

AB Agri Limited
Directors' report and financial statements
For the 52 week period ended
15 September 2012

Registered no: 00193800

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AB Agri Limited

Directors' report and financial statements

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AB Agri Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 15 September 2012.

Principal activities

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

Business review

AB Agri Limited delivered another good sales performance with revenues 10% ahead of the prior year. The UK feed business saw some margin erosion in the pig and poultry feed markets reflecting another difficult year for the UK livestock industry.

Premier Nutrition increased its UK market share in broiler and ruminant premixes but suffered margin erosion in Eastern Europe. The weakening of the Euro affected the competitiveness of exported piglet starter feed and pet premixes into the Eurozone. The major building and engineering operations for UK expansion are now complete and plant commissioning is well under way.

AB Vista continues to expand its geographic presence and share of the feed enzyme market. The main growth driver was the Quantum phytase range including the recently launched product, Quantum Blue, which should be registered in the EU in the near future. AB Vista also recently finalised an arrangement that will see it become a major global supplier of betaine to the animal nutrition sector.

During the year, AB Sustain acquired a small UK-based business, specialising in the development, implementation and auditing of systems which promote continuous improvement in agricultural supply chains across the world. AB Sustain also won the Sainsbury's supplier "Making it Happen" award in recognition of its outstanding customer support and service.

AB Agri Limited

Directors' report (continued)

Risks and uncertainties

Treasury operations and commodity procurement are conducted within a clearly defined framework of board-approved policies and guidelines to manage the company's financial and commodity risks. Financial risks essentially arise through exposure to foreign currencies, interest rates, counterparty credit and borrowing facilities. Commodity risks arise from the procurement of raw materials and the exposure to changes in market prices. Liquidity risk arises from the availability of internal and external funding to enable the company to meet its financial obligations as and when they fall due.

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

Key performance indicators

The key performance indicators for AB Agri are turnover, operating (loss)/profit, return on average capital employed and debtor days. The table below provides a summary of our performance against these key performance indicators for the past two financial periods

	52 week period ended 15 September 2012 £000/%/days	52 week period ended 17 September 2011 £000/%/days	Increase/ (Decrease) £000/%/days
Turnover	990,220	901,899	88,321
Operating (loss)/ profit	(634)	7,682	(8,316)
ROCE	1.1%	6.7%	(5.6)
Debtor days	47	52	(5)

Payments to suppliers

The company, along with its parent company Associated British Foods plc, has a policy on payment of suppliers set out in its Business Principles which states that the company settles its bills promptly, being a signatory of the Prompt Payment Code. Further information concerning this Code, and copies of it, can be found at www.promptpaymentcode.org.uk.

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 26 days purchases (2011: 24 days).

AB Agri Limited

Directors' report *(continued)*

Dividend

The directors do not recommend a dividend in respect of the current financial year.

Dividends paid during the year comprise a final dividend of £10,000,000 in respect of the previous year ended 17 September 2011.

Market value of land and buildings

Changes in tangible fixed assets are shown in note 10. In the opinion of the directors the market value of land and buildings at the end of the period exceeded the amount included in the balance sheet, but they are unable to quantify the excess.

Research and development

The company continued its expenditure on research and development with expenditure during the period of £2,008,000 (2011: £2,325,000)

Directors

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

D J D Yiend	
R C Cloke	
A Murphy	
R G Cooper	
M B L Allen	
G O Williams	(resigned 24 August 2012)
S M Heath	(appointed 1 August 2012)
J E Martinez	(appointed 1 August 2012)

Company secretary

R S Schofield

The company does not have a designated chairman.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

AB Agri Limited

Directors' report *(continued)*

Employees

The company is committed to offering equal opportunities to all persons in their recruitment, training and career development, having regard for their particular aptitudes and abilities. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the company an opportunity for retraining.

Political and charitable contributions

The company made no political contributions during the current or preceding financial periods. Donations to UK charities amounted to £7,240 (2011: £6,360).

