DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

Primark Stores Limited

Directors' Report and financial statements for the period of 52 weeks ended 17 September 2022

Registered number: 453448

WEDNESDAY
AC5OMADL
A06 14/06/2023 #146
COMPANIES HOUSE

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

CONTENTS

TABLE OF CONTENTS *PAGE*

COMPANY INFORMATION	3
STRATEGIC REPORT	4
DIRECTORS' REPORT	13
DIRECTORS' RESPONSIBILITIES STATEMENT	18
INDEPENDENT AUDITOR'S REPORT	19
INCOME STATEMENT	23
STATEMENT OF OTHER COMPREHENSIVE INCOME	24
STATEMENT OF CHANGES IN EQUITY	25
BALANCE SHEET	26
NOTES TO THE FINANCIAL STATEMENTS	27

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

COMPANY INFORMATION

DIRECTORS	Mr. J. G. Bason (resigned on 28 April 2023) Mr. B. J. M. Mansfield (resigned on 14 June 2022) Mr. J. E. Rolls Ms. K. L. Rodgers (appointed on 10 March 2023) Mr. E. P. Tonge (appointed on 26 April 2023)
SECRETARY	Mr. R. G. Cahill
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, MES 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022

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. 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, our social media channels have long been an important part of our marketing mix, enabling us to showcase the breadth of Primark products. As a next step, we set ourselves the objective of improving the customer journey between browsing online and shopping in-store, enabling us to reach both new and existing customers in new ways.

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 last year, Primark unveiled a wide-ranging sustainability strategy pledging to make more sustainable clothing choices affordable for all. This foundational year has focused on developing the internal processes and programmes that will underpin the significant changes required, both within Primark and across its value chain, to deliver on its commitments. This has included putting in place robust metrics and gathering the data necessary to set baselines against which we can measure and report our progress. The Primark Cares strategy encompasses nine ambitious commitments across three pillars of Product, Planet and People through to 2030. But as we operationalise our plans, we remain confident we will deliver on these. Primark will report annually on its progress against the nine commitments.

Digital

Primark has significantly upgraded our customers' digital experience with the UK launch of our new website, featuring a fresh design with much-improved functionality, including more products which are much better showcased and a new facility which allows customers to check stock availability in their chosen store. This will be followed by additional features including a customer account and the ability to create a wish list of favourite products. Since the financial year end, we launched a Click and Collect trial in 25 stores in the north of England and Wales, which provides our customers with a comprehensive and much broader range of kids products.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

BUSINESS REVIEW

In the 52 weeks ended 17 September 2022:

- turnover was £3,378.5 million (2021: £2,338 million);
- profit on ordinary activities before taxation was £199.6 million (2021: £77.1 million); and
- net equity was £1,296.5 million (2021: £1,108.2 million).

Trading in the UK was strong and improved as the year progressed with total sales ahead of the prior year by 48% adjusted for a 52-week comparable basis. Like-for-like sales were 13% ahead of last year for the last quarter of the financial year on a one-year basis. For the full year like-for-like sales were broadly in line with last year, and, compared to pre-COVID levels, like-for-like sales improved from a decline of 10% in the first quarter to a decline of 2% in the last quarter. Primark's share of the total UK clothing, footwear, and accessories market by value, which includes online sales, for the 12 weeks ending 17 September increased on last year and importantly was broadly in line with pre-COVID levels three years ago. That positive trading performance has continued into the new financial year. In 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, something that we have seen a recovery from in this financial year.

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 0.02 million sq. ft. during the period to 7.7 million sq. ft. The store in Gloucester was relocated in FY22 and the store in Luton was extended. There was no change in the number of stores at the 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 directors have due regard to applicable group policies and procedures which impact on the company's stakeholders, including those referred to on page 71 of the Associated British Foods plc Annual Report and Accounts 2022. Please also refer to the Associated British Foods plc Section 172 Statement on pages 64 to 68 of that document.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

SECTION 172 STATEMENT (Continued)

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, Environment and Sustainability
- Governments
- Other group companies, and, in particular, Primark Limited and Associated British Foods plc.

