

AB Agri Limited
Annual report and financial statements
For the year ended
31st August 2023

Registered no: 00193800



AB Agri Limited

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AB Agri Limited

Directors and other information

Directors

SM Gurvis
JJ Nobre
SM Heath
K Brown
KJ Kiriakopoulos
P Martel
IJ Wellock

Secretary

RG Cahill

Registered office

Weston Centre
10 Grosvenor Street
London
W1K 4QY
United Kingdom

Auditor

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Company registration number

00193800

AB Agri Limited

Strategic report

Business review

The revenues of AB Agri Limited (the "Company") were up 5% against the same period last year driven by pricing taken to mitigate input cost inflation. However, inflation and challenging market conditions offset this resulting in decreased operating profits. As a result of these challenging market conditions, operating loss for the year was £17m.

There was a decline in the size of the European pig and poultry sectors as a result of disease and high cost of inputs, reducing sales volumes and margins in our compound feed and starter feed businesses. The dairy sector was more resilient, and we saw higher revenues and profits in our businesses serving that sector. AB Vista, our international feed additives business, traded robustly with sales and profits both slightly higher.

We believe there is an opportunity to develop a unique full-service offer to the dairy sector. In August 2023 we completed the acquisition of National Milk Records for £48m which provides services to the dairy supply industry including testing services and management information which are complementary to the Company's existing services. This follows our acquisition in November 2022 of Kite Consulting and Advance Sourcing which also serve customers in this sector.

There is considerable opportunity for growth by strengthening our position in current markets, expanding into new markets, making greater use of data and technology both for our businesses and for our customers' operations, investing in new proteins, and building on our established position of strength in the dairy industry.

Research and development

The Company continued its expenditure on research and development with expenditure during the period of £4,656,000 (2022: £6,279,000).

Risks and uncertainties

Treasury operations and commodity procurement are conducted within a clearly defined framework of board-approved policies and guidelines to manage the Company's financial and commodity risks. Financial risks arise through exposure to foreign currencies, interest rates and counterparty credit. Commodity risks arise from the procurement of raw materials and the exposure to changes in market prices.

AB Agri Limited

Strategic report *(continued)*

Credit risk is the risk that a counterparty will default on its contractual financial obligations resulting in a loss to the Company. Credit risk arises from cash balances, credit exposures to customers including outstanding receivables, derivative financial instruments, and financial guarantees. Credit risk is managed at both a group and company level according to internal guidelines, with businesses responsible for their exposure to customer credit risk.

Commodity and energy price risk is the risk that changes in commodity and energy prices can have a material impact on the Company's operating results, asset values and cash flows. The Company purchases a wide range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate and manage these exposures with exchange traded contracts and hedging instruments. The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.

Interest rate risk represents the risk of rates increasing causing a higher charge in the Statement of comprehensive income. The Company holds no external loans and therefore the risk is mitigated. Interest costs are limited to those charged via intercompany transactions and therefore the wider Associated British Foods group has control over this risk.

Foreign currency risk is the risk of a significant impact due to fluctuations in foreign exchange rates. The company operates in numerous countries and the risk is mitigated by hedging via forward contracts when there is a large transaction in foreign currency. This is conducted within a clearly defined framework of board-approved policies and guidelines to manage the risk.

Engaging with our stakeholders – Section 172 Statement

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

The Company is a subsidiary of Associated British Foods plc and, as such, the Company has adopted and directors have due regard to applicable group policies and procedures which impact on the Company's stakeholders. Please also see the Associated British Foods plc Section 172 Statement on pages 40 to 45 the Associated British Foods plc Annual Report and Accounts 2023.

AB Agri Limited

Strategic report *(continued)*

Stakeholders and engagement

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

- Employees
- Suppliers
- Customers
- Communities and Environment
- Governments
- Shareholders
- Associated British Foods plc and other ABF group companies

Employees

The Company employs 1,321 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. Key issues include health and safety, diversity and inclusion, and engagement and development. During the reporting period, the Company undertook regular engagement surveys, provided leadership updates, provided regular internal communications (such as emails, intranet, or magazines), Health & Safety programmes, Town halls and training. The directors review the outcome of these communications annually to focus resources on the areas where improvement would derive the most benefit for our people.

Suppliers

We utilise a range of suppliers with many complex supply chains. Our Supplier Code of Conduct, which applies to all companies in the Associated British Foods group and which can be found on the Associated British Foods 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. The Company engaged with suppliers through regular conversations both virtually and face-to-face.

Customers

We manufacture animal feed, create nutrition and technology-based products, and offer our customers data services for the agri-food industry. The safety of our products and services is of paramount importance to the Company. Other key issues include availability of products, impact on the environment, and customer relations. The Company engages with its customers through customer surveys, labelling, social media, and customer information lines, ensuring their feedback is properly considered.

AB Agri Limited

Strategic report *(continued)*

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 has a target zero initiative and 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 on climate change and is working hard to reduce energy use, reduce greenhouse gas emissions, manage waste, improve water management, using environment-friendly packaging and reducing or eliminating use of single-use plastic where possible.

Governments

The Company can be impacted by changes in laws and public policy including issues such as tax and business rates, energy support schemes, agricultural and trade policy and climate and environmental 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 up to its shareholders, and ultimately to the board of Associated British Foods plc. 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.

