign, 'How Change Looks', sharing the key commitments across all stores and our owned digital channels in all of Primark's 14 markets. The nine-year programme includes commitments to ensure all Primark clothing is made from recycled or more sustainably sourced materials by 2030, increasing from 25% of all clothes sold at the time of launch; the elimination of all single-use plastics in Primark's own operations by 2027; and the commitment to pursue a living wage for workers in the supply chain by 2030. This is all underpinned by the significant work Primark has achieved building its ethical programme over the past decade. Primark will report annually on its progress against the nine commitments.

*Digital*

The roll-out of the Oracle stock management system across our store estate is progressing well and we expect all stores to be equipped with state-of-the-art point of sale terminals by the end of 2022. We have recently launched our new customer facing website in the UK which as well as greatly increasing the amount of products on sale in stores, introduces a number of new features including stock availability and size checkers. We plan to roll this out across all markets by the autumn.

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**STRATEGIC REPORT**  
**for the period of 53 weeks ended 18 September 2021 (Continued)**

*BUSINESS REVIEW*

In the 53 weeks ended 18 September 2021:

- turnover was £2,338 million (2020: £2,540.7 million);
- profit before taxation was £77.1 million (2020: £91.1 million); and
- net equity was £1,108.2 million (2020: £1,070.1 million).

Similar to the previous financial year, UK store trading performance was negatively impacted by the COVID-19 pandemic with stores being closed, in line with government guidelines, at various points up to 30 April 2021. The impact of the COVID-19 pandemic is discussed in the 'Principal Risks and Uncertainties' section of the directors' report below.

The Company continues to benefit significantly from access to Primark Limited in Ireland and its Leadership Team, including the business format they developed and run, and access to the intellectual property, know-how and services they provide. The Company will continue its current activities in future periods.

Retail selling space increased by 0.06 million sq. ft. during the period to 7.6 million sq. ft. We opened a new store in Tamworth and extension works were carried out in the Merry Hill Shopping Centre store. The Southend-on-Sea store relocated to a bigger location and the store in Gloucester was relocated after year end. This brought the total number of stores to 191 at year end. Birmingham remains our flagship and largest store in the whole estate at 0.16 million sq. ft.

*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 wholly owned 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 on page 74 of the Associated British Foods plc Annual Report and Accounts 2021. Please also refer to the Associated British Foods plc Section 172 Statement on pages 65 to 71 of that document.

*Stakeholders and engagement*

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
- Governments
- Other group companies, and, in particular, Primark Limited and ABF plc.

**STRATEGIC REPORT**

**for the period of 53 weeks ended 18 September 2021 (Continued)**

*SECTION 172 STATEMENT (Continued)*

*Stakeholders and engagement (Continued)*

The Finance Director of Associated British Foods plc, which heads the group of companies of which the Company forms a part, sits on the board of the Company and has regular engagement with the CEO and CFO of Primark Limited in Ireland on all issues relating to the UK stores operated by the Company.

*Employees*

The Company employs more than 32,000 people (2020: more than 36,000).

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

During the reporting period, Primark introduced a number of initiatives to help employees stay connected and motivated, including regular engagement surveys, provided leadership updates, provided regular internal communications (such as emails, intranet or magazines), Health & Safety programmes and training.

Primark live streams 'Primark Live'/town hall sessions to area managers and above giving them the opportunity to hear directly from the CEO of Primark Limited in Ireland (which develops the business format) and the wider Primark leadership team about business strategy. Select events are recorded and can be reviewed by store management. Store colleagues are updated via daily 'huddles', training programs and in-store engagement collateral.

The directors review the outcome of these communications/events annually to focus resources on the areas where improvement would derive the most benefit for our people.

The health and safety of both employees and customers is paramount, in particular in the context of COVID-19. All UK employees are offered access to a confidential employee assistance programme.

*Suppliers*

The Company purchases products from suppliers for resale at its retail stores. As well as product suppliers being important stakeholders, the Company operates its retail stores from a mix of freehold and leasehold properties. Where the property is leasehold, landlords are an important stakeholder.

**STRATEGIC REPORT**  
**for the period of 53 weeks ended 18 September 2021 (Continued)**

*SECTION 172 STATEMENT (Continued)*

*Suppliers (Continued)*

Our Supplier Code of Conduct sets out our values and standards on how we work and engage with our suppliers on ethical, environmental and other relevant matters. Primark has a Code of Conduct to which every supplier factory making products must commit as a condition of doing business with us. The standards in Primark's Code of Conduct are based on the United Nations International Labour Organization's standards and cover workers rights, wages, freedom of association and the environment. Every factory is audited by specialist auditors at least once a year against these standards.

*Customers*

As well as providing products that are great value for money, the physical health and safety of customers is of paramount importance to the Company. The Company engages with its customers through customer surveys, social media and through customer information lines, ensuring their feedback is properly taken into account.

*Communities and Environment*

Supporting society and respecting the environment are two of the key ways the Company lives its values and makes a difference. The Company is committed to seeking sustainable solutions to environmental challenges and adapting our operations to respond to changes in the natural environment.

During the COVID-19 pandemic when stores were closed, many of the Company's employees continued to volunteer to prepare and deliver care packs for those in need. Thousands of everyday products were donated to hospitals for frontline workers and patients.

An in-store recycling scheme allows customers to re-cycle pre-loved clothing, textiles, footwear and bags with signage in-store to communicate the scheme to customers.

In the prior year, the Company extended its UK fleet with 15 new Longer Semi Trailers (LSTs), which each carry twice as much stock as existing trailers. We estimate this will result in 1,600 fewer journeys each year, 728,000 fewer kilometres travelled and the elimination of 680 CO<sub>2</sub>e tonnes from Primark's UK transport operations. There was no additional LSTs purchased in this financial year.

*Governments*

The Company can be impacted by changes in laws and public policy including issues such as COVID-19, tax and business rates, climate and environmental-related matters and job retention schemes. To mitigate the Company's exposure to such risks the directors engage with government authorities either directly, or through being part of the broader Associated British Foods group, to contribute to, and anticipate, important changes in public policy.

