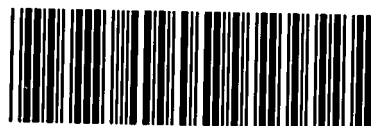


Cereform Limited

Annual report and financial statements for the
52-week period ended 26 August 2023

Company number 00346958

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Strategic Report for the 52-week period ended 26 August 2023

The Directors present their annual report and the audited financial statements for the 52-week period ended 26 August 2023.

Principal activities

The principal activity of the Company is the manufacture and sale of bakery ingredients.

Business review

Turnover increased by £23.6m to £137.6m. Price increases lagged prior year input cost inflation as customer contracts came up for renewal. As these contracts were repriced, the benefits came through strongly with little impact on volumes. Gross profit of £23.7m increased by £3.2m on the prior year.

Administration and distribution costs were £19.7m, £2.2m more than the prior year primarily due to inflationary employment and logistical cost pressures. Operating profit of £4.0m was up £1.0m on the prior year. The average number of employees increased from 295 to 301.

Principal risks and uncertainties

The principal uncertainties facing the Company are:

- the impact of fluctuating exchange rates on purchases and sales denominated in foreign currencies (management utilises contract hedging arrangements to minimise this risk); and
- the impact of fluctuating commodity prices affecting procurement.

A full description of the principal risks and uncertainties applicable to the Associated British Foods plc group, of which this company is a wholly owned subsidiary, are disclosed on pages 68 to 75 of the 2023 Annual Report, which is available at www.abf.co.uk.

Financial risk management

The Company's operations expose it to a variety of financial risks, which include price risk, credit risk, liquidity risk and foreign exchange risk. The policies set by the board of Directors are implemented by the Company's finance department.

Commodity price risk

The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of products.

Credit risk

Credit risk is the risk customers will default on their obligation to make payment for the product or services supplied. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. In some circumstances advance payments are required.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The risk is mitigated as the Company has access to intra-group finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

Strategic Report for the 52-week period ended 26 August 2023 (continued)

Financial risk management (continued)

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from commercial transactions.

Where there is a significant forecast net position in any foreign currency a significant proportion of that risk is covered by forward contract hedging arrangements, as appropriate.

Future developments

The Company aims to improve current profitability levels where possible and to mitigate the risks identified above.

Performance overview

	2023 £'000	2022 £'000
Revenue	137,551	113,986
Operating profit	4,014	3,037
Profit for the financial year	2,919	2,596
Shareholder's funds	36,087	33,426
Gross profit margin	17%	18%
Operating profit margin	3%	3%

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 pages 40 to 43 of the Associated British Foods plc Annual Report and Accounts 2023. Please also see the Associated British Foods plc Section 172 Statement on pages 40 to 45 of that document.

As part of the identification of key stakeholders, the Directors have identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:

- Employees
- Suppliers
- Customers
- Communities and environment
- Government and regulators
- Shareholder
- ABF and other group companies

Strategic Report for the 52-week period ended 26 August 2023 (continued)

Section 172 statement (continued)

Employees

We employ 301 colleagues across our seven locations, including some home-based roles. With such a fragmented team, communication and engagement is critical. Our people have been at the heart of our success and integral in building our business over the years. We have a stable, highly knowledgeable team who share our passion for our industry. The continuous communication, consultation, and engagement with our colleagues is very important, as it helps everyone understand how their contributions impact each other's roles and the overall business.

The Executive senior leadership carry out Employee Briefings and visit sites to engage our people in both formal settings and less formal interactions that encourages and fosters genuine two-way communication in an open and transparent manner. Employees are also invited to attend updates on the business performance and to ask any questions. We have established a number of mechanisms for engaging our people, including Newsletters, Suggestion Schemes, through the "Thrive" health and wellbeing programme, Safety Observations, management walk-about and Toolbox Talks to name a few.