AB Agri Limited

Strategic report (continued)

UK Mandatory Climate Disclosures

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

Governance

The Company is a subsidiary of Associated British Foods plc ("ABF"). In ABF's diversified group, climate-related targets are set by each business based on its material risks and what is relevant and achievable for it. The AB Agri Climate Change Steering Committee is responsible for identifying and managing climate risks and opportunities, in coordination with the individual business units. A quarterly update is formally provided to the chief executive and all business unit managing directors. The chief financial officer has overall accountability for Climate risks and opportunities within the business. Oversight is provided by the chief executive of the division to which the Company belongs to the ABF Board as described in the TCFD statement on pages 83 to 93 of the ABF 2022 Annual Report. The ABF Board received two updates on climate-related risks in the 2023 financial year.

The Company identifies climate-related risks and opportunities and captures them within the responsibility section of the AB Agri Risk Register, which is updated routinely through the year, but reviewed in its entirety at least annually.

Risk Management

The Company's risk management process is aligned with the ABF group's risk management framework as set out on pages 57 to 59 of the ABF 2023 Annual Report. As part of ABF's TCFD implementation in 2022, we participated in a divisional climate-related risk and opportunities assessment. We have updated this as part of our risk management process and will continue to do this as required.

We worked with ABF and third-party experts to develop an initial list of climate-related physical and transition risks and opportunities that would impact the business in line with TCFD framework. ABF held climate risk and opportunity workshops to prioritise risks and opportunities for scenario analysis. Selection criteria included the importance of those risks and opportunities to ABF businesses. We have not performed scenario analysis.

Strategies, Metrics and Targets

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

Term	Years	Rationale
Short term	2025	Mid-decade
Medium term	2030	Aligned with ABF, setting targets for emission reduction by 2030
Long term	2050	2050 is consistent with many national and industry targets

AB Agri Limited

Strategic report (continued)

Climate Risk Title	Category	Description and potential impact to the business	Response / Mitigating Actions	Time Horizon	Metrics & Targets
Increased occurrence of extreme weather events such as flooding, drought, precipitation and heavy	Physical; acute	Reduced availability of critical raw materials	Strategic stock management of critical raw materials and contingency plans Business continuity planning	Short	Currently no metric in place, but this will be established next year.
Extreme temperatures	Physical; chronic	Extremes of temperature have increased in frequency since 2000 and are likely to continue with increased frequency. This leads to: - Plant operational difficulties due to heat, snow or flooding - Localised crop failure - Movement/changes of crop growth areas	Adequate insurance policy (global and local) to cover risk. Equipment and building specification adapted to include this risk. Long term view of global commodity sourcing.	Long	Currently no metric in place, but this will be established next year.
Water stress	Physical; chronic	Five operating sites (three in China and two in the UK) are in areas of water stress as defined by the WRI Aqueduct and WFI Water Risk Filter Tools.	Overall water use at site is low and hence minimal risk.	Long	WRI Aqueduct and the WFI Water Risk Filter Tools (reviewed every two years, last updated 2022).
Changing consumer choice	Transition; market	Moving away from animal-based proteins as a consequence of perception of the risks associated with animal health and welfare, and climate.	Influence to produce valid and accurate scientific data. Carbon reduction initiatives around methane inhibitors, manure management, future nutrition.	Medium	Currently no metric in place, this is something we will continually assess.

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Strategic report (continued)

Climate Opportunity Title	Category	Description and potential impact to the business	Response / Mitigating Actions	Time Horizon	Metrics & Targets
On Farm Carbon measurement	Market	Meeting customer needs by mapping carbon impact of all our animal nutrition products.	<p>Understand carbon values of all our raw materials initially through membership of the GFLI (Global Feed Life Cycle Institute).</p> <p>Influence policy and industry to ensure alignment in methodology and datasets.</p> <p>Building LCA knowledge and capability within our commercial and technical teams.</p>	Currently short-term opportunities	<p>Training all commercial and technical teams by Dec-23.</p> <p>Measuring PEF completion for all animal nutrition products, due by end of 2027.</p>
	Market	Customer on-farm carbon footprint assessments, providing carbon calculations.	Continue to evolve the calculation tool, first initiated >15 years ago.	Currently short-term opportunities	Running total of assessments from Day 1 (2007) to date
Renewable Energy	Market	Generating energy by anaerobic digestion from waste food, with financial benefit from the energy produced together with use of PAS110 digestate as a replacement for chemical fertilisers.	<p>Assigning bio-methane potential values to different types of food wastes, to optimise performance from the AD plant.</p> <p>Development of additives to enhance production of bio-methane from AD plants.</p> <p>Investment in plastic removal processes to ensure PAS110 status of digestate is maintained.</p>	Currently short-term opportunities	kWh gas production
Animal Feeds	Market	Alternative proteins using carbon dioxide emissions as feedstock.	<p>Micro-algae pilot plant based in Wissington.</p> <p>Testing a new technology to take emissions out of the air and convert them into high value protein.</p> <p>Prove technical and economic viability for scale up.</p>	Medium	Currently no metric in place, but this will be established next year.
	Market	NovaPro - High energy rumen protected rapeseed expeller, that can be used as a replacement to soya bean meal with a lower carbon footprint.	<p>All UK grown rapeseed. Evaluating other products against NovaPro.</p> <p>3rd party Life Cycle Assessment completed.</p>	Medium	Currently no metric in place, but this will be established next year.

AB Agri Limited

Strategic report *(continued)*

Principal decisions

In making decisions throughout the course of the financial year, there was a need to ensure that the consequences of decisions were the right thing for promoting the long-term success of the Company, as well as having regard to maintaining a reputation for high standards of business conduct. Some examples are provided in this section of principal decisions that were taken during the year and how stakeholder views were considered and impacted on those decisions.

