

ABN Limited
Directors' Report and Financial Statements
13 September 1997

Registered no : 193800



ABN Limited

Directors' report and financial statements

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ABN Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 13 September 1997.

Principal activities

In the course of the period the principal activities were the manufacture and marketing of animal feed, merchanting of agricultural products and the management of various livestock schemes.

Business review

On 14 September 1996 the company purchased Fishers Nutrition (Scotland) Limited from another wholly owned subsidiary within the Associated British Foods Group for the sum of £1,240,001. On 26 February 1997 that company changed its name to ABN (Scotland) Limited.

During the period the company has continued its activities. The directors anticipate that any future developments will be related to these activities.

Research and development

The company continued its expenditure on research and development and during the period this amounted to £340,628 (1996: £423,632).

Trading results, dividends and transfer to reserves.

The profit and loss account for the period is set out on page 7. Profit on ordinary activities after taxation amounted to £5,142,604 (1996 : £6,271,406). The directors do not recommend the payment of a dividend. The retained profit for the period of £5,142,604 was transferred to reserves.

Fixed assets

Changes in tangible fixed assets are shown in note 7. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded that amount included in the balance sheet, but they are unable to quantify the excess. Fixed asset investments are shown in note 9.

ABN Limited

Directors and directors' interests

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

P J Jackson
J M Shirbon
D J D Yiend

The company does not have a designated chairman.

Notification of an interest in the shares in Associated British Foods plc group companies and rights to subscribe for shares in this company or shares in or debentures of any other group company by P J Jackson was not required because at the end of the period he was also a director of a company of which this company is a wholly owned subsidiary undertaking.

The other directors notified no interests.

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

ABN Limited

Employees

The company is committed to the development of employee information and consultation. This is achieved both in conjunction with employee representatives and through briefing sessions with wider groups of employees. It is the policy of the company to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £2,296 (1996 : £1,687). No contributions were made to political organisations.

Creditor Payment Policy

For all suppliers it is the company's policy to agree the terms of payment when agreeing the terms of each transaction, and advise the supplier at the time of placing orders. Payment is then made in accordance with those terms agreed.

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 6 days purchases (1996: 11 days).

ABN Limited

Auditors

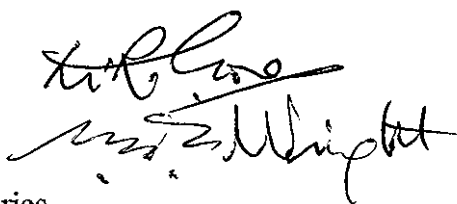
KPMG Audit Plc was appointed as Auditor on 25 February 1997 to replace KPMG, who resigned as Auditors with effect from 21 February 1997.

In accordance with S385 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

By order of the board

M R Gore
W B Wright

Joint Secretaries.

Handwritten signatures of M R Gore and W B Wright. The signature of M R Gore is written over the signature of W B Wright.

Registered Office :

Weston Centre
Bowater House
68 Knightsbridge
London
SW1X 7LQ

14 October 1997

ABN Limited

Statement of directors' responsibilities in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ▷ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

ABN Limited

Report of the auditors to the members of ABN Limited

We have audited the financial statements on pages 7 to 22.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

As explained in the accounting policies (note 2), no provision has been made for deferred tax. Note 6 specifies the total potential amount of deferred taxation not provided but no assessment has been made of the extent to which it is probable that this might crystallise and therefore, of the amount for which provision should be made in accordance with the requirements of Statement of Standard Accounting Practice No. 15 and the Companies Act 1985.

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 13 September 1997 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

VPAC Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

London

19 Nov 1997

ABN Limited

Profit and loss account for the period ended 13 September 1997

	Notes	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Turnover - Continuing operations		256,236	282,522
Operating profit - Continuing operations	3	8,229	10,239
Interest receivable and similar income	5	29	14
Amounts written off investments		-	(1,348)
Interest payable and similar charges	5	(51)	(72)
Dividends from subsidiary undertakings		-	507
Profit on ordinary activities before taxation		8,207	9,340
Tax on profit on ordinary activities	6	(3,065)	(3,068)
Retained profit for the financial period	15	5,142	6,272
Retained profit brought forward	15	6,998	726
Retained profit carried forward		12,140	6,998

A statement of movements on reserves is given in note 15.

