Princes Limited

Annual Report and Financial Statements

Year Ended 31 March 2023

Registered No: 02328824

Registered No: 02328824

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Company information

Directors
S Cardall
S Harrison
M Kawamata
C Mackintosh
S Nakaniwa
T Okura
K Suematsu
A Takada

Secretary
T Okura

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Statutory Auditor
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Registered No: 02328824

Strategic report

Principal activity and review of the business

The principal activities of the group, and company, during the year have been the manufacture, importation and distribution of food and drink products to the grocery trade.

The financial statements have been prepared in accordance with United Kingdom adopted international standards.

The group turnover for the year ended 31 March 2023 was £1,744,803,000 (2022: £1,435,142,000). The increase was due to an increase in pricing driven by inflation; discussed further below.

The group loss for the year ended 31 March 2023, after taxation and minority interests, amounted to £42,688,000 (2022: profit of £17,224,000). The decrease is because of the impact of an impairment charge recognised of £57,745,000, increase in finance charges due to increased interest rates and the effect of inflation resulting in an increase in cost prices.

The group's profit before tax and impairment charges, for the year ended 31 March 2023, amounted to £7,095,000 (2022: profit of £29,008,000). This was because of the effect of inflation resulting in an increase in cost prices and an increase in finance charges due to increased interest rates. Calculations of this measure can be found on page 5.

An analysis of the group turnover is included in the key performance indicators which are included in the strategic report on page 5.

The net assets for the group as at 31 March 2023 were £295,086,000 (2022: £361,980,000), the movement relates to loss in the year, remeasurement of pensions asset, loss on hedging instruments and dividends paid. Net current liabilities as at 31 March 2023 decreased to £16,169,000 (2022: £54,108,000) mainly due to increase in inventory by £85,003,000, increase in trade and other receivables of £31,383,000 offset by increase in trade and other payables of £41,660,000 and short term borrowings of £24,070,000. Net debt increased to £624,187,000 (2022: £550,988,000) due to increased borrowings to support increased working capital as a result of the inflation. The movement in the pension surplus £25,666,000 (2022: £13,696,000 gain) relates to actuarial gains when revaluing the retirement obligation.

The average headcount for the group, excluding temporary sub-contracted agency employees, for the year ended 31 March 2023 was 6,309 (2022: 6,475). The reduction is as result of redundancies in the year.

Two government grants were received during the year. The Italian government provided a grant to aid increase in energy costs of £4,191,000 (2022: £3,408,000 capital grant). The second grant was received from the Welsh government in relation to capital spend at the Cardiff Juice site with a value of £2,000,000 (2022: £1,000,000 capital grant).

Future developments

The directors aim to maintain the management policies which have resulted in the group's growth in recent years and to invest in projects that will drive improved profitability.

The ongoing impacts of global events such as the COVID-19 pandemic, cost of living crisis and the conflict in Ukraine have been severe and far reaching. However, as our industry and Group responds and adapts to change, we are also transforming our business to build a more resilient future and continuing to play an important role in delivering affordable, nutritious food and drink to hard working families.

Against this backdrop, our operations team have concluded a long-term investment programme at our Long Sutton, Cardiff and Erith manufacturing sites, adding capacity and capability.

From advancements in our sustainability and innovation journeys, to the completion of major investment projects and the evolution of our people policies, Princes Limited (Princes) is making important progress across all areas of the business and within our supply chains.

While navigating ongoing industry headwinds, we are well-positioned for the future and looking forward to continuing to work towards our vision of proudly helping families to eat well without costing the earth.

Strategic report (continued)

Going concern

Having made reasonable enquiries the directors are of the opinion that the group has sufficient resources to continue in operational existence for at least the 12 months from the date of signing. The group remained profitable before impairment charge in the year with profit from continuing operations of £15,057,000, have a net asset position of £295,086,000. This profitability from day-to-day operations is expected to continue to improve into the future. See future developments in Strategic Report for further details.

The directors, along with Mitsubishi Corporation, are reviewing the investment strategy of the business which could lead to a sale. Whilst the directors consider that the company is a going concern, should there be a change of ownership within the next 12 months, the intentions of any future management would be uncertain, including the financial support the company would receive. This represents a material uncertainty which may cast significant doubt about the Group and company's ability to continue as a going concern.

However, as a result of the net current liability position of £16,169,000, a decrease in net cash generated of £10,763,000 and the funding structure of the group, Mitsubishi Corporation have issued a letter of support for the group to provide financial support as far as Mitsubishi Corporation is the majority shareholder of Princes Ltd. Borrowings from a subsidiary of Princes ultimate parent, Mitsubishi Corporation which makes up 78% of the total group's borrowings have been guaranteed in the letter of support. The directors have assessed the ability of Mitsubishi Corporation to support the group and have concluded they have the ability to do so whilst the majority shareholder of Princes Ltd. As a result of the above, the directors have concluded it is appropriate to continue to adopt the going concern basis in preparation of the financial statements.

Principal risks and uncertainties

Russia-Ukraine

The group directly and indirectly source a number of raw materials from Ukraine. There are several raw materials that we have historically allowed the flexibility of the country of origin to include Russia or Belarus however both these countries have been removed so that we do not source from them. We remain in constant dialogue with suppliers and will advise our customers of impacts to supply as soon as they become clear. Princes do not expect a material impact on profitability as a result of this.

Climate change

All companies have a responsibility to minimise the impact their operations have on the environment locally, nationally and globally.

Princes takes that responsibility very seriously, and place continuous improvement at the heart of our operations. We constantly review our production and sourcing methods, revise targets and move our commitment forwards – this is both a moral and commercial imperative for our business. For further details refer to: https://www.princesgroup.com/csr/climate-change-environment/

Treasury policies

The objective of the treasury team is to manage the group's financial risk.

The group finances its activities with a combination of bank borrowings, finance leases, loans from group undertakings and cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities. The group also enters derivative transactions, principally forward currency contracts to manage the currency risks arising from the group's operations. The group does not speculatively trade in financial instruments.

Strategic report (continued)

Principal risks and uncertainties (continued)

Foreign exchange
The group has invested in operations outside of the United Kingdom and also buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the group's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in the US Dollar and Euro rates in particular. The group's transactional currency exposure arises from sales or purchases in currencies other than its functional currency. The group treasury policy requires its operating units to use forward currency contracts to minimise the currency exposures. Forward currency contracts must be in the same currency as the hedged item. Hedging arrangements are discussed further in note 35.

Macro-economic environment
The UK market is going through a challenging period as cost of living pressures increase due to macro-economic uncertainty and significant price inflation. We have seen significant inflationary pressures across our cost base however we are working collaboratively with our customers to recover inflation.

The Group's external financial risks include interest rate risk on borrowings and changes in exchange rates. The directors monitor financial results and projections through weekly, monthly and quarterly reporting and forecasting. The treasury team meet regularly with the banks to provide updates on the current and forecast business plans and performance.

Supply chain
The loss and/or interruption from a major supplier could impact the Group through disruption in factory operations. External factors such as climate change and geo-politics will also expose suppliers to acute and chronic risks which could drive inflation and impact availability and quality, as well as recovery of inflation from our customers. Our well-established supply chain, scale and agile approach will enable us to adapt to changes and help mitigate disruption to our business and for our customers.

Strategic report (continued)

Key performance indicators

The group uses several measures as indicators of the performance of the group and each of its divisions as follows:

	2023	***2022***
Revenue (£'000)	1,744,803	1,435,142
Cost of sales (£'000)	1,477,697	1,182,549
Cost of sales as a percentage of revenue (%)	84.7	82.4
Pre-tax (loss)/profit (£'000)	(50,650)	28,942
Add back:		
Impairment charges (Note 4)	57,745	-
Pre tax profit, excluding impairment charges (£'000)	7,095	28,942
Top 10 customer concentration (%)	61.9	61.0
Number of employees		
Employees (average)	6,309	6,475
Temporary sub-contracted agency employees (average)	425	502
Total full time employees (average)	6,734	6,977
Revenue generated per full time employee (average) (£'000)	259	206

Financial performance

The group's revenue has increased from £1,435,142,000 for the year ended 31 March 2022 to £1,744,803,000 for the year ended 31 March 2023 due to increase in pricing driven by inflation.

Costs of sales has increased in line with revenue from £1,182,549,000 for the year ended 31 March 2022 to £1,477,697,000 for the year ended 31 March 2023. Cost of sales as a percentage of revenue has improved from 82.4% for the year ended 31 March 2022 to 84.7% for the year ended 31 March 2023 mainly due to inflation.

The pre-tax profit, excluding restructuring costs and impairment charges has decreased in the current year from £29,008,000 to £7,161,000. This decrease is because of increased operational costs and overheads.

Top 10 customer concentration

The group's largest 10 customers have remained broadly in line with the prior year and accounted for 61.9% of group revenue for the year ended 31 March 2023, compared to 61.0% for the year ended 31 March 2022.

Number of employees

For the year ended 31 March 2023, the group had an average headcount of 6,734 across its various sites, generating revenue per employee of £259,000. This is an increase from £206,000 per employee for the year ended 31 March 2022 which had an average headcount of 6,977. Decrease in headcount is due to redundancies in the year.

Strategic report (continued)

Section 172 Statement

In accordance with s172 of the Companies Act 2006, included in this section of the strategic report are representations of how the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties.

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with s172 and have acted in accordance with these responsibilities during the year.

Employees

The Directors consider the interests of the company's employees to be essential as part of our vision to make Princes Limited an 'Employer of Choice'.

The Directors maintain the provision of information to and consultation with employees by means of regular and ad hoc meetings of management and employees. The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

Princes has made significant strides against its Our Princes Our People strategy, with a strong focus on learning and development, health and wellbeing, and diversity and inclusion. These developments have involved the launch of a new Health & Wellbeing Programme that recognises the important balance across emotional, physical and financial wellbeing.

The Programme was introduced with a real focus on emotional wellbeing and has seen the successful expansion of the Princes Mental Health First Aider (MHFA) programme across all six of our manufacturing sites in the UK, and our head office in Liverpool. With 70+ colleague volunteers now accredited MHFAs, plans are in place for an international roll-out. By listening to colleagues and working to support them to achieve a better work life balance, we have also reviewed and implemented new Family Friendly benefits and rewards along with (in the UK) new menopause, fertility, and pregnancy loss policies.

This work is also being recognised externally with our Chief People Officer being ranked by HR Magazine as one of the UK's 35 most influential players in the field of people strategy in 2022.

The Environment & Corporate Social Responsibility

Corporate Social Responsibility (CSR) is fundamental to our business, never seen as a project or undertaken for the sake of compliance. Our efforts are focussed on three pillars of CSR:

(i) Climate change & the environment
(ii) Fair partner & good employer
(iii) Health & wellbeing

Cross functional work streams for each pillar monitor our progress and set new targets while we have a number of specific working groups encompassing seafood sustainability, human rights, packaging, energy and colleague health and safety.

For almost 10 years, Princes has been advancing social sustainability in its tomato supply chain in southern Italy, where migrant workers are often exposed to exploitation practices driven by illegal gangmasters.

We built on this work in 2022 by establishing a new partnership with Oxfam Italy, to develop a robust training framework for our growers and their workers. This involves schemes to provide training on labour rights, ethical practices, as well as access to a 'help desk' service for workers employed in the fields. The progress we've made in Italy was also recognised by the United Nations High Commission for Refugees (UNHCR) which awarded Princes the Welcome. Working for Refugee Integration logo for our modern slavery victim support scheme – "Lavoro Senza Frontiere" (Work Without Borders).

Strategic report (continued)

Section 172 Statement (continued)

The Environment & Corporate Social Responsibility (continued)

The effective conservation and management of tropical tuna species is key to the long-term sustainability of stock and the success of our seafood business. At the end of 2021, all tuna in the Princes Group met the criteria of being 'Responsibly Sourced' meaning Marine Stewardship Council (MSC) certified or sourced from i) pole and line fisheries, ii) FAD free fisheries or iii) Fisheries engaged in time bound Fishery Improvement Projects with a clear goal of attaining MSC certification. In 2022 we announced a plan to progress from 'Responsibly Sourced' to independently certified as sustainable with a target that all branded tuna in our Group was MSC certified. The Princes brand in the Netherlands has already reached this milestone and our Vier Diamanten brand in Austria will also reach this goal in 2023. Our UK tuna will reach this goal at the end of 2025.

Princes has a global sourcing strategy for tuna which comes from sources such as the Philippines, Ecuador, West Africa and the Indian Ocean, where Princes Tuna Mauritius (PTM) operates two tuna processing sites service European markets. The Indian Ocean is therefore critical for PTM and the management of the three tropical tuna species by the Indian Ocean Tuna Commission (IOTC) is a significant concern. While Yellowfin tuna is not a key species for Princes – our markets prefer skipjack – it is often caught alongside skipjack tuna and is at present 'red rated' due to being overfished with overfishing continuing. We have used our voice individually and via membership of associations such as the International Seafood Sustainability Foundation (ISSF), the Global Tuna Alliance (GTA) and the Tuna Protection Alliance (TUPA) to call on the IOTC to implement a rigorous and equitable yellowfin rebuilding plan as a matter of urgency. We have also shown action on top of advocacy, Princes is the only brand that has announced and implemented a voluntary cut in its use of Indian Ocean Yellowfin tuna.

Supporting the ongoing decarbonisation of our operations through our '2030GreenGoals' initiative, we have also established a partnership with new bio plant venture, Energie des Mascareignes (EDM), which is expected to reduce CO2 emissions by 8,650 tonnes per year at our tuna processing facilities, Princes Tuna Mauritius (PTM). This represents 80% of the current operational emissions for PTM's largest manufacturing site and will be achieved by starting to convert all semi-solid waste from PTM sites, alongside effluent water, into biogas via anaerobic digestion from 2023 onwards.

Furthermore, we have been partnered with FareShare since 2013, a charity leading the way in tackling hunger and food waste, to donate all food and drink that we produce at our UK sites that cannot be sold for whatever reason and is fit for human consumption. In the period, we donated over 475 tonnes of food and drink, both branded and customer own brand products. We've also established a food bank partnership in Italy for excess stock at our PIA operation and donated 32 tonnes in the period.

Business relationships

The Directors hold in high regard the need to foster the company's business relationships with suppliers, customers and others.

At Princes, we regularly engage with colleagues, suppliers, customers, neighbours, Non-Governmental Organisations, Policy makers and many others to build relationships, learn from each other, expand our scope and aim for the greater good. This is done through a range of communication methods and formal agreements such as the formation of strategic partnerships.

The reduction of single use non-recyclable plastic is a key desire for both our immediate customers and the end consumers of our products as people and companies alike are starting to realise the damage that these cause to the environment. This has led to changes in how consumers shop as well as retailers own goals being set to reduce single use plastics in the products they sell. We currently use 50% recycled content in all our PET drinks and oils bottles and some of our brands – Jucee, Napolina Olive oil – have pushed this on to 100% recycled content. We remain committed to the removal of all non-recyclable plastics and our last area for action - plastic pouches for sauces and tuna - is a key focus for us ahead of our 2025 target for all our packaging to be widely recyclable. We are committed to using only FSC or PEFC accredited card and paper by 2025 and many of our brands have moved from plastic outer packaging to FSC card.

