

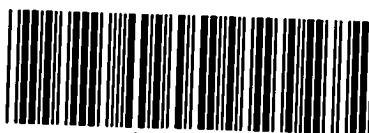
AB Mauri (UK) Limited

Strategic and Directors' report and financial statements

Registered number 02134749

31 August 2023

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Corporate information

Directors

N J Fawcett
N A Pierri

Secretary

R G Cahill

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Registered Office

Weston Centre
10 Grosvenor Street
London
W1K 4QY

Country of Incorporation

England and Wales

Domicile

United Kingdom

Legal form

Private Company limited by shares

Strategic report

The directors present their strategic report for the year ended 31 August 2023.

Review of the business

The principal activities of the Company are those of an investment holding company and the provision of management services to companies within the AB Mauri division of Associated British Foods plc (ABF). AB Mauri operates globally in the production and marketing of yeast and bakery ingredients. The directors anticipate that any future developments will relate to the Company's principal activities.

Results and performance

The results of the Company for the year, as set out on page 10, show a loss on ordinary activities before tax of £11.0m (2022: £20.7m). Shareholder's funds total £99.3m (2022: £116.2m).

The operating loss of £15.2m (2022: loss £20.9m) reflects the ongoing investment in strengthening the central management functions of the AB Mauri division.

Key performance indicators

The board monitors the progress of the Company principally by reference to the level of administrative expenditure incurred by the Company compared with prior periods:

	2023	2022
	£000	£000
Administrative expenses	27,448	21,634

The higher level of administrative expenses this year was due to an increase in wages and salaries driven by an increase in overall headcount, combined with increased incentives accrual as result of improved financial performance of the AB Mauri division.

Engaging with our stakeholders – Section 172 Statement

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

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
- Communities and Environment
- Governments
- Shareholders
- ABF plc and other group companies

Employees

The Company employs 113 people. 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 the Company undertook leadership updates, provided regular internal communications, Town Hall meetings and training. The directors review the outcome of these communications/events regularly, to focus resources on the areas where improvement would derive the most benefit for our people.

Strategic report (*continued*)

Stakeholders and engagement (*continued*)

Suppliers

Our Supplier Code of Conduct, which applies to all companies in the ABF Group, and which can be found on the ABF website, sets out our values and standards on how we work and engage with our suppliers on ethical, environmental and other relevant matters including on key issues such as payment practices, responsible sourcing, supply chain sustainability and human rights and modern slavery.

Communities and Environment

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

To achieve these goals the Company is acting to address environmental challenges on a regular basis, in conjunction with other ABF Group entities with which the Company shares resources.

Governments

The Company can be impacted by changes in laws and public policy including issues such as COVID-19. To mitigate the Company's exposure to such risks the directors engage with government authorities through being part of the broader ABF group, to contribute to, and anticipate, important changes in public policy.

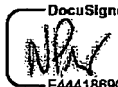
Shareholders

The Company reports up to its shareholders, and ultimately to the board of ABF plc, through reports to ABF Group senior management. The Company takes appropriate steps to ensure that its shareholder is kept up to date on key business activities and decisions.

Other ABF group entities

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

By order of the board

DocuSigned by:

E4441869036743E...
N A Pierri
Director

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

19 December 2023

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2023.

Dividends

The Company received a dividend of £12.1m (2022: £nil) from AB Mauri Europe Limited. The directors propose to transfer the loss on ordinary activities after taxation of £17.9m (2022: £22.4m) to retained earnings.

Directors and directors' interests

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

N J Fawcett
N A Pierri

Disclosure of information to auditor

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

Directors' Indemnities

The directors have benefited from the ABF Group's Directors and Officers Insurance policy.

Health and Safety

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

Streamlined Energy and Carbon Reporting

The Company is part of the Associated British Foods plc group of companies and shares offices with other companies within the group, in particular British Sugar plc the entity which owns and utilises the largest proportion of the Peterborough office space. For the reporting period, to the extent that the Company Limited would be regarded as a large company under the streamlined energy and carbon reporting requirements and would not be regarded as a low energy user (i.e., using less than 40,000kWh), it has not been practical to obtain the information specifically relating to the activities of the Company Limited as the entity being a head office company it utilises shared office space. Therefore energy use, emissions and examples of energy efficiency measures have been incorporated in the accounts of British Sugar plc.