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

On behalf of the board


D J D Yiend
Director

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

Date: 12 MARCH 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 the directors 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Independent auditor's report to the members of AB Agri Limited

We have audited the financial statements of AB Agri Limited for the 52 week period ended 15 September 2012 set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 15 September 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Sarah Rolls

Sarah Rolls (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
DATE

12 March 2013

AB Agri Limited

Profit and loss account

for the 52 week period ended 15 September 2012

	Note	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Turnover	2	990,220	901,899
Cost of sales		(893,961)	(808,208)
Gross profit		96,259	93,691
Distribution costs		(57,556)	(53,156)
Administration expenses		(39,337)	(32,853)
Operating (loss)/profit		(634)	7,682
Profit on sale of fixed assets		-	316
Interest receivable and similar income	5	2,194	4,537
Interest payable and similar charges	6	(11)	(424)
Profit on ordinary activities before taxation	3	1,549	12,111
Tax on profit on ordinary activities	7	(655)	(3,569)
Profit for the financial period	19	894	8,542

There is no material difference between the profit on ordinary activities and the retained profit for the period stated above, and their historical cost equivalents

All operations were continuing in the current and prior year

The notes on pages 11 to 30 form part of these financial statements

AB Agri Limited

Balance sheet at 15 September 2012

	Note	15 September 2012 £000	17 September 2011 £000
Fixed assets			
Intangible assets	9	1,437	1,831
Tangible assets	10	46,492	41,626
Investments	11	38,460	37,839
		<u>86,389</u>	<u>81,296</u>
Current assets			
Stocks	13	16,657	17,734
Debtors	14	147,426	146,266
Cash at bank and in hand		9,143	6,834
		<u>173,226</u>	<u>170,834</u>
Creditors - amounts falling due within one year	15	<u>(95,429)</u>	<u>(88,348)</u>
Net current assets		<u>77,797</u>	<u>82,486</u>
Total assets less current liabilities		<u>164,186</u>	<u>163,782</u>
Creditors - amounts falling due after one year	16	<u>(44,728)</u>	<u>(35,277)</u>
Provision for liabilities and charges	17	<u>(1,325)</u>	<u>(1,792)</u>
Net assets		<u>118,133</u>	<u>126,713</u>
Capital and reserves			
Called up share capital	18	102,000	102,000
Share based payment reserve	19	2,449	1,923
Profit and loss account	19	13,684	22,790
Shareholders' funds	19	<u>118,133</u>	<u>126,713</u>

These financial statements were approved by the board of directors on 12 March 2013 and were signed on its behalf by



R C Cloke
Director

Company registered number: 193800

The notes on pages 11 to 30 form part of these financial statements

AB Agri Limited

Statement of total recognised gains and losses for the 52 week period ended 15 September 2012

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Profit for the financial period	894	8,542
Equity settled share based payment expense for the financial period	526	572
Total recognised gains and losses relating to the financial period	<u>1,420</u>	<u>9,114</u>

The notes on pages 11 to 30 form part of these financial statements

AB Agri Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Associated British Foods plc, the company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with other wholly owned entities which form part of the group. The consolidated financial statements of Associated British Foods plc, within which this company is included, can be obtained from the address given in note 25.

Going concern

The directors have considered the factors that impact the company's future development, performance, cash flows and financial position together with the company's liquidity in forming their opinion on the suitability of using the going concern basis in preparing the financial statements.

The company is expected to continue to generate positive cash flows for the foreseeable future. On the basis of the directors' assessment of the financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AB Agri Limited

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided on the original cost of assets and is calculated on a straight line basis at rates sufficient to reduce them to their estimated residual value. No depreciation is provided on freehold land. Leaseholds are written off over the period of the lease or 50 years, whichever is the shorter period. The anticipated useful life of other assets is generally deemed to be not longer than

Freehold buildings	50 years
Plant, machinery, fixtures and fittings	5-12 years
Cars	5 years

Turnover

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

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

Leases

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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors

Research and development

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

Stocks

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

AB Agri Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Foreign currencies

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

Investments

Investments are stated at cost less amounts written off in respect of any impairment in value.