There are no recognised gains or losses other than the profit for the period and the previous period.

ABN Limited

Balance sheet at 13 September 1997.

		13 September 1997		14 September 1996	
	Notes	£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	7	24,973		26,446	
Investments	9	1,571		331	
			26,544		26,777
Current assets					
Stocks	10	15,530		16,400	
Debtors	11	47,343		46,111	
Cash at bank and in hand		1,526		3,558	
		64,399		66,069	
Creditors-Amounts falling due within one year	12	(28,655)		(35,621)	
Net current assets			35,744		30,448
Total assets less current liabilities			62,288		57,225
Creditors-Amounts falling due after more than one year	13		(40,148)		(40,227)
Net assets			22,140		16,998
Capital and reserves					
Called up share capital-ordinary	14		10,000		10,000
Profit and loss account	15		12,140		6,998
Total shareholders' funds (equity interest)			22,140		16,998

These financial statements were approved by the board of directors on 14 October 1997 and were signed on its behalf by :


D J D Yiend
Director

ABN Limited

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 13 September 1997.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards except that, for the reasons set out in the deferred tax accounting policy, they do not comply with Statement of Standard Accounting Practice number 15.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of ABF Investments plc.

Turnover

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

ABN Limited

Fixed assets and depreciation

Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the anticipated life of the asset. No depreciation is provided on freehold land. Leaseholds are written off over the period of the lease or 50 years, whichever is the shorter period. The expected useful life of other assets is generally deemed to be not longer than:

Freehold buildings	50 years
Plant, machinery, fixtures and fittings	20 years
Vehicles	8 years

Deferred income

Deferred income consists of Government grants.

Government grants receivable on specific capital expenditure are credited to the profit and loss account over the expected useful lives of the related assets. Grants not based on specific expenditure but on other criteria are credited to the profit and loss account so as to match the costs involved.

Leases

All material leases entered into by the company are operating leases whereby substantially all the risks and rewards of ownership of an asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the life of the lease.

Research and development

Expenditure in respect of research and development is written off against profits in the period in which it is incurred.

ABN Limited

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision against obsolete and slow moving items. In the case of finished goods manufactured by the company the term 'cost' includes raw materials, production wages and an appropriate proportion of attributable production overheads.

Livestock in the course of being reared and fattened is valued at the lower of cost and net realisable value. Breeding stock is valued at average cull value which represents the directors' estimate of net realisable value.

Deferred taxation

No provision has been made for deferred tax as the company is a member of a group which provides for deferred tax only in the group's financial statements. The assessment of what deferred tax, if any, will become payable in the foreseeable future has not been made separately for this company.

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' average working lives with the company.

Goodwill

Premiums on the acquisition of business assets represent the excess of consideration over the fair value of separable net assets and are written off against reserves in the period of acquisition.

ABN Limited

3 Operating profit

Operating profit has been arrived at as follows :

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Turnover	256,236	282,522
Cost of sales	(212,720)	(236,028)
Gross profit	<u>43,516</u>	<u>46,494</u>
Distribution costs	(24,625)	(25,314)
Administration expenses	(10,662)	(10,941)
Operating profit	<u><u>8,229</u></u>	<u><u>10,239</u></u>

The above amounts derive entirely from continuing operations.

Operating profit is stated after charging the following items :

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Depreciation of tangible fixed assets	5,452	4,692
Auditors' remuneration :		
- audit	75	93
- other services	341	41
Hire of plant and machinery - rentals payable under operating leases	511	64
Land and building payments under operating leases	78	65
Research and development expenditure	341	424

ABN Limited

4 Directors and employees

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Employment costs during the period were :		
Wages and salaries	16,929	14,799
Social security costs	1,340	1,149
Pension costs	1,186	1,089
	<u>19,455</u>	<u>17,037</u>

The average weekly number of employees, including directors, of the company during the period was 896 (1996 : 885). In the opinion of the directors, all employees fall into a single category.