Suppliers

Soya remains a critical ingredient for us, and we have worked with our suppliers to ensure that all the Soybeans we buy are from a certified sustainable source. We are also signed up to the UK Soy Manifesto and are committed to ensure all our soya is Deforestation Free by 2025.

Our Supplier Code of Conduct, which applies to all companies in the ABF group and which can be found on the ABF website (www.abf.co.uk), sets out our values and standards on how we work and engage with our suppliers 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.

Customers

Our aim is to be the supplier of choice for the bakery industry in the UK and Ireland.

Our diverse range of customer requirements drive our policy-making. We supply a very wide spectrum of bakery and food manufacturing businesses. Further to customer requirements, we ensure that our business decisions are aligned to fulfil our commitment to our employees' safety and wellbeing, sustainability of resources and quality policies. The Board and senior management teams are regularly updated on market requirements and customer needs through direct engagement with customers, our regular customer surveys and market insights.

Our aim is to deliver the most innovative, cost effective, nutritious and safe ingredients in line with market conditions through the challenging period in supply chain. Through the year we have faced volatility and inflation in raw materials and other input costs. To achieve consistent supply, flexibility and the ability to respond quickly to market dynamics has been crucial in maintaining the flow of products to allow our customers to maintain supply to their customers. In addition to daily challenges, we are continually improving our offering to ensure our customers remain at the forefront of technology and product quality. We are rigorous in our food safety, health and safety and environmental safety standards across the diverse range of activities in our manufacturing footprint.

Strategic Report for the 52-week period ended 26 August 2023 (continued)

Section 172 statement (continued)

Communities and Environment

We recognise and are fully committed to our responsibilities in contributing to a healthier and more sustainable society through our “Our World, Our Responsibility” framework.

We care deeply about our impact, and we have a number of practices in place that are aligned to our values - monitoring our water, energy, waste, noise and use of resources and adapting our operations to reduce our impact on our local communities and the environment. We have partnered with recycling companies to manage waste streams and encourage biodiversity, for example by reusing or recycling to achieve “Zero to Landfill”. Our Product Development teams continuously work on sugar and fat reduction formulations as well as working on healthy products in the protein, fibre and gut health fields. We have sponsored Breakfast Clubs in local primary schools for a number of years, providing much needed support for disadvantaged children, and we make charitable donations either directly or indirectly through employee initiatives. We have supplier assurance governance including Supplier Codes of Conduct and we actively seek to responsibly source products and draw materials. We have strong governance protocols, including a remuneration committee for employee reward, and Anti-bribery and Corruption, Competition Compliance and GDPR training programmes.

Governments

The Company can be impacted by changes in laws and public policy in areas such as climate and the environment or public health related matters. 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.

Shareholders

The Company reports to its shareholders, and ultimately to the board of Associated British Foods plc, through reports to the senior management of the business division of which the Company forms a part. The Company takes appropriate steps to ensure that its shareholders are 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 Associated British Foods plc and the Company’s accounts are consolidated into the Associated British Foods 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.

Strategic Report for the 52-week period ended 26 August 2023 (continued)

Section 172 statement (continued)

Principal decisions

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

Working with growers

A key ingredient for us is soya and we have worked with our suppliers to ensure that all the soybeans we buy are from a certified sustainable source. Canada is currently our main supply, but we are engaging with UK growers to develop soya as a viable crop and have contracted and processed UK-grown soya over the last two years. We continue to work with growers and are actively developing products that promote UK-grown soya and its use in plant-based meat alternatives.

Employee engagement

We have a health and safety at work programme supported by employee safety representatives, which actively encourages colleagues to share good practice and raise safety observations which enable us to collectively maintain and improve colleague safety, which is our first and most important priority as a leadership team. Additionally, we have our "Thrive" Health & Wellbeing programme within which we share information, raise awareness and signpost colleagues to appropriate help, supporting colleagues to bring their whole self to work.