Retirement benefits

The company is a member of the Associated British Foods Pension Scheme which operates both a defined contribution and a defined benefit pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable. The defined benefit scheme is a multi-employer scheme and the company is unable to identify its share of underlying assets and liabilities on a consistent and reasonable basis. Contributions to the defined benefit scheme are therefore accounted for as if they were contributions to a defined contribution scheme.

AB Agri Limited

Notes (continued)

1 Accounting policies (continued)

Share-based payments

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

Goodwill

Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill.

2 Turnover

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

AB Agri Limited

Notes (continued)

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Depreciation of tangible fixed assets	7,745	7,703
Amortisation	394	19
Hire of plant and machinery		
- rentals payable under operating leases	48	74
Land and building payments under operating leases	563	552
Research and development	2,008	2,325
Auditor's remuneration – audit fees	170	162
	<hr/>	<hr/>

4 Directors and employees

The average weekly number of employees, including directors, of the company during the period was 1,006 (2011: 925).

The aggregate payroll costs of these persons were as follows:

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Wages and salaries	39,541	34,601
Amounts receivable under long term incentive plans	526	572
Social security costs	4,133	3,416
Pension costs	3,823	3,272
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	48,023	41,861
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

4 Directors and employees (continued)

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Directors' emoluments	2,647	2,446
Pension costs	363	360
Amounts receivable under long term incentive plans	526	572
	<u>3,536</u>	<u>3,378</u>

Of the directors' emoluments £944,000 (2011: £940,000) was paid by other group companies on behalf of AB Agri Limited. The aggregate emoluments of the highest paid director from emoluments and long term incentive plans were £944,000 (2011: £940,000). This figure includes company pension contributions of £48,000 (2011: £136,000) that were made on their behalf.

	2012 Number	2011 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes and EFRBS where appropriate	2	4
Amounts were paid to the following number of directors under long term incentive plans	5	5
	<u> </u>	<u> </u>

AB Agri Limited

Notes (continued)

5 Interest receivable and similar income

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Interest receivable	9	12
Other interest receivable on loans from fellow group undertakings	2,185	4,525
	<u>2,194</u>	<u>4,537</u>

6 Interest payable and similar charges

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Other interest payable	11	424
	<u>11</u>	<u>424</u>

AB Agri Limited

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of tax charge

	15 September 2012 £000	17 September 2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	1,122	4,163
Adjustment in respect of prior periods	-	(345)
Total current tax	1,122	3,818
<i>Deferred tax (see note 17)</i>		
Reversal of timing differences	(428)	(546)
Effect of change in tax rate	(114)	(142)
Adjustment in respect of prior periods	75	439
Total deferred tax	(467)	(249)
Tax on profit on ordinary activities	655	3,569

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate of corporation tax in the UK 25.1% (2011 27.1%). The differences are explained below.

	15 September 2012 £000	17 September 2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	1,549	12,111
Current tax at 25.1% (2011: 27.1%)	389	3,282
<i>Effects of:</i>		
Expenses not deductible for tax purposes	305	337
Depreciation in excess of capital allowances	442	564
Other timing differences	(14)	(20)
Adjustment in respect of prior periods	-	(345)
Total current tax charge (see above)	1,122	3,818

AB Agri Limited

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Factors affecting future tax charges

Effective 1 April 2012 the corporation tax rate was reduced from 26% to 24%. It has also been announced that the UK tax rate will drop to 23% effective from 1 April 2013 and to 21% effective from 1 April 2014. The most recently enacted rate at the balance sheet date was 23%, and deferred tax balances have been calculated at this rate. The impact of the subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

8 Dividends

The aggregate amount of dividends comprises

	52 week period ended 15 September 2012 £000	52 week period ended 17 September 2011 £000
Dividends paid in respect of prior year but not recognised as liabilities in that year	10,000	11,000

AB Agri Limited

Notes (continued)

9 Intangible assets

	Goodwill £000	Intangible assets £000	Total £000
Cost			
At beginning of period	376	1,500	1,876
At end of period	376	1,500	1,876
Amortisation			
At beginning of period	45	-	45
Charge for the period	19	375	394
At end of period	64	375	439
Net book value			
At 15 September 2012	312	1,125	1,437
At 17 September 2011	331	1,500	1,831

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises

- The goodwill in relation to the purchase of selected trade and assets of JE Porter Limited is amortised over a period of 20 years.
- The intangible assets in relation to the purchase of selected trade and assets of Uffculme Feed Mill Limited are amortised over a period of 4 years

These amortisation policies are in line with the requirements of FRS 10 and group policy.