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Directors' emoluments :	<u>68</u>	<u>68</u>
	1997 Number	1996 Number
Retirements benefits are accruing to the following number of directors under		
Defined benefit schemes	<u>1</u>	<u>1</u>

ABN Limited

5 Interest

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
Interest receivable :		
Bank interest receivable	29	14
Total interest receivable	<u>29</u>	<u>14</u>
Interest payable :		
Other	(51)	(72)
Total interest payable	<u>(51)</u>	<u>(72)</u>
Total net interest payable	<u>(22)</u>	<u>(58)</u>

ABN Limited

6 Tax on profit on ordinary activities

	52 week period ended 13 Sept 1997 £000's	52 week period ended 14 Sept 1996 £000's
United Kingdom corporation tax at 32.08% (1996 : 33%) on the profit for the period on ordinary activities	(2,290)	(2,788)
Group relief at 100%	(775)	(208)
Consortium relief at 100% for the period	-	(72)
	<u>(3,065)</u>	<u>(3,068)</u>

As explained in the accounting policies (note 2), no provision has been made for deferred tax. At 13 September 1997 the full potential liability in respect of accelerated capital allowances was £2,426,095 (1996 : £2,246,510) and the full potential deferred tax asset in respect of reorganisation provisions was £283,080 (1996 : £442,000).

ABN Limited

7 Tangible fixed assets

	Land and Freehold £000's	Buildings Long Leasehold £000's	Plant, Machinery, Fixtures and Fittings, Vehicles £000's	Total £000's
Cost or valuation				
At beginning of period	7,336	1,898	55,938	65,172
Additions	1	32	4,427	4,460
Disposals	(388)	-	(6,921)	(7,309)
Transfers	-	-	28	28
At end of period	<u>6,949</u>	<u>1,930</u>	<u>53,472</u>	<u>62,351</u>
Accumulated depreciation				
At beginning of period	3,255	369	35,102	38,726
Charge for period	275	97	5,080	5,452
Disposals	(388)	-	(6,421)	(6,809)
Transfers	-	-	9	9
At end of period	<u>3,142</u>	<u>466</u>	<u>33,770</u>	<u>37,378</u>
Net book value				
At 13 September 1997	<u>3,807</u>	<u>1,464</u>	<u>19,702</u>	<u>24,973</u>
At 14 September 1996	<u>4,081</u>	<u>1,529</u>	<u>20,836</u>	<u>26,446</u>

Freehold land of £998,104 is not depreciated (1996: £997,306)

ABN Limited

8 Capital commitments

Capital expenditure	13 Sept 1997 £000's	14 Sept 1996 £000's
Contracted but not provided for	351	173

9 Fixed asset investments

	13 Sept 1997 £000's	14 Sept 1996 £000's
Shares in unlisted subsidiary undertakings		
Cost		
At beginning of period	331	1,209
Additions	1,240	306
Write down of investments	-	(1184)
At the end of period	1,571	331

The companies in which the company's interest is more than 10% are as follows:

	Country of registration	Principal activity	Class and percentage of shares held
Courtyard Beef UK Limited	England	Livestock management and marketing	100% Ord. shares
ABN (Overseas) Limited	England	Investment company	100% Ord. shares
Farming Supplies (Maldon) Limited	England	Inactive	100% Ord. shares
ABN (Scotland) Limited	Scotland	Manufacture and Marketing of Animal feed	100% Ord. shares

Group financial statements have not been prepared as the company is a wholly owned undertaking of ABF Investments plc. ABF Investments plc prepares group financial statements which include this company.

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

ABN Limited

10 Stocks

	13 Sept 1997 £000's	14 Sept 1996 £000's
Raw materials and consumables	5,084	5,309
Finished goods	2,348	2,869
Livestock	8,098	8,222
	<u>15,530</u>	<u>16,400</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

11 Debtors

	13 Sept 1997 £000's	14 Sept 1996 £000's
Amount falling due within one year :		
Trade debtors	31,144	31,904
Amounts due from fellow subsidiaries	12,615	10,344
Other debtors	760	625
Prepayments and accrued income	2,491	3,163
	<u>47,010</u>	<u>46,036</u>
Amount falling due after one year:		
Other debtors	333	75
	<u>47,343</u>	<u>46,111</u>

ABN Limited

12 Creditors : amounts falling due within one year

	13 Sept 1997 £000's	14 Sept 1996 £000's
Bank overdraft	1,665	464
Trade creditors	4,350	8,523
Amounts owed to fellow subsidiaries	13,129	13,976
Corporation tax	2,248	2,614
Other taxation and Social Security	495	520
Other creditors	78	302
Accruals and deferred income	6,690	9,222
	<u>28,655</u>	<u>35,621</u>

13 Creditors - amounts falling due after more than one year

	13 Sept 1997 £000's	14 Sept 1996 £000's
Amounts due to fellow subsidiaries	40,000	40,000
Accruals and deferred income	148	227
	<u>40,148</u>	<u>40,227</u>

The above amount due to fellow subsidiaries is repayable when demanded by the fellow subsidiary undertaking. No interest accrues on the outstanding balance.