As well as the British Sugar plc accounts, the accounts of the group parent company, Associated British Foods plc, have accounted for AB Mauri (UK) Limited's energy use and greenhouse gas emissions as reported in the Directors' Report / Annual Report and Accounts 2023 for the period 1 August 2022 to 31 July 2023. The energy and emissions data have been externally assured. The period for which the information is reported is different from the period in respect of which the Director's Report is prepared as the information is collated by the group for the period 1 August 2022 to 31 July 2023.

Within Associated British Foods plc and British Sugar plc's accounts, the GHG inventory is reported using the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as the framework for calculations and disclosure. Carbon conversion factors published by the UK's

Directors' report (continued)

Department for Business, Energy and Industrial Strategy (BEIS) in June 2022 and other internationally recognised sources are used.

Principal risks and uncertainties

The Company prepares a risk management assessment which is reported to the ABF plc Director of Financial Control annually. The Company maintains risk management policies to ensure compliance with all relevant legislation, health, safety and environmental obligations. Appropriate operational procedures and controls are put in place to mitigate risks and all employees are provided with appropriate information, training and supervision.

A full description of the principal risks and uncertainties applicable to the ABF plc group, of which this company is a subsidiary, are disclosed on pages 69 to 76 of the 2023 group Annual Report which is available at www.abf.co.uk.

Going concern


The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of twelve months from the date of signing of these financial statements. ABF Investments plc has also received a letter of support from its intermediate parent company, Associated British Foods 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 to 1 March 2025.

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

Auditor

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

By order of the board

DocuSigned by:

E4441689036743E...
N A Pierri
Director

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

19 December 2023

Directors' Responsibilities Statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of AB Mauri (UK) Limited

Opinion

We have audited the financial statements of AB Mauri (UK) Limited for the year ended 31 August 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 August 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern until 19 December 2024.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

- 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 (FRS 101 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 operations, including employees and GDPR.
- 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.
- 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. We performed procedures to test manual journals back to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing with a focus on unusual transactions, enquiries of legal counsel and enquiries of management.

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

Use of our report

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

Ernst + Young LLP

Kester Rogers (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
19 December 2023

Statement of comprehensive income
For the year ended 31 August 2023

	<i>Note</i>	2023	2022
		£000	£000
Administrative expenses		(27,448)	(21,634)
Other operating income		19,259	5,112
Other operating expenses		(7,002)	(4,371)
		<hr/>	<hr/>
Operating loss	4	(15,191)	(20,893)
Dividends receivable from group undertakings	7	12,118	-
Impairment of investment in group undertakings	7	(11,410)	-
Other interest receivable and similar income	8	4,879	463
Interest payable and similar charges	9	(1,438)	(234)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(11,042)	(20,664)
Tax charge on loss	10	(6,856)	(1,697)
		<hr/>	<hr/>
Loss for the financial year		(17,898)	(22,361)
Total comprehensive expense		(17,898)	(22,361)
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The notes on pages 13 to 29 form part of these financial statements.


AB Mauri (UK) Limited
Registered Number 02134749
Directors' and strategic report and financial statements
31 August 2023

Statement of financial position
At 31 August 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
				Restated	Restated
Non-current assets					
Intangible assets	11		3		1,443
Property, plant and equipment	12		362		268
Investments in subsidiary undertakings	13		3,010		75,483
Loan to fellow subsidiary undertaking	14		60,707		58,627
Total non-current assets			<u>64,082</u>		<u>135,821</u>
Current assets					
Debtors: amounts falling due within one year	15	75,679		8,694	
Creditors: amounts falling due within one year	16		<u>(25,711)</u>	<u>(28,316)</u>	
Net current assets/(liabilities)			<u>49,968</u>		<u>(19,622)</u>
Total assets less current liabilities			<u>114,050</u>		<u>116,199</u>
Creditors: amounts falling due over one year	17		(14,742)		-
Provisions	18		(21)		(24)
Net assets			<u>99,287</u>		<u>116,175</u>
Capital and reserves					
Called up share capital	19		249		249
Share premium account	20		76,260		76,260
Redemption reserve	20		1,500		1,500
Share based payment reserve	21		6,443		5,433
Retained earnings			14,835		32,733
Shareholder's funds			<u>99,287</u>		<u>116,175</u>

The notes on pages 13 to 29 form part of these financial statements.