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 31,000 people (2021: more than 32,000).

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 ran 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 revlewed 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

SECTION 172 STATEMENT (Continued)

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.

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.

Primark takes very seriously its ongoing contribution to the United Nations 2030 Agenda for Sustainable Development, established in its framework of Sustainable Development Goals (SDGs). Primark's approach to respecting and promoting human rights in our supply chain has a significant impact on this contribution. In March 2022, we published our Supply Chain Human Rights Policy which sets out how we bring this contribution to life. The aim of the policy is to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

As a minimum, we respect national law in the places where our products are made. In certain circumstances we believe that we should aim to go beyond legal minimum requirements, recognising that states may not always fulfil their duty to protect individual workers' rights. Therefore, we draw on international frameworks to guide our approach further.

We are committed to enact the United Nations (UN) Guiding Principles on Business and Human Rights, and in doing so, we are guided in particular by the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. It is the combination of these instruments that guides our work.

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 considered.

Communities, Environment and Sustainability
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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

SECTION 172 STATEMENT (Continued)

Communities, Environment and Sustainability (continued)
In May 2022, Primark announced a major expansion of the Primark Sustainable Cotton Programme (PSCP) as part of the overall Primark Cares programme. This was a commitment to increase the number of farmers trained through the programme to 275,000 by the end of 2023. This will increase the availability of PSCP cotton for Primark products by 60%. At the same time, as part of our Primark Cares strategy, we have set ourselves a goal of working with the farmers to restore the biodiversity of the cotton farms in the PSCP programme. One example of this is the introduction of more regenerative agricultural practices by 2030. It is our ambition that this evolution will help to restore farm-based biodiversity, while at the same time enhancing the livelihoods of farmers. The wider availability of Primark's products made from PSCP cotton, and sold at our great prices, is a major support for our commitment to make more sustainable fashion affordable for all.

As part of the Primark Cares programme, Primark committed to provide transparent information on our progress against the commitments we published. Information regarding the progress is contained in the 2021/2022 Primark Sustainability and Ethics Progress Report. This report includes decisions on our supply chain, our business operations, our products, and our people. Primark are committed to reporting annually on our progress and how we are learning and changing as a company.

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.

Other group companies, and, in particular, Primark Limited and Associated British Foods 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.

Click and Collect
In response to positive customer reaction to the launch of Primark's new website in April 2022, in July 2022 we announced our decision to enhance the customer journey further with the UK launch of a trial Click and Collect service. The Click and Collect trial of children's products in 25 stores in the north

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

SECTION 172 STATEMENT (Continued)

Click and Collect (continued)
of England and Wales was launched in late November 2022 and continues with encouraging results. It was decided to extend this trial to 32 stores which are broadly within the M25 region by late Summer.

The trial offers customers a much-expanded range of children's products across clothing, accessories and lifestyle products and caters for a broad range of family needs from furnishing a nursery to clothing children of all ages. We believe it has the potential to satisfy unfulfilled demand, driving footfall from both existing and new customers to deliver incremental sales in store.

The Click and Collect service will build to offer customers some 2,000 options, around 40% of which will be exclusive to Click and Collect. The expansion of the offering was considered to be particularly attractive for our customers who do not regularly shop in our larger stores – our average size stores are only able to stock a limited range and, for these customers, the number of options available to them will broadly double, increasing even more for customers of our small stores. This trial enables us to provide more fashion, licence, and lifestyle products to more customers and more often. In-store collection is available from designated areas, designed to be welcoming for customers and situated in the heart of the store. Orders are free to collect for our customers, and returns are accepted free of charge in store.

Click and Collect orders are processed and dispatched to store from a dedicated UK distribution centre at Magna Park in Leicestershire. We have worked with our product suppliers to ensure that the stock is prepared in cartons using minimal packaging and plastic and in a way which enables simple and efficient picking at the distribution centre. The pick and pack operation is manual during this trial but with plans to automate in due course as required.

The work done leading to the decision to adopt a Click and Collect trial considered the financial and environmental impacts (for example the decisions around packaging and distribution) whilst also taking into account customers' desire for greater access to great value products.

