

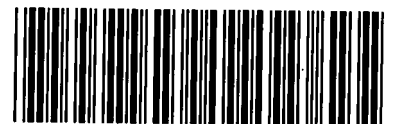
**WEREHAM GRAVEL COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**15 SEPTEMBER 2018**

(Registered Number: 101266)

TUESDAY



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# WEREHAM GRAVEL COMPANY LIMITED

## Company information

<b>Directors</b>	MI Carr PR Kenward
<b>Company secretary</b>	RS Schofield
<b>Business address</b>	Sugar Way Peterborough PE2 9AY
<b>Registered office</b>	Weston Centre 10 Grosvenor Street London W1K 4QY
<b>Independent auditor</b>	Ernst & Young LLP Statutory Auditor 1 More London Place London SE1 2AF

## Strategic Report

The directors present their Strategic Report for the 52 weeks ended 15 September 2018.

### Principal activities

During the period, the principal activity of Wereham Gravel Company Limited ("the Company") was the growing of sugar beet. With the principal customer being British Sugar plc, a member of the Associated British Foods plc ("ABF") group, it is expected that this activity will continue for the foreseeable future.

### Review of the business

During the period the Company continued to supply sugar beet to British Sugar plc. A key harvesting and haulage supplier went into administration during the period, meaning that other growers' sugar beet was actively prioritised for harvest and delivery over the Company's own crop. In addition, adverse weather conditions were experienced during the harvest period. These factors drove a lower yield, with an associated adverse impact on profitability.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these accounts.

### Results, dividends and reserves

The profit and loss account for the period is set out on page 9. The Company recorded a loss on ordinary activities after taxation of £1,430,455 (2017: profit of £408,601).

The directors did not declare a dividend in respect of the period ended 15 September 2018 (2017: £nil).

### Principal risk and uncertainties

The principal risk to the Company is the potential failure of the annual crop as a result of extreme weather conditions. This risk is closely monitored and management takes action as appropriate to mitigate the risk.

By Order of the Board



**P Kenward**  
Director

6 December 2018

## **Directors' Report**

The directors present their Annual Report and financial statements for the 52 weeks ended 15 September 2018.

### **Directors**

The directors and company secretary who served during the period and to the date of signing are detailed below:

MI Carr  
PR Kenward

Company secretary:  
RS Schofield

### **Interests of directors in shares and debentures**

Notification of directors' interests in, or rights to subscribe for, shares in this Company, or shares or debentures of other group companies, was not required because, at the end of the period, each director was also a director of a company of which this Company is a wholly-owned subsidiary.

No director had, at any time during the period, any material interest in a contract with the Company, other than service contracts.

### **Directors' and officers' liability insurance**

During the 52 weeks ended 15 September 2018, ABF maintained insurance for the directors and officers to indemnify them against certain liabilities which they may incur in their capacity as directors or officers of the Company, as permitted by section 233 of the Companies Act 2006.

### **Corporate governance**

The Company is a wholly-owned subsidiary of ABF. Particulars of ABF's compliance with the UK Corporate Governance Code are set out in its annual report and accounts which is available at [www.abf.co.uk](http://www.abf.co.uk).

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **Environment**

The Company recognises the impact that its business has on the environment. Therefore, as a minimum, it aims to comply with current applicable legislation and its operations are conducted with a view to ensuring that: emissions do not cause unacceptable environmental impacts and do not offend the community; resources are used efficiently; and waste is minimised by reducing, reusing or recycling where practical.

## **Directors' Report (continued)**

### **Disclosure of information to auditor**

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

### **Auditor**

Ernst & Young LLP was appointed by the board of directors as auditor of the Company for the financial period ended 15 September 2018 and the board intends to re-appoint Ernst & Young LLP as auditor for the financial period ending 14 September 2019.

By Order of the Board

  
**P Kenward**  
Director

6 December 2018

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

## **Independent auditor's report to the members of Wereham Gravel Company Limited**

### **Opinion**

We have audited the financial statements of Wereham Gravel Company Limited for the 52 weeks ended 15 September 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in shareholder's equity and the related Notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 15 September 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **Independent auditor's report to the members of Wereham Gravel Company Limited (continued)**

### **Other information**

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

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

## **Independent auditor's report to the members of Wereham Gravel Company Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

*Ernst & Young LLP*

**William Binns (Senior Statutory Auditor)**

for and on behalf of Ernst & Young LLP, Statutory Auditor  
1 More London Place  
London  
SE1 2AF

7 December 2018

**Profit and loss account**

for the 52 weeks ended 15 September 2018

		<b>52 weeks ended 15 September 2018</b>	<b>52 weeks ended 16 September 2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>		<b>12,856,327</b>	<b>5,971,247</b>
Cost of sales		<b>(14,617,602)</b>	<b>(5,440,294)</b>
<b>Operating (loss)/ profit</b>		<b>(1,761,275)</b>	<b>530,953</b>
Interest payable and similar charges	4	<b>(23,596)</b>	<b>(23,184)</b>
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<b>(1,784,871)</b>	<b>507,769</b>
Tax credit/(charge)	6	<b>354,416</b>	<b>(99,168)</b>
<b>(Loss)/profit for the period</b>		<b>(1,430,455)</b>	<b>408,601</b>

The Notes on pages 12 to 16 form part of these financial statements.