These financial statements were approved by the board of directors on 19 December 2023 and were signed on its behalf by:

DocuSigned by:

 E4441889036743E...
N A Pierri
 Director

Statement of changes in equity
For the year ended 31 August 2023

		Called up share capital	Share premium account	Share- based payments reserve	Capital redemption reserve	Retained earnings	Total Equity
	Note	£000	£000	£000	£000	£000	£000
At 31 August 2021		249	76,260	4,795	1,500	55,094	137,898
Loss and total comprehensive expense for the year		-	-	-	-	(22,361)	(22,361)
Provision for the year	21	-	-	638	-	-	638
At 31 August 2022		249	76,260	5,433	1,500	32,733	116,175
Loss and total comprehensive expense for the year		-	-	-	-	(17,898)	(17,898)
Provision for the year	21	-	-	1,010	-	-	1,010
At 31 August 2023		249	76,260	6,443	1,500	14,835	99,287

Notes

(Forming part of the financial statements)

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

AB Mauri UK Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is Weston Centre, 10 Grosvenor Street, London W1K 4QY.

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Associated British Foods plc and its results are included in the parent company's consolidated financial statements. These consolidated financial statements are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. They are also available for download on the group's website at www.abf.co.uk.

The Company has taken advantage of the disclosure exemptions permitted by FRS 101 in relation to share-based payments, business combinations, non-current assets held for sale, financial instruments, fair value measurement, presentation of financial statements, statement of cash flows, accounting policies, changes in accounting estimates (standards not yet effective), related party disclosures and impairment of assets]. Where required, the equivalent disclosures are included in the consolidated financial statements of Associated British Foods plc.

Reclassification of loan to fellow subsidiary undertaking

To correct the accounting treatment adopted for the period ending 31 August 2022, loan to fellow subsidiary undertaking amounting to £58,627,000 has been restated in the balance sheet as part of non-current assets as the Company does not expect to realise the asset within twelve months after the reporting period. Previously, the said loan amount had been incorrectly classified under debtors falling due within one year rather than non-current assets.

This restatement does not have any impact on the loss including tax for the period ended 31 August 2022.

Going concern

As set out in note 23, the smallest group in which the results of the company are consolidated is that headed by Associated British Foods plc, which confirmed in the Annual Report and Accounts dated 7 November 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.

Notes (continued)**2. Accounting policies (continued)****Going concern (continued)**

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of 12 months from the date of signing of these financial statements. ABF Investments plc has also received a letter of support from its intermediate parent company, Associated British Foods 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 to 1 March 2025.

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

Other operating income and expenses

Other operating income and expenses comprises management fees and charges receivable from / payable to group companies during the period.

Intangible fixed assets and amortisation

Intangible fixed assets that are internally developed and purchased separately from the business are capitalised at their cost. Intangible assets are amortised in equal instalments over their estimated useful economic lives and in any event over no more than 10 years. The useful economic lives are reviewed at the end of each reporting period. Where they are revised, the carrying value of the intangible fixed asset at the date of the revision is amortised over the revised remaining economic life and the amortisation charge included in administrative expenses in the statement of comprehensive income.

Tangible fixed assets

Fixtures, fittings and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixtures, fittings and vehicles on a straight-line basis over its expected useful life of 3-7 years.

The carrying values of fixtures, fittings and vehicles are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of fixtures, fittings and vehicles is derecognised 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 the derecognition of the asset is included in the income statement in the period of derecognition.

Notes (continued)**2. Accounting policies (continued)****Investments**

Investments in subsidiaries are reported at cost less any provision for impairment, except for those investments hedged in accordance with IAS 21. These investments are treated as foreign currency assets from inception of the hedge and then revalued at each reporting date. Foreign exchange differences arising on such revaluations are recognised in the statement of comprehensive income.