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**STRATEGIC REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***SECTION 172 STATEMENT (Continued)**Other group companies, and, in particular, Primark Limited and ABF plc*

The Company benefits significantly from access to Primark Limited and its Leadership Team in Ireland, including the business format they developed and run, and the access to the intellectual property, know-how and services they provide. The Company forms part of the broader group of companies headed by Associated British Foods plc. 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.

*Change of store operations*

The health and safety of customers and employees continued to be paramount during the year. There were ongoing safety measures throughout the UK stores in response to COVID-19, including extended opening hours, the use of booking systems, hand sanitising stations, re-design of entrances and exits to stores, management of customer numbers in stores and floor marshals were introduced to monitor social distancing. Cashpoints were re-configured (including introduction of Perspex screens), queuing systems were re-designed and signage was introduced throughout the stores to remind people about the importance of social distancing. Gloves and masks were provided to all employees and the frequency and rigour of store cleaning was also increased.

The care the Company took in both the measures put in place and in communicating them to customers, media and local and regional government were welcomed by the communities in which the Company trades.

*Access to job retention schemes*

With the complete closure of all Primark stores in the UK for a period of months, resulting in a total loss of sales during that period, the Company accessed support from the UK government job retention scheme.

With a substantially higher degree of certainty around UK trading by April 2021, due to a large proportion of the UK adult population having been vaccinated and the successful reopening of Primark's English and Welsh stores, we made the decision to stop receiving job retention scheme monies from that time and to repay job retention scheme monies received during this financial year.

Further information on how the directors of Primark Stores Limited and the Primark business in general engage with their stakeholders are disclosed on pages 69 to 71 of the 2021 Annual Report, which is available at [www.abf.co.uk](http://www.abf.co.uk).



**STRATEGIC REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***KEY PERFORMANCE INDICATORS*

Primark management monitors a range of key performance indicators against budgets, forecasts and prior periods. These performance indicators include:

*Sales volumes and values*

Sales were satisfactory during the period with reference to market conditions in the UK considering the COVID-19 related store closures.

*Margins*

Gross profit margin as presented in the Income Statement increased from 13.4% to 17.6% primarily due to the transaction currency gain arising from the weaker US dollar and reduced labour and operating costs.

*RESULTS AND DIVIDENDS*

The Income Statement for the period of 53 weeks ended 18 September 2021 and the Balance Sheet at that date are set out on pages 22 and 25, respectively.

Profit on ordinary activities before taxation amounted to £77.1 million (2020: £91.1 million). The profit for the period after taxation is £32.7 million (2020: £43.8 million) which is available for distribution.

There were no dividends declared or paid in the current year (2020: £nil).

*PRINCIPAL RISKS AND UNCERTAINTIES*

The directors consider the principal risks and uncertainties facing the Company (which are typical of those facing the retail sector) are:

- margin reduction due to competition and/or currency exposure
- increases in raw material costs
- changes in consumer spending patterns, including in relation to environmental sustainability
- retaining key employees and succession planning
- socio-political uncertainty
- workplace health and safety
- product safety and quality
- retail rent and rates
- breaches of I.T and information security
- supply chain and ethical business practices
- COVID-19 pandemic
- geopolitical crisis between Russia and Ukraine

The directors believe that these risks are effectively managed through a strong focus on competition, on careful management of the Company's cost base and through its key employees. The Company has a Finance and Risk Committee which monitors the risks facing the Company on a regular basis.

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**STRATEGIC REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***PRINCIPAL RISKS AND UNCERTAINTIES (Continued)*

COVID-19 has resulted in increased volatility and uncertainty in the UK with a high risk of inflation impacting on energy, commodities and wages. During the year, changes in public health measures to control the spread of COVID-19, and the Delta variant in particular, have impacted both our customers and employees. Whilst the UK now has an advanced vaccination programme and the COVID-19 restrictions have been lifted, there are continuing impacts on our customers, suppliers and our employees.

Primark's leadership demonstrated agility in responding to store activities being restricted at short notice. In addition, its effective planning ensured that the stores were well prepared for a safe reopening from 12 April 2021.

The Company has received a letter of support from its immediate 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 due enquiries and considering the impact of COVID-19 and the support available from the immediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern (set out in the Interim Results Announcement dated 26 April 2022 and available at [www.abf.co.uk](http://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 September 2023, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

While we have no businesses in either country, we will continue to monitor the ongoing geopolitical conflict between Ukraine and Russia. The crisis in Ukraine is contributing to inflationary pressures, increases in commodity and energy prices and significant volatility in foreign currency markets. However, no material impact is expected on the entity at this time.

*FINANCIAL RISK MANAGEMENT*

The directors consider the Company's financial risk profile to be low. Liquidity, cash flow and credit risks are usually low due to the cash-based nature of the business and the strong cash flows generated. Critical actions were taken to manage the liquidity risk during the store closures including control of inventory purchasing and management of overheads.

The directors at a group level are closely monitoring the potential impact of COVID-19 on financial results and cashflows. The Company's immediate parent has agreed to provide the Company with financial support, as required, to mitigate this liquidity risk. Where the Company is exposed to currency fluctuations it is Primark's policy to hedge the underlying transaction using foreign currency contracts,

**STRATEGIC REPORT**  
**for the period of 53 weeks ended 18 September 2021 (Continued)**

*FINANCIAL RISK MANAGEMENT (Continued)*

thereby fixing the rate of any material payments in a foreign currency. Hedge accounting is used when certain criteria are met, as explained in the accounting policy, note 1(n).

Other financial risks include price risk - as a value retailer, Primark constantly monitors developments in market pricing and responds accordingly.

*FUTURE DEVELOPMENTS*

*New locations*

No new stores in the UK have opened since the year end. On 8 December 2021, the Gloucester store relocated to a bigger location.

On behalf of the board

DocuSigned by:



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J. E. Rolls

Director

Date: 09 June 2022

**DIRECTORS' REPORT**

**for the period of 53 weeks ended 18 September 2021**

The directors present their report together with the audited financial statements of Primark Stores Limited for the 53 week period ended 18 September 2021. Included in the Strategic Report are the following areas which would otherwise have been disclosed in the Directors' Report:

- Principal Risks and Uncertainties
- Financial Risk Management
- Future Developments

*DIRECTORS, SECRETARY AND THEIR INTERESTS*

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

Directors:

- Mr. J. G. Bason
- Mr. B. J. M. Mansfield
- Mr. J. E. Rolls (appointed 23 April 2021)
- S. S. Gibbs (resigned on 1 April 2021)

Secretary:

- Mr. R. G. Cahill (appointed 24 December 2020)
- Ms. R.S. Schofield (resigned 24 December 2020)

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

The directors and secretary who held office at 18 September 2021 had no beneficial interest in the share capital of the Company during the financial period.