By order of the board



D Parkin
Director

Date: 18th December 2023

Weston Centre
10 Grosvenor Street
London
W1K 4QY

Directors' Report for the 52-week period ended 26 August 2023

The Directors present their report and the audited financial statements of the Company for the 52 week period ended 26 August 2023.

Dividends

The Directors did not recommend the payment of a dividend (2022: £nil). No final dividend is proposed.

Research and development

The Company has a substantial new product development resource which focuses on the development of new recipes, and the use of new ingredients. The department supports field technical projects and works with our customers and other technical centres within the group.

Employees

The Company is committed to offering equal opportunities to all in recruitment, training and career development. Full and fair consideration is given to applicants with disabilities. Health and safety are considered equal in importance to that of any function of the Company and its business objectives emphasised by additional resource deployed in this area this financial year.

The Company will brief and consult its employees on a regular basis to understand their views and to achieve an awareness of the financial and economic factors affecting the performance of the Company.

Directors

The Directors, who held office during the period, and since the end of the period, were:

A M Pollard
M Devenuto
D R Parkin

Secretary

R G Cahill

United Kingdom charitable and political contributions

There were charitable donations of £4,000 (2022: £5,875) during the period. There were no political contributions paid (2022: £nil).

Creditor payment policy

It is the Company's policy to agree terms of business with suppliers prior to the supply of goods and services. In the absence of any dispute, the Company pays in accordance with these terms. At year end there were 25 days (2022:26 days) purchases in trade creditors.

Health and safety

The Company aims for its employees to Stay Accident Free Everyday (SAFE). The Company encourages its people to enjoy their work and to carry it out in a safe and comfortable environment and minimise the environmental impact of their business activities. The Company provides leadership, policies, training and guidance on what is expected to ensure that its aims are met, wherever people work and whatever their position in the organisation.

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

Directors' Report for the 52-week period ended 26 August 2023 (continued)

Health and safety (continued)

The Company encourages its people to help monitor the effectiveness of its approach by drawing attention to any failings or weaknesses in systems or procedures so that together they can continually improve performance. The Company believe that success in its health, safety and environmental performance is reliant on an effective partnership approach.

Each site has a representative committee able to address health, safety and environmental issues at the local level and ensure ongoing legal compliance. We encourage everyone to be proactively involved in their own and others' health and safety.

Streamlined Energy and Carbon Reporting

In compliance with UK reporting requirements (Streamlined Energy and Carbon Reporting), the Directors provide the Company's UK and greenhouse ("GHG") emissions data in the table below.

	2023	2022
Scope 1 emissions	3,315 tCO ₂ e	3,025 tCO ₂ e
Scope 2 emissions	1,456 tCO ₂ e	1,425 tCO ₂ e
Energy use	21,995,659 kWh	20,497,487 kWh
Emissions intensity (scopes 1 and 2 emissions)	35 tonnes of CO ₂ e per £1m of revenue	39 tonnes of CO ₂ e per £1m of revenue

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

The principal energy efficiency measures to reduce our carbon emissions this year include the ongoing replacement of existing lighting with energy-saving LED systems. The business has also reduced the use of third-party hauliers by combining on to their own vehicles therefore reducing carbon footprint for the hauliers.

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

Going concern

As set out in note 20, 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.

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 is subject to a letter of support from Associated British Foods plc 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.

Directors' Report for the 52-week period ended 26 August 2023 (continued)

Directors' indemnities

The Directors have benefited from the Associated British Foods plc group's Directors and officer's insurance policy.

Disclosure of information to auditors

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 auditors are unaware; and each Director has taken all the 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 auditors are aware of that information.

Auditors

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.

Engagement with employees

Details of how the Directors have engaged with employees and how the Directors have had regard to employee interests, and the effect of that regard including on the principal decisions taken by the Company are set out on pages 3 to 5.

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

Details 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 are set out on pages 3 to 5.