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Strategic report (continued)

Section 172 Statement (continued)

The impact of long term decisions

The Directors consider the long term consequences of all decisions made to ensure the continuing sustainability of the company and industry. This is depicted by the approval of large capital expenditure in manufacturing sites and commitment to corporate social responsibility ambitions.

With a firm focus on future proofing our operations and contributing to a sustainable future for British manufacturing, we successfully progressed and concluded several landmark development programmes throughout the year. These programmes have been completed across our Long Sutton, Cardiff and Erith manufacturing sites. This investment in our future has provided state-of-the-art equipment, better energy efficiency and increased capacity and capability.

Following the 2020 launch of our Innov8 strategy, we've evolved our approach to new product development with the support of a dedicated innovation team embedded across the business. This has enabled the introduction of exciting new products and entry into new categories through ranges such as our frozen Princes Street Food sub-brand. Princes has also entered the mixers category with a trio of blended juice drinks, Skinny Mixers, tapping into increased consumer demand for alcohol free alternatives.

In collaboration with specialist partner KICR Innovation ltd, a joint venture between London based award-winning Food Innovation Solutions ltd and MMR, a global Market Research agency, we are delivering fast-paced innovation focused and on brand creation, product and packaging design, commercialisation, and channel strategy. This advanced approach – which has involved integrating a dedicated team across the business, leveraging insights from a bespoke online community of 3,000 consumers and merging our Research and Insights team with the Innovation department – is accelerating our NPD process and providing support to our customers.

The board of Directors hold regular meetings at which key strategic decisions are discussed and approved.

Approval

This report was approved by the board of directors and signed on its behalf by:

Tatsuo Okura

T Okura
Director

11 September 2023

Registered No: 02328824

Directors Report

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

Matters included in the Strategic Report

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Directors' Report.

Financial risk management objectives and policies

Foreign currency risk

The group is exposed to foreign currency risk with its transactions dominated in foreign currencies. Exchange rate exposures are managed within approved policies set out by the Board of Directors.

At 31 March 2023 the group had hedged the majority of its foreign currency commitments which existed at the statement of financial position (2022: same). See note 35 for further hedging arrangement details.

Interest rate risk

The group's policy is to manage its cost of borrowing using a mix of fixed and variable rate debt depending upon market conditions.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods and services, enters into derivative contracts requiring settlement by the other party and invests or deposits surplus cash.

Group policies are aimed at minimising such losses, and require that terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored to ensure that the group's exposure to bad debts is not significant. Where appropriate, credit insurance is obtained by the group to mitigate exposures.

Liquidity risk

The group seeks to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the group. Investment is carefully controlled with authorisation limits operating up to the group and parent company board level, and investment return criteria are applied as part of the investment appraisal.

The group's funding strategy is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and loans from external banks and group companies.

Price risk

Other than as stated above (foreign currency risk section) the group hedges the cost of raw material prices where deemed necessary. No speculative trading in derivative financial instruments is undertaken by the group.

Dividends

The directors do not propose to pay a final dividend out of reserves on the ordinary shares of £nil per share, totalling £nil (2022: £7,060,500), together with the interim dividend paid of £nil (2022: £1,551,500) giving a total paid in the year of £nil (2022: £8,611,500). The total estimated dividend to be paid is £nil (2022: 123.0p) per share. The dividend payment of £7,060,500 relating to prior year profits was issued during the current year. Further details of dividends paid during the year are included in note 10.

Dividends paid after the year end are accounted for in accordance with IAS 10 'Events after the Reporting Period'.

Political and charitable contributions

The group made charitable donations amounting to £207,000 during the year ended 31 March 2023 (2022: £442,000). Corporate Social Responsibility is a fundamental aspect of Princes business strategy and the company financially supports various charities and not-for-profit sustainability organisations which are aligned to its corporate responsibility principles. Within the year the majority of these donations were to the food waste and hunger charity FareShare. There were no political contributions (2022: same).

Directors' report (continued)

Directors

The directors, who served during the year and thereafter, unless otherwise noted below, are as follows:
S Cardall
S Harrison (Appointed 1 June 2023)
M Kawamata (Appointed 1 April 2023)
C Mackintosh
S Nakaniwa (Appointed 1 June 2022)
T Okura (Appointed 1 April 2022)
K Suematsu
A Takada
M Oda (Resigned 1 April 2022)
Y Shimazu (Resigned 1 April 2022)
Y Katayama (Resigned 1 April 2022)
K Ito (Resigned 1 April 2023)

Directors' indemnities

During the period and up to the date of signing the financial statements, the Group maintained third-party indemnity insurance for its directors and officers.

Overseas Branches

Princes Limited has no overseas branches. Further details of other associated companies are included in notes 15, 16 and 17.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other colleagues.

Employee engagement

Details of how the directors have engaged with colleagues; and how the directors have had regard to colleague interests, and the effect of that regard, including on the principal decisions taken by the company during the financial year can be found in the 'Section 172 Statement' included in the Strategic Report.

Business Relationships

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 during the financial year can be found in the 'Section 172 Statement' included in the Strategic Report.

Energy and Carbon Reporting

In Accordance with part 15 of the Companies Act 2006, included in the directors' report is Princes energy use & associated greenhouse gas emissions for the year ending 31 March 2023.

	2023	***2022***
Energy consumption used to calculate emissions: (kWh)	**252,929,257**	**249,737,789**
Emissions from the combustion of gas	33,749	32,809
Emissions from the combustion of fuel for transport purposes	552	683
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel:	64	58
Emissions from purchased electricity	13,559	15,716
Total gross tCO2e based on the above:	**47,924**	**49,266**
Intensity ratio: Gross tCO2e / £1m revenue	27	34

Directors' report (continued)

Energy and Carbon Reporting (continued)

Methodology

Gas and electricity usage, prepared by Princes, has been collected using data from 3rd party meter readings, business mileage has been collected by collating data from Princes employee expense system and fuel usage has been estimated by using the amounts expensed in the year. Usage volumes have been multiplied by the Gov.uk greenhouse gas reporting conversion factors to arrive at the reported figures above. Energy use is presented in Gross Calorific Value kWh (kWh) & emissions are presented in Tonnes of CO2 equivalent (tCO2e).

Princes have taken the option to exclude energy usage for subsidiaries that would not itself be obliged to include if reporting on its own account, as such only Edible Oils Limited has been included. 50% of Edible Oils Limited's UK energy use has been included in the Princes group report equating to Princes equity share of the joint venture.

Energy Efficiency Action

During the period, Princes engaged with energy provider, ENECO to draw up detailed plans and a proposal to install solar panels to our UK factory roofs, this is expected to be completed by the end of 2024. We are also looking at carbon capture at our Bradford site and switching our boilers to hydrogen at Cardiff. There is also local activity across all sites on energy efficiency and the reduction of waste. Princes UK continues to benefit from our renewable electricity supplier contract which will run until January 2026.

Statement of corporate governance arrangements

Princes have not applied a recognised corporate governance code for the financial year; instead as a wholly owned subsidiary follow the corporate governance principles of the wider Mitsubishi Corporation group. Mitsubishi Corporation's principles are derived and based upon the Audit & Supervisory Board Member code of corporate governance.

The key principles Princes applied in the year are:

Purpose and Leadership

Our vision is to proudly help families to eat well without costing the earth.

Our Mission: We will deliver sustainable, profitable growth by:

- Being an employer of choice where our colleagues are proud to represent our business
- Embracing consumer insight and evolving to meet their changing needs through innovation
- Serving our customers to the highest standards as a trusted first choice partner
- Sourcing raw materials responsibly and ethically, adding value throughout our supply chain to provide great tasting food and drink.

The board promotes above purpose of the Group and ensures that Princes values, strategy and culture align with our purpose.

Composition

The Executive Chairman leads the Board and ensures that the views of all Directors are considered in the decision-making process.

Although there are no independent directors on the board, the Directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders (including employees, customers, suppliers & joint venture partners) in their decision-making processes. The board also includes expat directors from Princes ultimate parent Mitsubishi Corporation that ensure the parent entities interests are represented on the board and that views from outside of Princes are represented.

The Directors believe that the Board is of an appropriate size for the size and complexity of the business.

Princes maintains an internal audit team which conducts frequent audits across the business on a regular basis. Furthermore, Princes is also subject to audits from Mitsubishi Corporation and from externally instructed auditors to ensure continued compliance with all relevant legal requirements.

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Directors' report (continued)

Statement of corporate governance arrangements (continued)

Directors Responsibilities

The Directors' have clear well defined roles and responsibilities. As discussed in the 'Section 172 statement' above the Board takes into account the impact on a wide range of stakeholders when making strategic decisions.

The Directors receive detailed information relating to the operations and performance of the Group, both through periodic meetings and ad-hoc full Board meetings when required.

During the year the Group continued to build on the already well developed internal control framework which is managed by our dedicated internal audit team.

Opportunity and Risk

The Board seeks to capitalise on opportunities (for example through capital investment, joint venture agreements and merger and acquisitions) while mitigating risks where possible.

The Board are also committed to new product development and innovation in order to remain competitive and break into new market segments. Risks of product failure are mitigated through extensive market research prior to launching new products.

Remuneration

The Board have the responsibility of developing, maintaining and implementing remuneration policies. The overriding objective of such policies is to attract and retain high-calibre individuals with a competitive reward packages based on the achievement of performance targets. These are linked to individual performance and accountability, and support the Group's commitment to becoming an employer of choice while rewarding long-term value creation.

The Board ensures that levels of compensation across the Group are sufficiently competitive to retain talent within the Group.

Stakeholders

Details of how the Directors engage with some of our key stakeholders, including our workforce, suppliers and customers can be found in the 'Section 172 Statement' included in the Strategic Report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors and authorised for issue on 11 September 2023.

Signed on behalf of the Board of Directors:

Tatsuo Okura

T Okura
Director

11 September 2023

Registered No: 02328824

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international standards. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Independent auditor’s report to the members of Princes Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Princes Limited (the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2023 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement;
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (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.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates that the directors are reviewing the investment strategy of the business which could lead to a sale. Should there be a change in ownership within the next 12 months, the intentions of future management would be uncertain, including the financial support the group and company would receive. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and parent company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- obtaining confirmation of the availability of the group’s financing facilities, which comprise a combination of Mitsubishi group debt, which is guaranteed whilst Mitsubishi Corporation are majority shareholders in the business, and external facilities, and the covenants attached to this debt;
- obtaining and reviewing the letter of support provided by the group’s ultimate parent and assessment of the ability and intention of this group’s ultimate parent to provide that support;
- checking the mathematical accuracy of the going concern assessment including agreement to approved budgets and forecasts;

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

- challenging the key assumptions of these forecasts by:
    - reading industry data and other external data and comparing these with the group's estimates;
    - evaluating historical accuracy of forecasts prepared by the group through comparing forecast results with the historical performance;
    - assessing the sensitivity of the headroom within management's forecasts; and

- held discussions with the directors to obtain information relating to the strategic review of the business which could lead to a sale;
- challenging the adequacy of the group's disclosures relating to the material uncertainty on going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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.

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

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- We identified a significant risk due to fraud in relation to the occurrence and accuracy of revenue, specific to transactions which have indicators of being manual amendments to revenue. We performed the following procedures to address this risk:
    - we used data analytics to profile the revenue population to identify transactions of interest.
    - we obtained evidence to determine whether a sample of variances which we identified through our data analytics were correctly accounted for; this included performing tests of detail to corroborate management's explanations by reviewing third party documentation; and
    - we performed tests of detail on the accuracy, occurrence and completeness for a sample of revenue transactions, through obtaining and reviewing relevant external evidence.
    - we performed tests of the completeness of rebates recorded by management to ensure that they were not understated.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Registered No: 02328824

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

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

David Crawford.

David Crawford FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

11 September 2023

Registered No: 02328824

Consolidated income statement

For the year ended 31 March 2023

	Notes	*2023* *£'000*	*2022* *£'000*
Revenue	2	1,744,803	1,435,142
Cost of sales		(1,477,697)	(1,182,549)
Gross profit		267,106	252,593
Distribution costs		(87,433)	(74,990)
Administrative expenses		(224,851)	(151,761)
Share of results of associates and joint ventures	16, 17	10,059	6,907
		(302,225)	(219,844)
Operating (loss)/profit		(35,119)	32,749
Finance costs	8	(15,531)	(3,807)
(Loss)/profit before tax		(50,650)	28,942
Tax	9	9,751	(11,739)
(Loss)/profit for the year from continuing operations	4	(40,899)	17,203
(Loss)/profit for the year attributable to:			
Owners of the Company		(42,688)	17,224
Non-controlling interests		1,789	(21)
		(40,899)	17,203

All revenue and operating (loss)/profit for the year ended 31 March 2023 relate solely to the group's continuing operations (2022: same).

Registered No: 02328824

Consolidated statement of comprehensive income

For the year ended 31 March 2023

Group

	Notes	*2023*	*2022*
		£'000	*£'000*
(Loss)/profit for the year		(40,899)	17,203
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit asset	31	(26,565)	14,173
Tax relating to items that will not be reclassified subsequently	9,25	6,633	(4,283)
		(19,932)	9,890
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		4,086	(114)
Fair value (loss)/gain arising on hedging instruments		(4,013)	10,561
Tax relating to items that may be reclassified subsequently	9,25	925	(2,045)
		998	8,402
Total other comprehensive (expense)/income		(18,934)	18,292
Total comprehensive (expense)/income for the year		(59,833)	35,495
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(63,272)	34,601
Non-controlling interests		3,439	894
		(59,833)	35,495

Registered No: 02328824

Consolidated statement of financial position

As at 31 March 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Goodwill	11	33,297	44,447
Other intangible assets	12	28,294	28,745
Property, plant and equipment	13	405,375	443,206
Right-of-use assets	28	58,168	67,202
Interests in associates	16	10,018	9,630
Investments	17	45,823	43,573
Deferred tax asset	25	588	-
Derivative financial instruments	24	3	12
Retirement benefit surplus	31	29,115	54,781
		610,681	691,596
Current assets			
Inventories	18	407,832	322,829
Trade and other receivables	19	254,547	226,977
Current tax receivables		2,104	6,589
Cash and bank balances		7,741	11,959
Derivative financial instruments	24	1,956	3,478
		674,180	571,832
Assets classified as held for sale	20	79	107
Total assets		1,284,940	1,263,535
Current liabilities			
Trade and other payables	21	(253,804)	(215,957)
Current tax liabilities		(433)	(56)
Lease liabilities	28	(10,820)	(11,222)
Borrowings	22	(421,355)	(397,285)
Derivative financial instruments	24	(3,920)	(1,431)
Deferred revenue	32	(96)	(96)
		(690,428)	(626,047)
Non-current liabilities			
Borrowings	22	(210,573)	(165,662)
Retirement benefit obligations	31	(3,357)	(2,833)
Deferred tax liability	25	(29,415)	(46,979)
Deferred revenue	32	(3,149)	(3,244)
Lease liabilities	28	(51,946)	(55,953)
Long-term provisions	26	(904)	(837)
Derivative financial instruments	24	(82)	-
		(299,426)	(275,508)
Total liabilities		(989,854)	(901,555)
Net assets		295,086	361,980

Registered No: 02328824

Consolidated statement of financial position (continued)

As at 31 March 2023

	Notes	*2023* *£'000*	*2022* *£'000*
Equity			
Share capital	27	7,000	7,000
Capital redemption reserve		5,400	5,400
Equity reserve		(5,665)	(5,665)
Hedging reserve		(1,532)	1,556
Translation reserve		4,080	1,642
Retained earnings		247,966	317,649
Equity attributable to owners of the Company		257,249	327,582
Non-controlling interest	33	37,837	34,398
Total equity		295,086	361,980

The financial statements were approved by the Board of Directors and authorised for issue on 11 September 2023.