No director or secretary had at any time during the period any material interest in a contract with the Company, other than service contracts.

*CORPORATE GOVERNANCE*

The Company is part of the Associated British Foods plc group of companies. As a company with a premium listing on the London Stock Exchange, Associated British Foods plc, is subject to the UK Corporate Governance Code 2018 (the "Governance Code").

As a member of the Associated British Foods plc group of companies, the Company has adopted and the directors have due regard to group-wide governance policies and procedures and best practice.

As the Company itself is not a listed company, it does not consider it appropriate to adopt the Governance Code itself, though in practice, it is influenced by group-wide governance arrangements in place in order for Associated British Foods plc to meet its obligations under the Governance Code and other governance rules and requirements.

**DIRECTORS' REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***CORPORATE GOVERNANCE (Continued)*

The Company is also mindful of the Wates Corporate Governance principles for Large Private Companies but does not consider it appropriate to adopt those Principles given its status as a member of the Associated British Foods plc group of companies. Instead, the Company's corporate governance framework is generally based on that of Associated British Foods plc.

*Purpose and leadership*

The purpose of the Company is to operate the Primark retail stores in the UK so as to be able to provide clothing to customers that is great value for money, in line with the relevant part of the purpose of the broader Associated British Foods plc group. Primark's business model is based on doing things differently, allowing it to keep prices low and offer the best value on the high street. Further information can be found on page 54 of the Associated British Foods plc Annual Report and Accounts 2021.

*Culture and values*

In delivering our vision of making high-quality, affordable fashion available to everyone, we share the Associated British Foods plc group values: respecting everyone's dignity; acting with integrity; progressing through collaboration; and pursuing with rigour. We live and breathe our values through the work we do every day, from investing in the health and safety of our colleagues and customers, promoting diversity and respecting human rights.

*Board composition*

The board of the Company currently comprises the Finance Director of Associated British Foods plc, a former Primark Sales Director and the Primark Group Director for Planning and Space. This is considered appropriate as the Company is part of the Associated British Foods plc group of companies. The composition of the board enables effective decision-making and ensures a range of views and retail experience can be taken into account in making decisions, as well as the know-how of the broader Associated British Foods plc group. The business format of the Company is developed and run by Primark Limited in Ireland, together with that company's Leadership Team, and Primark Stores Limited has access to the intellectual property, know-how and services which Primark Limited provides.

*Director responsibilities - policies and procedures*

The directors meet formally at least twice a year and more frequently as and when required. The members of the Leadership Team of Primark Limited also regularly report into the Finance Director of Associated British Foods plc, who also sits on the board of the Company; this serves as an additional source of information and allows for the identification of opportunities and risks from experiences of the broader Primark businesses across different markets. The Company is heavily reliant on the business format developed by and services provided by the Company's sister company, Primark Limited, and the input of its Leadership Team.

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**DIRECTORS' REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***Opportunity and risk*

The business format developed by Primark Limited and its Leadership Team, and the services provided by them, are a key source for the Company of the creation and preservation of value over the long term. For oversight and management of risk, the Company has adopted the relevant group-wide policies. Key policies, such as minimum standards on whistleblowing, competition law and Anti-Bribery and Corruption policies, are set centrally, as are financial controls. Support in respect of these areas is provided by group central functions such as legal, finance and internal audit.

*Stakeholder relationships and engagement*

Please see the section 172 statement on pages 5 to 8 for details of engagement with stakeholders.

*Engagement with employees*

Please see the section 172 statement on pages 5 to 8 for information on how the directors have engaged with employees in the UK, have had regard to employee interests and the effect of that regard on the Company's principal decisions.

*Engagement with suppliers, customers and others in a business relationship with the Company*

Please see the section 172 statement for details on pages 6 and 7 of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard including on the principal decisions taken by the Company.

**EMPLOYMENT POLICIES**

The Company is committed to offer equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard for their particular aptitudes and abilities. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Company an opportunity for retraining and for continuation in employment. It is Company policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

The Company is committed to the further development of employee communication and consultation ensuring at all times that employees are informed of developments affecting the Company.

**HEALTH AND SAFETY**

The Company keeps its safety, health and environmental performance and levels of legal compliance under regular review and ensures that its risk management controls are appropriate and effective. The Company's board of directors' reviews these at least annually, as does the board of Associated British Foods plc.

**DIRECTORS' INDEMNITIES**

The directors have benefited from the Associated British Foods plc group's Directors and Officers Insurance policy.

**DIRECTORS' REPORT****for the period of 53 weeks ended 18 September 2021 (Continued)***POLITICAL DONATIONS*

The Company made no political donations during the period (2020: £nil).

*ENERGY USAGE*

The Company's energy usage information is included in the consolidated accounts of its parent, Associated British Foods plc. For further information please refer to full disclosures made in the Associated British Foods plc annual report for the period ended 18 September 2021.

*PARENT UNDERTAKING*

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

The largest group in which the results of the Company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc.

The consolidated accounts of these groups are available to the public and may be obtained from the registered office of Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk).

*DISCLOSURE OF INFORMATION TO THE AUDITOR*

The directors who were members of the board at the time of approving the Directors' Report are listed on page 3. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

*GOING CONCERN*

The smallest group in which the results of the Company are consolidated is that headed by Associated British Foods plc, which confirmed in the Interim Results Announcement dated 26 April 2022 that its directors have a reasonable expectation that the Associated British Foods plc group has adequate resources to continue in operational existence for the foreseeable future.

The Company has received a letter of support from its immediate 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 12 months from the date of signing of these financial statements.