Further information on how the directors of Primark Stores Limited and the Primark business in general engage with their stakeholders are disclosed on pages 64 to 68 of the Associated British Food Plc 2022 Annual Report, which is available at www.abf.co.uk.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (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 following the end of COVID-19 related restrictions.

Gross Profit Margin
Gross profit margin as presented in the Income Statement increased from 17.6% to 21.4% primarily due to a sharp increase in sales densities as COVID-19 related restrictions lifted and more normal customer behaviour resumed. The benefit of this normalisation of gross profit was partially offset by high inflation of input costs, such as energy and labour costs.

ALTERNATIVE PERFORMANCE MEASURES
In reporting the financial information, Primark management uses Like-for-like sales as an alternative performance measure ("APM") which provide useful additional information for understanding the financial performance and financial health of the Company. This APM should be considered in addition to key performance indicators and are not intended to be a substitute for them. This may not be directly comparable to similar measures used by other companies.

Primark management uses like-for-like sales to improve comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect key performance indicators, to aid used in understanding the Company's performance.

The like-for-like sales metric enables measurement of the performance of the retail stores on a comparative year-on-year basis.

This measure represents the change in sales in the retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year.

No adjustments are made for disruption during refits, extensions or downsizes if a store's retail square footage changes by less than 10%, for cannibalisation by new stores, or for the timing of national or bank holidays.

It is measured against comparable trading days in each year.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

RESULTS AND DIVIDENDS

The Income Statement for the period of 52 weeks ended 17 September 2022 and the Balance Sheet at that date are set out on pages 23 and 26, respectively.

Profit on ordinary activities before taxation amounted to £199.6 million (2021: £77.1 million). The profit for the period after taxation is £165.0 million (2021: £32.7 million) which is available for distribution.

There were no dividends declared or paid in the current year (2021: £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, commodity and energy prices
- 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
- use of natural resources and managing our environmental impact
- supply chain and ethical business practices
- reduced customer spending to high inflation, increased interest rates and general economic uncertainty
- geopolitical uncertainty and the war 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 Primark group has a Finance and Risk Committee which monitors the risks facing the Company and other Primark group companies on a regular basis.

With the world now largely emerging from the COVID-19 pandemic and all of our stores now open and trading, the UK business has been trading well post-pandemic. During the COVID-19 pandemic, Primark's operations responded with agility and confidence to the ongoing and varied restrictions across all of Primark's markets, working to support local governments in playing our part in keeping customers and employees safe while focusing on protecting jobs and the economy. It was clear how enduring and relevant the Primark brand and proposition remained for customers, evidenced from the strong demand in each market upon respective reopening. Given that normal trade has resumed, and trade has been strong, it is clear that the safeguards put in place throughout the pandemic have adequately protected the business, allowing for the business to move forward and continue to successfully deliver on its objectives.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STRATEGIC REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)
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.

Given 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 ABF group's directors' assessment of going concern (set out in the Interim Results Announcement dated 25 April 2023 and available at www.abf.co.uk), which included the significant levels of cash and undrawn committed long-term facilities available to the group and the ABF group's directors' stress testing of cash flow forecasts through to 14 September 2024, 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.

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

FUTURE DEVELOPMENTS

New locations
Primark's Bank Building reopened in November 2022. In addition to this, a new store in Craigavon – Rushmere Shopping Centre opened in December 2022.

On behalf of the board

DocuSigned by:
Jon Rolls
E41A6158AD1447F...

J. E. Rolls
Director

Date: 12 June 2023

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' REPORT
for the period of 52 weeks ended 17 September 2022

The directors present their report together with the audited financial statements of Primark Stores Limited for the period of 52 weeks ended 17 September 2022. 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 (resigned on 28 April 2023)
- Mr. B. J. M. Mansfield (resigned on 14 June 2022)
- Mr. J. E. Rolls
- Ms. K. L. Rodgers (appointed on 10 March 2023)
- Mr E. P. Tonge (appointed on 26 April 2023)

Secretary:
- Mr. R. G. Cahill

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

The directors and secretary who held office on 17 September 2022 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' REPORT
for the period of 52 weeks ended 17 September 2022 (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 pages 50 to 59 of the Associated British Foods plc Annual Report and Accounts 2022.