Signed on behalf of the Board of Directors:

Kazuhito Suematsu

K Suematsu
Director

Registered No: 02328824

Company statement of financial position

As at 31 March 2023

	Notes	*2023* £'000	*2022* £'000
Non-current assets			
Goodwill	11	34,171	45,320
Other intangible assets	12	25,573	26,559
Property, plant and equipment	13	322,269	338,035
Right-of-use assets	28	50,988	57,940
Investment property	14	3,701	3,676
Interests in associates	16	1,045	1,045
Investments	15	116,422	114,008
Trade and other receivables	19	79,336	42,317
Deferred tax asset	25	672	-
Derivative financial instruments	24	1	1
Retirement benefit surplus	31	29,115	54,781
		663,293	683,682
Current assets			
Inventories	18	215,765	175,570
Trade and other receivables	19	264,265	266,272
Current tax receivables		2,104	6,538
Cash and bank balances		192	5,120
Derivative financial instruments	24	689	3,257
		483,015	456,757
Assets classified as held for sale	20	79	107
Total assets		1,146,387	1,140,546
Current liabilities			
Trade and other payables	21	(199,513)	(182,113)
Lease liabilities	28	(8,660)	(7,774)
Borrowings	22	(394,823)	(371,504)
Derivative financial instruments	24	(2,993)	(573)
Deferred revenue	32	(96)	(96)
		(606,085)	(562,060)
Non-current liabilities			
Borrowings	22	(260,428)	(209,609)
Deferred tax liability	25	(31,292)	(47,703)
Lease liabilities	28	(46,327)	(49,945)
Deferred revenue	32	(3,139)	(3,235)
Long-term provisions	26	(904)	(837)
Derivative financial instruments	24	(82)	-
		(342,172)	(311,329)
Total liabilities		(948,257)	(873,389)
Net assets		198,130	267,157

Registered No: 02328824

Company statement of financial position (continued)

As at 31 March 2023

Equity			
Share capital	27	7,000	7,000
Capital redemption reserve		5,400	5,400
Equity reserve		(5,665)	(5,665)
Hedging reserve		(1,789)	2,063
Retained earnings		193,184	258,359
Equity attributable to owners of the Company		198,130	267,157

The company reported a profit before impairment losses of £32,938,000 (2022: profit of £19,396,000) for the financial year ended 31 March 2023.

The company reported a loss after impairment losses of £38,226,000 (2022: profit of £10,864,000) for the financial year ended 31 March 2023. Please see further details in company statement of changes in equity.

The financial statements were approved by the Board of Directors and authorised for issue on 11 September 2023.

Signed on behalf of the Board of Directors:

Kazuhito Suematsu

K Suematsu
Director

Registered No: 02328824

Consolidated statement of changes in equity
For the year ended 31 March 2023

Group

	Share capital £'000	*Capital redemption reserve £'000*	*Equity reserve £'000*	*Hedging reserve £'000*	*Translation reserve £'000*	*Retained earnings £'000*	*Total £'000*	*Non-controlling interest £'000*	*Total equity £'000*
Balance at 31 March 2021	7,000	5,400	(5,665)	(6,960)	1,929	300,186	301,890	34,225	336,115
Profit for the year	-	-	-	-	-	17,224	17,224	(21)	17,203
Other comprehensive income for the year	-	-	-	8,516	(287)	9,148	17,377	914	18,291
Total comprehensive income for the year	-	-	-	8,516	(287)	26,372	34,601	893	35,494
Dividends (see note 10)	-	-	-	-	-	(8,909)	(8,909)	(720)	(9,629)
Balance at 31 March 2022	7,000	5,400	(5,665)	1,556	1,642	317,649	327,582	34,398	361,980
Loss for the year	-	-	-	-	-	(42,688)	(42,688)	1,789	(40,899)
Other comprehensive loss for the year	-	-	-	(3,088)	2,438	(19,934)	(20,584)	1,650	(18,934)
Total comprehensive expense for the year	-	-	-	(3,088)	2,438	(62,622)	(63,272)	3,439	(59,833)
Dividends (see note 10)	-	-	-	-	-	(7,062)	(7,062)	-	(7,062)
Balance at 31 March 2023	7,000	5,400	(5,665)	(1,532)	4,080	247,966	257,249	37,837	295,086

The capital redemption reserve contains the premium arising on issue of equity shares.

The equity reserve relates to the adjustment to the fair value of the brand acquired through the company increasing its holding in Napolina Limited from 76% to 100% on 12 August 2013.

The hedging reserve relates to the gains and losses arising on the effective portion of hedging instruments carried out at fair value in a qualifying cash flow hedge.

The translation reserve represents the gains and losses arising on retranslating the net assets of overseas operations into sterling.

The retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The non-controlling interest relates to minority interests in Princes Tuna (Mauritius) Limited, Indico Canning Limited & West Yorkshire Industrial Estates (Management) Limited.

Company statement of changes in equity

For the year ended 31 March 2023

Company

	Share capital £'000	*Capital redemption reserve £'000*	*Equity reserve £'000*	*Hedging reserve £'000*	*Translation reserve £'000*	*Retained earnings £'000*	*Total £'000*
Balance at 31 March 2021	7,000	5,400	(5,665)	(6,556)	-	248,235	248,414
Profit for the year	-	-	-	-	-	10,864	10,864
Other comprehensive income for the year	-	-	-	8,619	-	8,170	16,789
Total comprehensive income for the year	-	-	-	8,619	-	19,034	27,653
Dividends (see note 10)	-	-	-	-	-	(8,909)	(8,909)
Balance at 31 March 2022	7,000	5,400	(5,665)	2,063	-	258,360	267,158
Loss for the year	-	-	-	-	-	(38,226)	(38,226)
Other comprehensive loss for the year	-	-	-	(3,852)	-	(19,889)	(23,741)
Total comprehensive expense for the year	-	-	-	(3,852)	-	(58,115)	(61,967)
Dividends (see note 10)	-	-	-	-	-	(7,062)	(7,062)
Balance at 31 March 2023	7,000	5,400	(5,665)	(1,789)	-	193,184	198,130

The capital redemption reserve contains the premium arising on issue of equity shares.

The equity reserve relates to the adjustment to the fair value of the brand acquired through the company increasing its holding in Napolina Limited from 76% to 100% on 12 August 2013.

The hedging reserve relates to the gains and losses arising on the effective portion of hedging instruments carried out at fair value in a qualifying cash flow hedge.

The translation reserve represents the gains and losses arising on retranslating the net assets of overseas operations into sterling. Following the transfer of these operations into another group company, the translation reserve has been released to retained earnings.

The retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The company reported a (loss)/profit as follows:

	2023 £'000	*2022 £'000*
Statutory profit before impairment	32,937	19,396
Impairment of investments	(13,418)	(8,532)
Impairment of intangible assets (note 11)	(11,150)	-
Impairment of property, plant and equipment (note 13)	(41,134)	-
Impairment of ROU assets (note 28)	(5,461)	-
Statutory (loss)/profit after impairment	(38,226)	10,864

Consolidated cash flow statement

For the year ended 31 March 2023

	Notes	*2023* *£'000*	*2022* *£'000*
Net cash flows (used in)/from operating activities	34	(22,558)	29,049
Investing activities			
Investments in affiliated companies		-	(1,045)
Dividends received from joint ventures		7,500	-
Purchase of other intangible assets	12	(2,682)	-
Purchase of property, plant and equipment	13	(34,898)	(39,786)
Gain from sale of property, plant and equipment		106	3,777
Net cash flows used in investing activities		(29,974)	(37,054)
Finance activities			
Dividends paid	10	(7,062)	(8,909)
Dividends paid to non-controlling interest		-	(720)
Proceeds from loans and borrowings		64,898	42,042
Repayment of borrowings		(2,463)	(4,467)
Repayment of lease liabilities		(13,604)	(13,397)
Net cash flows generated by finance activities		41,769	14,549
Net (decrease)/increase in cash and bank balances		(10,763)	6,544
Cash and bank balances at beginning of year		11,959	6,908
Effect of foreign exchange rate changes		6,545	(1,493)
Cash and bank balances at end of year		7,741	11,959

	2023	*2022*
Cash and bank balances:	*£'000*	*£'000*
Cash at bank	7,740	11,957
Cash in hand	1	2
	7,741	11,959

Registered No: 02328824

Company cash flow statement

For the year ended 31 March 2023

	Notes	*2023* *£'000*	*2022* *£'000*
Net cash flows (used in)/from operating activities	34	(23,535)	35,646
Investing activities			
Investments in subsidiaries		-	(1,045)
Dividends received from associates		7,500	724
Investments in subsidiaries	15	(15,832)	(13,356)
Purchase of other intangible assets	12	(565)	-
Purchase of property, plant and equipment	13	(30,469)	(35,507)
Additions to investment property	14	(207)	(170)
Gain from sale of property, plant and equipment		108	3,535
Net cash flows used in investing activities		(39,465)	(45,819)
Finance activities			
Dividends paid	10	(7,062)	(8,909)
Proceeds from loans and borrowings		68,120	31,513
Repayment of lease liabilities		(9,154)	(8,621)
Net cash flows generated by finance activities		51,905	13,983
Net (decrease)/increase in cash and bank balances		(11,095)	3,810
Cash and bank balances at beginning of year		5,120	2,691
Effect of foreign exchange rate changes		6,167	(1,381)
Cash and bank balances at end of year		192	5,120

	2023	*2022*
Cash and bank balances:	*£'000*	*£'000*
Cash at bank	191	5,118
Cash in hand	1	2
	192	5,120

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies

1.1 General information

Princes Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report, on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 1.3.

1.2 Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards affecting the financial statements

The following standards and interpretations have come into effect during the year. The adoption of these amendments has not had any material impact on the disclosures or amounts reported in these financial statements.

Amendments to IAS 37 (Effective 01 Jan 2022)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 (Effective 01 Jan 2022)	
Amendments to IAS 16 (Effective 01 Jan 2022)	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 3 (Effective 01 Jan 2022)	Reference to the Conceptual Framework

At the date of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

IFRS 17 (Effective 01 Jan 2023)	Insurance Contracts
Amendments to IAS 1 (Effective 01 Jan 2023)	Classification of liabilities as current or non-current
Amendments to IFRS 17 (Effective 01 Jan 2023)	
Amendments to IFRS 10 and IAS 28 (Optional)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

Standards will all be applied in the first financial period following the effective date.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom adopted international standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policy below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Basis of consolidation

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the group’s equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Investments in joint ventures

In the group financial statements investments in joint ventures are accounted for using the equity method. The group income statement includes the group's share of joint ventures profits less losses while the group's share of the net assets of the joint ventures is shown in the group balance sheet.

Other investments

Other fixed asset investments are stated at the lower of cost and net realisable value. Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

Going concern

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors have reviewed in detail the business' cash flow projections, together with the availability of undrawn borrowing facilities, for a period of at least 12 months from the date of approval of these financial statements. The profitability and cash generation from day-to-day operations is expected to continue to improve into the future. Notwithstanding the net current liability position at 31 March 2023 the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Further detail of the group's performance is contained in the Strategic Report on pages 2-6 and details of the group's borrowing facilities are included in note 22.

The directors, along with Mitsubishi Corporation, are reviewing the investment strategy of the business which could lead to a sale. Whilst the directors consider that the company is a going concern, should there be a change of ownership within the next 12 months, the intentions of any future management would be uncertain, including the financial support the company would receive. This represents a material uncertainty which may cast significant doubt about the Group and company's ability to continue as a going concern.

However, as a result of the net current liability position of £16,169,000, a decrease in net cash generated of £10,763,000 and the funding structure of the group, Mitsubishi Corporation have issued a letter of support for the group to provide financial support as far as Mitsubishi Corporation is the majority shareholder of Princes Ltd. Borrowings from a subsidiary of Princes ultimate parent, Mitsubishi Corporation which makes up 78% of the total group's borrowings have been guaranteed in the letter of support. The directors have assessed the ability of Mitsubishi Corporation to support the group and have concluded they have the ability to do so whilst the majority shareholder of Princes Ltd. As a result of the above, the directors have concluded it is appropriate to continue to adopt the going concern basis in preparation of the financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2023

Accounting policies (continued)

1.3 Significant accounting policies (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Investments in associates (continued)

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and therefore adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue on a single performance obligation which is satisfied when it transfers control of a product or service to a customer.

The group operates one principal area of activity, that of the importation, manufacture and distribution of food and drink products. The group also operates within three geographical markets, the United Kingdom, Rest of Europe and Rest of the World.

The total sales from Edible Oils Limited are included within group turnover as detailed in note 29.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

The group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

For all classes of assets, non-lease components, i.e. service elements, will be separated from the lease components and thereby not form part of the right-of-use asset and financial lease liability recognised in the balance sheet.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling-denominated assets and liabilities.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, and bank and cash balances. In the balance sheet, bank overdrafts are included in current borrowings.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Research and development

Research and development expenditure is written off as incurred. R&D tax credits are included within operating profit.

Operating profit

Operating profit is stated after the share of results of associates but before investment income and finance costs.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Usual practice in the UK is for the remeasurement, included in the statement of comprehensive income, to be taken to retained earnings but this is not a requirement of the standard. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

– current and past service cost;

– net-interest expense or income; and

– remeasurement.

The group presents the first component of defined benefit costs within administrative expenses (see note 31) in its consolidated income statement. Net-interest expense or income is recognised within finance costs (see note 8).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Taxation (continued)

combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Land and Buildings:	
Freehold buildings	- over 33-50 years
Leasehold land & buildings	- over 50 years or period of lease, if less
Plant Machinery & Equipment:	
Plant, machinery & equipment	- over 2-30 years
Vehicles	- over 2-10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation is assessed on a straight line basis, over the asset's useful life (50 years).

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less accumulated impairment losses.

Intangible assets identified as having indefinite useful lives are influenced by the nature of the business and the lifespan of the products sold to which the intangible assets relate.

Brands and licences with finite useful lives are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Brands and licences with indefinite useful lives are carried at cost less accumulated impairment losses.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value as follows.

- raw materials, packaging and goods purchased for resale – purchase cost on a first in first out basis; and
- manufactured goods – cost of direct materials and labour plus attributable overheads based on normal level of activity.

Cost is calculated using the weighted average cost method for traded inventory and standard costing for manufactured inventory. Net realisable value represents the estimated selling price less further costs expected to be incurred to completion and disposal.

Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

- The group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected losses, through the expected life or the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instruments improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item (note 8).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described earlier in this note on page 37.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial assets (continued)

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows or the original financial liability. If the medication is not substantial, the different between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss with other gains and losses.