The Company has no recognised gains or losses other than as stated above. Accordingly no statement of comprehensive income has been presented.

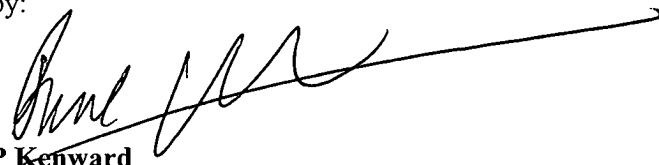
## Balance sheet

at 15 September 2018

	Note	15 September 2018 £	16 September 2017 £
<b>Fixed assets</b>			
Tangible assets	7	90,000	90,000
<b>Total fixed assets</b>		<b>90,000</b>	<b>90,000</b>
<b>Current assets</b>			
Biological assets	8	4,388,112	9,605,561
Debtors	9	279,777	-
<b>Total current assets</b>		<b>4,667,889</b>	<b>9,605,561</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(3,648,095)</b>	<b>(7,155,312)</b>
<b>Net current assets</b>		<b>1,019,794</b>	<b>2,450,249</b>
<b>Total assets less current liabilities and net assets</b>		<b>1,109,794</b>	<b>2,540,249</b>
<b>Capital and reserves</b>			
Called up share capital	11	500	500
Profit and loss account		1,109,294	2,539,749
<b>Total shareholder's equity</b>		<b>1,109,794</b>	<b>2,540,249</b>

The Notes on pages 12 to 16 form part of these financial statements.

The financial statements were approved by the Board on 6 December 2018 and signed on its behalf by:

  
**P Kenward**  
Director

# Statement of changes in shareholder's equity

for the 52 weeks ended 15 September 2018

	Called up share capital <sup>1</sup> £	Profit and loss account £	Total shareholder's equity £
At 17 September 2016	500	2,131,148	2,131,648
Profit for the period	-	408,601	408,601
<b>At 16 September 2017</b>	<b>500</b>	<b>2,539,749</b>	<b>2,540,249</b>
Loss for the period	-	(1,430,455)	(1,430,455)
<b>At 15 September 2018</b>	<b>500</b>	<b>1,109,294</b>	<b>1,109,794</b>

<sup>1</sup> See Note 11 for further details.

## Notes to the financial statements

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

The financial statements of Wereham Gravel Company Limited (the “Company”) for the period ended 15 September 2018 were authorised for issue by the board of directors on 6 December 2018. The Company is a private company incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”) and in accordance with applicable accounting standards. The Company’s financial statements are presented in sterling. The results of the Company are included in the consolidated financial statements of Associated British Foods plc which are available from Weston Centre, 10 Grosvenor Street, London W1K 4QY.

The principal accounting policies adopted by the Company are set out in Note 3.

### 2. Accounting reference date

The accounting reference date of the Company is the Saturday nearest to 15 September. Accordingly these accounts have been prepared for the 52 weeks ended 15 September 2018.

### 3. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements:

#### Basis of preparation: (i) Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures* in respect of disclosure of key management personnel compensation;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 50 of IAS 41 *Agriculture*;
- the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which deals with IFRSs issued but not yet effective; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.

Other exemptions are available under FRS 101 but these have not been set out above as they are not relevant to the Company’s financial statements.

#### Basis of preparation: (ii) Other

The financial statements have been prepared on a going concern basis. They have been prepared under the historical cost convention except that biological assets are stated at fair value and in accordance with applicable accounting standards.

## Notes to the financial statements (continued)

### Turnover

Turnover comprises the net invoiced sales of beet delivered to British Sugar plc. Revenue is recognised when risks and rewards of the underlying products have been substantially transferred to the customer. In practice this means that turnover is recognised when goods are supplied to British Sugar plc in accordance with the terms of sale.

### Depreciation

Under FRS 101, freehold land is not depreciated. The Company has no other tangible fixed assets.

### Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is recognised on all temporary differences arising from the different treatment for accounts and taxation purposes of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### Biological assets

Biological assets represent the unharvested crop of sugar beet for the following period's campaign. These are measured at fair value less costs to sell.