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 delivering 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 during the year ended 17 September 2022 comprised the then Finance Director of Associated British Foods plc, the Primark Group Director for Planning and Space and, for part of the year, a former Primark Sales Director. The board of the company currently comprises the current Finance Director of Associated British Foods plc, the Primark Group Director for Planning and Space and the Primark UK Retail Director. 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 formally meet 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

CORPORATE GOVERNANCE (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 in terms 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 9 for details of engagement with stakeholders.

Engagement with employees
Please see the section 172 statement on pages 5 to 9 for details of 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 5 to 9 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 offering equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard for their particular aptitudes and abilities. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Company an opportunity for retraining and for continuation in employment. It is Company policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

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

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.

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

POLITICAL DONATIONS
The Company made no political donations during the period (2021: £nil).

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

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 the disclosures made in the Associated British Foods plc annual report for the period ended 17 September 2022.

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.

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 confirm 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 25 April 2023 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' REPORT
for the period of 52 weeks ended 17 September 2022 (continued)

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:
Jon Rolls
E41A6158AD1447F...
Mr. J. E. Rolls

Director

Date: 12 June 2023

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

DIRECTORS' RESPONSIBILITIES STATEMENT
for the period of 52 weeks ended 17 September 2022

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:
Jon Rolls
E41A6158AD1447F...

Mr. J. E. Rolls
Director

Date: 12 June 2023

Building a better working world

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

Opinion

We have audited the financial statements of Primark Stores Limited for the period of 52 weeks ended 17 September 2022 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 17 September 2022 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 the date when the financial statements are authorised for issue.

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

Continued..../

Building a better working world

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..../

Building a better working world

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 18, 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..../

Building a better working world

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 regulations 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: 12 June 2023

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

INCOME STATEMENT
for the period of 52 weeks ended 17 September 2022

	Note	*Period ended 17 September 2022* £'000	*Period ended 18 September 2021* £'000
Turnover - continuing operations	2	3,378,510	2,338,007
Cost of sales		(2,656,034)	(1,926,673)
Gross profit		722,476	411,334
Distribution costs		(72,605)	(59,247)
Administrative expenses		(414,844)	(226,299)
Other operating income	6	2,256	3,409
Loss on disposal of fixed assets		—	(20)
Exceptional costs	7	—	(9,287)
Operating profit - continuing operations	3	237,283	119,890
Interest income and similar credits		1,968	86
Interest payable and similar charges	4	(39,668)	(42,914)
Profit on ordinary activities before taxation		199,583	77,062
Tax on profit on ordinary activities	8	(34,626)	(44,322)
Profit for the financial period		164,957	32,740

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period of 52 weeks ended 17 September 2022

	Note	*Period ended 17 September 2022 £'000*	*Period ended 18 September 2021 £'000*
Profit for the financial period		164,957	32,740
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss:			
Net gain/(loss) on hedging instruments		148,456	(13,509)
Tax (credit)/charge on items relating to components of other comprehensive loss	16	(6,243)	2,567
Other comprehensive income/(loss) for the period		142,213	(10,942)
Total comprehensive income for the period		307,170	21,798

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

STATEMENT OF CHANGES IN EQUITY
for the period of 52 weeks ended 17 September 2022

	Called-up share capital	Share based payment reserve	Cash flow hedge reserve	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 13 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
Profit for the financial period	—	—	—	164,957	164,957
Other comprehensive income for the period	—	—	148,456	—	120,249
Deferred tax on movements in other comprehensive income	—	—	(6,243)	—	120,249
Total comprehensive income for the period	—	—	142,213	164,957	285,206
Share based payment transactions	—	1,734	—	—	1,734
(Losses) transferred to cost of inventory	—	—	(120,600)	—	(98,636)
Balance as at 17 September 2022	50,000	10,575	26,944	1,209,021	1,296,540