Decision to expand with the acquisition of KO2 Limited and Advance Sourcing

In November 2022, the Company acquired KO2 Limited and Advance Sourcing through our wholly owned subsidiary Dairy Consulting Limited. These companies are dairy specialists, working across the dairy food supply chain, from farmers and food processors through to retailers. This complements the Company's existing Dairy business.

This acquisition allows us to provide further value for customers. The dairy market is growing rapidly, and this acquisition will allow us to better serve that market.

Decision to expand with the acquisition of National Milk Records (NMR)

NMR provide management information and testing services to the UK dairy supply chain, develop technology used to inform farming efficiency and animal welfare, and quantify food provenance. NMR has strong collaborative relationships with key industry players, including dairy farmers, vets, milk processors, third party suppliers, and major retailers, and continue to develop and invest in new products and services.

NMR's business fits in with our dairy strategy, where our ambition is to put our customers at the heart of everything we do. We have supported dairy farmers for more than 30 years with nutrition and specialty feed products, and more recently with data and technology platforms which deliver insights to create continuous improvement in agricultural supply chains. We know that the dairy food supply chain is under increasing pressure to reduce operating costs, improve efficiency and develop responsibility strategies. Acquiring NMR is an extension of our dairy strategy and will enable us to service the industry better, offering products and services that ensure dairy farmers are supported for the longer term.

AB Agri Limited


Strategic report (continued)

Key performance indicators

The key performance indicators for AB Agri Limited are turnover, operating profit/loss before amortisation, return on average capital employed (operating profit before amortisation divided by average net current assets, property, plant & equipment and software) and debtor days (trade debtors divided by turnover multiplied by 365). The table below provides a summary of our performance against these key indicators for the past two financial periods.

	Year ended 31 st August 2023	Year ended 31 st August 2022	Increase/ (Decrease)
Turnover £000	1,168,963	1,112,231	56,732
Operating profit/(loss) before amortisation £000	(15,821)	1,574	(17,395)
ROCE	(10.2%)	1.0%	(11.2%)
Debtor days	43	53	(10)

On behalf of the board

DocuSigned by:

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SM Gurvis
 Director

16 January 2024

AB Agri Limited

Directors' report

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

Principal activities

Through several business divisions operating right across the supply chain, the Company manufactures high performance compound feeds, provides world leading analytical capability, nutritional advice, sustainable business solutions and poultry marketing services for customers. It helps food and drink companies to reduce their environmental footprint by marketing their co-products as animal feed and supplies premix, enzymes and other technical products to the livestock and pet industries. The Company's proposition can influence profitability at every stage of the food supply chain.

The Company has a policy on payment of suppliers set out in its Business Principles which states that the Company settles its bills promptly, being a signatory to the Prompt Payment Code. Further information concerning the Code can be found at www.promptpaymentcode.org.uk.

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 25 days' purchases (2022: 32 days).

Future developments

We are focused on inspiring excellence in the way the agricultural industry produces food for people and animals, pioneering ways to build a more responsible food chain. Global population growth means higher demand for food, including meat and dairy and there is a growing need to feed more animals. Doing this in ways that reduce environmental pressures is important for us all. We have an exciting opportunity to help our customers achieve this and we have clear ambitions. This includes creating value from reducing waste, investing in ways of producing proteins more sustainably, improving the gut health of animals and being smart in the way we use technology, innovating constantly and, through our people, driving valuable farm management insight for our customers.

With the acquisitions of KO2 (including Advanced Solutions) and NMR we recognised an opportunity to continue to grow in the dairy sector, complementing our technical expertise and deep understanding of the market which provided a strong strategic rationale for the acquisitions.

AB Agri Limited

Directors' report *(continued)*

Dividend

The directors do not recommend the payment of a dividend in respect of the current financial period (2022: £nil).

Principal risks and uncertainties

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.

Going concern

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

After making enquiries and considering the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for 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.

AB Agri Limited

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period and at the date of this report were:

I J Wellock
K J Kiriakopoulos
K Brown – appointed 04/05/2023
S M Heath
J J Nobre
S M Gurvis
J K Hoopes – resigned 23/08/2023
P Martel

No director had at any time during the period any material interest in a contract with the Company, other than service contracts. The directors have benefited from the Associated British Foods plc group Directors and Officers Insurance policy.

Political and charitable contributions

The Company made no political contributions during the current or preceding financial periods. Donations to UK charities amounted to nil (2022: £8,000).

Health, Safety and Environment Reporting

The Company keeps its health, safety 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 directors' reviews these at least annually.

Engagement with employees

See page 5 in the strategic report for information on how the directors have engaged with employees in the UK, have had regard to employee interests and the effect of that regard on the Company's principal decisions.

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

See pages 5 to 7 in the strategic report for information on 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 during the year.

AB Agri Limited

Directors' report *(continued)*

Streamlined Energy and Carbon Reporting

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

The period for which the information is reported (namely 1 August 2022 to 31 July 2023) is different from 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 a new combined heat and power (CHP) plant at our site in Northallerton. Fully operational since June 2022, this will reduce the site's carbon emissions through the use of waste heat in the boiler to provide the site's required heat demand. Furthermore, electricity generated in the CHP plant runs the on-site mill and reduces the demand for imported electricity from the national grid.