Subsequent Events

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

By order of the board



D Parkin
Director

Weston Centre
10 Grosvenor Street
London
W1K 4QY

Date: 18th December 2023

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Independent auditor's report to the members of Cereform Limited

Opinion

We have audited the financial statements of Cereform Limited for the period 52-weeks ended 26 August 2023, which comprise the Income statement, Statement of comprehensive income, Balance sheet, Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 26 August 2023 and of its profit for the 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 12 months from the date of approval of these financial statements.

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

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.

Independent auditor's report to the members of Cereform Limited (continued)

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 there is 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 during 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 the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained during 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 10, 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.

Independent auditor's report to the members of Cereform Limited (continued)

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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Financial Reporting Standard 101, HM Revenue & Customs regulations and other UK Tax Legislation.
- We understood how the company is complying with those frameworks by considering the potential for override of controls or other inappropriate influence over the financial reporting process (such as efforts by management to manage earnings), understanding the culture of honesty and ethical behaviour within the company over our term as auditor of the company, and observing whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place. Our understanding of the controls present within the company has also evidenced a high level of fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding which areas of the business present potential fraud risk areas (through assessing the presence of opportunities, incentives or potential rationalisation to commit such acts of fraud), understanding where these risks could present themselves and subsequently identifying the process level controls in place to prevent, or detect and correct them. Combining this with our understanding of entity level controls, which have evidenced management's behaviour and the culture embedded within the company, we have gained a detailed understanding of the overall susceptibility to fraud.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved direct enquiries with those charged with governance. In addition, we performed detailed testing around manual journals for identified fraud risks, corroborating balances where necessary to underlying supporting documentation. The results of this procedure did not identify any such instances of irregularities, including fraud.

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..

Independent auditor's report to the members of Cereform Limited (continued)

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
Cambridge, UK
Date: 18th December 2023

Income Statement
for the 52-week period ended 26 August 2023

	<i>Note</i>	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
Revenue	3	137,551	113,986
Cost of sales	11	(113,859)	(93,475)
		<hr/>	<hr/>
Gross profit		23,692	20,511
Administrative expenses		(13,407)	(11,614)
Distribution costs		(6,271)	(5,860)
		<hr/>	<hr/>
Profit from operations	4	4,014	3,037
Interest payable and similar charges	7	(83)	(21)
		<hr/>	<hr/>
Profit before tax		3,931	3,016
Tax expense	8	(1,012)	(420)
		<hr/>	<hr/>
Profit		<u>2,919</u>	<u>2,596</u>

All revenue and operating profit is derived from continuing activities. The notes on pages 19 to 36 form part of these financial statements

Statement of comprehensive income
for the 52-week period ended 26 August 2023

		52-week period ended 26 August 2023 £000	52-week period ended 27 August 2022 £000
Profit for the financial period	Note	2,919	2,596
Items that may be reclassified subsequently to profit or loss:			
Movement in cashflow hedging position	19	(58)	198
Deferred tax associated with movement in cashflow hedging position		86	(50)
		-----	-----
Other comprehensive income for the period		28	148
		-----	-----
Total comprehensive income for the year		<u>2,947</u>	<u>2,744</u>

Balance sheet
at 26 August 2023

	<i>Notes</i>	26 August 2023 £'000	27 August 2022 £'000
Fixed Assets			
Intangible assets	9	1,700	3,367
Tangible assets	10	10,766	10,959
Right-of-use assets	18	1,508	2,391
		13,974	16,717
Current assets			
Inventories	11	15,641	17,567
Trade and other receivables	12	23,756	19,925
Cash at bank and in hand		2,624	2,141
		42,021	39,633
Creditors: amounts falling due within one year	13	(18,259)	(20,596)
Net current assets		23,762	19,037
Total assets less current liabilities			
Provisions for liabilities and charges	14	(797)	(891)
Long term lease obligations	18	(852)	(1,437)
Net assets		36,087	33,426
Capital and reserves			
Called up share capital	15	100	100
Retained earnings		36,097	33,178
Hedging reserve	19	(110)	148
Shareholders' funds		36,087	33,426

Registered No: 00346958

Notes on pages 19 to 36 form part of the financial statements.