**PRIMARK STORES LIMITED**

**Registered Number: 453448**

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**DIRECTORS' REPORT**  
**for the period of 53 weeks ended 18 September 2021 (Continued)**

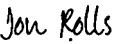
*GOING CONCERN (Continued)*

After making due enquiries and considering the impact of COVID-19 and the support available from the immediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern (set out in the Interim Results Announcement dated 26 April 2022 and available at [www.abf.co.uk](http://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 September 2023, and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

**AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young, Chartered Accountants will therefore continue in office.

On behalf of the board

DocuSigned by:  
  
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J. E. Rolls

Director

Date: 09 June 2022



**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**for the period of 53 weeks ended 18 September 2021**

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


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

DocuSigned by:  
  
E41A6158AD1447F...  
\_\_\_\_\_  
J. E. Rolls  
Director

Date: 09 June 2022



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED

### Opinion

We have audited the financial statements of Primark Stores Limited for the period of 53 weeks ended 18 September 2021 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 25 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 18 September 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

Continued.../



Building a better  
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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED (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 period 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
- the financial statements are not in agreement with the accounting records; 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.

Continued.../



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMARK STORES LIMITED (continued)**

### **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.

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.

Continued.../



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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities where determined necessary.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override in respect of inventory valuation and in addition by assuming a fraud risk for revenue recognition as well. We tested the inventory valuation and the provisions recorded to reduce the valuation of inventory. We incorporated data analytics techniques into our testing of manual journal entries, including segregation of duties, and into our testing of revenue recognition.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included inquiry and review of management's policies and procedures that have been established to prevent non-compliance with such laws and regulations.

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.

Dermot Quinn (Senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 10 June 2022

## PRIMARK STORES LIMITED

Registered Number: 453448

**INCOME STATEMENT**  
**for the period of 53 weeks ended 18 September 2021**

		<i>Period ended</i> <i>18 September</i> <i>2021</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>
Turnover - continuing operations	2	2,338,007	2,540,686
Cost of sales		(1,926,673)	(2,199,373)
Gross profit		<u>411,334</u>	<u>341,313</u>
Distribution costs		(59,247)	(58,406)
Administrative expenses		(226,299)	(217,606)
Other operating income	6	3,409	60,065
(Loss)/profit on disposal of fixed assets		(20)	1,015
Exceptional (costs)/income	7	(9,287)	13,054
Operating profit - continuing operations	3	<u>119,890</u>	<u>139,435</u>
Interest income and similar credits		86	—
Interest payable and similar charges	4	(42,914)	(48,379)
Profit on ordinary activities before taxation		<u>77,062</u>	<u>91,056</u>
Tax on profit on ordinary activities	8	(44,322)	(47,223)
Profit for the financial period		<u><u>32,740</u></u>	<u><u>43,833</u></u>

**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
for the period of 53 weeks ended 18 September 2021

	<i>Period ended</i> <i>18 September</i> <i>2021</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i>
<i>Note</i>	<i>£'000</i>	<i>£'000</i>
Profit for the financial period	32,740	43,833
<b>Other comprehensive income</b>		
Items that are or may be subsequently reclassified to profit or loss:		
Net loss on hedging instruments	(13,509)	(10,817)
Tax charge on items relating to components of other comprehensive loss	16      2,567	2,055
Other comprehensive loss for the period	<u>(10,942)</u>	<u>(8,762)</u>
Total comprehensive income for the period	<u><u>21,798</u></u>	<u><u>35,071</u></u>

PRIMARK STORES LIMITED

Registered Number: 453448

**STATEMENT OF CHANGES IN EQUITY**  
for the period of 53 weeks ended 18 SEPTEMBER 2021

	Called-up share capital	Share based payment reserve	Cash flow hedge reserve	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 14 September 2019	50,000	7,064	(3,499)	1,049,274	1,102,839
IFRS 16 Opening balance adjustment	—	—	—	(81,783)	(81,783)
Balance as at 15 September 2019	50,000	7,064	(3,499)	967,491	1,021,056
Profit for the financial period	—	—	—	43,833	43,833
Other comprehensive loss for the period	—	—	(8,762)	—	(8,762)
Total comprehensive income/(loss) for the period	—	—	(8,762)	43,833	35,071
Share based payment transactions	—	291	—	—	291
Gains transferred to cost of inventory	—	—	13,658	—	13,658
Balance as at 12 September 2020	50,000	7,355	1,397	1,011,324	1,070,076
Profit for the financial period	—	—	—	32,740	32,740
Other comprehensive loss for the period	—	—	(10,942)	—	(10,942)
Total comprehensive income/(loss) for the period	—	—	(10,942)	32,740	21,798
Share based payment transactions	—	1,486	—	—	1,486
Gains transferred to cost of inventory	—	—	14,876	—	14,876
Balance as at 18 September 2021	50,000	8,841	5,331	1,044,064	1,108,236



## PRIMARK STORES LIMITED

REGISTERED NUMBER: 453448

**BALANCE SHEET**  
**AT 18 SEPTEMBER 2021**

		At 18 September 2021 £'000	At 12 September 2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	1,395,434	1,474,909
Right-of-use assets	10	1,004,923	1,064,033
		<u>2,400,357</u>	<u>2,538,942</u>
<b>CURRENT ASSETS</b>			
Stock	11	462,440	449,523
Debtors	12	92,171	67,689
Cash at bank and in hand		33,355	31,228
		<u>587,966</u>	<u>548,440</u>
CREDITORS (amounts falling due within one year)	13	<u>(744,195)</u>	<u>(799,451)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(156,299)</u>	<u>(251,011)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,244,128	2,287,931
CREDITORS (amounts falling due after more than one year)	14	(1,129,064)	(1,189,795)
Provisions for liabilities and charges	15	(6,828)	(28,060)
<b>NET ASSETS</b>		<u>1,108,236</u>	<u>1,070,076</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	50,000	50,000
Share-based payment reserve	18	8,841	7,355
Cash flow hedge reserve	19	5,331	1,397
Profit and loss account		1,044,064	1,011,324
<b>SHAREHOLDER'S FUND - EQUITY</b>		<u>1,108,236</u>	<u>1,070,076</u>

On behalf of the board

DocuSigned by:  
  
 E41A6158AD1447F...  
 J. E. Rolls  
 Director

Date: 09 June 2022

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**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021****1. SIGNIFICANT ACCOUNTING POLICIES**

The Company is a private limited company incorporated and domiciled in England and Wales. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**(a) Accounting period**

It is the policy of the Company to make up its financial statements to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 week period ended 18 September 2021.