Following the disposal of ABF Deutschland Holdings GmbH to a fellow subsidiary undertaking, the Company has ceased IAS 21 investment hedging.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Intercompany and other receivables

Intercompany and other receivables are amounts due for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Intercompany and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for uncollectable amounts. A provision for impairment is made through the Statement of Comprehensive Income when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other payables

Intercompany payables are obligations to pay for services acquired in the ordinary course of business. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Notes (continued)**2. Accounting policies (continued)****Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material provisions are discounted. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

Foreign currency translation

Transactions 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 contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

Derivative financial instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Retirement benefits

The Company is a member of the ABF Pension Scheme which operates both a defined contribution and a defined benefit pension scheme. Contributions to the defined contribution scheme are charged to the income statement as they become payable. The defined benefit scheme is a multi-employer scheme and the Company is unable to identify its share of underlying assets and liabilities on a consistent and reasonable basis. Contributions to the defined benefit scheme are therefore accounted for as if they were contributions to a defined contribution scheme.

Share-based payments

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

Income taxes

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.

Notes (continued)

2. Accounting policies (continued)

Income taxes (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

New accounting policies

The following accounting standards and amendments were adopted during the year and had no significant impact on the company:

- Amendments to IFRS 3 Definition of a Business;
- Amendments to IAS 1 and IAS 8 Definition of Material;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 1*; and
- Amendments to *References to the Conceptual Framework in IFRS Standards*.

The company is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the UKEB, these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKEB, the adoption date is less certain:

- IFRS 17 Insurance Contracts effective 2023 financial year
- Amendments to IAS 1 *Presentation of Financial Statements. Classification of Liabilities as Current or Non-current* effective 2023 financial year
- Disclosure of Accounting Policies (*Amendments to IAS 1 and IFRS Practice Statement 2*) effective 2024 financial year
- Amendments to IAS 8 *Definition of Accounting Estimates* effective 2024 financial year (not yet endorsed by UKEB);
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* effective 2024 financial year;
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before intended Use* effective 2023 financial year;
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* effective 2023 financial year (not yet endorsed by UKEB);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* effective 2022 financial year (endorsed by UKEB). Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories expected at the end of 2021.

Notes (continued)

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Capitalised development costs

Development costs are capitalised in accordance with the Intangible Assets accounting policy described on note 2. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future benefit of the assets and the expected period of benefits. At 31 August 2023, the amount capitalised in the year was £1,029,000 leaving a carrying amount of £nil (2022: £1,443,000) after being transferred to other fellow subsidiary undertakings.

Forecasts and discount rates

The carrying values of investments on the balance sheet are dependent on estimates of future cash flows arising from the Company's subsidiaries which, in some circumstances, are discounted to arrive at a net present value. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

4. Loss on ordinary activities before taxation

	2023	2022
	£000	£000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration – audit	351	269
Amortisation of intangible fixed assets	27	118
Depreciation of tangible fixed assets	117	116
Net foreign exchange differences	(88)	67

During the period, costs were recharged to AB Mauri (UK) Limited from the ABF group amounting to £nil (2022: £95,000). These costs were for professional fees relating to a project within the Mauri division in the China region for the restructure and sale of entities to a joint venture company.

5. Directors' remuneration

Key management, which is limited to the named directors of the company, received no emoluments in respect to their services to this company in either the current or prior period, as those services were inconsequential to the company.

Notes (continued)

6. Staff numbers and costs

The average number of persons (including directors) employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Staff	113	103

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	15,447	12,037
Share-based rewards	1,010	625
Social security costs	3,041	2,652
Other pension costs	847	717
	20,345	16,031
	20,345	16,031

Pensions

The company is a member of the Associated British Foods Pension Scheme (the "Scheme") which provides benefits based on final pensionable pay. As the company is unable to identify its share of the Scheme's assets and liabilities on a consistent basis, as permitted by IAS19: Employee Benefits ("IAS19"), the Scheme is accounted for by the Company as if it were a defined contribution scheme. On 30 September 2002 the Scheme was closed to new members and a defined contribution arrangement was put in place for other employees. The company's combined contribution to the defined benefit and defined contribution scheme for the year totalled £847,000 (2022: £717,000) and is recorded as a cost in the income statement.