The Company's manufacturing sites are committed to energy reductions in line with their Climate Change Agreements (CCA) and each business unit has an energy efficiency performance target which is tracked monthly through environmental key performance indicators.

We reduced petrol and diesel company cars by 9% this year, replacing these with electric and plug-in hybrid cars. This is part of our wider strategy with the Zemo Partnership (formerly The Low Carbon Vehicle Partnership), a public-private membership to accelerate the adoption of low-carbon vehicles and fuels. We continue to invest in our 120+ -specialist vehicle fleet to adopt the latest technology and to support the migration of the transport industry to lower distribution emissions

The Company is committed to be a net zero business by 2030 and to help our customers achieve a sustainable net zero industry by 2040. This is supported by programme which includes our site in South Milford, North Yorkshire operating an anaerobic digester (AD) plant. The AD plant is designed to take 60,000t of blended food and green waste per annum. The site is producing the equivalent of over 70% of the gas usage for our UK operations, replacing the use of fossil fuels. It is also a gas to grid plant, enabling methane to be injected directly into the gas network for maximum carbon efficiency.

All of AB Agri's UK operational sites use management systems accredited to ISO14001 (environmental management) and manufacturing sites use ISO50001 (energy management).

AB Agri Limited

Directors' report (continued)

Streamlined Energy and Carbon Reporting (continued)

	Year ended 2023	Year ended 2022
Scope 1 emissions	54,326 tCO ₂ e	43,467 tCO ₂ e
Scope 2 location-based emissions	11,001 tCO ₂ e	12,390 tCO ₂ e
Scope 2 market-based emissions	22,322 tCO ₂ e	18,522 tCO ₂ e
Energy use	162,766,714 kWh	178,441,591 kWh
Emissions intensity (scopes 1 and 2 emissions)	75.0 tonnes of CO ₂ e per £1m of revenue	50.2 tonnes of CO ₂ e per £1m of revenue

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.


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 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 auditor is aware of that information.

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.

On behalf of the board

DocuSigned by:

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SM Gurvis
 Director
 16 January 2024

Registered Office:
 Weston Centre
 10 Grosvenor Street
 London W1K 4QY
 United Kingdom

AB Agri Limited

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 United Kingdom 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 international accounting standards in conformity with the requirements of the Companies Act 2006, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, 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 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 AB AGRI LIMITED

Opinion

We have audited the financial statements of AB Agri Limited for the year ended 31 August 2023 which comprise the Income statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 24, 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 FRS 101.

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 for a period of 12 months from when the financial statements are authorised for issue.

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

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 15, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework', The Companies Act 2006 and UK Tax Legislation.
- We understood how AB Agri Ltd is complying with those frameworks by observing the oversight of those charged with governance through review of board meetings and internal audit reports, holding meetings with the directors, internal auditors and risk managers, and reviewing the policies the entity has in place covering corporate governance and whistleblowing.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by performing independent risk assessment using both financial and non-financial data available to us throughout the year. This included analysing interim reporting packs, reviewing key company policies and holding regular discussions with each business unit head, internal audit and risk management team. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included, a data driven approach to the audit of revenue related journals and additional specific journal tests across the financial statements designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of management, legal counsel, risk manager and internal audit team. We also reviewed the nature of legal expenditure and read correspondence with regulators.

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

Daniel Foster (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
16 January 2024

AB Agri Limited

Income statement

for the year ended 31st August 2023

	Note	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Turnover	3	1,168,963	1,112,231
Cost of sales		(1,065,267)	(998,698)
		<hr/>	<hr/>
Gross profit		103,696	113,533
Distribution costs		(61,738)	(61,973)
Administrative expenses		(57,779)	(49,986)
Amortisation		(1,055)	(1,186)
		<hr/>	<hr/>
Operating (loss)/profit	4	(16,876)	388
Profit/(loss) on disposal of fixed assets		655	(51)
Interest receivable and similar income	6	224	69
Interest payable and similar charges	7	(5,873)	(670)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(21,870)	(264)
Tax on loss on ordinary activities	8	3,353	6
		<hr/>	<hr/>
Loss for the financial year		(18,517)	(258)
		<hr/> <hr/>	<hr/> <hr/>

All operations were continuing in the current and prior period. The notes on pages 25 to 47 form part of these financial statements.

AB Agri Limited

Statement of comprehensive income for the year ended 31st August 2023

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Loss for the financial year	(18,517)	(258)
Movement in cash flow hedging position	(1,732)	1,277
Deferred tax associated with movement in cash flow hedging position	90	-
Total comprehensive loss for the financial year	(20,159)	(1,019)

The notes on pages 25 to 47 form part of these financial statements.