**(b) Basis of preparation and statement of compliance**

The financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure. The financial statements of Primark Stores Limited were authorised for issue by the Board of Directors on 09 June 2022.

The Company's financial statements are presented in sterling, which is also the Company's functional currency, all values are rounded to the nearest thousand pounds and have been prepared on a historic cost basis unless otherwise indicated. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 18 September 2021.

The smallest group in which the results of the Company are consolidated is that headed by Associated British Foods plc, which confirmed in the Interim Results Announcement dated 26 April 2022 that its directors have a reasonable expectation that the Associated British Foods plc group has adequate resources to continue in operational existence for the foreseeable future.

The Company has received a letter of support from its immediate 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 12 months from the date of signing of these financial statements.

After making due enquiries and considering the impact of COVID-19 and the support available from the immediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern (set out in the Interim Results Announcement dated 26 April 2022 and available at [www.abf.co.uk](http://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 September 2023, and an assessment of any developments since that date that would

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**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(b) Basis of preparation and statement of compliance (continued)**

adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period of 53 weeks ended 18 September 2021.

**(c) Judgements and key sources of estimation uncertainty**

In applying the accounting policies management has made estimates in a number of areas and the actual outcome may differ from those calculated. Key sources of judgement and estimation uncertainty at the balance sheet date, with the potential for material adjustment to the carrying value of assets and liabilities within the next financial period, are set out below.

***Stock valuation:***

The Company uses the retail method for stock valuation. The cost of inventory is determined by reducing the sales value of the inventory by its percentage gross margin. The percentage used takes into consideration inventory that has been marked down to below its original selling price. An average percentage margin for each retail department is used with inherent estimation required in relation to determining the mix of stock purchases which remain on hand at period end.

***Useful lives of properties:***

Assessment of useful lives of properties involves judgement in relation to the split between land and property values. Management considers store location, industry benchmarks and group accounting policies to determine split between land and property value and appropriate useful lives.

***Leases:***

The Company adopted IFRS 16 Leases for the first time in the previous financial year. Judgement is required in determining the term of each lease, the discount rate used to value the lease liabilities and right-of-use assets disclosed and in identifying lease arrangements under the scope of IFRS 16.

***Taxation:***

The Company makes provision for open tax issues which are by nature complex and may take a number of years to resolve. The Company bases provisions on management's interpretation of tax laws and ongoing monitoring of the outcome of similar cases and investigations on tax rulings, and reflect the best estimate of the liability. The Company believes it has made adequate provision for such matters.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)**(d) Disclosure exemptions*

The Company is a qualifying company as defined in FRS 101. Its financial statements are included in the financial statements of Associated British Foods plc which are prepared in accordance with International Financial Reporting Standards as adopted by the EU and can be obtained from [www.abf.co.uk](http://www.abf.co.uk). The Company has taken advantage of the following FRS 101 disclosure exemptions:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1,
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 10(d), 10(f), 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment in respect of group settled share-based payments;
- the requirements of IFRS 7 Financial Instruments: Disclosures; and
- the requirements of paragraph 91 to 99 IFRS 13 Fair Value Measurement.

*(e) Turnover*

Turnover represents the value of sales made to customers after deduction of discounts, sales taxes and a provision for returns. Discounts include price discounts, certain promotional activities and similar items. Turnover from the sale of goods is recognised when the customer purchases goods in-store. Returns are provided for as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account historical trends and past experience.

Turnover from the sale of inventory to other Primark subsidiaries is recognised on dispatch of goods.

*(f) Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and impairment charges. No depreciation is provided on freehold land. The charge for depreciation is calculated to write down the cost of other tangible fixed assets to their estimated residual values by equal annual

## NOTES TO THE FINANCIAL STATEMENTS

18 September 2021 (Continued)

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Tangible fixed assets and depreciation (Continued)

instalments over their expected useful lives. Leasehold properties are written off over the shorter of the lease term and their useful lives.

The anticipated useful life of other tangible fixed assets is generally deemed to be no longer than:

Freehold and leasehold property	40 - 66 years
Fixtures and fittings	10 - 20 years
Computers (included in fixtures and fittings)	5 years

An item of tangible fixed assets is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of an asset is included in the income statement in the period of de-recognition, as part of operating profit if it relates to operating activities.

Assets under construction relate to new stores or store improvement additions not yet in use. These assets are segregated from their asset classes for greater understandability of net asset additions and the depreciation charge for the period. Depreciation commences when assets are commissioned for use.

The carrying amounts of tangible fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment charge is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

#### (g) Leased assets

##### *Right-of-use assets*

Right-of-use assets are recognised 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, and adjusted for subsequent remeasurement of lease liabilities.

The cost of right-of-use assets 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.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses, adjusted for any remeasurement of the lease liability.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(g) Leased assets (Continued)**Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date 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.

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, 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 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 12 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.

Lease payments on short-term leases and leases of low-value assets are expensed to the income statement.

*Lessor accounting*

Where the Company subleases assets, the sublease classification is assessed with reference to the head lease right-of-use asset. This assessment considers, among other factors, whether the sublease represents the 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. This assessment takes into consideration whether the sublet/head lease are above/below market rate.

Amounts due from lessees under finance leases are recorded as a receivable at an amount equal to the net investment in the lease. This is initially calculated and recognised using the incremental borrowing rate at the recognition date. Any difference between the derecognised right-of-use asset and the newly recognised amounts due for lessees under finance leases is recognised in

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)***Lessor accounting (Continued)*

the income statement. The Company recognises finance income over the lease term, reflecting a constant periodic rate of return on the net investment in the lease. Operating lease income is recognised as earned on a straight-line basis over the lease term.

**(h) Stocks**

Stocks are valued at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less appropriate trading margin. Net realisable value is the estimated selling price less all related selling, distribution and marketing costs. All retail inventories are finished goods.