These financial statements were approved by the board of Directors on 18th December 2023 and were signed on its behalf by:



D Parkin
Director

Statement of changes in equity
for the year ended 26 August 2023

	Share capital £'000	Hedge Reserve £'000	Retained earnings £'000	Total equity £'000
At 28 August 2021	100	-	30,582	30,682
Total comprehensive income for the year	-	148	2,596	2,744
At 27 August 2022	100	148	33,178	33,426
Total comprehensive income				
Profit for the financial period	-	-	2,919	2,919
Other comprehensive income for the period	-	28	-	28
	-	28	2,919	2,947
Inventory cash flow hedge movement				
Amounts transferred to cost of inventory	-	(286)	-	(286)
Total inventory cash flow hedge movement	-	(286)	-	(286)
At 26 August 2023	100	(110)	36,097	36,087

Notes to the financial statements for the 52-week period ended 26 August 2023

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

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

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements of Cereform Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

The Company has taken advantage of the disclosure exemptions permitted by FRS 101 in relation to:

- 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.

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Going concern

As set out in note 20, 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.

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 is subject to a letter of support from Associated British Foods plc 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.

Leases

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

Right-of-use assets

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

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

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

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Lease liabilities

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

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

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

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

The carrying amount of lease liabilities is also 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 Group applies the short-term lease recognition exemption to 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 considered uniformly low-value.

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

Fixed assets and depreciation

Depreciation, calculated on cost, is provided on a straight-line basis over the expected useful economic life of the asset as follows:

Freehold buildings	-	50 years
Plant, machinery, fixtures and fittings	-	2 - 12 years
Vehicles	-	3 years

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Intangible assets – goodwill

Acquired goodwill relates to the consideration paid on acquisitions, less the fair value of net assets acquired.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable assets, is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administration expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the Directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognising for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than the operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Intangible assets – other

Intangible assets acquired through the acquisition of Fleming Howden and Holgran in 2018 are amortised over the useful economic life of 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Impairment of 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.

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 account.

Research and development

Expenditure in respect of research and development is written off in the period in which it is incurred. This amounted to £2,795,000 (2022: £2,261,000).

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision against obsolete and slow-moving items and a first in first out basis. In the case of finished goods manufactured by the Company, the term 'cost' includes ingredients, direct production labour and an appropriate proportion of attributable production overheads and is a weighted average cost.

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Taxation

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted, or substantively enacted at the balance sheet date.

Group relief

It is the policy of the group to which the Company belongs to charge for tax losses surrendered by way of group relief at a rate of UK corporation tax enacted at the date the companies' profits were earned.

Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement account represents the contributions payable to the scheme in respect of the accounting period.

The Company is also a member of the Associated British Foods plc pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. As the Company is unable to identify its share of the scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 101, the scheme has been accounted for as if it were a defined contribution scheme. The pension charge for the period represents the contributions payable by the Company to the scheme.

Financial instruments: initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. After initial measurement, such financial assets are subsequently measured at amortised cost, less impairment. The losses arising from impairment are recognised in the statement of profit or loss in administration expense. Loans and receivables are derecognised when repaid.

This generally applies to debtors and cash at bank and in hand.

