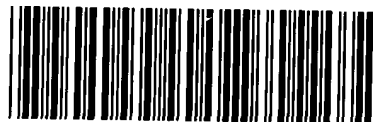


AB Agri Limited
Annual report and financial statements
For the 53 week period ended
17 September 2016

Registered no: 00193800

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AB Agri Limited

Annual report and financial statements

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AB Agri Limited

Strategic report

Business review

UK agriculture faced a number of challenges this year and in that context AB Agri performed well, delivering an adjusted operating profit below last year but with a consistent operating margin.

The dairy market saw continued price pressure resulting from global oversupply, and pig prices fell to their lowest level for a number of years. Against this background our pig starter feed business had a strong year but the smaller sugar beet crop resulted in less beet feed availability which adversely affected revenue and profit at AB Connect, our feed business.

AB Agri has a strong tradition of seeking ways of extracting value from feedstock materials and has entered the specialist anaerobic digestion (AD) products and services sector this year. A new business was created to market a range of specialist vitamin and mineral packs, and a nutritionally balanced, blended food-waste product for use as the feedstock for AD plants. We have built an AD plant in Yorkshire, due to be commissioned before the end of the calendar year, which will enable us to promote our nutritional, operational and product expertise in this developing market.

Research and development

The Company continued its expenditure on research and development with expenditure during the period of £4,692,000 (2015: £4,171,000).

Risks and uncertainties

Treasury operations and commodity procurement are conducted within a clearly defined framework of board-approved policies and guidelines to manage the Company's financial and commodity risks. Financial risks 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.

AB Agri Limited

Strategic report (continued)

Key performance indicators

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

	53 week period ended 17 September 2016	52 week period ended 12 September 2015	Increase/ (Decrease)
Turnover £000	778,917	886,635	(107,718)
Operating profit before amortisation £000	19,834	20,856	(1,022)
ROCE	15.6%	15.3%	0.3%
Debtor days	49	46	3

On behalf of the board


D J D Yiend
Director

Date: 15.06.2017

AB Agri Limited

Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 17 September 2016.

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.

Payments to suppliers

The Company, together 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 to the Prompt Payment Code. Further information concerning this Code, and a copy 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 31 days purchases (2015: 33 days).

Dividend

The directors recommend a dividend in respect of the current financial period of £22,416,000 (2015: £11,000,000, refer to note 9).

AB Agri Limited

Directors' report *(continued)*

Directors

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

D J D Yiend
R C Cloke
A Murphy
R G Cooper
S M Heath
J E Martinez Plata
B J M van Stekelenburg (resigned 31st December 2016)
A G Cross

Company secretary

R S Schofield

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

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 £6,000 (2015: £3,000).

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.

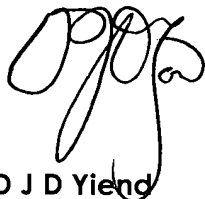
AB Agri Limited

Directors' report *(continued)*

Auditor

Ernst & Young LLP was appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board



D J D Yiend
Director

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

Date: 15.06.2017

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 judgments 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;
- 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 year ended 17 September 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Directors Report and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AB Agri Limited

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

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 17 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

Anup Sodhi (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 15.06.2017

AB Agri Limited

Income statement

for the 53 week period ended 17 September 2016

	Note	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Turnover	3	778,917	886,635
Cost of sales		(665,591)	(766,629)
Gross profit		113,326	120,006
Distribution costs		(57,734)	(62,897)
Administrative expenses		(35,758)	(37,351)
Amortisation	10	(968)	(1,811)
Profit on disposal of tangible assets		-	1,098
Operating profit		18,866	19,045
Net gain on return of capital	12	1,190	-
Interest receivable and similar income	6	4,899	60
Interest payable and similar charges	7	(367)	(58)
Profit on ordinary activities before taxation	4	24,588	19,047
Tax on profit on ordinary activities	8	(3,294)	(3,887)
Profit for the financial period		21,294	15,160

All operations were continuing in the current and prior period.

AB Agri Limited

Statement of comprehensive income for the 53 week period ended 17 September 2016

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Profit for the financial period	21,294	15,160
Movement in cash flow hedging position	262	(23)
Total comprehensive income for the financial period	21,556	15,137

AB Agri Limited

Statement of changes in equity

for the 53 week period ended 17 September 2016

	Share capital £000	Capital contribution £000	Retained earnings £000	Hedging reserve £000	Total £000
At 13 September 2014	102,000	3,334	12,793	(20)	118,107
Profit for the period	-	-	15,160	-	15,160
Dividend paid	-	-	(11,000)	-	(11,000)
Other reserves movement	-	-	-	(23)	(23)
Share-based payment expense for the period	-	1,061	-	-	1,061
At 12 September 2015	102,000	4,395	16,953	(43)	123,305
At 12 September 2015	102,000	4,395	16,953	(43)	123,305
Profit for the period	-	-	21,294	-	21,294
Dividend paid	-	-	(22,416)	-	(22,416)
Other reserves movement	-	-	-	262	262
Share-based payment expense for the period	-	736	-	-	736
At 17 September 2016	102,000	5,131	15,831	219	123,181