## 4. Interest payable and similar charges

The balance consists of intercompany interest on a loan with British Sugar plc, the Company's immediate holding company. The loan was created on 19 September 2004. Interest is calculated based on London Inter-bank Offered Rate ("LIBOR") plus 25 basis points. LIBOR is taken as the six month LIBOR in the currency of the funds borrowed, as quoted by Reuters, and re-set thereafter twice yearly on 25 February and 25 August. The term is based on any amount borrowed by British Sugar plc or the Company under the terms of the agreement which shall be repaid, together with any accrued interest, on such date as shall be specified by the lending company by not less than five days' written notice.

**Notes to the financial statements (continued)****5. (Loss)/profit on ordinary activities before taxation**

(Loss)/profit on ordinary activities before taxation is stated after charging:

	<b>52 weeks ended 15 September 2018 £</b>	<b>52 weeks ended 16 September 2017 £</b>
Hire of land and buildings under operating leases	<b>1,863,615</b>	<b>3,060,592</b>

The directors received no emoluments during the period in respect of services provided to the Company (2017: £nil). The Company had no employees during the period (2017: nil) but is supported by staff from fellow UK subsidiaries.

Audit fees of £26,266 for the period ended 15 September 2018 (2017: £25,525) have been borne by the immediate parent company, British Sugar plc.

**6. Taxation**

	<b>52 weeks ended 15 September 2018 £</b>	<b>52 weeks ended 16 September 2017 £</b>
The tax credit/(charge) for the period comprises:		
<i>UK corporation tax</i>		
Current tax on (loss)/profit for the period	<b>339,126</b>	<b>(99,218)</b>
Adjustments in respect of prior periods	<b>15,290</b>	<b>50</b>
<b>Total current tax credit/(charge)</b>	<b>354,416</b>	<b>(99,168)</b>
<i>Deferred tax</i>		
Effect of change in tax rate	-	-
Adjustments in respect of prior periods	-	-
<b>Tax credit/(charge) on (loss)/profit on ordinary activities</b>	<b>354,416</b>	<b>(99,168)</b>



## Notes to the financial statements (continued)

## 6. Taxation (continued)

A reconciliation of total tax is as follows:

	52 weeks ended 15 September 2018 £	52 weeks ended 16 September 2017 £
(Loss)/profit on ordinary activities before tax	(1,784,871)	507,769
Current tax at effective rate of 19.0% (2017: 19.5%)	339,126	(99,218)
Effects of:		
Adjustments to tax credit in respect of previous periods	15,290	50
<b>Total tax credit/(charge)</b>	<b>354,416</b>	<b>(99,168)</b>

The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017, with a further reduction to 17% effective from 1 April 2020. The legislation to effect these rate changes had been enacted before the balance sheet date. Accordingly, deferred tax has been calculated using these rates, as appropriate.

## 7. Tangible assets

	15 September 2018 £	16 September 2017 £
Freehold land: cost and net book value	90,000	90,000

The directors are of the opinion that the book value of the freehold land does not exceed its fair value.

## 8. Biological assets

	15 September 2018 £	16 September 2017 £
Unharvested sugar beet crop	4,388,112	9,605,561

The crop cycle occurs within one year, meaning each year's crop is fully harvested and processed before the end of the following reporting period. The fair value of the biological asset is based on an estimated crop area of 3,829 hectares of sugar beet (2017: 6,662 hectares) and a yield of 60 tonnes of sugar beet per hectare (2017: 76 tonnes).

## 9. Debtors

	15 September 2018 £	16 September 2017 £
Corporation tax	279,777	-

## Notes to the financial statements (continued)

## 10. Creditors: amounts falling due within one year

	15 September 2018 £	16 September 2017 £
Amounts owed to group undertakings	3,404,095	7,044,791
Accruals and deferred income	244,000	35,882
Corporation tax	-	74,639
	<b>3,648,095</b>	<b>7,155,312</b>

## 11. Called up share capital

	15 September 2018		16 September 2017	
	Number of shares	Value £	Number of shares	Value £
<b>Issued and fully paid:</b>				
Ordinary shares of £1 each	500	500	500	500

## 12. Operating leases

The Company has entered into commercial leases in respect of land and buildings. Future minimum lease payments under non-cancellable operating leases at 15 September 2018 totalled £64,305 (2017: £81,554).

## 13. Related party transactions

The Company, being a wholly-owned subsidiary of ABF, has taken advantage of the exemption in IAS 24 *Related Party Disclosures* not to disclose related party transactions with wholly-owned entities in the same group.

## 14. Holding company

The ultimate holding company and controlling party as defined by IAS 24 *Related Party Disclosures* is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the Company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF, which is incorporated in Great Britain and registered in England. The consolidated accounts of ABF are available to the public and may be obtained from its registered office at Weston Centre, 10 Grosvenor Street, London W1K 4QY or by download from the group's website at [www.abf.co.uk](http://www.abf.co.uk).