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

BALANCE SHEET
as at 17 September 2022

	Note	*At 17 September 2022 £'000*	*At 18 September 2021 £'000*
FIXED ASSETS			
Tangible assets	9	1,370,995	1,395,434
Right-of-use assets	10	934,950	1,004,923
		2,305,945	2,400,357
CURRENT ASSETS			
Stock	11	727,977	462,440
Debtors	12	90,150	92,171
Cash at bank and in hand		42,126	33,355
		860,253	587,966
CREDITORS (amounts falling due within one year)	13	(782,654)	(744,195)
NET CURRENT ASSETS/(LIABILITIES)		77,599	(156,229)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,383,544	2,244,128
CREDITORS (amounts falling due after more than one year)	14	(1,063,892)	(1,129,064)
Provisions for liabilities and charges	15	(23,112)	(6,828)
NET ASSETS		1,296,540	1,108,236
CAPITAL AND RESERVES			
Called-up share capital	17	50,000	50,000
Share-based payment reserve	18	10,575	8,841
Cash flow hedge reserve	19	26,944	5,331
Profit and loss account		1,209,021	1,044,064
SHAREHOLDER'S FUNDS - EQUITY		1,296,540	1,108,236

On behalf of the board

DocuSigned by:

Jon Rolls

E21AF258BD1447F...

J. E. Rolls

Director

Date: 12 June 2023

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022

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 52-week period ended 17 September 2022.

(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 12 June 2023.

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 17 September 2022.

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 25 April 2023 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.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period of 52 weeks ended 17 September 2022.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:

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.

(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. The company has taken advantage of the following FRS 101 disclosure exemptions:

- the requirements of IAS 7 Statement of Cash Flows.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Disclosure exemptions (continued)

• the requirements of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

– paragraph 79(a)(iv) of IAS 1,

– paragraph 73(e) of IAS 16 Property, Plant and Equipment.

• the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

• the requirements of paragraphs 10(d), 10(f), 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements; and

• the requirements of paragraph 17 of IAS 24 Related Party Disclosures.

• 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 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

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Tangible fixed assets and depreciation (continued)

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) Leases

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.

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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases (continued)

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 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share-based payments

Associated British Foods plc operates a share incentive plan which allows certain employees to receive allocations of shares subject to the attainment of 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.

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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 derivatives are recognised in the Income Statement unless qualify they qualify for hedge accounting, where 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.

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments - initial recognition and subsequent measurement

(i) 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.

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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments - initial recognition and subsequent measurement (continued)

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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments - initial recognition and subsequent measurement (continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by 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

Derecognition (continued)
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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

3. STATUTORY AND OTHER INFORMATION

Operating profit is stated after charging/(crediting):	*Period ended 17 September 2022* *£'000*	*Period ended 18 September 2021* *£'000*
Depreciation:		
– owned assets	101,304	106,530
– right of use assets	75,705	80,981
Insurance income	(44,900)	(33,000)
Auditor's remuneration (including expenses)	147	148
Directors' remuneration	598	364

During the financial year directors' remuneration in respect of qualifying services comprised fixed and variable amounts of £0.54 million (2021: £0.30 million), pension £0.0 million (2021: £0.07 million) and long-term incentive plan £0.061 (2021: £nil million).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £0.59 million (2021: £0.22 million). During the period, the highest paid director did not receive any shares under a long-term incentive scheme.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 17 September 2022 *£'000*	*Period ended 18 September 2021* *£'000*
Interest payable on amounts owed to group	—	482
Interest expense on lease liabilities	39,668	42,432
	39,668	42,914

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

5. STAFF NUMBERS AND COSTS

The average weekly number of employees during the period:

	Period ended 17 September 2022	*Period ended 18 September 2021*
	Number	*Number*
Full time	6,509	6,834
Part time	25,297	25,998
Contractors	13	16
	31,819	32,848
	£'000	*£'000*
Wages and salaries	397,460	371,438
Social welfare costs	25,598	20,913
Pensions costs	19,981	18,257
Share based payment expense	1,734	1,486
	444,773	412,094