**(i) Taxation**

Corporation tax payable is provided on taxable profits at the prevailing rate. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**j) Share-based payments**

Associated British Foods plc operates a share incentive plan which allows certain employees to receive allocations of shares subject to the attainment of specified financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the Company, with a corresponding increase in equity.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)***(j) Share-based payments (Continued)*

The fair value is measured at grant date and charged to the Income Statement over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Amounts charged to the Company, in respect of the shares exercised with the Company's parent, are accounted for as a charge to equity in the period in which the recharge occurs.

*(k) Foreign currencies*

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Income Statement.

*(l) Pension costs*

The Company is a member of the Associated British Foods Pension Scheme. FRS 101 requires the sponsoring employer, Associated British Foods plc, to account for the defined benefit pension scheme in their financial statements as a defined benefit pension scheme in full and hence contributions made by the Company are accounted for as if it were a defined contribution scheme. The cost recognised within the Income Statement for the period is based on the contributions payable to the scheme this period.

*(m) Trade and other receivables*

The Company records trade and other receivables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value less an expected credit loss provision, which is recognised based on management's expectation of losses without regard to whether or not a specific impairment trigger has occurred.

*(n) Derivative financial instruments*

Derivatives are used to manage the Company's exposure to financial risks. The principal instruments used are foreign exchange contracts, futures or options (the 'hedging instrument'). The Company does not use derivatives for speculative purposes.

Derivatives are recognised in the balance sheet at fair value, based on market prices or rates, or calculated using either discounted cash flow or option pricing models. Changes in the value of



**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(n) Derivative financial instruments (Continued)*

derivatives are recognised in the Income Statement unless qualify for hedge accounting, when recognition of any change in fair value depends on the nature of item being hedged.

The purpose of hedge accounting is to mitigate the impact on the Company's Income Statement of changes in foreign exchange, by matching the impact of the hedged risk and hedging instrument in the Income Statement.

Changes in the value of derivatives used as hedges of future cash flows are recognised through other comprehensive income in the hedging reserve. When the future cash flow results in the recognition of a non-financial asset or liability, then at the time the asset or liability is recognised, the related gains and losses previously recognised in the hedging reserve are included in the initial measurement of that asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts recorded in the hedging reserve are recognised in the Income Statement in the same period in which the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is retained in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments relating to an underlying exposure that no longer exists are taken to the Income Statement. The Company economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting. Any derivatives that the Company holds to hedge this exposure are classified as 'fair value through profit and loss' within derivative assets and liabilities. Changes in the fair value of such derivatives and the foreign exchange gains and losses arising on the related monetary items are recognised within operating profit.

*(o) Cash*

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

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**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021 (Continued)**

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(p) Financial instruments – initial recognition and subsequent measurement (Continued)**Financial assets**Initial recognition and subsequent measurement*

The Company assesses which business models apply to each category of its financial assets and classifies them into the three categories defined by IFRS 9: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The financial assets recognised by the Company includes cash and cash equivalents, other receivables, intercompany receivables and derivative financial instruments. The Company holds no financial assets at fair value through other comprehensive income.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortised cost*

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Income Statement when the asset is derecognised, modified or impaired.

The financial assets at amortised cost includes amounts due from fellow group undertakings.

*Financial assets at fair value through profit or loss:*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the Income Statement. This category includes derivative financial instruments.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(p) Financial instruments – initial recognition and subsequent measurement*

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

*Derecognition*

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment*

The Company holds other debtors and intercompany debtors which are subject to impairment under IFRS 9's expected credit loss model. The Company revised its impairment methodology under IFRS 9 for each of these classes of assets. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all debtors.

*(ii) Financial liabilities**Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities mainly comprise trade and other payables, amounts due to fellow group undertakings and derivative financial instruments.

*Subsequent measurement*

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

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments

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**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021 (Continued)****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(p) Financial instruments - initial recognition and subsequent measurement (continued)***Financial liabilities at fair value through profit or loss (continued)*

entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the Income Statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. This category includes derivative financial instruments.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

**(q) Government grants**

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable. Grants are presented within 'Other Income' in the Income Statement.

**2. TURNOVER**

Turnover comprises the invoiced value of services supplied by the Company exclusive of value added tax and arises wholly within the UK.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 September 2021 (Continued)

#### 3. STATUTORY AND OTHER INFORMATION

	<i>Period ended</i> <i>18 September</i> <i>2021</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit is stated after charging:		
Depreciation:		
– owned assets	106,530	106,067
– right of use assets	80,981	74,717
Insurance income	(33,000)	(10,000)
Auditor's remuneration (including expenses)	148	144
Directors' remuneration	364	701
Net foreign currency exchange gain (note 7)	—	(22,430)

During the financial year directors' remuneration in respect of qualifying services comprised fixed and variable amounts of £0.30 million (2020: £0.44 million), pension £0.07 million (2020: £0.07 million) and long-term incentive plan £nil (2020: £0.19 million).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £0.22 million (2020: £0.67 million). During the period, the highest paid director did not receive any shares under a long-term incentive scheme. Nil shares were granted to the highest paid director and nil shares vested (2020: 7,296 shares vested and 11,594 shares were granted).

#### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Period ended</i> <i>18 September</i> <i>2021</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Interest payable on amounts owed to group	482	5,276
Interest expense on lease liabilities	42,432	43,103
	<u>42,914</u>	<u>48,379</u>

## PRIMARK STORES LIMITED

Registered Number: 453448

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 5. STAFF NUMBERS AND COSTS

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>Number</i>	<i>Number</i>
Average weekly number of employees during the period:		
Full time	6,834	7,391
Part time	25,998	28,350
Contractors	16	16
	<u>32,848</u>	<u>35,757</u>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	371,438	381,196
Social welfare costs	20,913	20,399
Pensions costs	18,257	18,061
Share based payment expense	1,486	291
	<u>412,094</u>	<u>419,947</u>

## 6. OTHER INCOME

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>£'000</i>	<i>£'000</i>
Government grants	—	57,544
Rental income	3,409	2,521
	<u>3,409</u>	<u>60,065</u>

Government grants in the prior year represented amounts received from the UK Government under job retention schemes when UK stores were closed. In the current year, amounts received under the UK Government job retention scheme amounted to £70.7 million, which were repaid in full during the year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

7. EXCEPTIONAL (COSTS)/INCOME

	<i>Period ended</i> 18 September 2021 £'000	<i>Period ended</i> 12 September 2020 £'000
Inventory mark-down provision	(9,287)	(9,376)
Net foreign currency exchange gain	—	22,430
	<u>(9,287)</u>	<u>13,054</u>

The prior year end inventory mark-down provision was created for potential damage of inventory stored on our behalf by suppliers for longer than usual as a result of the pandemic. In large part, this damage did not arise and £5.5 million of the provision was released.