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and currency swaps. Further details of derivative financial instruments are disclosed in note 24.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both legal right and intention to offset. The impact of the Master Netting Agreements on the Group's financial position is disclosed in note 24. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The group designates its derivative hedging instruments in respect of foreign currency risk. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 35 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. In the event that there is an ineffective portion, the gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.3 Significant accounting policies (continued)

Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the

obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Deferred consideration

Deferred consideration is held within provisions for liabilities and is recorded at the fair value of consideration payable.

Dividends

A final dividend is recognised when it is declared by the company in general meeting or by the members passing a written resolution. In the case of an interim dividend authorised under common articles of association, this will normally be when the dividend is paid. Accordingly, if an interim dividend is announced before the end of the reporting period but not paid until the next reporting period, this will not result in a liability at the reporting date.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1.3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgements that have a material impact on the group financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill, intangible assets and property, plant and equipment

Determining whether goodwill, intangible assets and property, plant and equipment are impaired requires an estimation of the value in use of the cash-generating units (CGUs). The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

IAS 19 requires that the discount rate is determined by reference to market yields at the reporting date on high quality corporate bonds. The pre tax discount rates applied to the cash flow forecasts are derived from our weighted average cost of capital. The assumptions used in the calculation of the group's weighted average cost of capital are benchmarked to externally available data.

The carrying amount of goodwill at the balance sheet date was £33,297,000 (2022: £44,447,000). The carrying amount of intangible assets with indefinite lives at the balance sheet date was £18,848,000 (2022: £18,848,000). The carrying amount of property, plant and equipment & right-of-use assets at the balance sheet date was £463,543,000 (2022: £510,408,000), after an impairment loss of £46,595,000 (2022: £Nil) was charged to the group income statement.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

The group has seven CGUs with material assets attached. Three CGUs have goodwill and intangible assets assigned to them (Canning, PIA and Napolina). The allocation of assets to CGUs and the assessment of expected future cash flows at CGU level gives rise to estimation uncertainty.

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, the discount rates selected and expected long-term growth rates. All CGUs that have goodwill and intangible assets with indefinite lives assigned to them have been subject to the annual impairment review process.

Canning CGU
Notwithstanding an improvement in the performance of the Canning CGU in the current and prior year, the Canning CGU continued to experience challenging macroeconomic conditions of inflation leading to commodity price increases. The estimated long-term growth rates beyond the forecast periods included in the impairment model are 1.5% (2022: 1.5%) per annum. Management consider this assumption to be conservative.

Detailed forecasts for a period of five years have been prepared and management concluded that the assets were not impaired. The key drivers of the forecast improvement in performance include price increases as a result of inflation, additional volume leading to operational cost savings. At 31 March 2023, headroom was £123,405,000 on a CGU carrying value of £228,317,000 (2022: headroom of £439,826,000 on a CGU carrying value of £230,099,000).

The critical assumptions underlying the detailed forecasts used in the impairment model are wide-ranging. The key assumptions that are subject to reasonably possible changes that could lead to a reduction in the headroom are the discount rate and volume increases. The discount rate used was 8.49% (2022: 4.34%). Assuming that movements in volume directly correlate to movements in pre-tax cash flows, volumes would have to fall to below 97.9% (2022: 96.3%) of the forecast volumes before the value in use falls below the CGU carrying value. The discount rate would need to increase by 3.71% to 12.2% on the base forecast cashflow model to reduce the headroom to breakeven. Based on the review performed management have concluded that the carrying value of the Canning CGU included in the financial statements is appropriate.

PIA and Napolina CGU
The PIA CGU was impaired by £19,314,000 during the year ended 31 March 2017. This was underpinned by full strategic review and reduction of the cash flow forecasts for that area of the business which continues to be reviewed annually as part of the budget process. As part of the prior year review, management reviewed the underlying asset base of the CGU and have deemed it appropriate to include a proportion of the Napolina brand that is directly attributable to the products manufactured at PIA.

Management recognises that the EU outlook for volume produced from tomato processing in Europe has reduced over the last 10 years and the longer term horizon to 2030 is expected to remain at the reduced levels, in main producing countries, such as Italy. Adverse weather conditions and pest diseases are becoming ever more prevalent conditions for farming, which has directly affected PIA production. As a result, the decline in volume was included as a critical assumption in the detailed forecast offset against cost saving projects.

Further, due to a change in market dynamics, the weighted average cost of capital (WACC) used to discount the future cash flows increased significantly. The WACC used in the current year's assessment was 9.96% (2022: 5.63%). This has resulted in an impairment charge of £32,978,000 (2022: £nil).

An increase of the discount rate by 0.5% would result in a further £3,148,000 impairment charge. Management do not consider there to be further key sources of estimation uncertainty within the cashflow forecast model.

Notes to the financial statements (continued)

For the year ended 31 March 2023

1. Accounting policies (continued)

1.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Cardiff CGU

Management recognise that volumes have decreased year on year in the last three years, coupled with the change in market dynamics the WACC used to discount the future cash flows increased significantly. The WACC used in the current year's assessment was 9% (2022: 4.46%). Therefore, management have applied a prudent forecast to the volumes included in this plan into the cashflows, which has resulted in an impairment charge of £24,767,000 (2022: £nil). An increase of the discount rate by 0.5% would result in a further £3,246,000 impairment charge.

Retirement benefit schemes

The measurement of the defined benefit pension scheme requires the estimation of future changes in salaries, inflation, longevity of current and deferred members and the selection of a suitable discount rate, as set out in note 31. The Group engages with Mercer, a global professional services company whose specialisms include actuarial advice, to support the process of establishing reasonable bases for all of these estimates, to ensure they are appropriate to the Group's particular circumstances.

2. Revenue

Revenue represents the invoiced value of goods sold which fall within the group's continuing ordinary activities and is stated net of value added tax and trading allowances. Revenue is recognised when the risk and rewards have been transferred. The total sales from Edible Oils Limited are included within group revenue as detailed in note 29.

The group operates in one principal area of activity, that of the importation, manufacture and distribution of food and drink products.

An analysis of the group's revenue is as follows:

	Year ended 2023 £'000	*Year ended 2022 £'000*
Continuing operations		
Sales of goods	1,744,803	1,435,142

Notes to the financial statements (continued)

For the year ended 31 March 2023

3. Operating segments

The class of business the group operates in is the manufacture, importation and distribution of food and drink products to the grocery trade.

The group operates within three geographical markets, the United Kingdom, Rest of Europe and Rest of the World.

Geographical information:

The group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets, retirement benefit surpluses and other financial assets) by geographical location are detailed below:

Revenue from external customers by location:	***Year ended 2023 £'000***	***Year ended 2022 £'000***
United Kingdom	1,253,158	1,065,114
Rest of Europe	391,287	304,696
Rest of the World	100,358	65,332
	1,744,803	1,435,142

Consolidated total non-current assets by location of asset:	***2023 £'000***	***2022 £'000***
United Kingdom	461,802	515,289
Rest of Europe	71,094	72,250
Rest of the World	48,079	49,264
	580,975	636,803

Notes to the financial statements (continued)

For the year ended 31 March 2023

4. (Loss)/profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 2023 £'000	*Year ended 2022 £'000*
Depreciation of property, plant and equipment (see note 13)	36,085	35,048
Depreciation of right-of-use assets (see note 28)	12,708	13,383
Loss/(Gain) on disposal of fixed assets & right-of-use assets	374	(1,084)
Impairment of intangible assets (see note 11)	11,150	-
Impairment of property, plant and equipment (see note 13)	41,134	-
Impairment of ROU assets (see note 28)	5,461	-
Restructuring costs	67	66
Research and development costs	2,075	2,506
Amortisation of other intangible fixed assets (see note 12)	1,551	964
Royalties payable	321	197
Net foreign exchange losses	386	1,177
Cost of inventories recognised as an expense (see note 18)	1,339,379	1,068,741
Write downs of inventories recognised as an expense	6,223	3,065
Employee benefit expenses (see note 7)	154,617	146,968

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own income statement for the year. The company reported a profit before impairment losses for the financial year ended 31 March 2023 of £32,938,000 (2022: £19,396,000 profit) and a loss after impairment losses of £38,226,000 (2022: £10,864,000 profit). Please see further details in company statement of changes in equity.

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2023

5. Auditor’s remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2023 £’000	***Year ended 2022 £’000***
Fees payable to the company’s auditor and their associates for the audit of the company’s financial statements	448	380
Fees payable to the company’s auditor and their associates for other services to the group:		
– The audit of the company’s subsidiaries	213	147
Total audit fees	661	527

There are no non-audit services with Deloitte LLP and their associates.

Fees payable to Deloitte LLP and their associates for the respective audits of the financial statements of Edible Oils Limited and its overseas incorporated subsidiaries, in which the group has a joint venture interest, for the year ended 31 March 2023 were £58,000 (2022: £48,000) and are not recharged to the group.

6. Directors’ remuneration

The remuneration of the directors, who are the key management personnel of the group, is set out below.

The total amounts for directors’ remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Year ended 2023 £’000	***Year ended 2022 £’000***
Short-term employee benefits	845	1,067
	No.	***No.***
Directors to whom retirement benefits are accruing for qualifying services in respect of defined benefit pension schemes	-	-

The emoluments of the highest paid director were £473,000 (2022: £476,000).

Directors’ remuneration disclosed includes only directors that are paid by the Princes Group and not remuneration for Directors that are paid directly by Princes ultimate parent Mitsubishi Corporation.

Notes to the financial statements (continued)

For the year ended 31 March 2023

7. Employee benefit expenses

Employee benefit expenses (including directors) comprise:

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Wages and salaries	131,682	124,913	94,648	91,074
Social security costs	13,437	12,942	9,802	8,807
Other pension costs	9,498	9,113	8,030	7,823
	154,617	146,968	112,480	107,704

Included within the Group's wages and salaries costs are costs in respect of temporary sub-contracted agency employees of £3,892,000 (2022: £3,754,000).

Included within the Company's wages and salaries costs are costs in respect of temporary sub-contracted agency employees of £3,536,000 (2022: £3,665,000).

The average monthly number of employees during the year, including directors, was:

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
Office management	1,261	1,250	726	723
Manufacturing, warehousing and transport	5,048	5,225	1,322	1,372
	6,309	6,475	2,048	2,095
Temporary sub-contracted agency staff	425	502	180	204
	6,734	6,977	2,228	2,299

8. Finance income and costs

	Year ended 2023 £'000	***Year ended 2022 £'000***
Finance income:		
Interest on defined benefit pension schemes (note 31)	1,357	840
Finance costs:		
Interest on loans and overdrafts	(4,103)	(1,048)
Interest on lease liabilities	(1,515)	(1,469)
Interest on loans from group undertakings	(11,270)	(2,130)
	(16,888)	(4,647)
Net finance income and costs	(15,531)	(3,807)

Notes to the financial statements (continued)
For the year ended 31 March 2023

9. Tax
a) Analysis of tax expense in the year:

Group

	Year ended 2023 £'000	***Year ended 2022 £'000***
Current tax:		
UK corporation tax on profits for the year	(110)	(2,903)
Adjustments in respect of previous years	15	(1,465)
	(95)	(4,368)
Foreign tax	862	85
Total current tax	767	(4,283)
Deferred tax:		
Origination and reversal of timing differences	(6,900)	8,131
Effect of future changes in tax rates	(1,793)	7,045
Adjustments in respect of prior years	(1,825)	845
Total deferred tax (note 25)	(10,518)	16,021
Total tax expense for the year (note 9(b))	(9,751)	11,738

b) The charge for the year can be reconciled to the (loss)/profit in the income statement as follows:

Group

	Year ended 2023 £'000	***Year ended 2022 £'000***
(Loss)/profit on ordinary activities before tax	(50,650)	28,942
Tax at the UK corporation tax rate of 19% (2022: 19%)	(9,624)	5,499
Effects of:		
Tax effect of share of results of associates	(1,853)	(1,259)
Tax effect of income not taxable in determining taxable profit	-	(3,594)
Effect of future change in tax rates	(1,945)	9,342
Other differences	811	565
Fixed asset differences	6,059	425
Adjustments to tax charge in respect of previous periods	(1,657)	(620)
Tax effect of utilisation of tax losses not previously recognised	(518)	-
Change in unrecognised deferred tax assets	(350)	2,021
Effect of different rates of subsidiaries operating in other jurisdictions	(675)	(640)
Tax expense/(income) for the year (note 9(a))	(9,751)	11,739

Notes to the financial statements (continued)

For the year ended 31 March 2023

9. Tax (continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	Year ended 2023 £'000	*Year ended 2022 £'000*
Deferred tax relating to items that will not be reclassified to profit or loss	6,633	(4,283)
Tax relating to items that may be reclassified to profit or loss	925	(2,045)
	7,557	(6,328)

10. Dividends

	Year ended 2023 £'000	*Year ended 2022 £'000*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2022 of 100.9p (2021: 105.1p) per ordinary share	7,062	7,358
Interim dividend for the year ended 31 March 2023 of nil (2022: 22.2p) per ordinary share	-	1,551
	7,062	8,909

Notes to the financial statements (continued)

For the year ended 31 March 2023

11. Goodwill

Group

	Napolina	*Canning*	*PIA*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost:				
At 1 April 2021	18,519	25,928	628	45,075
At 31 March 2022	18,519	25,928	628	45,075
At 31 March 2023	18,519	25,928	628	45,075
Impairment				
At 1 April 2021	-	-	628	628
At 31 March 2022	-	-	628	628
Impairment	11,150	-	-	11,150
At 31 March 2023	11,150	-	628	11,778
Carrying Values:				
At 31 March 2023	7,369	25,928	-	33,297
At 31 March 2022	18,519	25,928	-	44,447
At 1 April 2021	18,519	25,928	-	44,447

Company

	Napolina	*Canning*	*Foods*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost:				
At 1 April 2021	18,519	25,928	874	45,321
At 31 March 2022	18,519	25,928	874	45,321
At 31 March 2023	18,519	25,928	874	45,321
Impairment				
At 1 April 2021	-	-	-	-
At 31 March 2022	-	-	-	-
Impairment	11,150	-	-	11,150
At 31 March 2023	11,150	-	-	11,150
Carrying Values:				
At 31 March 2023	7,369	25,928	874	34,171
At 31 March 2022	18,519	25,928	874	45,321
At 1 April 2021	18,519	25,928	874	45,321

Notes to the financial statements (continued)

For the year ended 31 March 2023

11. Goodwill (continued)

In accordance with IAS 36, goodwill is not amortised, but is reviewed annually for indications of impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash-generating units and the group of units are determined from value in use calculations using the most recent 5 year projections for each cash-generating unit. The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five/ten years based on estimated growth rates that do not exceed the average long-term growth rate for the relevant markets.

There are a number of assumptions within each forecast and these have been revised in the year in light of the current economic environment which has resulted in continued estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units and the group of units. The growth rates are based on industry growth forecasts, specific to each cash-generating unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The post tax rate used to discount the forecast cash flows ranges from 8.45%-9.96% (2022: 4.34%-5.63%).