AB Agri Limited

Balance sheet at 31st August 2023

	Note	31 August 2023		31 August 2022	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9	24,480		21,512	
Right-of-use assets	10	5,374		7,176	
Tangible assets	11	61,513		67,659	
Investments	12	131,291		66,211	
			<u>222,658</u>		<u>162,558</u>
Current assets					
Stocks	14	23,489		29,957	
Debtors	15	164,750		192,217	
Cash at bank and in hand		3,321		3	
			<u>191,560</u>		<u>222,177</u>
Current liabilities					
Creditors - due within one year	16	(114,768)		(139,461)	
Lease liabilities	10	(934)		(1,120)	
			<u>75,858</u>		<u>81,596</u>
Net current assets					
			<u>75,858</u>		<u>81,596</u>
Total assets less current liabilities					
			<u>298,516</u>		<u>244,154</u>
Creditors - due after one year					
Creditors - due after one year	17	(175,703)		(99,562)	
Lease liabilities	10	(4,608)		(6,230)	
Provision for liabilities and charges	18	(5,028)		(5,326)	
			<u>113,177</u>		<u>133,036</u>
Net assets					
			<u>113,177</u>		<u>133,036</u>
Capital and reserves					
Called up share capital	19	102,000		102,000	
Capital contribution reserve	19	7,554		7,254	
Profit and loss account		3,791		22,308	
Hedging reserve	19	(168)		1,474	
			<u>113,177</u>		<u>133,036</u>
Shareholders' funds					
			<u>113,177</u>		<u>133,036</u>

Company registered number: 00193800

The notes on pages 25 to 47 form part of these financial statements. These financial statements were approved by the board of directors on 16 January 2024 and were signed on its behalf by:

DocuSigned by:

 EAFE2F1747504AC...
 SM GURNIS
 Director

AB Agri Limited

Statement of changes in equity for the year ended 31st August 2023

	Note	Share capital £000	Capital contribution reserve £000	Profit and loss account £000	Hedging reserve £000	Total £000
At 1 September 2021		102,000	6,548	22,566	197	131,311
Loss for the year		-	-	(258)	-	(258)
Cash flow hedge movement		-	-	-	1,277	1,277
Total comprehensive (loss)/income		-	-	(258)	1,277	1,019
Share-based payment expense for the year	20	-	706	-	-	706
At 31 August 2022		102,000	7,254	22,308	1,474	133,036
At 1 September 2022		102,000	7,254	22,308	1,474	133,036
Loss for the year		-	-	(18,517)	-	(18,517)
Cash flow hedge movement		-	-	-	(1,732)	(1,732)
Deferred tax associated with movement in cash flow hedging position		-	-	-	90	90
Total comprehensive (loss)/income		-	-	(18,517)	(1,642)	(20,159)
Share-based payment expense for the year	20	-	300	-	-	300
At 31 August 2023		102,000	7,554	3,791	(168)	113,177

The notes on pages 25 to 47 form part of these financial statements.

AB Agri Limited

Notes

(forming part of the financial statements)

1 Authorisation of financial statements

AB Agri Limited (the Company) is a private company limited by shares and is incorporated and domiciled in England and Wales. Its registered office is Weston Centre, 10 Grosvenor Street, London, W1K 4QY.

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.

Basis of preparation

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements 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.

The Company has taken advantage of the disclosure exemptions permitted by FRS 101 in relation to share-based payments, financial instruments, 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.

AB Agri Limited

Notes (continued)

2 Accounting policies (continued)

Going concern

As set out in note 24, 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.

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 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.

Fixed assets and depreciation

Fixed assets are recorded at cost less accumulated depreciation and impairment charges. Depreciation is provided on the original cost of assets and is calculated on a straight-line basis at rates sufficient to reduce them to their estimated residual value. No depreciation is provided on freehold land. Assets in the course of construction are not depreciated until the asset is ready for use. The anticipated useful life of other assets is generally deemed to be not longer than:

Freehold buildings	up to 66 years
Plant, machinery, fixtures and fittings	up to 20 years
Leasehold	up to 50 years

AB Agri Limited

Notes (continued)

2 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

The Company recognises revenue at the point of despatch of goods and for services when they have been provided.

Right-of-use assets

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

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

AB Agri Limited

Notes *(continued)*

2 Accounting policies *(continued)*

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered uniformly low value. Lease payments on short-term leases and leases of low-value assets are expensed to the income statement.

Research and development

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision against obsolete and slow moving items. In the case of manufactured goods, cost includes raw materials, production wages, and production overheads.

Trade and other receivables

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost. This generally results in their recognition at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an "expected credit loss" model).

Trade payables

Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

AB Agri Limited

Notes (continued)

2 Accounting policies (continued)

Taxation

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

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

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

Foreign currencies

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 into sterling using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Investments

Investments are stated at cost less any applicable provision for impairment.

Retirement benefits

The Company is a member of the Associated British Foods Pension Scheme which operates both a defined contribution and a defined benefit pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account 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.

AB Agri Limited

Notes (continued)

2 Accounting policies (continued)

Share-based payments

The Associated British Foods plc group operates a share incentive plan which allows employees to receive allocations of shares subject to the attainment of certain financial performance criteria, typically over 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 as a capital contribution. The fair value is measured at grant date and charged to the profit and loss account over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions of the share incentive plan under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

Intangible assets

Business combinations are accounted for using the acquisition method. Acquisition costs incurred are expensed and included in administrative expenses.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1st January 1998 is capitalised.

The Companies Act 2006 requires goodwill to be amortised on a systematic basis over its useful economic life. Under FRS 101 goodwill is not amortised but is instead reviewed 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 requirement to amortise goodwill in the Companies Act 2006. Had the Company amortised goodwill, a period of three years would have been chosen as its useful life from the date of transition. The loss for the year would have been no different as the goodwill would already have been fully amortised.

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

AB Agri Limited

Notes (continued)

2 Accounting policies (continued)

Accounting estimates and judgements

In applying the accounting policies detailed on pages 23 to 29, the directors have made estimates in several areas. The actual outcome may differ from those estimates. Key sources of estimation uncertainty at the balance sheet date, with the potential for material adjustment to the carrying value of assets and liabilities within the next financial year, are set out below.