14 Share capital

	13 Sept 1997	Authorised 14 Sept 1996	Allotted, called up, and fully paid 13 Sept 1997	14 Sept 1996
	£000's	£000's	£000's	£000's
Equity interest				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

ABN Limited

15 Reconciliation of movements in shareholders' funds

	13 September 1997		
	Share capital £000's	Profit and loss account £000's	Total £000's
At beginning of period	10,000	6,998	16,998
Profit for financial period	-	5,142	5,142
At end of period	<u>10,000</u>	<u>12,140</u>	<u>22,140</u>

16 Lease obligations

The company has minimum annual commitments under non-cancellable operating leases which expire as follows:

	13 September 1997		14 September 1996	
	Land and buildings £000's	Other assets £000's	Land and buildings £000's	Other assets £000's
Within one year	6	49	-	507
Between one and five years	53	446	57	673
Over five years	17	-	16	139
	<u>76</u>	<u>495</u>	<u>73</u>	<u>1,319</u>

ABN Limited

17 Deferred Income

	13 Sept 1997 £000's	14 Sept 1996 £000's
Government Grants		
At beginning of period	227	-
Acquired with new business	-	383
Released to profit and loss account	(79)	(156)
At end of period	<u>148</u>	<u>227</u>

18 Contingent Liabilities

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

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

19 Pension costs

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

The company pays a regular amount to Associated British Foods plc which makes contributions to the group scheme on its behalf. Any benefits or costs arising as a result of a scheme surplus or deficit are retained or borne by Associated British Foods plc. From the perspective of the company the scheme operates similarly to a defined contribution scheme; the particular requirements of SSAP 24 concerning accounting for a defined benefit scheme, which would require the surplus or deficit to be recognised in this company, do not apply. In the opinion of the directors this treatment is appropriate in order to reflect the substance of the company's pension arrangements.

The pension charge for the year was £1,186,056 (1996 : £1,088,922).

The pension contributions due to Associated British Foods Plc, at 13 September 1997 were £12,163 (14 September 1996 : £14,869).

ABN Limited

20 Holding company

The ultimate holding company 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 Investments plc. Both companies are incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.

21 Related party transactions

The company is controlled by Associated British Foods Plc and is exempt from disclosing transactions with it and other group undertakings under Financial Reporting Standard 8 and it is a wholly owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

Other related party transactions are detailed below:

Chalford Manor Farms - a farming operation controlled by the Weston family - sale of animal feed £2,055 (1996 : £3,702).

The above transactions were undertaken at arm's length.

Amounts due from the above related parties at 13 September 1997 were £nil (1996 : £nil).

There were no amounts due to these parties, no provisions were made against these balances and no amounts were written off during the period.

SUBSIDIARIES OF ABN LIMITED
AS AT 13 SEPTEMBER 1997

Arranged as follows:

Col. (1) Name of subsidiary

Col. (2) Class of shares held (proportion held is 100% unless otherwise stated)

Shares in subsidiaries marked * are held by, or by nominees for, the subsidiaries of the company.
 Shares in other subsidiaries are held by, or by nominees for, subsidiaries of the company.

Subsidiaries not incorporated in Great Britain and registered in England and Wales have in brackets after name, country in which registered, if Scotland, or in which incorporated if outside Great Britain.

(1)	(2)
ABN (SCOTLAND) LIMITED (Scotland)	
ABN (OVERSEAS) LIMITED	Ord.
COURTYARD BEEK UK LIMITED	Ord.
FARMING SUPPLIES (MALDON) LIMITED	Ord.
*SHANGHAI ABN HUINING FEED COMPANY LIMITED	Ord. (60%)