Some of the Napolina branded products are manufactured at PIA (Princes Industrie Alimentari's Foggia site). In understanding the underlying asset base of the PIA cash generating unit for the purpose of impairment test management, £7,407,000 of Napolina goodwill and £2,917,000 of the other intangible assets (Brand) have been included.

The group has conducted various sensitivity analyses on the impairment test of each cash-generating unit, see note 1.4. The directors have considered reasonably possible changes across all significant assumptions. The effects of climate change are not sufficiently certain to be quantifiable, but management will seek to include them in future years if they become clear.

Following the review of the cash-generating units, an impairment charge of £11,150,000 has been recognised against Napolina. This was as a result of the change in market dynamics leading to a significant increase in the weighted average cost of capital used to discount the cash flows, coupled with a decline in volume as management acknowledge the adverse weather conditions and pest diseases are becoming ever more prevalent conditions for farming, which has directly affected PIA production. An increase of the discount rate by 0.5% would result in a further £157,000 impairment charge. The charge in the year has been included within administrative expenses.

Notes to the financial statements (continued)

For the year ended 31 March 2023

12. Other intangible assets

Group

	Brands *£'000*	*Licences* *£'000*	*Total* *£'000*
Cost:			
At 1 April 2021	18,848	14,610	33,458
Transfer from property, plant and equipment	-	12,273	12,273
At 31 March 2022	18,848	26,883	45,731
Additions	-	2,682	2,682
At 31 March 2023	18,848	29,565	48,413
Amortisation:			
Balance at 31 March 2021	-	9,460	9,460
Charge for the year	-	964	964
Transfer from property, plant and equipment	-	6,562	6,562
Balance at 31 March 2022	-	16,986	16,986
Charge for the year	-	3,133	3,133
Balance at 31 March 2023	-	20,119	20,119
Carrying values:			
Balance at 31 March 2023	18,848	9,446	28,294
Balance at 31 March 2022	18,848	9,897	28,745
At 1 April 2021	18,848	5,150	23,998

Licences are amortised over their estimated useful lives, which is on average 15 years. Amortisation is charge to the income statement, within administrative expenses.

Brands are not amortised but are tested annually by an estimation of the value in use of the cash generating units to determine whether there is any indication the brands have suffered an impairment loss. Full details of the impairment review process are included in note 11.

The cash generating units are as follows:

Group

	Canning *£'000*	*Napolina* *£'000*	*Total* *£'000*
Cost and carrying value:			
At 1 April 2021, 31 March 2022 and 31 March 2023	11,555	7,293	18,848

Notes to the financial statements (continued)

For the year ended 31 March 2023

12. Other intangible assets (continued)

Company

	Brands	*Licences*	*Total*
	£'000	*£'000*	*£'000*
Cost:			
At 1 April 2021	18,848	14,610	33,458
Transfer from property, plant and equipment	-	9,158	9,158
At 31 March 2022	18,848	23,768	42,616
Additions	-	565	565
At 31 March 2023	18,848	24,333	43,181
Amortisation:			
Balance at 31 March 2021	-	9,460	9,460
Charge for the year	-	964	964
Transfer from property, plant and equipment	-	5,633	5,633
Balance at 31 March 2022	-	16,057	16,057
Charge for the year	-	1,551	1,551
Balance at 31 March 2023	-	17,608	17,608
Carrying values:			
Balance at 31 March 2023	18,848	6,725	25,573
Balance at 31 March 2022	18,848	7,711	26,559
At 1 April 2021	18,848	5,150	23,998

Licences are amortised over their estimated useful lives, which is on average 15 years. Amortisation is charge to the income statement, within administrative expenses.

Brands are not amortised but are tested annually by an estimation of the value in use of the cash generating units to determine whether there is any indication the brands have suffered an impairment loss. Full details of the impairment review process are included in note 11.

The cash generating units are as follows:

Company

	Canning	*Napolina*	*Total*
	£'000	*£'000*	*£'000*
Cost and carrying value:			
At 31 March 2023	11,555	7,293	18,848

Notes to the financial statements (continued)

For the year ended 31 March 2023

13. Property, plant and equipment

Group	*Assets in the course of construction £'000*	*Land and buildings £'000*	*Plant, machinery & equipment £'000*	*Vehicles £'000*	*Total £'000*
Cost:					
At 1 April 2021	122,906	167,375	430,477	2,395	723,153
Additions	33,876	183	5,727	-	39,786
Transfers	(109,217)	25,136	84,030	51	-
Disposals	-	(290)	(20,404)	(47)	(20,741)
Transferred to intangible assets	-	-	(12,273)	-	(12,273)
Transferred to HFS (Note 20)	-	(211)	-	-	(211)
Exchange differences	(52)	(741)	(1,433)	(25)	(2,251)
At 31 March 2022	47,513	191,452	486,124	2,374	727,463
Additions	31,630	1,993	1,275	-	34,898
Transfers	(60,155)	7,417	52,509	229	-
Disposals	-	-	(335)	(49)	(384)
Impairment	(1,634)	(13,587)	(24,628)	(1,285)	(41,134)
Transferred to HFS (Note 20)	-	-	(6,322)	-	(6,322)
Exchange differences	161	3,131	6,214	104	9,610
At 31 March 2023	17,515	190,406	514,837	1,373	724,131
Accumulated depreciation:					
At 1 April 2021	-	47,672	227,652	1,757	277,081
Charge for the year	-	5,423	29,384	241	35,048
Disposals	-	(122)	(19,945)	(47)	(20,114)
Transferred to intangible assets	-	-	(6,562)	-	(6,562)
Transferred to HFS (Note 20)	-	(104)	-	-	(104)
Exchange differences	-	(245)	(829)	(18)	(1,092)
At 31 March 2022	-	52,624	229,700	1,933	284,257
Charge for the year	-	5,826	29,984	275	36,085
Disposals	-	-	(335)	(49)	(384)
Transferred to HFS (Note 20)	-	-	(6,243)	-	(6,243)
Exchange differences	-	1,123	3,831	87	5,041
At 31 March 2023	-	59,573	256,937	2,246	318,756
Carrying values:					
At 31 March 2023	17,515	130,833	257,900	(873)	405,375
At 31 March 2022	47,513	138,828	256,424	441	443,206
At 1 April 2021	122,906	119,703	202,825	638	446,072

Software licences were transferred from property, plant and equipment to intangible assets in the prior year.

Impairment losses recognised in the year

In addition to the impairment reviews completed on cash-generating units with goodwill and other intangible assets (see note 11), management have considered whether there are any other indicators of impairment are present. During the year, as the result of a strategic review of a manufacturing plant, the group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. An impairment charge of £41,134,000 was identified in the year (2022: Nil), this was split based on the proportion of the asset class of total assets as at 1st January 2023. See note 1 for further details.

Notes to the financial statements (continued)

For the year ended 31 March 2023

13. Property, plant and equipment (continued)

Group (continued)

Assets pledged as security

There is a fixed and floating charge over certain assets of the group, including property, plant and equipment totalling £91,606,000.

Company	***Assets in the course of construction £'000***	***Land and buildings £'000***	***Plant, machinery & equipment £'000***	***Total £'000***
Cost:				
At 1 April 2021	118,060	85,789	279,754	483,603
Additions	35,078	-	429	35,507
Transfer from assets under construction	(109,218)	25,001	84,217	-
Disposals	-	(289)	(19,426)	(19,715)
Transferred to intangible assets	-	-	(9,158)	(9,158)
Transferred to HFS (Note 20)	-	(211)	-	(211)
At 31 March 2022	43,920	110,290	335,816	490,026
Additions	30,469	-	-	30,469
Transfer from assets under construction	(60,155)	7,124	53,031	-
Disposals	-	-	(335)	(335)
Impairment	(842)	(4,226)	(15,475)	(20,543)
Transferred to HFS (Note 20)	-	-	(6,322)	(6,322)
At 31 March 2023	13,392	113,188	366,716	493,296
Accumulated depreciation:				
At 1 April 2021	-	17,927	135,125	153,052
Charge for the year	-	3,160	20,606	23,766
Disposals	-	(122)	(18,968)	(19,090)
Transferred to intangible assets	-	-	(5,633)	(5,633)
Transferred to HFS (Note 20)	-	(104)	-	(104)
At 31 March 2022	-	20,861	131,130	151,991
Charge for the year	-	3,414	22,200	25,614
Disposals	-	-	(335)	(335)
Transferred to HFS (Note 20)	-	-	(6,243)	(6,243)
At 31 March 2023	-	24,275	146,752	171,027
Carrying values:				
At 31 March 2023	13,392	88,913	219,964	322,269
At 31 March 2022	43,920	89,429	204,686	338,035
At 1 April 2021	118,060	67,862	144,629	330,551

In the opinion of the directors, the open market value of the group's and company's interest in land and buildings is not materially different to the book value.

Impairment losses recognised in the year

In addition to the impairment reviews completed on cash-generating units with goodwill and other intangible assets (see note 11), management have considered whether there are any other indicators of impairment are present. During the year, as the result of a strategic review of a manufacturing plant, the group carried out a review of the recoverable amount of that manufacturing plant and the related equipment. An impairment charge of £20,543,000 was identified in the year (2022: Nil), this was split based on the proportion of the asset class of total assets as at 1st January 2023. See note 1 for further details.

Notes to the financial statements (continued)
For the year ended 31 March 2023

13. Property, plant and equipment (continued)
Details of split between freehold and long leasehold property are as follows:

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Freehold	89,575	96,810	49,036	48,762
Long leasehold	41,258	42,018	39,877	40,667
	130,833	138,828	88,913	89,429

14. Investment property

Company	***Investment property £'000***
Cost:	
At 1 April 2021	7,236
Additions	170
Disposals	(61)
At 31 March 2022	7,345
Additions	207
At 31 March 2023	7,552
Depreciation:	
At 1 April 2021	3,536
Charge for the year	194
Disposals	(61)
At 31 March 2022	3,669
Charge for the year	182
At 31 March 2023	3,851
Carrying values:	
At 31 March 2023	3,701
At 31 March 2022	3,676
At 1 April 2021	3,700

In the opinion of the directors the fair value of the company's investment property at 31 March 2023 is not materially different to the book value. The method of determining fair value was derived using recent comparable market transaction on arms length terms at the time of the valuation and based on normal assumptions applied in carrying out similar valuation. There are no restrictions on the realisability of investment property.

The property rental income earned by the company from its investment property, which is leased out under an operating lease, amounted to 2023: £nil (2022: £nil). See note 28.

Notes to the financial statements (continued)

For the year ended 31 March 2023

15. Subsidiaries

The subsidiary undertakings of Princes Limited, all of which have been included in these consolidated financial statements, are as follows:

Subsidiary undertakings	*Registered No*	*Place of business and registered office*	*Ordinary holding*	*Proportion of ownership interests and voting rights held*	*Nature of business*
Princes Tuna (Mauritius) Limited	-	PO Box 131, New Trunk Road, Riche Terre, Port Louis, Republic of Mauritius	Direct	51%	Processing & packaging of tuna fish
Indico Canning Limited	-	Marine Road, Port Louis, Republic of Mauritius	Indirect	68%	Processing & packaging
Princes Foods BV	-	Boompjes 40, PO Box 19157, 3001 BD, Rotterdam, Holland	Direct	100%	Distribution of food products
Princes Industrie Alimentari Srl	-	Srl Localita Incoronata Zona ASI 71122 Foggia (FG), Italy	Direct	100%	Production of ambient tomato and pulse products
West Yorkshire Industrial Estates (Management) Limited	01570526	Royal Liver Building, Pier Head, Liverpool, L3 1NX, England & Wales	Direct	56%	Estate management
Princes Holding Rotterdam BV	-	Boompjes 40, PO Box 19157, 3001 BD, Rotterdam, Holland	Direct	100%	Trademark Holding
Abbey Foods (Liverpool) Limited	3706041	England & Wales*	Direct	100%	Dormant
Barraclough (1996) Limited	2528484	England & Wales*	Direct	100%	Dormant
Beta Foods Limited	3376466	England & Wales*	Direct	100%	Dormant
C Shippam Limited	3403946	England & Wales*	Direct	100%	Dormant
Cima Foods Limited	1694576	England & Wales*	Direct	100%	Dormant
Crosse & Blackwell Ltd	564125	England & Wales*	Direct	100%	Dormant
Gee Bee Limited	3046293	England & Wales*	Direct	100%	Dormant
Jack L. Israel Limited	03046306	England & Wales*	Indirect	100%	Dormant
Leon Frenkel Limited	246315	England & Wales*	Direct	100%	Dormant
Napolina Limited	04186193	England & Wales*	Direct	100%	Dormant
Princes Foods (1989) Limited	1120353	England & Wales*	Direct	100%	Dormant
Princes Foods Limited	158330	England & Wales*	Indirect	100%	Dormant
Princes Soft Drinks Limited	2295092	England & Wales*	Direct	100%	Dormant
Well Well Well (UK) Limited	2502960	England & Wales*	Direct	100%	Dormant

*The dormant subsidiaries are all registered at Royal Liver Building, Pier Head, Liverpool, L3 1NX.

Notes to the financial statements (continued)

For the year ended 31 March 2023

15. Subsidiaries (continued)

Company	***Subsidiary Undertakings £'000***
Cost:	
At 1 April 2021	245,440
Additions	13,356
At 31 March 2022	258,796
Additions	15,832
At 31 March 2023	274,628
Provisions for impairment	
At 1 April 2021	(136,256)
Impairment	(8,532)
At 31 March 2022	(144,788)
Impairment	(13,418)
At 31 March 2023	(158,206)
Carrying values:	
At 31 March 2023	116,422
At 31 March 2022	114,008
At 1 April 2021	109,184

Additions relate to the recapitalisation of Princes Italian subsidiary Princes Industrie Alimentari SRL.

At a company level, management have reviewed the carrying value of investments. The impairment charge recognised in the year ensures that the carrying value of investments in subsidiary undertakings does not exceed the expected value of each subsidiary, based on discounted cash flow forecasts. All amounts impaired in the year relate to Princes Italian subsidiary Princes Industrie Alimentari SRL, this impairment was arrived at by comparing the recoverable amount for the PIA CGU against the investment amount.

The reconciliation of non-controlling interests in note 33 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material to the group.

Notes to the financial statements (continued)

For the year ended 31 March 2023

16. Interests in associates

Details of the group's associate at the end of the reporting period are as follows:

Name of associate	*Place of business and registered office*	*Country of incorporation*	*Ordinary holding*	*Proportion of ownership interests and voting rights held*	*Nature of business*
Marine Biotechnology Products Limited	IBL House, Caudan, Port Louis, Republic of Mauritius	Mauritius	Indirect	33%	Processing of fish meal
Cawston Press Limited	Timsons Business Centre, Bath Road, Kettering, Northants, England, NN16 8NQ	United Kingdom	Indirect	8%	Wholesale of fruit and vegetable juices, mineral water and soft drinks

The associate is accounted for using the equity method in these consolidated financial statements as set out in the group accounting policies in note 1.3. Shareholding relates to Ordinary shares.

The summarised financial information represents amounts in accordance with IFRSs, adjusted by the group for equity accounting purposes.