Forecasts

The carrying values of several items on the balance sheet are dependent on estimates of future cash flows arising from the Group's operations. 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.

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets to the extent that it is considered probable that sufficient taxable profits will be available in the future. The judgement as to whether to recognise deferred tax assets is based on the following year's budget and expectations of the future performance of the business. Deferred tax assets are reduced to the extent that it is no longer considered probable that the related tax benefit will be realised.

3 Turnover

In the opinion of the directors, the Company operates in only one business segment, being the manufacture, purchase and sale of agricultural products. Materially all of the Company's turnover and results arise from trade within the United Kingdom. Materially all the Company's net assets are located in the United Kingdom.

AB Agri Limited

Notes (continued)

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Depreciation of tangible fixed assets (Note 1.1)	10,144	10,196
Amortisation (Note 9)	1,055	1,186
Depreciation of right-of-use assets (Note 10)	1,236	1,283
Short-term and low value leases (Note 10)	34	35
Research and development	4,656	6,279
Auditor's remuneration for audit fee	302	284

5 Directors and employees

The average weekly number of employees, including directors, of the Company during the period was 1,321 (2022: 1,320). The aggregate payroll costs of these persons were as follows:

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Wages and salaries	72,194	68,462
Amounts receivable under long-term incentive plans (note 20)	300	706
Social security costs	8,310	8,056
Pension costs (note 22)	6,332	5,694
	<u>87,136</u>	<u>82,918</u>

The aggregate emoluments of the highest paid director from emoluments and long-term incentive plans were £1,202,000 (2022: £1,511,000). This figure includes Company pension contributions of £nil (2022: £nil) that were made on their behalf.

AB Agri Limited

Notes (continued)

5 Directors and employees (continued)

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Directors' emoluments	4,222	3,675
Pension costs	113	68
Amounts receivable under long-term incentive plans	128	316
	<u>4,463</u>	<u>4,059</u>

	Year ended 31 August 2023 Number	Year ended 31 August 2022 Number
Amounts were paid to the following number of directors under long-term incentive plans	2	2
	<u>2</u>	<u>2</u>

6 Interest receivable and similar income

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Interest receivable on loans to fellow group undertakings	224	69
	<u>224</u>	<u>69</u>

AB Agri Limited

Notes (continued)

7 Interest payable and similar charges

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
Other interest payable	5,830	627
Interest expense from leases (Note 10)	43	43
	<u>5,873</u>	<u>670</u>

8 Tax on loss on ordinary activities

Analysis of tax charge

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
<i>UK corporation tax</i>		
Current tax on income for the year	(4,600)	(1,021)
Adjustment in respect of prior periods	1,453	(17)
Total current tax	<u>(3,147)</u>	<u>(1,038)</u>
<i>Deferred tax</i>		
Reversal of timing differences	244	787
Effect of change in tax rate	40	248
Adjustment in respect of prior periods	(490)	(3)
Total deferred tax	<u>(206)</u>	<u>1,032</u>
Tax on loss on ordinary activities	<u>(3,353)</u>	<u>(6)</u>

AB Agri Limited

Notes (continued)

8 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge/(credit) for the current year

The current tax credit for the period is lower than (2022: lower than) the standard rate of corporation tax in the UK 21.52% (2022: 19.00%).

	Year ended 31 August 2023 £000	Year ended 31 August 2022 £000
<i>Total tax reconciliation</i>		
Loss on ordinary activities before taxation	(21,870)	(264)
Tax charge UK corporation tax rate of 21.52% (2022: 19.00%)	(4,705)	(50)
<i>Effects of:</i>		
Rate change	40	248
Expenses not deductible/(income not taxable)	349	(184)
Adjustment to tax charge in respect of previous years	963	(20)
Total tax credit	(3,353)	(6)

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.

AB Agri Limited

Notes (continued)

9 Intangible assets

	Goodwill	Intangible assets	Total
	£000	£000	£000
Cost			
At beginning of period	10,617	26,963	37,580
Additions	-	4,023	4,023
	<u>10,617</u>	<u>30,986</u>	<u>41,603</u>
At end of period	10,617	30,986	41,603
	<u>10,617</u>	<u>30,986</u>	<u>41,603</u>
Amortisation			
At beginning of period	-	16,068	16,068
Charge for the period	-	1,055	1,055
	<u>-</u>	<u>17,123</u>	<u>17,123</u>
At end of period	-	17,123	17,123
	<u>-</u>	<u>17,123</u>	<u>17,123</u>
Net book value			
At 31 August 2023	10,617	13,863	24,480
	<u>10,617</u>	<u>13,863</u>	<u>24,480</u>
At 31 August 2022	10,617	10,895	21,512
	<u>10,617</u>	<u>10,895</u>	<u>21,512</u>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any intangible assets that arise.

The intangible assets comprise customer relationships acquired (amortised over 3 years) and various capitalised software purchases (amortised over 5 years). All additions relate to software purchases.