Triennial valuations of the scheme are carried out on the basis of IAS19 by an independent qualified actuary for inclusion in the Associated British Foods plc group financial statements. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2023, using the current unit method, and revealed a surplus of £1,013m. The market value of the Scheme assets was £3,648m, representing 138% of members' accrued benefits after allowing for expected future salary increases. Full IAS 19 disclosures can be found within the annual report and accounts of the group, which are available for download from the group's website at www.abf.co.uk.

Notes (continued)**7. Dividends receivable from group undertakings**

Dividends receivable from group undertakings comprise the following:

	2023	2022
	£000	£000
AB Mauri Europe Limited	12,118	-
	<u> </u>	<u> </u>

Following the dividend payable noted above, the investment in AB Mauri Europe Limited was impaired by £11,410,000 to reflect the reduction in net assets of the subsidiary.

8. Other interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from fellow subsidiary entities	3,740	369
Foreign exchange gains	1,139	94
	<u> </u>	<u> </u>
	4,879	463
	<u> </u>	<u> </u>

9. Interest payable and similar charges

	2023	2022
	£000	£000
Interest payable to fellow subsidiary entities	(387)	(73)
Foreign exchange losses	(1,051)	(161)
	<u> </u>	<u> </u>
	(1,438)	(234)
	<u> </u>	<u> </u>

Notes (continued)**10. Taxation**

Analysis of tax charge in year:

	2023	2022
	£000	£000
Current Tax		
UK - Current tax on (loss)/income for the year	(7,398)	(2,043)
UK - Adjustments in respect of previous years	14,681	4,076
Overseas - Adjustments in respect of previous years	98	-
	<hr/>	<hr/>
Total current tax charge	7,381	2,033
Deferred Tax		
Origination/reversal of temporary differences	(129)	17
Effect of change in tax rate	(21)	6
Adjustments in respect of previous years	(375)	(359)
	<hr/>	<hr/>
Total deferred tax credit	(525)	(336)
	<hr/>	<hr/>
Total tax charge on loss on ordinary activities	6,856	1,697
	<hr/> <hr/>	<hr/> <hr/>

Total tax reconciliation.

	2023	2022
	£000	£000
Loss on ordinary activities before tax	(11,042)	(20,664)
	<hr/>	<hr/>
Nominal tax credit at UK corporation tax rate of 21.5% (2022: 19%)	(2,376)	(3,926)
Effect of change in tax rate	(21)	6
Expenses not deductible for tax	(2,642)	1,900
Dividends received not taxable	(2,607)	-
Group relief not paid for	98	-
Adjustments in respect of previous years	14,404	3,717
	<hr/>	<hr/>
Total tax charge	6,856	1,697
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)**10. Taxation (continued)****Factors affecting future tax charges**

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 UK deferred tax has been calculated accordingly.

11. Intangible Fixed Assets

	Development costs £000	Trademarks £000	Total Costs £000
Cost			
At beginning of the year	3,874	149	4,023
Additions	1,029	-	1,029
Disposals	(2,442)	-	(2,442)
At end of the year	<u>2,461</u>	<u>149</u>	<u>2,610</u>
Amortisation			
At beginning of the year	2,431	149	2,580
Charge for year	27	-	27
At end of the year	<u>2,458</u>	<u>149</u>	<u>2,607</u>
Net book value			
At 31 August 2023	<u>3</u>	<u>-</u>	<u>3</u>
At 31 August 2022	<u>1,443</u>	<u>-</u>	<u>1,443</u>

Capitalised development costs of £2,442,000 (2022: £1,411,000) were intangible assets that were not in use last year and, therefore, there was no amortisation on these costs. These assets were transferred to other fellow subsidiary undertakings in 2023.