AB Agri Limited

Notes (continued)

10 Tangible assets

	Land and freehold buildings	Long leasehold buildings	Plant and machinery, fixtures and fittings, cars	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of period	14,582	996	87,069	1,851	104,498
Additions	590	8	8,209	4,252	13,059
Disposals	-	-	(4,135)	-	(4,135)
Transfers	1,641	(14)	(610)	(1,017)	-
	<u>16,813</u>	<u>990</u>	<u>90,533</u>	<u>5,086</u>	<u>113,422</u>
<i>Depreciation</i>					
At beginning of period	6,908	552	55,412	-	62,872
Charge for the period	418	65	7,262	-	7,745
Disposals	-	-	(3,687)	-	(3,687)
Transfers	323	1	(324)	-	-
	<u>7,649</u>	<u>618</u>	<u>58,663</u>	<u>-</u>	<u>66,930</u>
<i>Net book value</i>					
At 15 September 2012	9,164	372	31,870	5,086	46,492
At 17 September 2011	7,674	444	31,657	1,851	41,626

Freehold land of £2,251,000 is not depreciated (2011: £2,251,000).

The net book value of tangible fixed assets include £57,000 (2011: £71,000) in respect of assets held under finance leases. The depreciation charge in respect of such assets amounted to £14,000 (2011: £nil)

AB Agri Limited

Notes (continued)

11 Investments

	Shares in group undertakings £000
Cost	
At beginning of period	37,839
Additions	621
At end of period	38,460

During the year, the company acquired 100% of the ordinary share capital of LeafTC Limited at a cost of £621,000

The company has an interest of more than 20% in the following companies:

	Country of registration	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
ABN (Overseas) Limited	England and Wales	Investment company	100% Ordinary
LeafTC Limited	England and Wales	Audit Services	100% Ordinary
ABN (Scotland) Limited	Scotland	Non-trading	100% Ordinary
ABNA Limited	England and Wales	Non trading	100% Ordinary
Nutrition Trading (International) Limited	England and Wales	Non trading	100% Ordinary
Agrilines Limited	England and Wales	Non trading	100% Ordinary
Premier Nutrition Products Limited	England and Wales	Non trading	100% Ordinary
Banbury Agriculture Limited	England and Wales	Non trading	100% Ordinary
Nutrition Trading Limited	England and Wales	Non trading	100% Ordinary

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.

AB Agri Limited

Notes (continued)

12 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £2,952,000 (2011: £2,600,000).

13 Stocks

	15 September 2012 £000	17 September 2011 £000
Raw materials and consumables	14,835	16,252
Finished goods and goods for resale	1,822	1,482
	<u>16,657</u>	<u>17,734</u>

14 Debtors

	15 September 2012 £000	17 September 2011 £000
Trade debtors	127,726	128,731
Amounts owed by group undertakings	1,403	984
Other debtors	593	141
Prepayments and accrued income	17,704	16,410
	<u>147,426</u>	<u>146,266</u>

AB Agri Limited

Notes (continued)

15 Creditors - amounts falling due within one year

	15 September 2012 £000	17 September 2011 £000
Trade creditors	63,843	58,093
Amounts owed to group undertakings	4,715	5,524
Corporation tax	1,089	4,100
Other creditors	400	100
Accruals and deferred income	25,382	20,531
	<u>95,429</u>	<u>88,348</u>

16 Creditors - amounts falling due after one year

	15 September 2012 £000	17 September 2011 £000
Amounts owed to group undertakings	<u>44,728</u>	<u>35,277</u>

AB Agri Limited

Notes (continued)