6. OTHER OPERATING INCOME

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Rental income	2,256	3,409

7. EXCEPTIONAL COSTS

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Inventory mark-down provision	—	(9,287)

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Current tax		
Corporation tax on income for the financial period	48,980	29,897
Adjustments in respect of prior periods	(15,242)	23,040
Total current tax	33,738	52,937
Deferred tax		
Origination/reversal of timing differences	1,328	(2,955)
Effect of change in tax rate	3,468	(1,314)
Adjustments in respect of prior periods	(3,908)	(4,346)
Total deferred tax charge/(credit) (note 16)	888	(8,615)
Taxation on profit on ordinary activities	34,626	44,322

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Profit on ordinary activities before taxation	199,583	77,062
Current tax at effective rate of 19%	37,921	14,642
Effects of:		
Rate change	3,468	(1,314)
Expenses not deductible	12,387	12,300
Adjustments in respect of previous periods	(19,150)	18,694
Total tax charge for period	34,626	44,322

Factors that may affect future tax rate of the Company
The UK corporation tax rate of 19% increased 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

9. TANGIBLE FIXED ASSETS

	Freehold land	Freehold buildings	Leasehold property	Fixture & fittings	Asset under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 18 September 2021	185,204	468,361	269,017	1,547,207	50,409	2,520,198
Additions	474	2,448	—	54,794	19,149	76,865
Transfers	—	—	—	8,866	(8,866)	—
At 17 September 2022	185,678	470,809	269,017	1,610,867	60,692	2,597,063
Depreciation						
At 18 September 2021	—	128,098	61,572	935,094	—	1,124,764
Charge for the period	—	7,627	5,061	88,616	—	101,304
At 17 September 2022	—	135,725	66,633	1,023,710	—	1,226,068
Net book value						
At 17 September 2022	185,678	335,084	202,384	587,157	60,692	1,370,995
At 18 September 2021	185,204	340,263	207,445	612,113	50,409	1,395,434

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

10. LEASES

Right of use asset:

	Period ended 17 September 2022 Land and buildings £'000	*Period ended 18 September 2021 Land and buildings £'000*
Cost:		
Opening balance at the start of the period	1,175,123	1,153,252
New leases in the period	2,980	21,687
Other movements	2,752	184
Cost at the end of the period	1,180,855	1,175,123
Depreciation and impairment:		
Opening balance at the start of the year	170,200	89,219
Depreciation charge for the period	75,705	80,981
Depreciation and impairment at the end of the period	245,905	170,200
Net book value	934,950	1,004,923

Other movements relate to reassessments of lease agreements during the financial period.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

10. LEASES (Continued)

Lease liabilities:

	Period ended 17 September 2022	*Period ended 18 September 2021*
	Land & buildings £'000	*Land & buildings £'000*
Cost:		
Opening balance at the start of the period	1,246,184	1,302,535
New leases in the year	2,980	21,687
Interest charge	39,668	42,432
Lease payments	(109,520)	(123,104)
Other movements	2,306	2,634
Closing balance at the end of the period	1,181,618	1,246,184

	£'000	£'000
Current (Note 13)	117,726	117,120
Non-current (Note 14)	1,063,892	1,129,064
	1,181,618	1,246,184

Lease liabilities comprise of £1,173 million capital payable (2021: £1,240 million) and £8 million interest payable (2021: £6 million). The interest payable is all current and disclosed within trade and other payables. Repayments comprise £70.4 million capital (2021 £76.8 million) and £39.1 million interest (2021: £46.2 million).

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

10. LEASES (Continued)

Lease liabilities (Continued)

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

	Period ended 17 September 2022 Land & Buildings £'000	*Period ended 18 September 2021 Land & Buildings £'000*
Due within 1 year	117,726	117,120
Due within 1 to 2 years	116,445	117,142
Due within 2 to 5 years	329,168	337,731
Due after 5 years	1,130,085	1,272,331
	1,693,424	1,844,324

11. STOCKS

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021 £'000*
Goods for resale	727,977	462,440

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

Cost of sales include inventories amounting £1,888 million (2021: £1,260 million) recognised as expense during the period.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

12. DEBTORS

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021 £'000*
Prepayments	30,416	42,490
Derivative assets	59,734	8,614
Amounts owed by group undertakings	—	40,127
Deferred tax (note 16)	—	940
	90,150	92,171

Amounts owed by group companies are not interest bearing and are receivable on demand. Within prepayments and sundry receivables in the prior year is a balance of £17 million relating to the Belfast fire insurance claim which were all received during the current period.