Notes (continued)

12. Tangible Fixed Assets

	Fixtures, fittings & vehicles £000
Cost	
At beginning of the year	891
Additions	217
Disposals	(95)
	1,013
Depreciation	
At beginning of the year	(623)
Charge for year	(117)
Disposals	89
	(651)
Net book value	
At 31 August 2023	362
At 31 August 2022	268

Notes (continued)**13. Fixed Asset Investments**

	Investments in subsidiaries £000
Cost	
At beginning of the year	168,883
Foreign exchange	(71)
Disposal of investment	(96,422)
	72,390
Provisions	
At beginning of the year	(93,400)
Disposal of investment	35,430
Provision movement	(11,410)
	(69,380)
Net book value	
At 31 August 2023	3,010
	75,483
At 31 August 2022	75,483

In the opinion of the directors, the recoverable amount of the investments exceeds the amount at which they are recognised. As such, no impairment is required.

The investment in ABF Deutschland Holdings GmbH was disposed to a fellow subsidiary undertaking on 6 December 2022.

Following the dividend received noted in note 7, the investment in AB Mauri Europe Limited was impaired by £11,410,000 to reflect the reduction in net assets of the subsidiary.

Notes (continued)

13. Fixed Asset Investments (continued)

The companies in which the company has interest at the year-end are as follows:

Subsidiary Undertakings

Company name and registered office address	% effective holding
United Kingdom	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY	
AB Mauri Europe Limited	100
Mauri Products Limited	50
Venezuela	
Oficinas Once 3 (no 11-3) Once 4 (11-4), Torre Mayupan Centro Comercial San Luis Av Principal, Urbanizacion San Luis, cruce con Calle Comercio, Caracas, Venezuela	
Alimentos Fleischmann, C.A.	100

In relation to each undertaking, the underlying rights to shares are all held, ultimately, by the ABF Group (except as otherwise stated). Where any undertakings have different classes of shares, this is largely for historical reasons and the effective percentage holding referred to represents the group's holding of both voting rights and the total proportion of capital in each undertaking.

14. Loan to fellow subsidiary undertaking

	2023 £000	2022 £000 Restated
Loan to fellow subsidiary undertaking	60,707	58,627

Loan to fellow subsidiary undertaking comprises an unsecured non-instalment loan of £60,707,190 (2022: £58,627,000), denominated in £ Sterling, due from ABF Overseas Limited, a company within the ABF group. The loan is repayable on demand and attracts interest based on 6-month GBP EURIBOR plus 0.25%. At the year end the rate payable was 5.82%.

The directors consider unlikely for this loan to be repaid within the next 12 months. Therefore, this receivable has been classified as a non-current asset.

Notes (continued)**15. Debtors**

	2023	2022
	£000	£000
		Restated
Amounts owed by parent undertakings	69,408	5,078
Amounts owed by fellow group/subsidiary undertakings	1,745	883
Deferred tax assets	974	449
Other debtors	3,061	1,854
Prepayments and accrued income	491	430
	<u>75,679</u>	<u>8,694</u>

All debtors due within 12 months.

Deferred tax

Deferred tax assets comprise:

	2023	2022
	£000	£000
Accelerated capital allowances	38	53
Tax losses	574	-
Other short term temporary differences	362	396
	<u>974</u>	<u>449</u>

Movement in deferred tax assets:

	2023	2022
	£000	£000
At beginning of the year	449	113
Credit to income statement	525	336
	<u>974</u>	<u>449</u>

Notes (continued)

15. Debtors (continued)

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of tax losses of £nil (2022: £1,154,000) that have no expiration. These deferred tax assets were not recognised on the basis their future economic benefit was uncertain.

16. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	378	213
Amounts owed to fellow group/subsidiary undertakings – fair value hedge	-	14,489
Amounts owed to fellow group/subsidiary undertakings - other	14,242	8,442
Accruals and deferred income	11,091	5,173
	<u>25,711</u>	<u>28,317</u>

17. Creditors: amounts falling due over one year

	2023 £000	2022 £000
Amounts owed to fellow group/subsidiary undertakings	14,742	-
	<u>14,742</u>	<u>-</u>

Amounts owed to fellow group/subsidiary undertakings includes an unsecured non-instalment loan of £14,742,414 (2022: £14,489,000) from AB Mauri Netherlands European Holdings BV, a company within the Associated British Foods plc group. There was an amendment on the loan on 1st December 2022 to extend the repayment date, meaning the loan is now classified as non-current in the current period. This is repayable on 25 August 2027 and attracts interest based on 6-month EURIBOR plus 0.5% (with a maximum rate payable of 0.5%). At the year end the rate payable was 4.453%.