Certain seasonal items of inventory on display in closed stores could not be sold before the end of the season. This inventory was cleared from our stores to allow spring/summer stock to be displayed as stores prepared to reopen. An exceptional provision of £14.8 million was charged to reflect the write-down of this inventory to net realisable value, which was subsequently utilised.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended</i> 18 September 2021 £'000	<i>Period ended</i> 12 September 2020 £'000
<i>Current tax</i>		
Corporation tax on income for the financial period	29,897	23,623
Adjustments in respect of prior periods	<u>23,040</u>	<u>17,035</u>
Total current tax	<u>52,937</u>	<u>40,658</u>
(Reversal)/origination of timing differences	(2,955)	1,762
Effect of change in tax rate	(1,314)	490
Adjustment in respect of prior periods	<u>(4,346)</u>	<u>4,313</u>
Total deferred tax (credit)/charge (note 16)	<u>(8,615)</u>	<u>6,565</u>
Taxation on profit on ordinary activities	<u>44,322</u>	<u>47,223</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**
8. TAX ON PROFIT ON ORDINARY ACTIVITIES *(Continued)*

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>£'000</i>	<i>£'000</i>
Profit on ordinary activities before taxation	<u>77,062</u>	<u>91,056</u>
Current tax at effective rate of 19%	14,642	17,301
Effects of:		
Rate change	(1,314)	490
Expenses not deductible	12,300	8,084
Adjustments in respect of previous periods	<u>18,694</u>	<u>21,348</u>
Total tax charge for period	<u>44,322</u>	<u>47,223</u>

*Factors that may affect future tax rate of the Company*

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 so deferred tax has been calculated accordingly.



**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

9. TANGIBLE FIXED ASSETS

	Freehold land	Freehold buildings	Leasehold property	Fixture & fittings	Asset under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 12 September 2020	184,162	462,975	268,656	1,536,555	40,795	2,493,143
Additions	1,042	5,386	361	10,652	9,614	27,055
At 18 September 2021	185,204	468,361	269,017	1,547,207	50,409	2,520,198
<b>Depreciation</b>						
At 12 September 2020	—	119,594	56,233	842,407	—	1,018,234
Charge for the period	—	8,504	5,339	92,687	—	106,530
At 18 September 2021	—	128,098	61,572	935,094	—	1,124,764
<b>Net book value</b>						
At 18 September 2021	185,204	340,263	207,445	612,113	50,409	1,395,434
At 12 September 2020	184,162	343,381	212,423	694,148	40,795	1,474,909

## PRIMARK STORES LIMITED

Registered number: 453448

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**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 10. LEASES

*Right of use asset:*

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>Land &amp; buildings £'000</i>	<i>Land &amp; buildings £'000</i>
<i>Cost:</i>		
Opening balance at the start of the period	1,153,252	1,148,178
New leases in the period	21,687	3,392
Other movements	184	1,682
Cost at the end of the period	<u>1,175,123</u>	<u>1,153,252</u>
<i>Depreciation and impairment:</i>		
Opening balance at the start of the year	89,219	—
Depreciation charge for the period	80,981	74,717
Impairment of right of use asset during the period	—	14,502
Depreciation and Impairment at the end of the period	<u>170,200</u>	<u>89,219</u>
Net book value	<u>1,004,923</u>	<u>1,064,033</u>

During the prior year, we impaired a right-of-use asset related to a leasehold property in the UK.

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

10. LEASES (Continued)

*Lease liabilities:*

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>Land &amp; buildings</i>	<i>Land &amp; buildings</i>
	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>		
Opening balance at the start of the period	1,302,535	1,345,928
New leases in the period	21,687	3,392
Interest charge	42,432	43,103
Lease payments	(123,104)	(88,174)
Other movements	2,634	(1,714)
Closing balance at the end of the period	<u>1,246,184</u>	<u>1,302,535</u>
	<i>£'000</i>	<i>£'000</i>
Current (Note 13)	117,120	112,740
Non-current (Note 14)	<u>1,129,064</u>	<u>1,189,795</u>
	<u>1,246,184</u>	<u>1,302,535</u>

Lease liabilities comprise of £1.24 billion capital payable (2020: £1.29 billion) and £6 million interest payable (2020: £12 million). The interest payable is all current and disclosed within trade and other trade payables. Repayments comprise £76.8 million capital (2020: £56.8 million) and £46.2 million interest (2020: £31.4 million).

## PRIMARK STORES LIMITED

Registered number: 453448

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

## 10. LEASES (Continued)

*Lease liabilities (Continued)*

The contractual undiscounted future cash flows of the lease liabilities is:

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>Land &amp; Buildings £'000</i>	<i>Land &amp; Buildings £'000</i>
Due within 1 year	117,120	112,740
Due within 1 to 2 years	117,142	112,106
Due within 2 to 5 years	337,731	333,594
Due after 5 years	1,272,331	1,371,574
	<u>1,844,324</u>	<u>1,930,014</u>

## 11. STOCKS

	<i>Period ended 18 September 2021</i>	<i>Period ended 12 September 2020</i>
	<i>£'000</i>	<i>£'000</i>
Goods for resale	<u>462,440</u>	<u>449,523</u>

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

Cost of sales include inventories amounting £1,260 million (2020: £1,479 million) recognised as an expense during the period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

**12. DEBTORS**

	<i>Period ended</i> <i>18 September</i> <i>2021</i> <i>£'000</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i> <i>£'000</i>
Prepayments and sundry receivables	42,490	16,074
Derivative assets	8,614	6,474
Amounts owed by group undertakings	40,127	45,141
Deferred tax (note 16)	940	—
	<u>92,171</u>	<u>67,689</u>

Amounts owed by group companies are not interest bearing and are receivable on demand. Within prepayments and sundry receivables is a balance of £17 million relating to the Belfast fire insurance claim.