	Year ended 2023 £'000	*Year ended 2022 £'000*
The Group's share of profit from continuing operations	309	279
Additions	-	1,045
Exchange differences	79	(330)
The Group's share of total comprehensive income	388	994
Aggregate carrying amount of the Group's interests in associates	10,018	9,630

Additions in the prior year relates to investment in Cawston Press Limited.

Notes to the financial statements (continued)

For the year ended 31 March 2023

17. Investment in joint venture

The group has a 50% (2022: 50%) interest in a joint venture, Edible Oils Limited. All of Princes Limited's shareholding relates to ordinary shares. The principal activity of Edible Oils Limited is the processing of edible oils and the company is incorporated in England and Wales, with a registered office at Royal Liver Building, Pier Head, Liverpool, L3 1NX. The activities of the joint venture are strategic to the group's activities.

The contractual arrangement provides the group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Edible Oils Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised statement of financial position:

	2023	*2022*
	£'000	*£'000*
Current assets	73,401	74,681
Non-current assets	61,530	62,659
Current liabilities	(36,456)	(43,496)
Non-current liabilities	(6,829)	(6,699)
Net assets (100%)	91,646	87,145
Group share of net assets (50%)	45,823	43,573

Summarised income statement and statement of comprehensive income:

	2023	*2022*
	£'000	*£'000*
Revenues	383,569	277,425
Profit for the year (continuing operations)	19,596	13,261
Total comprehensive income for the year (continuing operations)	19,499	13,258
Group share of total comprehensive income (50%)	9,750	6,629
Dividends paid to group from joint venture	7,500	-

The above profit (loss) for the year include the following:

	2023	*2022*
	£'000	*£'000*
Depreciation and amortisation	3,805	2,836
Interest (income) / expense	(739)	103
Income tax credit	(4,993)	(4,193)

The joint venture had no other contingent liabilities or capital commitments as at 31 March 2023 (2022: same), except as disclosed in note 29. Edible Oils Limited cannot distribute its profits without the consent from the two venture partners.

Notes to the financial statements (continued)
For the year ended 31 March 2023

18. Inventories

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Raw materials and consumables	115,536	74,741	58,138	37,320
Finished goods and goods for resale	292,296	248,088	157,627	138,250
	407,832	322,829	215,765	175,570

The cost of inventories recognised as an expense during the year in respect of continuing operations was £1,339,379,000 (2022: £1,068,741,000).

Inventories of £nil (2022: £nil) are expected to be recovered after more than twelve months.

The carrying value of inventories is not materially different to its replacement value.

Inventories with a carrying amount of £52,560,000 (2022: £48,501,000) have been pledged with a fixed floating charge over the assets of the respective subsidiary entity for certain of the group's bank overdrafts.

19. Trade and other receivables

Non-current assets	*Group*		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Amounts owed by subsidiary undertakings	-	-	79,336	42,317

Current assets	***2023***	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Trade receivables	216,852	184,029	164,111	135,958
Amounts owed by parent undertakings	5,368	2,387	22	-
Amounts owed by subsidiary undertakings	-	-	75,062	97,524
Amounts owed by related parties (note 29)	2,012	5,517	48	5,072
Other receivables	16,835	24,200	12,320	17,327
Prepayments	13,480	10,844	12,702	10,391
	254,547	226,977	264,265	266,272

Ageing of past due but not impaired receivables:

	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
31-60 days	7,255	8,127	4,490	4,937
61-90 days	812	1,161	762	1,089
91-120 days	791	586	687	556
Total	8,858	9,874	5,939	6,582

Notes to the financial statements (continued)

For the year ended 31 March 2023

19. Trade and other receivables (continued)

Trade receivables

The credit risk associated with receivables for the group are as per the directors' report, page 8, with credit risk management as per note 35. Group policies in managing credit risk are designed to reduce exposure to risks and minimise any losses and include dealing with creditworthy counterparties and the use of credit ratings provided by rating agencies which are applied to counterparties.

All intergroup trade payables and receivables are repayable on demand and are interest free.

The group's largest 10 customers accounted for 71% of trade receivables as at 31 March 2023 (2022: 58%).

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

20. Assets held for sale

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Non-current assets held for sale	79	107	79	107

During the year, the sale of the Glasgow canteen site which sat in assets held for sale in the prior year was completed. The remaining balance at year end relates to machinery at Bradford.

21. Trade and other payables

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Trade payables	129,314	83,915	63,080	29,803
Other payables	3,893	3,197	2,160	2,126
Other taxes and social security costs	2,604	2,033	2,381	2,138
Accruals	71,558	77,433	58,861	66,277
Amounts due to parent undertakings	47	33	1,216	4,786
Amounts due to subsidiary undertakings	-	-	27,417	27,260
Amounts due to other group undertakings	7,343	6,899	7,390	6,932
Amounts due to related parties (note 29)	39,045	42,447	37,008	42,791
Total trade and other payables	253,804	215,957	199,513	182,113

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the financial statements (continued)
For the year ended 31 March 2023

22. Borrowings

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Unsecured borrowing at amortised cost				
Bank overdrafts	135,285	65,431	111,259	42,873
Loans from subsidiary undertakings	-	-	51,109	51,109
Amounts due to parent undertakings and other group companies	492,883	487,131	492,883	487,131
Total unsecured borrowings	628,168	552,562	655,251	581,113
Secured borrowing at amortised cost				
Bank loans	3,760	10,385	-	-
Total borrowings	631,928	562,947	655,251	581,113
Amount due for settlement within 12 months	421,355	397,285	394,823	371,504
Amount due for settlement after 12 months	210,573	165,662	260,428	209,609

Analysis of borrowings by currency:

	Group Sterling £'000	Group Euros £'000	Group Other* £'000	Group Total £'000
At 31 March 2023				
Bank overdrafts	107,900	25,543	1,842	135,285
Bank loans	-	3,760	-	3,760
Amounts due to parent undertakings and other group companies	342,500	150,383	-	492,883
	450,400	179,686	1,842	631,928
At 31 March 2022				
Bank overdrafts	33,828	28,784	2,819	65,431
Bank loans	-	10,385	-	10,385
Amounts due to parent undertakings and other group companies	354,000	133,131	-	487,131
	387,828	172,300	2,819	562,947

* Other currencies comprise Polish Zloty and US Dollar balances.

Notes to the financial statements (continued)

For the year ended 31 March 2023

22. Borrowings (continued)

Analysis of borrowings by currency:

	Company			
	Sterling	*Euros*	*Other**	*Total*
	£'000	*£'000*	*£'000*	*£'000*
At 31 March 2023				
Bank overdrafts	107,900	1,517	1,842	111,259
Loans from subsidiary undertakings	51,109	-	-	51,109
Amounts due to parent undertakings and other group companies	342,500	150,383	-	492,883
	501,509	151,900	1,842	655,251
At 31 March 2022				
Bank overdrafts	33,828	6,226	2,819	42,873
Loans from subsidiary undertakings	51,109	-	-	51,109
Amounts due to parent undertakings and other group companies	354,000	133,131	-	487,131
	438,937	139,357	2,819	581,113

* Other currencies comprise Polish Zloty and US Dollar balances.

The other principal features of the group's borrowings are as follows:

Bank borrowings are made against short – term or overdraft facilities, all at commercial rates of interest.

Bank overdrafts are repayable on demand. Overdrafts of £nil (2022: £nil) have been secured with a fixed floating charge over the assets of the respective subsidiary entity.

Included in amounts owed by the group and company to parent undertakings and other group companies is £271,064,000 (2022: £328,631,000) relating to short–term borrowings and £63,500,000 (2022: £63,500,000) repayable by annual instalments from August 2021 – August 2027 on which interest is based on 3 months SONIA and £63,319,000 (2022: £60,667,000) repayable by 2 May 2029 on which interest is based on 3 months Euribor.

At the year end, the group's aggregate borrowing facilities total £687,093,000 (2022: £692,993,000), of which £62,413,000 is available for draw down (2022: £141,286,000).

All borrowings due to parent and other group companies are secured under a guarantee from Mitsubishi Corporation.

Notes to the financial statements (continued)

For the year ended 31 March 2023

22. Borrowings (continued)

Changes in liabilities arising from financing activities

Group	*2022 £'000*	*Financing Cash Flows (i)*	*None Cash Changes*			*2023 £'000*
			New Leases	*Foreign Exchange*	*Other (ii)*	
Bank loans	10,385	(7,154)		529		3,760
Amounts due to parent undertakings and other group companies	487,131	(266)		6,018		492,883
Lease Liabilities (Note 28)	67,175	(13,605)	8,477	538	181	62,766
Total	564,691					559,409

	2021 £'000	*Financing Cash Flows (i)*	*None Cash Changes*			*2022 £'000*
			New Leases	*Foreign Exchange*	*Other (ii)*	
Bank loans	14,963	(4,468)		(110)		10,385
Amounts due to parent undertakings and other group companies	462,162	26,351		(1,382)		487,131
Lease Liabilities (Note 28)	71,665	(13,397)	9,304	172	(569)	67,175
Total	548,790					564,691

Company	*2022 £'000*	*Financing Cash Flows (i)*	*None Cash Changes*			*2023 £'000*
			New Leases	*Foreign Exchange*	*Other (ii)*	
Amounts due to parent undertakings and other group companies	487,131	(266)		6,018		492,883
Lease Liabilities (Note 28)	57,719	(9,155)	6,481	(0)	(58)	54,987
Total	544,850					547,870

	2021 £'000	*Financing Cash Flows (i)*	*None Cash Changes*			*2022 £'000*
			New Leases	*Foreign Exchange*	*Other (ii)*	
Amounts due to parent undertakings and other group companies	462,162	26,351		(1,382)		487,131
Lease Liabilities (Note 28)	57,579	(8,621)	8,703	(1)	59	57,719
Total	519,741					544,850

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments, Lease Modifications and Lease Terminations

23. Capital commitments

	Group		*Company*	
	2023 £'000	*2022 £'000*	*2023 £'000*	*2022 £'000*
Amounts contracted but not provided for	9,495	15,048	5,252	15,048

All capital commitments relate to the acquisition of property, plant and equipment.

Notes to the financial statements (continued)

For the year ended 31 March 2023

24. Derivative financial instruments

	Current		*Non-current*	
Group	***2023***	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Derivative financial assets				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	1,956	3,478	3	12
Total derivative financial assets	1,956	3,478	3	12
Derivative financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	(3,920)	(1,431)	(82)	-
Total derivative financial liabilities	(3,920)	(1,431)	(82)	-

	Current		*Non-current*	
Company	***2023***	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Derivative financial assets				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	689	3,257	1	1
Total derivative financial assets	689	3,257	1	1
Derivative financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
- Forward foreign currency contracts	(2,993)	(573)	(82)	-
Total derivative financial liabilities	(2,993)	(573)	(82)	-

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Foreign exchange risk arises when group enter into transactions denominated in a currency other than their functional currency. To cover this risk treasury will enter into a matching forward foreign exchange contract with a reputable bank.

Further details of derivative financial instruments are provided in note 35.

Notes to the financial statements (continued)

For the year ended 31 March 2023

25. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

Group	Accelerated tax depreciation £'000	Revaluation of financial assets £'000	Retirement benefit obligations £'000	*Total* £'000
At 1 April 2021	18,544	(1,622)	7,707	24,629
Charge to profit or loss	7,841		290	8,131
Charge to other comprehensive income		2,013	3,050	5,063
Exchange differences	32			32
Adjustments in respect of previous years	846			846
Effect of change in tax rate:				
- Income statement	5,812	-	1,233	7,045
- Other comprehensive income	-	-	1,233	1,233
At 31 March 2022	33,075	391	13,513	46,979
Charge to profit or loss	(6,961)	-	213	(6,748)
Charge to other comprehensive income	-	(902)	(6,633)	(7,535)
Exchange differences	(23)	-	-	(23)
Other differences	(77)			(77)
Adjustments in respect of previous years	(1,823)	-	-	(1,823)
Effect of change in tax rate:				
- Income statement	(1,946)	-	-	(1,946)
- Other comprehensive income	-	-	-	-
At 31 March 2023	22,245	(511)	7,093	28,827

Company	Accelerated tax depreciation £'000	Revaluation of financial assets £'000	Retirement benefit obligations £'000	*Total* £'000
At 1 April 2021	19,327	(1,527)	7,806	25,606
Charge to profit or loss	7,582	-	290	7,872
Charge to other comprehensive income	-	2,038	3,134	5,172
Adjustments in respect of previous years	775	-	-	775
Effect of change in tax rate:				
- Income statement	5,812	-	1,233	7,045
- Other comprehensive income	-	-	1,233	1,233
At 31 March 2022	33,496	511	13,696	47,703
Charge to profit or loss	(5,890)	-	213	(5,677)
Charge to other comprehensive income	-	(1,107)	(6,630)	(7,737)
Other differences	(75)			(75)
Adjustments in respect of previous years	(1,801)	-	-	(1,801)
Effect of change in tax rate:				
- Income statement	(1,793)	-	-	(1,793)
- Other comprehensive income	-	-	-	-
At 31 March 2023	23,937	(596)	7,279	30,620

Notes to the financial statements (continued)

For the year ended 31 March 2023

25. Deferred tax (continued)

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		*Company*	
	2023	*2022*	*2023*	*2022*
	£'000	*£'000*	*£'000*	*£'000*
Deferred tax asset	588	-	672	-
Deferred tax liability	(29,415)	(46,979)	(31,292)	(47,703)
Total deferred tax liability	(28,827)	(46,979)	(30,620)	(47,703)

At the balance sheet date, the group has unused tax losses of £110,740,000 (2022: £117,676,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the losses as it is not considered probable that there will be future taxable profits available. All losses may be carried forward indefinitely.

The deferred tax asset relates to the derivatives position at year end thus is deemed recoverable.

Deferred tax is calculated using a tax rate of 25% (2022: 25%), see further details in note 1.

26. Provisions

Group and company	*Leasehold dilapidations £'000*
At 1 April 2022	837
Additional provision in the year	67
Amounts utilised in the year	-
At 31 March 2023	904
Current	-
Non-current	904
	904

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

27. Share capital

	2023	*2022*
	£'000	*£'000*
Authorised		
29,600,000 ordinary shares of £1 each	29,600	29,600
Issued and fully paid		
7,000,000 ordinary shares of £1 each	7,000	7,000

The company has one class of ordinary shares which carry no right to fixed income.