AB Agri Limited

Notes (continued)

10 Leases

Right-of-use assets

	Land and freehold buildings £000	Plant and machinery, fixtures and fittings, cars £000	Total £000
<i>Cost</i>			
At beginning of period	10,207	1,118	11,325
Additions	-	145	145
Disposals	(1,716)	-	(1,716)
	<hr/>	<hr/>	<hr/>
As at 31 st August 2023	8,491	1,263	9,754
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of period	3,268	881	4,149
Accumulated depreciation – disposal	(1,005)	-	(1,005)
Charge for the period	1,014	222	1,236
	<hr/>	<hr/>	<hr/>
As at 31 st August 2023	3,277	1,103	4,380
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net Book Value</i>			
As at 31st August 2023	5,214	160	5,374
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31st August 2022	6,939	237	7,176
	<hr/>	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

10 Leases (continued)

Lease liabilities

	Land and freehold buildings £000	Plant and machinery, fixtures and fittings, cars £000	Total £000
<i>Cost</i>			
At beginning of period	(7,101)	(249)	(7,350)
Additions	-	(89)	(89)
Interest expense	(43)	-	(43)
Repayments	1,068	227	1,295
Disposals	704	(59)	645
	<hr/>	<hr/>	<hr/>
As at 31 st August 2023	(5,372)	(170)	(5,542)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Current			(934)
Non-current			(4,608)
			<hr/>
Total			(5,542)
			<hr/> <hr/>

Lease liabilities comprise £5,499k capital payable and £43k interest payable; the interest payable is all current and disclosed within current lease liability on the face of the balance sheet.

The group had the following expense relating to short-term and low value leases:

	Year ended 31st August 2023 £000	Year ended 31 st August 2022 £000
Land and buildings	21	3
Plant and machinery, fixtures and fittings, cars	13	32
	<hr/>	<hr/>
Total expense (note 4)	34	35
	<hr/> <hr/>	<hr/> <hr/>

AB Agri Limited

Notes (continued)

11 Tangible assets

	Land and freehold buildings £000	Long leasehold buildings £000	Plant and machinery, fixtures and fittings, cars £000	Assets in the course of construction £000	Total £000
<i>Cost</i>					
At beginning of period	19,613	1,829	146,049	7,825	175,316
Additions	-	-	3,328	1,196	4,524
Disposals	(1)	-	(3,901)	-	(3,902)
Impairment	-	(65)	-	-	(65)
Transfers	-	-	2,283	(2,283)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	19,612	1,764	147,759	6,738	175,873
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>					
At beginning of period	11,456	888	95,313	-	107,657
Charge for the period	419	116	9,609	-	10,144
Disposals	(1)	-	(3,440)	-	(3,441)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	11,874	1,004	101,482	-	114,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>					
At 31 August 2023	7,738	760	46,277	6,738	61,513
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2022	8,157	941	50,736	7,825	67,659
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AB Agri Limited

Notes (continued)

12 Investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning of period	66,211
Additions	65,080
	<hr/>
At end of period	131,291
	<hr/> <hr/>

The addition represents the acquisitions of K02 Limited (including Advanced Sourcing) and National Milk Records plc. In the opinion of the directors, the investment in each of the Company's subsidiary undertakings is worth at least the amount at which it is stated in the balance sheet. The Company has a 100% interest in the following entities, except where stated otherwise:

<i>Subsidiary undertakings</i>	<i>Principal activity</i>	<i>Registered address</i>
ABN (Overseas) Limited	Investment company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Roses Nutrition Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
LeafTC Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
ABN (Scotland) Limited	Non-trading	180 Glentinar Road, Glasgow, G22 7UP, United Kingdom
ABNA Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Nutrition Trading (International) Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Agrilines Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Premier Nutrition Products Limited	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Greencoat Limited	Animal nutrition company	Wonastow Road Industrial Estate, Monmouth, NP25 5JA, United Kingdom
Spectrum Aviation Limited	Informatics company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
AB Vista Europe B.V.	Animal nutrition technology company	Weena 505, 3013AL Rotterdam, Netherlands

AB Agri Limited

Notes (continued)

12 Investments (continued)

Subsidiary undertakings	Principal activity	Registered address
Dairy Consulting Limited	On farm consulting	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Greencoat Farm Limited	Animal nutrition company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Natural Vetcare Limited	Animal nutrition company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Shep-Fair Products Limited	Animal nutrition company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom
Nutrilabs GmbH*	Animal nutrition company	Krottenbachstrasse 82-88/Stg 1/Top 5, 1190, Vienna, Austria
National Milk Records Limited	Dairy Cow Milk Testing	Fox Talbot House, Greenways Business Park, Bellinger Close Chippenham, Wiltshire, SN15 1BN, United Kingdom
National Livestock Records Limited*	Non-trading	Fox Talbot House, Greenways Business Park, Bellinger Close Chippenham, Wiltshire, SN15 1BN, United Kingdom
National Milk Laboratories Limited*	Non-trading	32 Kelvin Avenue, Hillington, Glasgow, G52 4LT, United Kingdom
National Milk Records Trustee Company Limited*	Non-trading	Fox Talbot House, Greenways Business Park, Bellinger Close Chippenham, Wiltshire, SN15 1BN, United Kingdom
Nordic Star Ltd*	Non-trading	Fox Talbot House, Greenways Business Park, Bellinger Close Chippenham, Wiltshire, SN15 1BN, United Kingdom
ABNA (Shanghai) Feed Co. Ltd*	Animal nutrition company	868 Yongpu Road, Pujiang Town, Minhang District, Shanghai, 201112, China
ABNA Trading (Shanghai) Co. Ltd.*	Animal nutrition company	Room 2803, Raffles City Changning, No. 1189 Changning Road, Changning District, Shanghai, 200051, China
Banbury Agriculture Limited*	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY
KO2 Limited*	Animal nutrition company	Weston Centre, 10 Grosvenor Street, London, W1K 4QY
Nutrition Trading Limited*	Non-trading	Weston Centre, 10 Grosvenor Street, London, W1K 4QY
Nutritional Advanced Formulas (Ireland) Limited (50%)*	Non-trading	13 Classon House, Dundrum Business Park, Dundrum, Dublin 14, D14X9F9, Ireland

Companies marked * are owned by the Company indirectly.