**13. CREDITORS (amounts falling due within one year)**

	<i>Period ended</i> <i>18 September</i> <i>2021</i> <i>£'000</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i> <i>£'000</i>
Bank loans and overdrafts	2,441	1,150
Lease liabilities	117,120	112,740
Trade creditors	151,959	141,687
Amounts owed to group undertakings	194,113	253,330
Accruals and deferred income	132,389	114,126
Corporation tax	37,824	53,542
Capital creditors	9,351	29,705
VAT payable	98,522	84,637
PAYE/PRSI	20	3,993
Derivative liabilities	456	4,541
	<u>744,195</u>	<u>799,451</u>

Amounts owed to group undertakings are repayable on demand.

## PRIMARK STORES LIMITED

Registered number: 453448

## NOTES TO THE FINANCIAL STATEMENTS

18 September 2021 (Continued)

## 14. CREDITORS (amounts falling due after more than one year)

	<i>Period ended 18 September 2021 £'000</i>	<i>Period ended 12 September 2020 £'000</i>
Lease liabilities	<u>1,129,064</u>	<u>1,189,795</u>

## 15. PROVISION FOR LIABILITIES AND CHARGES

	<i>Period ended 18 September 2021 £'000</i>	<i>Period ended 12 September 2020 £'000</i>
Inventory mark-down provision	—	8,939
Restructuring and payroll provisions	6,828	12,367
Deferred Tax (Note 16)	—	6,754
	<u>6,828</u>	<u>28,060</u>

## 16. DEFERRED TAXATION

The deferred tax included on the Balance Sheet is as follows:

	<i>Period ended 18 September 2021 £'000</i>	<i>Period ended 12 September 2020 £'000</i>
Accelerated capital allowances	2,382	(8,245)
Deferred tax on hedging	(1,250)	(328)
Losses	—	1,571
Other short-term timing differences	3,366	2,381
Rolled-over gains	(26,791)	(18,101)
IFRS 16 timing differences	<u>23,233</u>	<u>15,968</u>
	<u>940</u>	<u>(6,754)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**18 September 2021 (Continued)**

16. DEFERRED TAXATION *(Continued)*

Presented as:	<i>Period ended</i> <i>18 September</i> <i>2021</i> <i>£'000</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i> <i>£'000</i>
Deferred tax asset/(liability)	<u>940</u>	<u>(6,754)</u>
Movement in deferred tax asset/(liability):		
Balance at the beginning of the period	(6,754)	(17,546)
Credit/(charge) to Income Statement	8,615	(6,565)
Credit to Other Comprehensive Income	2,567	2,055
(Charge) to Equity	(3,488)	(3,100)
IFRS 16 transition adjustment	—	18,402
Balance at the end of the period	<u>940</u>	<u>(6,754)</u>

17. CALLED-UP SHARE CAPITAL

	<i>Period ended</i> <i>18 September</i> <i>2021</i> <i>£'000</i>	<i>Period ended</i> <i>12 September</i> <i>2020</i> <i>£'000</i>
<i>Allotted, called up and fully paid:</i>		
50 million (2020: 50 million) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

18. SHARE BASED PAYMENT RESERVE

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

Associated British Foods Executive Share Incentive Plans 2013 and 2016 ("the Share Incentive Plans") were approved and adopted by Associated British Foods plc at its annual general meetings held on 6 December 2013 and on 9 December 2016 respectively. They take the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three-year performance period.

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

## NOTES TO THE FINANCIAL STATEMENTS

18 September 2021 (Continued)

## 18. SHARE BASED PAYMENT RESERVE (Continued)

	<i>Period ended 18 September 2021 No.</i>	<i>Period ended 12 September 2020 No.</i>
Exercised	—	64,301

## 19. CASH FLOW 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.

During the prior year, an amount of £22.4 million was recycled from the hedging reserve to profit and loss resulting from ineffective hedges.

## 20. PENSION INFORMATION

The Company is a member of the Associated British Foods Pension Scheme providing benefits based on final pensionable pay. As Associated British Foods plc is the sponsoring employer and has legal responsibility for the defined benefit pension scheme, FRS 101 requires the sponsoring employer to account for the defined benefit pension scheme in their financial statements as a defined benefit pension scheme in full and hence contributions made by the Company are accounted for as if it were a defined contribution scheme.

The cost recognised within the income statement for the year is based on the contributions payable to the scheme this year.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2020, using the current unit method, and revealed a deficit of £302 million. It is noted that the valuation was performed shortly after the introduction of COVID-19 measures. The market value of Scheme assets was £3,317 million, representing 92% of members' accrued benefits after allowing for expected future salary increases.

Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated financial statements of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk).

On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.



**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021 (Continued)****20. PENSION INFORMATION (Continued)**

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme by Primark Stores Limited for the period was £18.3 million (2020: £18.1 million).

**21. CONTINGENCIES**

The Company is routinely involved in claims and legal actions which arise in the normal course of business. Based on information currently available to the Company and legal advice, the directors do not believe such litigation individually or in aggregate would have a material adverse effect on the financial statements of the Company.

**22. COMMITMENTS**

	<i>Period ended 18 September 2021 £'000</i>	<i>Period ended 12 September 2020 £'000</i>
<i>(i) Capital</i>		
Authorised and contracted for	33,221	22,849
<i>(ii) Other commitments:</i>		
Forward contracts for various foreign currencies with a value of £480.1 million at agreement dates (2020: £379.4 million) were open at period end.		

**23. PARENT UNDERTAKING**

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

The largest group in which the results of the Company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from 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](http://www.abf.co.uk).

PRIMARK STORES LIMITED

Registered number: 453448

**NOTES TO THE FINANCIAL STATEMENTS****18 September 2021 (Continued)****24. RELATED PARTY TRANSACTIONS***Trading transactions*

During the period, the Company entered into the following trade transactions with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

	<i>Commissions paid</i>	<i>Commissions paid</i>
	<i>Period ended</i>	<i>Period ended</i>
	<i>18 September</i>	<i>12 September</i>
	<i>2021</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>
Selfridges & Co. Limited	51	560

Selfridges & Co. Limited is a related party of the Company due to common key management personnel.

In the course of normal operations, related party transactions entered into by the Company have been contracted on an arm's length basis.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

**25. POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.