Notes to the financial statements (continued)

For the year ended 31 March 2023

28. Leases

Right of use assets

Group

	Land and buildings £'000	*Plant, machinery & equipment £'000*	*Vehicles £'000*	*Total £'000*
Cost:				
At 1 April 2021	59,845	25,326	3,639	88,810
Additions and remeasurements	141	8,369	845	9,355
Disposals	-	(2,021)	(1,657)	(3,678)
Exchange differences	(94)	(116)	(12)	(222)
At 31 March 2022	59,892	31,558	2,815	94,265
Additions and remeasurements	86	7,579	1,191	8,856
Disposals	(1,131)	(9,106)	(1,064)	(11,301)
Impairment	(846)	(4,506)	(109)	(5,461)
Exchange differences	398	444	55	897
At 31 March 2023	58,399	25,969	2,888	87,256
Accumulated depreciation:				
At 1 April 2021	6,553	8,636	1,979	17,168
Charge for the year	5,208	7,076	1,099	13,383
Disposals	-	(1,822)	(1,590)	(3,412)
Exchange differences	(20)	(51)	(5)	(76)
At 31 March 2022	11,741	13,839	1,483	27,063
Charge for the year	5,182	6,326	1,200	12,708
Disposals	(1,048)	(9,107)	(1,023)	(11,178)
Exchange differences	138	330	27	495
At 31 March 2023	16,013	11,388	1,687	29,088
Carrying values:				
At 31 March 2023	42,386	14,581	1,201	58,168
At 31 March 2022	48,151	17,719	1,332	67,202

Notes to the financial statements (continued)
For the year ended 31 March 2023

28. Leases (continued)

Company	*Land and buildings £'000*	*Plant, machinery & equipment £'000*	*Vehicles £'000*	*Total £'000*
Cost:				
At 1 April 2021	50,756	13,888	2,540	67,184
Additions and remeasurements	-	8,222	526	8,748
Disposals	-	(767)	(1,443)	(2,210)
At 31 March 2022	50,756	21,343	1,623	73,722
Additions and remeasurements	-	5,493	987	6,480
Disposals	-	(1,302)	(800)	(2,102)
Impairment	(846)	(4,243)	(57)	(5,146)
At 31 March 2023	49,910	21,291	1,753	72,954
Accumulated depreciation:				
At 1 April 2021	4,636	3,676	1,471	9,783
Charge for the year	3,932	3,408	807	8,147
Disposals	-	(752)	(1,396)	(2,148)
At 31 March 2022	8,568	6,332	882	15,782
Charge for the year	4,007	3,419	827	8,253
Disposals	-	(1,302)	(767)	(2,069)
At 31 March 2023	12,575	8,449	942	21,966
Carrying values:				
At 31 March 2023	37,335	12,842	811	50,988
At 31 March 2022	42,188	15,011	741	57,940

Lease Liabilities

Lease liabilities are recognised in the balance sheet as follows:

	Group		*Company*	
	2023 £'000	*2022 £'000*	*2023 £'000*	*2022 £'000*
Current Liabilities	10,820	11,222	8,660	7,774
Non-Current Liabilities	51,946	55,953	46,327	49,945
	62,766	67,175	54,987	57,719

Notes to the financial statements (continued)
For the year ended 31 March 2023

28. Leases (continued)

Amounts recognised in profit and loss

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Depreciation expense on right-of-use assets	12,708	13,383	8,253	8,147
Interest expense on lease liabilities	1,515	1,469	1,313	1,216
	14,223	14,852	9,566	9,363

Lease payments include rentals payable by the group for certain of its office properties, plant and equipment and vehicles. The lease terms vary in duration from 1 to 15 years and are all priced at prevailing market rates.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise termination option, are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

The group had no expenses related to low-value or short term leases included in the profit and loss for the year ending 31st March 2023 (2022: same).

The group does not have any sub-lease agreements, variable lease payment terms, committed but not yet commenced leases that have not been reflected in lease liabilities or short term lease commitments at 31st March 2023.

See note 35 for a maturity analysis of lease liabilities.

The total cash outflow for leases in the period was £15,120,000 (2022: £14,866,000)

Operating leases - lessor
Property rental income earned during the year was £nil (2022: £nil). The property held is leased to Edible Oils Limited, a joint venture of the group which is committed for the next 36 years. The lessee paid a premium at the start of the lease in March 2006 which is being amortised over the length of the lease of 51 years which was £96,000 during the year (2022: £96,000). The lessee does not have an option to purchase the property at the expiry of the lease period.

The minimum rent receivables under non-cancellable operating leases are as follows:

	2023	***2022***
	£'000	***£'000***
Not later than one year	96	96
1-2 years	96	96
2-3 years	96	96
3-4 years	96	96
4-5 years	96	96
After five years	2,784	2,880
	3,264	3,360

Notes to the financial statements (continued)

For the year ended 31 March 2023

29. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the group note. During the year, group companies entered into the following transactions with related parties and other associated companies:

Group	Sale of goods and provision of services		Purchase of goods	
	2023	*2022*	*2023*	*2022*
	£'000	*£'000*	*£'000*	*£'000*
Edible Oils Limited	5,202	4,450	383,569	277,425
Marine Biotechnology Products Limited	2,487	1,948	-	-
Indico Canning Limited	3,116	-	5,424	-

	Amounts owed by related parties		Amounts owed to related parties	
	2023	*2022*	*2023*	*2022*
	£'000	*£'000*	*£'000*	*£'000*
Edible Oils Limited	-	5,183	38,903	42,447
Marine Biotechnology Products Limited	433	334	-	-
Indico Canning Limited	1,579	-	142	-
	2,012	5,517	39,045	42,447

During the year, the company entered into the following transactions with related parties and other associated companies:

Company	Sale of goods and provision of services		Purchase of goods	
	2023	*2022*	*2023*	*2022*
	£'000	*£'000*	*£'000*	*£'000*
Edible Oils Limited	3,531	3,455	242,486	180,136
Princes Tuna (Mauritius) Limited	60,045	46,218	-	-

	Amounts owed by related parties		Amounts owed to related parties	
	2023	*2022*	*2023*	*2022*
	£'000	*£'000*	*£'000*	*£'000*
Edible Oils Limited	-	5,054	25,825	30,361
Princes Tuna (Mauritius) Limited	48	18	11,183	12,430
	48	5,072	37,008	42,791

All transactions were in the normal course of business and the prices for each individual purchase and sale were at arm's length prices. No interest accrues on trading balances.

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

30. Contingent liabilities

The group and company have issued general indemnities in the normal course of business; however, none are considered material for disclosure in the financial statements (2022: same).

Notes to the financial statements (continued)

For the year ended 31 March 2023

31. Retirement benefit schemes

Defined benefit plans

The group operates a number of defined benefit pension schemes, which are funded by the payment of contributions to independently administered trust funds. The assets of these schemes are held separately from those of the group. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the funds are responsible for the investment policy with regards to the assets of the funds. The pension cost figures included in the financial statements relating to the pension schemes are stated in accordance with IAS 19 – Employee Benefits. The schemes provide final salary based benefits to the members.

The principal pension schemes operated by the group are the Princes Pension Schemes, which are operated by the company. Princes Tuna (Mauritius) Limited, a subsidiary undertaking, also operates a defined benefit scheme and retirement gratuities scheme which has an overall deficit of £3,357,000 (2022: £2,833,000) and is therefore considered by the directors to be insignificant compared to the overall surplus within the group.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the attained age method.

The schemes expose the group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. These risks, over time, will affect the schemes' total cost and will depend on a number of factors, including the amount of benefits the scheme pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date and therefore summary information, estimates, or simplifications of estimates are used to carry out valuation.

The valuation used for IAS 19 purposes has been based on the most recent actuarial valuations and updated by the scheme actuaries to take account of the requirements of IAS 19 in order to assess the liabilities of the schemes at 31 March 2023 and 31 March 2022. Scheme assets are stated at their market values at the respective balance sheet dates.

The pension schemes follow a low risk investment strategy, predominately investing in gilts and corporate bonds, which is broadly aligned to the nature of the schemes' liabilities.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Group	***2023***	***2022***
Key assumptions:		
Discount rate	5.48%	3.73%
Expected rate salary increase	4.00%	2.50%
Average longevity at retirement age for pensioners retiring today (years)*		
- Male	21.7	21.7
- Female	24.8	24.8
Average longevity at retirement age for pensioners retiring in 20 years (years)*		
- Male	22.9	22.9
- Female	26.0	26.0
Expected rate of increase in pensions in payment	2.70%	1.63%
Expected rate of increase in deferred pensions	3.00%	1.70%
Inflation assumption - RPI	3.48%	3.13%

*Longevity assumptions:

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65, using weighted average life expectancy for mortality tables, are disclosed above.

Notes to the financial statements (continued)

For the year ended 31 March 2023

31. Retirement benefit schemes (continued)

Amounts recognised in income in respect of these defined benefit schemes are as follows:

Group	***2023***	***2022***
	£'000	***£'000***
Current service cost	(1,744)	(664)
Net interest income	1,357	840
Total costs recognised in the income statement	(387)	176

The current service costs have been included in the income statement as administrative expenses. The net interest income has been included within net finance costs (see note 8).

Amounts recognised in the statement of comprehensive income are as follows:

	2023	***2022***
	£'000	***£'000***
The return on plan assets	(77,900)	(10,338)
Changes in assumptions underlying the present value of scheme liabilities	51,335	24,511
Remeasurement of the net defined benefit asset	(26,565)	14,173

The amount included in the consolidated statement of financial position arising from the group's obligations in respect of the defined benefit retirement benefit schemes is as follows:

	2023	***2022***
	£'000	***£'000***
Present value of defined benefit obligations	(146,931)	(205,249)
Fair value of plan assets	172,689	257,197
Net asset arising from the defined benefit obligation	25,758	51,948

	2023	***2022***
	£'000	***£'000***
Retirement benefit surplus	29,115	54,781
Retirement benefit obligations	(3,357)	(2,833)
Net asset arising from the defined benefit obligation	25,758	51,948

The difference between the Princes Limited company only net pension asset of £29,115,000 (2022: £54,781,000) and the Princes Limited group net pension asset of £25,758,000 (2022: £51,948,000) relates to the deficit on the Princes Tuna (Mauritius) Limited pension and retirement gratuities schemes. The directors do not consider it necessary to include the full disclosure for the Princes Limited company only position as the differences between the company and group balances are not significant.

The valuation at 31 March 2023 showed an decrease in the net surplus for the Princes Pension Schemes from £51,948,000 to £25,758,000. Normal employer contributions decreased from £806,000 to £924,000. The group expects to contribute £nil in 2023/24 in line with its agreement on contribution rates with the schemes' trustees.

Notes to the financial statements (continued)

For the year ended 31 March 2023

31. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

Group	*2023*	*2022*
	£'000	*£'000*
Opening defined benefit obligation	205,249	238,135
Current service costs	459	499
Interest cost	5,717	5,342
Past service costs	613	-
Settlement loss	-	(5,894)
Contributions from scheme members	5	5
Actuarial gains and losses	(51,335)	(24,510)
Curtailments	-	-
Benefits paid	(14,081)	(7,916)
Exchange difference on foreign scheme	304	(412)
Closing defined benefit obligation	146,931	205,249

Of the actuarial gains and losses, this is split as follows:

	2023	*2022*
	£'000	*£'000*
Discount rate	(56,651)	(16,150)
Inflation	(4,633)	5,847
Mortality	(676)	(5,409)
Impact of new census data	-	(8,389)
Actual pension increases	10,625	(409)
Actuarial gains and losses	(51,335)	(24,510)

Movements in the fair value of scheme assets were as follows:

Group	*2023*	*2022*
	£'000	*£'000*
Opening fair value of plan assets	257,197	274,672
The return on plan assets (excluding amounts included in net interest income)	7,074	6,182
Actuarial gains and losses	(77,900)	(10,344)
Employer contributions	924	806
Member contributions	5	5
Benefits paid	(14,081)	(7,916)
Settlements	-	(5,105)
Administative expenses paid from plan assets	(672)	(954)
Exchange difference	142	(149)
Closing fair value of plan assets	172,689	257,197

Notes to the financial statements (continued)

For the year ended 31 March 2023

31. Retirement benefit schemes (continued)

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

Group		***2023***			***2022***	
	Level 1	***Level 2 & 3***	***Total***	***Level 1***	***Level 2 & 3***	***Total***
	£'000	***£'000***	***£'000***	***£'000***	***£'000***	***£'000***
Cash and equivalents	4,685	-	4,685	1,387	-	1,387
Equity instruments:						
- Shares for a particular country or region	926	-	926	1,922	-	1,922
- Global shares	-	-	-	-	-	-
Subtotal equity	926	-	926	1,922	-	1,922
Debt instruments:						
- Global Bonds	-	97,323	97,323	-	119,952	119,952
- Bond for a particular country or region	-	63,837	63,837	-	125,804	125,804
- Other	-	5,919	5,919	-	8,132	8,132
Subtotal debt	-	167,079	167,079	-	253,888	253,888
Total	5,611	167,079	172,689	3,309	253,888	257,197

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, rate of inflation, expected salary increase and mortality. The sensitivity analysis, set out in the table below, has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Assumption	***Change in assumption***	***Impact on scheme liabilities***
Discount rate	Increase/decrease by 0.5%	Increase / Decrease by £12,048,000 (2022: £19,704,000)
Rate of inflation	Increase/decrease by 0.5%	Increase / Decrease by £9,697,000 (2022: £13,136,000)
Life expectancy	Increase by 1 year	Decrease by £4,555,000 (2022: £6,363,000 decrease)

The duration used to set discount rate in years was 15.4-17.5 years (2022: 18.4-20.5 years)

Other retirement benefit plans

The group's Dutch subsidiary operates an insured retirement plan and a contributory retirement plan for eligible employees. All pension costs are funded as incurred and the total cost for the year was £778,000 (2022: £874,000).

Contributions payable during the year in respect of defined contribution schemes and included in the income statements for the year were £9,498,000 (2022: £9,113,000).

Notes to the financial statements (continued)
For the year ended 31 March 2023

32. Deferred revenue

	Group		*Company*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Deferred lease income (1)	3,235	3,331	3,235	3,331
Other deferred income (2)	10	9	-	-
	3,245	3,340	3,235	3,331
Current	96	96	96	96
Non-current	3,149	3,244	3,139	3,235
	3,245	3,340	3,235	3,331

1. The deferred lease income included in the financial statements is owed by Princes Limited to Edible Oils and was paid in March 2005 and is being amortised over the life of the lease of 51 years.

2. Other deferred income relates to funds received from shareholders of West Yorkshire Industrial Estates, of which Princes Limited owns 56% (see note 15) for the express purpose of acquiring specific tangible assets. This deferred income is released to the income statement in line with the depreciation on the relevant tangible assets.