17 Provision for liabilities and charges

	Deferred tax £000	
At 17 September 2011	1,792	
Provision created	(168)	
Utilised	(299)	
	<hr/>	
At 15 September 2012	1,325	
	<hr/>	
	15 September 2012 £000	17 September 2011 £000
Deferred taxation		
<i>Analysis by component:</i>		
Other timing differences	(231)	(264)
Accelerated capital allowances	1,556	2,056
	<hr/>	<hr/>
	1,325	1,792
	<hr/>	<hr/>

18 Called up share capital

	15 September 2012 £000	17 September 2011 £000
<i>Issued and fully paid</i>		
102,000 ordinary shares of £1 each (2011:102,000)	102,000	102,000
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

19 Reconciliation of movements in shareholders' funds

	Share capital	Share based payment reserve	Profit and loss account	Total
	£000	£000	£000	£000
At beginning of period	102,000	1,923	22,790	126,713
Profit for the financial period	-	-	894	894
Dividends	-	-	(10,000)	(10,000)
Share-based payment expense for the period	-	526	-	526
At end of period	102,000	2,449	13,684	118,133

AB Agri Limited

Notes (continued)

20 Share-based payments

The company had the following equity-settled share-based payment plans in operation during the period:

Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan')

The Share Incentive Plan was approved and adopted by Associated British Foods plc at its annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three-year performance period

Details of the shares outstanding under the equity-settled share-based payment plan are as follows

	15 September 2012 No of shares
Balance outstanding at the beginning of the period	289,702
Transferred in	-
Awarded this period	92,081
Vested	(75,203)
Lapsed	(31,239)
Balance outstanding at the end of the period	275,341

Fair values

The weighted average fair value of the shares awarded under the Share Incentive Plan was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period (for conditional allocations of shares).

The weighted average fair value of shares awarded under the Share Incentive Plan during the year was 1,022 pence (2011: 999 pence) and the weighted average share price was 1,099 pence (2011: 1,074 pence). The dividend yield used was 2.5%.

The company recognised a total equity-settled share-based payment expense of £526,000 during the period (2011: £572,000).

AB Agri Limited

Notes (continued)

21 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.

22 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	15 September 2012		17 September 2011	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
<i>Operating leases which expire</i>				
Within one year	79	1	71	29
Between two and five years	80	41	50	46
After five years	404	5	431	-
	<u>563</u>	<u>47</u>	<u>552</u>	<u>75</u>

Notes (continued)

23 Pension costs

The company is a member of the Associated British Foods Pension Scheme which provides benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme's assets and liabilities on a consistent basis, as permitted by FRS 17 the scheme is accounted for by the company as if it were a defined contribution scheme. On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.

The last actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2011. At the valuation date the total market value of the assets of the Scheme was £2,559m and represented 101% of the benefits that had accrued to members after allowing for expected future increases in earnings. By agreement with the trustees, the group agreed to eliminate the deficit identified at the time of the triennial valuation of the scheme in 2008 with five annual payments of £30m. The fourth of these payments was made in March 2012, and although the fund was in surplus at the time of the most recent valuation, the group has agreed to make the final payment in March 2013.

The actuarial valuations were updated for IAS 19 purposes to 15 September 2012 by an independent qualified actuary. The updated valuation of the Scheme was a surplus of £15 million (2011: £33 million surplus). There are no material differences in the valuation methodologies under IAS 19 and FRS 17. Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. These financial statements are also available for download from the group's website at www.abf.co.uk

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £3,823,000 (2011: £3,272,000)

AB Agri Limited

Notes (continued)

24 Related party transactions

Transactions with the group's related parties, as defined by Financial Reporting Standard 8, are summarised below

	2012 £000	2011 £000
Sales (on normal trading terms)	294	355
Purchases (on normal trading terms)	196,786	180,918
Amounts due from Frontier Agriculture Limited	45	80
Amounts due to Frontier Agriculture Limited	19,756	17,863

All sales and purchases are with Frontier Agriculture Limited, a 50:50 joint venture between ABF Holdings Limited and Cargill plc

25 Holding company

The immediate holding company is ABF Holdings Limited, a company registered in England and Wales. The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.