13. CREDITORS (amounts falling due within one year)

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021 £'000*
Bank loans and overdrafts	458	2,441
Lease liabilities (note 10)	117,726	117,120
Trade creditors	261,314	151,959
Amounts owed to group undertakings	101,116	194,113
Accruals and deferred income	147,047	132,389
Corporation tax	46,348	37,824
Capital creditors	13,304	9,351
VAT payable	90,246	98,522
PAYE/PRSI	5,095	20
Derivative liabilities	—	456
	782,654	744,195

Amounts owed to group undertakings are repayable on demand.

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

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

Contractual terms and invoice due dates are unchanged and the Company considers amounts owed to the third party bank as akin to amounts owed to the supplier. Such amounts are therefore

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

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

included within trade payables and associated cash flows are included within operating cash flows, as they continue to be part of the Company's normal operating cycle.

At year-end, the value of invoices sold by suppliers under supply chain financing arrangement was £11.1m (2021: £4.3m).

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

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Lease liabilities	1,063,892	1,129,064

15. PROVISION FOR LIABILITIES AND CHARGES

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£000	*£000*
Restructuring and payroll provisions	16,921	6,828
Deferred tax (note 16)	6,191	—
	23,112	6,828

Significant increase relates to the provision for restructuring of the retail management structure.

16. DEFERRED TAXATION

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

	Period ended 17 September 2022	*Period ended 18 September 2021*
	£'000	*£'000*
Accelerated capital allowances	2,128	2,382
Deferred tax on hedging	(7,492)	(1,250)
Other short-term timing differences	3,035	3,366
Rolled-over gains	(25,175)	(26,791)
IFRS 16 timing differences	21,313	23,233
	(6,191)	940

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

16. DEFERRED TAXATION (continued)

Presented as:

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021 £'000*
Deferred tax (liability)/asset	(6,191)	940

Movement in deferred tax (liability)/asset:

Balance at the beginning of the period	940	(6,754)
(Charge)/credit to Income Statement	(888)	8,615
(Charge)/credit to Other Comprehensive Income	(28,207)	2,567
(Charge) to Equity	21,964	(3,488)
Balance at the end of the period	(6,191)	940

17. CALLED-UP SHARE CAPITAL

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021 £'000*
Allotted, called up and fully paid:		
50 million (2021: 50 million) ordinary shares of £1 each	50,000	50,000

18. SHARE BASED PAYMENT RESERVE

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

The Associated British Foods plc 2016 Long Term Incentive Plan ('the LTIP") was approved and adopted by Associated British Foods plc at its annual general meeting held on 9 December 2016. It takes 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (continued)

18. SHARE BASED PAYMENT RESERVE (continued)

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

	Period ended 17 September 2022 No.	*Period ended 18 September 2021* No.
Exercised	48,011	—

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.

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.

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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (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 £20.0 million (2021: £18.3 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

	Period ended 17 September 2022 £'000	*Period ended 18 September 2021* £'000
(i) Capital		
Authorised and contracted for	37,495	33,221

(ii) Other commitments:
Forward contracts for various foreign currencies with a value of £803.4 million at agreement dates (2021: £480.1 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.

DocuSign Envelope ID: 7BB29E52-99E8-4F30-B87E-3536FB16D949

NOTES TO THE FINANCIAL STATEMENTS
for the period of 52 weeks ended 17 September 2022 (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.

	Commissions paid Period ended 17 September 2022 £'000	*Commissions paid Period ended 18 September 2021 £'000*
Selfridges & Co. Limited	—	51

Selfridges & Co. Limited was a related party of the Company due to common key management personnel in 2021 and ceased to be a related party in 2022.

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.