33. Non-controlling interest

	Princes Tuna Mauritius Ltd £'000
At 1 April 2021	(34,225)
Total comprehensive income	(912)
Dividends paid	721
Retranslation of subsidiary undertakings' net assets	18
At 1 April 2022	(34,398)
Total comprehensive income	(1,767)
Dividends paid	-
Retranslation of subsidiary undertakings' net assets	(1,672)
At 31 March 2023	(37,837)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Notes to the financial statements (continued)

For the year ended 31 March 2023

33. Non-controlling interest (continued)

Princes Tuna Mauritius Limited	***2023***	***2022***
	£'000	***£'000***
Current assets	89,157	74,678
Non-current assets	48,079	49,264
Current liabilities	(52,306)	(44,724)
Non-current liabilities	(6,133)	(8,999)
Total equity	78,797	70,219
Revenue	236,383	180,214
Profit/(loss) for the year	5,811	(618)
Total comprehensive income attributable to owners of the company	1,839	949
Total comprehensive income attributable to non-controlling interests	1,767	912
Total comprehensive income for the year	3,606	1,861

34. Notes to the cash flow statement

Group	***2023***	***2022***
	£'000	***£'000***
(Loss)/profit for the year	(40,899)	17,203
Adjustments for:		
Share of profit of associates	(10,059)	(6,907)
Income tax expense	(9,751)	11,739
Finance costs	16,888	4,647
Finance income	(1,357)	(840)
Exchange losses	(478)	1,489
Depreciation of property, plant and equipment / right-of-use assets	48,793	48,431
Impairment charges on property, plant and equipment / right-of-use assets	46,595	-
Impairment charges on goodwill and intangibles	11,150	-
Gain on disposal of property, plant and equipment	-	(1,084)
Amortisation of intangible fixed assets	3,133	964
Adjustment for pension funding	959	(296)
Operating cash flows before movements in working capital	64,975	75,346
Increase in inventories	(85,003)	(22,196)
Increase in receivables	(27,458)	(26,615)
Decrease in payables	42,154	9,664
Cash generated by operations	(5,333)	36,199
Income taxes paid	(339)	(2,503)
Interest paid	(16,888)	(4,647)
Net cash from operating activities	(22,559)	29,049

Notes to the financial statements (continued)

For the year ended 31 March 2023

34. Notes to the cash flow statement (continued)

Company	***2023***	***2022***
	£'000	***£'000***
(Loss)/profit for the year	(38,226)	10,864
Adjustments for:		
Income tax (income)/expense	(9,366)	11,325
Finance costs	14,606	3,074
Finance income	(1,357)	(5,160)
Exchange (gains) / losses	(0)	61
Depreciation of property, plant and equipment / right of use assets and amortisation of investment property	34,049	32,107
Impairment charges on property, plant and equipment / right-of-use assets	25,688	-
Impairment charges on goodwill and intangibles	11,150	-
Impairment of investments	13,418	8,532
Dividends received from associates	(7,500)	(724)
Losses/(gains) on disposal of property, plant and equipment	-	(577)
Amortisation of intangible fixed assets	1,551	964
Adjustment for pension funding	673	1,028
Operating cash flows before movements in working capital	44,686	61,492
Increase in inventories	(40,195)	(5,170)
Increase in receivables	(35,077)	(22,556)
Decrease in payables	20,506	15,608
Cash (used in)/generated by operations	(10,081)	49,374
Income taxes paid	1,319	(14,859)
Interest paid	(14,606)	(3,074)
Interest received	(168)	4,205
Net cash (used in)/from operating activities	(23,535)	35,646

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments

Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1: Fair values measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices; and

Level 3: Fair values measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group

Financial assets	***Amortised cost £’000***	***FVTPL £’000***	***Total £’000***
Cash and cash equivalents	7,741	-	7,741
Investments (note 17)	45,823	-	45,823
Trade and other receivables (note 19)	241,067	-	241,067
Derivative financial instruments (note 24) (level 2)	-	1,959	1,959
At 31 March 2023	294,631	1,959	296,590
Cash and cash equivalents	11,959	-	11,959
Investments (note 17)	43,573	-	43,573
Trade and other receivables (note 19)	216,133	-	216,133
Derivative financial instruments (note 24) (level 2)	-	3,490	3,490
At 31 March 2022	271,665	3,490	275,155

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

Classes and categories of financial instruments and their fair values (continued)

Group

Financial liabilities	***Amortised cost £'000***	***FVTPL £'000***	***Total £'000***
Trade and other payables (note 21)	(255,013)	-	(255,013)
Lease Liabilities (Note 28)	(62,766)	-	(62,766)
Current borrowings (note 22)	(421,355)	-	(421,355)
Non-current borrowings (note 22)	(210,573)	-	(210,573)
Derivative financial instruments (note 24) (level 2)	-	(4,002)	(4,002)
At 31 March 2023	(949,707)	(4,002)	(953,709)
Trade and other payables (note 21)	(213,924)	-	(213,924)
Lease Liabilities (Note 28)	(67,175)	-	(67,175)
Current borrowings (note 22)	(397,285)	-	(397,285)
Non-current borrowings (note 22)	(165,662)	-	(165,662)
Derivative financial instruments (note 24) (level 2)	-	(1,431)	(1,431)
At 31 March 2022	(844,046)	(1,431)	(845,477)

Company

Financial assets	***Amortised cost £'000***	***FVTPL £'000***	***Total £'000***
Cash and cash equivalents	192	-	192
Investments (note 17)	116,422	-	116,422
Trade and other receivables (note 19)	251,563	-	251,563
Derivative financial instruments (note 24) (level 2)	-	690	690
At 31 March 2023	368,177	690	368,867
Cash and cash equivalents	5,120	-	5,120
Investments (note 17)	114,008	-	114,008
Trade and other receivables (note 19)	255,881	-	255,881
Derivative financial instruments (note 24) (level 2)	-	3,258	3,258
At 31 March 2022	375,009	3,258	378,267

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

Classes and categories of financial instruments and their fair values (continued)

Company

Financial liabilities	*Amortised cost* *£'000*	*FVTPL* *£'000*	*Total* *£'000*
Trade and other payables (note 21)	(200,945)	-	(200,945)
Lease Liabilities (Note 28)	(54,987)	-	(54,987)
Current borrowings (note 22)	(394,823)	-	(394,823)
Non-current borrowings (note 22)	(260,428)	-	(260,428)
Derivative financial instruments (note 24) (level 2)	-	(3,075)	(3,075)
At 31 March 2023	(911,183)	(3,075)	(914,258)
Trade and other payables (note 21)	(179,975)	-	(179,975)
Lease Liabilities (Note 28)	(57,719)	-	(57,719)
Current borrowings (note 22)	(371,504)	-	(371,504)
Non-current borrowings (note 22)	(209,609)	-	(209,609)
Derivative financial instruments (note 24) (level 2)	-	(573)	(573)
At 31 March 2022	(818,807)	(573)	(819,380)

There has been no reclassification of assets or liabilities during the year (2022: same).

Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	***Fair value hierarchy***	***Valuation technique(s) and key input(s)***	***Significant unobservable input(s)***	***Relationship of unobservable inputs to fair value***
Foreign currency forward contracts	Level 2	***Discounted cash flow.*** Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable	Not applicable

There were no transfers between Level 1 and 2 during the current or prior year.

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

Financial risk management objectives

The group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages to financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations rise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		*Assets*	
	2023	***2022***	***2023***	***2022***
	£'000	***£'000***	***£'000***	***£'000***
Euro	19,240	21,907	736	800
US Dollar	14,077	11,161	4,996	2,903
Others	6	-	-	-

Foreign currency sensitivity analysis

The group is mainly exposed to the currency of Euros and the currency of US Dollars.

The following table details the group's sensitivity to a 1% increase and decrease in sterling against relevant foreign currencies, which is the sensitivity rate which represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. No adjustment has been made for the compensating impact of open forward foreign exchange contracts or for the reduction in tax.

	Impact on equity	
	2023	***2022***
Currency	***£'000***	***£'000***
Euro	(1,100)	(1,215)
US Dollar	(159)	(85)
Others	225	61

Foreign exchange forward contracts

It is the policy of the group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts. The group enters into forward foreign currency exchange contracts to manage the risk associated with sales and purchases from the date that contracts are agreed.

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line "derivative financial instruments" (either as asset or as liabilities) within the statement of financial position (see note 24 for further details):

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

Group	*Notional value: Foreign currency*		*Notional value: Local currency (GBP)*		*Notional value: Local currency (EUR)*		*Notional value: Local currency (PLN)*		*Fair value*	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***	***2023***	***2022***	***2023***	***2022***
			£'000	*£'000*	*€'000*	*€'000*	*PLN '000*	*PLN '000*	*£'000*	*£'000*
Cash flow hedges										
Buy (USD)										
Less than 12 months	178,401	164,692	108,454	104,253	44,329	21,680	-	-	(3,655)	2,799
More than 12 months	3,520	-	2,905	-	-	-	-	-	(64)	-
Sell (USD)										
Less than 12 months	25,231	55,128	4,303	25,123	18,467	18,909	-	-	253	(823)
More than 12 months	25,081	-	-	-	-	-	-	-	-	-
Buy (EUR)										
Less than 12 months	251,809	295,629	219,095	244,054	-	-	13,864	36,628	474	406
More than 12 months	3,128	618	2,804	122	-	-	-	2,281	(17)	12
Sell (EUR)										
Less than 12 months	40,231	86,809	5,625	38,319	-	-	136,182	195,328	964	(333)
More than 12 months	30,300	-	-	-	-	-	1,634	-	2	-
Buy (PLN)										
Less than 12 months	-	51	-	9	-	-	-	-	-	(0)
Sell (PLN)										
Less than 12 months	3,000	102	560	19	-	-	-	-	(1)	0
Buy (GBP)										
Less than 12 months	-	1,248	-	-	-	1,472	-	-	-	3
Sell (GBP)										
Less than 12 months	-	2,496	-	-	-	2,945	-	-	-	(5)
Sell (AUD)										
Less than 12 months	396	-	215	-	-	-	-	-	1	-
									(2,043)	2,059

Company	*Notional value: Foreign currency*		*Notional value: Local currency (GBP)*		*Notional value: Local currency (EUR)*		*Notional value: Local currency (PLN)*		*Fair value*	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***	***2023***	***2022***	***2023***	***2022***
			£'000	*£'000*	*€'000*	*€'000*	*PLN '000*	*PLN '000*	*£'000*	*£'000*
Cash flow hedges										
Buy (USD)										
Less than 12 months	136,395	140,350	108,454	104,253	4,973	-	-	-	(2,872)	2,625
More than 12 months	3,520	-	2,905	-	-	-	-	-	(64)	-
Sell (USD)										
Less than 12 months	6,633	33,542	4,303	25,123	-	-	-	-	3	(437)
More than 12 months	-	-	-	-	-	-	-	-	-	-
Buy (EUR)										
Less than 12 months	249,296	288,278	219,095	244,054	-	-	1,229	2,246	619	383
More than 12 months	3,128	618	2,804	122	-	-	-	2,281	(18)	1
Sell (EUR)										
Less than 12 months	15,103	45,449	5,625	38,319	-	-	46,602	1,456	(54)	112
Sell (PLN)										
Less than 12 months	-	51	-	9	-	-	-	-	-	(0)
Sell (AUD)										
Less than 12 months	396	-	215	-	-	-	-	-	1	-
									(2,385)	2,685

There are no material sources of ineffectiveness noted, none have been taken to the income statement. The balance in the cash flow hedges is in respect of continuing hedges.

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

The amounts taken into the cash flow hedge reserve and taken out are as follows:

	Foreign exchange risk	
	2023	***2022***
	£'000	***£'000***
Balance at 1 April	1,556	(6,960)
Gain/(loss) arising on changes in fair value of hedging instruments during the period	(2,186)	6,503
Income tax related to gains/(losses) recognised in other comprehensive income during the period	(902)	2,013
Balance at 31 March	(1,532)	1,556

Interest rate risk management

The group is exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates. The group's exposure to interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. Due to the nature of the group's borrowings, principally group facilities, the exposure to interest rate risk is considered to be immaterial.

Credit risk management

In order to minimise credit risk, the group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the company consider that the group's credit risk is significantly reduced.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Overview of the group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the group has developed and maintained credit risk gradings to categorise exposures according to their degree of risk of default. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

The group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counter-party has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the group's financial assets, contract assets and financial guarantee contracts, as well as the group's maximum exposure to credit risk by credit risk rating grades.

	Note	*External credit rating*	*Internal credit rating*	*12-month or lifetime ECL?*	*Gross & net carrying amount (i)*
Amounts owed by parent undertakings	19	N/a	Performing	Lifetime ECL (not credit impaired)	5,368
Trade receivables	19	N/a	(i)	Lifetime ECL (simplified approach)	216,852
At 31 March 2023					**222,220**

	Note	*External credit rating*	*Internal credit rating*	*12-month or lifetime ECL?*	*Gross carrying amount (i)*
Amounts owed by parent undertakings	19	N/a	Performing	Lifetime ECL (not credit impaired)	2,387
Trade receivables	19	N/a	(i)	Lifetime ECL (simplified approach)	184,029
At 31 March 2022					**186,416**

No adjustments for loss allowances have been made (2022: none).

(i) For trade receivables, the group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit loss on these items by using a provision matrix.

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

The carrying amount of the group's financial assets at FVTPL as disclosed in note 24 best represents their respective maximum exposure to credit risk. The group holds no collateral over any of these balances.

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2020.

The capital structure of the group consists of net debt (borrowings disclosed in note 22 after deducting cash and bank balances) and equity of the group (comprising issued capital, other reserves, retained earnings and non-controlling interests) as disclosed in the consolidated and company statements of changes in equity).

The group is not subject to any externally imposed capital requirements.

The group's board of directors review the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate cash reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative and derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The contractual maturity is based on the earliest date on which the group may be required to pay.

Group

	Less than 1 month £'000	*1 - 3 months £'000*	*3 months to 1 year £'000*	*1 - 5 years £'000*	*5 + years £'000*	*Total £'000*
Trade and other payables	183,455	71,558	-	-	-	255,013
Lease liabilities	1,560	3,135	7,585	32,575	25,333	70,188
Borrowings	406,349	2,506	12,500	147,254	63,319	631,928
Derivative financial instruments	24	187	83	1,749	-	2,043
At 31 March 2023	591,387	77,387	20,168	181,579	88,652	959,172

	Less than 1 month £'000	*1 - 3 months £'000*	*3 months to 1 year £'000*	*1 - 5 years £'000*	*5 + years £'000*	*Total £'000*
Trade and other payables	136,491	77,433	-	-	-	213,924
Lease liabilities	1,847	2,966	7,916	33,029	30,102	75,860
Borrowings	285,895	96,868	14,522	152,162	13,500	562,947
At 31 March 2022	424,233	177,267	22,438	185,191	43,602	852,731

Notes to the financial statements (continued)

For the year ended 31 March 2023

35. Financial instruments (continued)

Liquidity and interest risk tables (continued)

Company

	Less than 1 month £'000	*1 - 3 months £'000*	*3 months to 1 year £'000*	*1 - 5 years £'000*	*5 + years £'000*	*Total £'000*
Trade and other payables	142,084	58,861	-	-	-	200,945
Lease liabilities	1,297	2,386	5,947	27,510	23,779	60,919
Borrowings	433,432	-	12,500	146,000	63,319	655,251
Derivative financial instruments	21	108	83	2,173	-	2,385
At 31 March 2023	576,833	61,356	18,530	175,683	87,098	919,500

	Less than 1 month £'000	*1 - 3 months £'000*	*3 months to 1 year £'000*	*1 - 5 years £'000*	*5 + years £'000*	*Total £'000*
Trade and other payables	113,698	66,277	-	-	-	179,975
Lease liabilities	1,090	1,971	5,638	27,775	27,945	64,420
Borrowings	314,446	95,667	12,500	145,000	13,500	581,113
At 31 March 2022	429,234	163,915	18,138	172,775	41,445	825,508

36. Ultimate holding company and controlling party

The smallest group of which the company is a member and for which consolidated financial statements are drawn up is that headed by this company.

The company's immediate parent undertaking is the Mitsubishi Corporation, a company incorporated in Japan, which is also the parent undertaking of the largest group of which the company is a member, and the ultimate controlling party.

Copies of the group financial statements are available to the public from the following address, which is the registered office:

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Mitsubishi Corporation,
3 - 1 Marunouchi, 2-Chome,
Chiyoda-Ku,
Tokyo,
100-8086,
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