AB Agri Limited

Notes (continued)

13 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £1,184,000 (2022: 421,000).

14 Stocks

	31 August 2023 £000	31 August 2022 £000
Raw materials and consumables	20,515	25,315
Finished goods and goods for resale	2,974	4,642
	<hr/> 23,489 <hr/>	<hr/> 29,957 <hr/>

Stock includes an allowance at year end of £556,000 (2022: £554,000). During the year an expense was recognised within the Statement of comprehensive income of £127,000 relating to this provision (2022: £47,000).

15 Debtors

	31 August 2023 £000	31 August 2022 £000
Trade debtors	136,746	163,076
Amounts owed by group undertakings	7,418	7,887
Other debtors	1,448	4,413
Prepayments	9,660	10,646
Accrued Income	5,284	5,154
Corporation Tax	4,194	1,041
	<hr/> 164,750 <hr/>	<hr/> 192,217 <hr/>

Amounts owed by group undertakings are short term in nature, bear no interest, and are held on normal trading terms.

The trade debtor balance includes an amount for expected credit losses of £171,000 (2022: £160,000). A charge of £85,000 was charged to the profit and loss account in respect of this (2022: £nil).

AB Agri Limited

Notes (continued)

16 Creditors – amounts falling due within one year

	31 August 2023 £000	31 August 2022 £000
Trade creditors	71,798	94,345
Amounts owed to group undertakings	8,955	11,719
Other creditors	464	19
Accruals and deferred income	33,551	33,378
	<u>114,768</u>	<u>139,461</u>

Amounts owed to group undertakings are non-interest-bearing, short term in nature, and are held on normal trading terms.

17 Creditors – amounts falling due after one year

	31 August 2023 £000	31 August 2022 £000
Amounts owed to group undertakings	175,703	99,562
Lease liabilities (note 10)	4,608	6,230
	<u>180,311</u>	<u>105,792</u>

Amounts owed to group undertakings are under terms agreed on a case-by-case basis, including the rates of interest.

AB Agri Limited

Notes (continued)

18 Provision for liabilities and charges

	Deferred tax £000	
At 1 September 2022	(5,326)	
Charge for the year	298	
	<hr/>	
At 31 August 2023	(5,028)	
	<hr/> <hr/>	
Analysis of deferred tax by component:		
	31 August 2023 £000	31 August 2022 £000
Accelerated capital allowances	(4,996)	(5,207)
Deferred tax on hedging reserve	58	(34)
IFRS16 transitional adjustment	37	39
Other short-term timing differences	(127)	(124)
	<hr/>	<hr/>
	(5,028)	(5,326)
	<hr/> <hr/>	<hr/> <hr/>

19 Share capital and reserves

Share capital

At 31 August 2023 and 31 August 2022, the Company's issued and fully paid share capital comprised 102,000,000 ordinary shares of £1.00 each. The total nominal value of the Company's issued share capital was therefore £102m.

Capital contribution reserve

Capital contribution reserve of £7,554,000 (2022: £7,254,000) represents investment from the parent and the share based payment reserves.

Hedging reserve

The hedging reserve of £258,000 (2022: (£1,474,000)) comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

AB Agri Limited

Notes (continued)

20 Share-based payments

Associated British Foods Long-Term Incentive Plan ('the LTIP')

The 2016 LTIP was approved and adopted by the Company at the AGM 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 vesting period.

The Company recognised a total equity-settled share-based payment expense of £300,000 during the period (2022: expense of £706,000).

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

21 Contingencies

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other group companies, these are considered to be insurance arrangements and are accounted for as such in accordance with IFRS 4. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the Company issuing the guarantee will be required to make a payment under the guarantee.

As at 31 August 2023, the Company has not provided any guarantees in the ordinary course of business.

The Company, together with British Sugar plc and certain other subsidiary undertakings of Associated British Foods plc, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers.

In the normal course of business, the Company enters into forward commodity purchase and sales agreements.

AB Agri Limited

Notes (continued)

22 Pension costs

The Company is a member of the Associated British Foods Pension Scheme (the Scheme) which provides 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 basis, as permitted by IAS 19 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. For the defined contribution scheme, the pension costs are the contributions payable.

The Scheme had an accounting surplus of £1,397m (2022 - £1,366m). The increase in the UK pension surplus was driven by a significant increase in bond yields, placing a lower value on the defined benefit obligations, marginally offset by higher inflation expectations.

The latest triennial valuation of the UK scheme was undertaken at 5 April 2023 which determined a surplus of £1,013m.

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

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £6,332,000 (2022: £5,694,000).

23 Related party transactions

Related party transactions are with Frontier Agriculture Limited - a 50:50 joint venture between A.B.F. Holdings Limited and Cargill plc summarised below:

	2023	2022
	£000	£000
Sales (on normal trading terms)	32	890
Purchases (on normal trading terms)	277,871	286,104
Amounts due from related parties (on normal trading terms)	15	42
Amounts due to related parties (on normal trading terms)	8,610	19,964
	<hr/>	<hr/>

AB Agri Limited

Notes *(continued)*

24 Controlling Parties

The immediate holding company is A.B.F. Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. 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.

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.