Financial liabilities carried at amortised cost

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Cash flow hedges

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Notes to the financial statements for the 52-week period ended 26 August 2023

2 Accounting policies (continued)

Judgements and key sources of estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets, liabilities, revenues and expenses. However, the nature of estimation means that the actual outcomes may differ from the estimates. The key judgement and uncertainty arises from:

- Impairment of stock – the Company holds significant levels of stock. Management make judgements about the net realisable value of stock, thereby identifying the need for an impairment provision;
- Expected credit loss – management makes judgements about the recoverability of debtors and provide for any specific bad debts based on the probability of the customers' ability to pay using past history and specific industry credit reports;
- Rebates – the Company provides for rebates based on signed negotiated commercial terms with customers. Management are required to estimate the liability based on these terms;
- Goodwill and other intangible assets are assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired. Management determines the recoverable amount using a value in use calculation based on cash flow projections approved by the board. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Notes to the financial statements for the 52-week period ended 26 August 2023

3 Segmental information

The table below sets out turnover for each of the Company's geographic areas of operation:

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
UK	127,849	107,068
Rest of Europe	9,654	6,885
Rest of World	48	33
	<u>137,551</u>	<u>113,986</u>

In the opinion of the directors, the company operates in only one business segment, being the manufacture and sale of bakery ingredients.

4 Operating profit

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
<i>Operating profit is stated after charging / (crediting):</i>		
Depreciation and other amounts written off owned tangible fixed assets:	1,762	1,545
Amortisation of intangible assets	1,667	1,999
Depreciation on right-of-use assets	883	887
Research and development expenditure	2,795	2,261
Net foreign exchange gains	(96)	(30)
	<u>55</u>	<u>46</u>
Amounts receivable by the auditors and their associates with respect to the audit of these financial statements		

The auditors do not provide any non-audit services.

Notes to the financial statements for the 52-week period ended 26 August 2023

5 Directors and employees

The average number of persons employed by the Company (excluding Directors) during the period was:

	52-week period ended 26 August 2023	52-week period ended 27 August 2022
Production	117	111
Administrative	184	184
Average number of employees	<u>301</u>	<u>295</u>

The aggregate staff costs of these persons were as follows:

	£'000	£'000
Wages and salaries	12,838	12,165
Social security costs	1,475	1,350
Other pension costs	1,300	1,318
	<u>15,613</u>	<u>14,833</u>

In the current and prior periods two Directors were remunerated for their services to the Company.

The remaining Directors who held office during the current and prior periods are employed and remunerated by other companies within the ABF group. None of their remuneration was deemed to be directly for their services to the Company.

	£'000	£'000
<i>Directors' emoluments</i>		
Remuneration	396	532
Pension contributions	13	45
	<u>409</u>	<u>577</u>

During the current year no Directors participated in a defined benefit pension scheme.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £234,000 (2022: £257,000), and Company pension contributions of £Nil (2022: £28,263) were made to a defined benefit scheme, under which his accrued pension at the year-end was £Nil (2022: £45,426).

Notes to the financial statements for the 52-week period ended 26 August 2023

5 Directors and employees (continued)

The Company's net holiday accrued but not yet taken was £nil (2022: £nil). The Company operates a calendar year holiday model where employees are required to have taken all holidays by 31 December.

The Company participates in paying the Apprenticeship Levy, starting in April 2017. £65,910 was paid for in the year (2022: £60,285).

6 Pensions

The parent group's final salary pension costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of Associated British Foods plc.

The Company is a member of the Associated British Foods plc pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 101 the scheme has been accounted for by the Company as if the scheme is a defined contribution scheme. The pension charge for the period represents the contributions payable by the Company to the scheme and amounted to £564,000 (2022: £475,000).

On 30 September 2002 the scheme was closed to new members, with defined contribution arrangements introduced for new members. For the defined contribution scheme, the pension costs are the contributions payable by the Company to the scheme and amounted to £736,000 (2022: £562,000). Pension costs prepaid at the period end were £nil (2022: £nil).

Full IAS 19 disclosures can be found within the Associated British Foods 2023 annual report and accounts which are available for download on the group's website at www.abf.co.uk. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2023.