Following the disposal of ABF Deutschland Holdings GmbH to a fellow subsidiary undertaking on 6 December 2022, the Company has ceased IAS 21 investment hedging.

18. Provisions

	Other provisions £000	Total £000
At beginning of the year	(24)	(24)
Credited to the income statement for the year	3	3
	<u>(21)</u>	<u>(21)</u>

Notes (continued)

18. Provisions (continued)

Other provisions relate to an indemnity provided to a fellow subsidiary undertaking. During the year, £3,000 was credited to the income statement following reassessment of the underlying obligations relating to the indemnity.

19. Called up share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
80,000 Ordinary shares of £1 each	80	80
50,000 class A redeemable preference shares of £1 each	50	50
118,805 class B redeemable preference shares of £1 each	119	119
	249	249
	249	249

The £1 ordinary shares entitled the holder to participate, without restriction, in dividend distributions and in any surplus arising on return of capital.

The £1 class A redeemable preference shares are non-voting, are entitled to dividends at the absolute discretion of the directors in priority to those declared on the class B redeemable preference shares or ordinary shares, and will be repaid at the issue price on a return of capital.

The £1 class B redeemable preference shares are voting, are entitled to dividends at the absolute discretion of the directors in priority to those declared on the ordinary shares, and will be repaid at issue price on a return of capital.

Both the class A and class B redeemable preference shares were redeemable at any time at issue price in whole or in part at the option of the company. The company is required to give the relevant shareholders not less than seven days' notice of its intention to redeem, fixing a time and place for the redemption.

20. Share premium and reserves

Share premium

Share premium comprises the proceeds on issue of the company's equity share capital in excess of the nominal value.

Share-based payments reserve

Details on the share-based payments reserve are set out in note 21 below.

Capital redemption reserve

The capital redemption reserve relates to redemption of the share capital of the company during the year ended 30 June 1989.

Notes (continued)

21. Share based payments

The Company was part of the following ABF group equity-settled share-based payment plans during the period:

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

The weighted average fair value of conditional grants made is determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 1,544p (2022 – 1,837p) and the weighted average share price was 1,925p (2022 – 1,975p). The dividend yield used was 2.5% (2022 – 2.5%).

The company recognised a total equity-settled share-based payment expense of £1,010,000 (2022: £638,000) with a corresponding entry in equity.

Further information regarding the operation of the share incentive plans can be found in the financial statements of ABF plc which may be obtained from ABF plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. These financial statements are also available for download from the group's website at www.abf.co.uk.

22. Financial instruments

AB Mauri (UK) Ltd had designated its Euro intercompany loan with AB Mauri Netherlands European Holdings BV as a fair value hedge against a proportion of its Euro-denominated investment in AB Deutschland Holdings GmbH.

Following the disposal of ABF Deutschland Holdings GmbH to a fellow subsidiary undertaking on 6 December 2022, the Company has ceased IAS 21 investment hedging.

The fair value adjustments of the Euro loan were booked in the income statement to offset the revaluation of the designated portion of the hedged item.

23. Holding Company

The Company is a subsidiary undertaking of Associated British Foods plc (ABF) incorporated in Great Britain and registered in England and Wales. The immediate parent company is ABF Investments plc.

The ultimate parent company is Wittington Investments Limited, which is incorporated in the United Kingdom and registered in England and Wales.

The largest group of undertakings for which group accounts are drawn up (within which the results of the company are consolidated) and of which the company is a member is headed by Wittington Investments Limited. The smallest such group of undertakings is headed by Associated British Foods plc, which is incorporated in the United Kingdom 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 Wittington Investments Limited and Associated British Foods plc. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.