7 Other interest income and expense

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
Payable to fellow group companies	(83)	(21)

Notes to the financial statements for the 52-week period ended 26 August 2023

8 Taxation

(a) Analysis of charge in period:

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	1,163	772
Prior period adjustments	(119)	(49)
Total current tax	<u>1,044</u>	<u>723</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	(327)	(237)
Effect of change in tax rate	(54)	(75)
Prior period adjustments	349	9
Tax on profit on ordinary activities	<u>1,012</u>	<u>420</u>

(b) Factors affecting the tax charge for the current period

The total tax charge for the period is different from the standard rate of corporation tax in the UK of 21.5% (2022: 19.0%). The differences are explained below:

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
<i>Total tax reconciliation</i>		
Profit on ordinary activities before tax	3,931	3,016
Current tax at 21.5% (2022: 19.0%)	<u>844</u>	<u>573</u>
<i>Effects of:</i>		
Effect of rate change	(54)	(75)
Expenses not deductible / (income not taxable)	(8)	(38)
Adjustments to tax charge in respect of previous periods	230	(40)
Total tax charge	<u>1,012</u>	<u>420</u>

The UK corporation tax rate increased from 19% 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.

Notes to the financial statements for the 52-week period ended 26 August 2023

9 Intangible assets

	Customer Relationships	Goodwill	Other Intangibles	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At beginning of period	9,600	1,700	400	11,700
At end of period	9,600	1,700	400	11,700
<i>Amortisation</i>				
At beginning of period	8,000	-	333	8,333
Charge for the period	1,600	-	67	1,667
At end of period	9,600	-	400	10,000
<i>Net book value</i>				
At 26 August 2023	-	1,700	-	1,700
At 27 August 2022	1,600	1,700	67	3,367

The amortisation period for Customer relationships and other intangibles (Technical based Manufacturing processes) covers a five year period of which there were zero years remaining as at 26th August 2023.

The recoverable amount of the goodwill in relation to these businesses has been determined using a value in use calculation using cash flow projections based on financial estimations approved by the board covering a five year period. No impairment is required as a result of these calculations.

Notes to the financial statements for the 52-week period ended 26 August 2023

10 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
<i>Cost</i>					
At beginning of period	2,494	36,326	3,303	1,291	43,414
Additions	-	-	-	1,664	1,664
Disposals	-	(645)	-	-	(645)
Transfers	-	1,361	258	(1,619)	-
At end of period	<u>2,494</u>	<u>37,042</u>	<u>3,561</u>	<u>1,336</u>	<u>44,433</u>
<i>Depreciation</i>					
At beginning of period	(1,146)	(28,982)	(2,327)	-	(32,455)
Charge for the period	(49)	(1,511)	(200)	-	(1,760)
On disposals	-	548	-	-	548
At end of period	<u>(1,195)</u>	<u>(29,945)</u>	<u>(2,527)</u>	<u>-</u>	<u>(33,667)</u>
<i>Net book value</i>					
At 26 August 2023	<u>1,299</u>	<u>7,097</u>	<u>1,034</u>	<u>1,336</u>	<u>10,766</u>
At 27 August 2022	<u>1,348</u>	<u>7,344</u>	<u>976</u>	<u>1,291</u>	<u>10,959</u>

The gross book value of land and buildings includes £485,000 (2022: £485,000) of non-depreciable assets. These are all owned freehold.

11 Stocks

	26 August 2023 £'000	27 August 2022 £'000
Raw materials and consumables	6,401	8,532
Finished goods and goods for resale	9,240	9,035
	<u>15,641</u>	<u>17,567</u>

Stocks are carried at lower of cost and net realisable value. Stocks are stated after provisions for impairment of £975,000 (2022: £557,000).

During the year, £93.9m (2022: £76.3m) was recognised in cost of sales as an expense for inventories.

Notes to the financial statements for the 52-week period ended 26 August 2023

12 Debtors

	26 August 2023 £'000	27 August 2022 £'000
Trade debtors	20,595	18,360
Amounts owed by group undertakings	844	644
Other debtors	1,512	176
Prepayments and accrued income	790	616
Derivative assets	15	129
	<u>23,756</u>	<u>19,925</u>

Trade debtors are stated after net credit loss of £168,000 (2022: £218,000). The amounts owed by other group undertakings are unsecured, non-interest bearing and due within 6 months of the financial year end.

13 Creditors: amounts falling due within one year

	26 August 2023 £'000	27 August 2022 £'000
Trade creditors	7,445	7,897
Amounts owed to group undertakings	3,413	4,127
Other tax and social security	5	364
Accruals and deferred income	6,490	7,321
Other creditors	-	4
Derivative liability	284	-
Lease liability (note 18)	622	883
	<u>18,259</u>	<u>20,596</u>

14 Provisions for liabilities and charges

	Dilapidations £'000	Deferred Taxation £'000	Total £'000
At beginning of the period	100	791	891
Credit to the income statement	-	(8)	(8)
Credit to other comprehensive income	-	(86)	(86)
	<u>100</u>	<u>697</u>	<u>797</u>

The Company recognises a provision for dilapidations at all leased properties.

Notes to the financial statements for the 52-week period ended 26 August 2023

15 Called up share capital

	26 August 2023		27 August 2022	
	Number	£'000	Number	£'000
<i>Allotted, called up and fully paid</i>				
"A" Ordinary share of £1 each	75,000	75	75,000	75
"B" Ordinary shares of £1 each	25,000	25	25,000	25
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

The 'A' and 'B' shares are ordinary shares of £1 each and rank pari passu in all respects.

16 Contingent liabilities

	52-week period ended 26 August 2023 £'000	52-week period ended 27 August 2022 £'000
Trading guarantees	<u>1,360</u>	<u>1,360</u>

No security had been given against these contingent liabilities.

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

17 Capital commitments

There are commitments for capital expenditure by the Company of £137,072 (2022: £208,771) for which no provision has been made in these financial statements.

Notes to the financial statements for the 52-week period ended 26 August 2023

18 Leases

Right-of-use assets	Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
<i>Cost</i>			
As at 27 August 2022	2,743	1,756	4,499
	<hr/>	<hr/>	<hr/>
As at 26 August 2023	2,749	1,750	4,499
	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>			
As at 27 August 2022	(1,448)	(660)	(2,108)
Depreciation for the year	(536)	(347)	(883)
	<hr/>	<hr/>	<hr/>
As at 26 August 2023	(1,984)	(1,007)	(2,991)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
As at 27 August 2022	1,295	1,096	2,391
	<hr/>	<hr/>	<hr/>
As at 26 August 2023	765	743	1,508
	<hr/>	<hr/>	<hr/>
Lease liabilities	Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000
<i>Cost</i>			
As at 27 August 2022	1,289	1,031	2,320
Transfers	(83)	83	-
Interest expense	(6)	(3)	(9)
Repayments	(489)	(348)	(837)
	<hr/>	<hr/>	<hr/>
As at 26 August 2023	711	763	1,474
	<hr/>	<hr/>	<hr/>
Current			622
Non-current			852
			<hr/>
As at 26 August 2023			1,474
			<hr/> <hr/>

Notes to the financial statements for the 52-week period ended 26 August 2023

19 Hedging reserve

	2023	2022
	£000	£000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Opening balance on hedging reserve	148	-
Amounts transferred to cost of inventory	(286)	-
Movement in cashflow hedging position	(58)	198
Deferred tax on hedging reserve	86	(50)
Other comprehensive income for the period	28	148
Closing balance on hedging reserve	(110)	148

As at 26th August 23 the company had contracts in place to buy EUR 17,753,000 at an average rate of 0.876 (£15,558,729) and USD 494,000 at an average rate of 0.788 (£389,340). All contracts mature within 1 year.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy.

20 Ultimate parent Company

The immediate holding Company is A.B.F. Holdings Limited, 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 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.

21 Subsequent events

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