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

AB Agri Limited

Balance sheet

at 17 September 2016

	Note	17 September 2016 £000	12 September 2015 £000
Fixed assets			
Intangible assets	10	14,420	14,461
Tangible assets	11	60,307	52,199
Investments	12	19,289	20,652
		<u>94,016</u>	<u>87,312</u>
Current assets			
Stocks	14	16,861	17,624
Debtors	15	135,828	141,799
Cash at bank and in hand		4,444	2,317
		<u>157,133</u>	<u>161,740</u>
Creditors - amounts falling due within one year	16	<u>(89,657)</u>	<u>(108,702)</u>
Net current assets		<u>67,476</u>	<u>53,038</u>
Total assets less current liabilities		<u>161,492</u>	<u>140,350</u>
Creditors - amounts falling due after one year	17	<u>(35,900)</u>	<u>(13,848)</u>
Provision for liabilities and charges	18	<u>(2,411)</u>	<u>(3,197)</u>
Net assets		<u><u>123,181</u></u>	<u><u>123,305</u></u>
Capital and reserves			
Called up share capital	19	102,000	102,000
Capital contribution reserve	20	5,131	4,395
Profit and loss account		15,831	16,953
Hedging reserve		219	(43)
Shareholders' funds		<u><u>123,181</u></u>	<u><u>123,305</u></u>

These financial statements were approved by the board of directors on 15.06.2017 and were signed on its behalf by:



R C Cloke
Director

Company registered number: 193800

The notes on pages 14 to 37 form part of these financial statements.

AB Agri Limited

Notes

(forming part of the financial statements)

1 Authorisation of financial statements

The financial statements of AB Agri Limited (the "Company") for the period ended 17 September 2016 were authorised for issue by the board of directors on and the balance sheet was signed on the board's behalf by R C Cloke. AB Agri Limited is incorporated and domiciled in England and Wales.

2 Accounting policies

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

Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 26.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Associated British Foods plc. These financial statements present information about the Company as an individual undertaking and not about its group.

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

- a) the requirements of IFRS 2 *Share based Payment* because the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- c) the requirement of IAS 1 *Presentation of Financial Statements* to present comparative information of IAS 1, IAS 16 and IAS 38;
- d) the requirements of IAS 7 *Statement of Cash Flows*; and
- e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.

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)

2 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. Assets in the course of construction are not depreciated until the asset is ready for use. The anticipated useful life of other assets is generally deemed to be not longer than:

Freehold buildings	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)*

2 Accounting policies *(continued)*

Taxation

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

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

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

Foreign currencies

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

Investments

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

Retirement benefits

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

Notes *(continued)*

2 Accounting policies *(continued)*

Share-based payments

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

Intangible assets

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

Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998 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.

The UK Companies Act requires goodwill to be amortised over its useful economic life however under IFRS 3 Business Combinations goodwill is not amortised. Consequently the Company does not amortise goodwill but reviews it for impairment at each reporting date or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill, a period of 20 years would have been chosen as the useful life, and profit for the year would have been £775k lower due to the amortisation charge in the year.

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 unimpaired amount of any related goodwill.

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

AB Agri Limited

Notes (continued)

New accounting policies

The Company has adopted early the amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture which were not otherwise applicable until the 2017 financial year. The early adoption of these amendments had no material impact on these financial statements.

There were no other changes to accounting policies during the year. The Company is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU, the adoption date is less certain. The standards effective in 2017 are not expected to have any material effect on the Company. The impact of the other standards is currently under review.

- Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions* effective 2019 financial year (not yet endorsed by the EU)
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* effective 2019 financial year (not yet endorsed by the EU)
- *Annual Improvements to IFRSs 2012–2014* effective 2017 financial year
- IFRS 9 *Financial Instruments: Classification and Measurement* effective 2019 financial year (not yet endorsed by the EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities – Applying the Consolidation Exception* effective 2017 financial year (endorsed by the EU since the balance sheet date)
- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* effective 2017 financial year
- IFRS 15 *Revenue from Contracts with Customers* effective 2019 financial year (endorsed by the EU since the balance sheet date)
- IFRS 16 *Leases* effective 2020 financial year (not yet endorsed by the EU)
- Amendments to IAS 1: *Disclosure Initiative* effective 2017 financial year
- Amendments to IAS 7: *Disclosure Initiative* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* effective 2017 financial year

3 Turnover

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

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting):

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Depreciation of tangible fixed assets	7,567	7,506
Profit on disposal of tangible assets	-	(1,098)
Amortisation	968	1,811
Hire of plant and machinery		
- rentals payable under operating leases	161	185
Land and building payments under operating leases	558	546
Research and development	4,692	4,171
Auditor's remuneration – audit fees	211	195
– tax / other services	-	19
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5 Directors and employees

The average weekly number of employees, including directors, of the Company during the period was 1,121 (2015: 1,094). The aggregate payroll costs of these persons were as follows:

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Wages and salaries	50,209	47,368
Amounts receivable under long term incentive plans	736	1,061
Social security costs	5,470	5,011
Pension costs	5,069	5,569
	<hr/> <hr/>	<hr/> <hr/>
	61,484	59,009

AB Agri Limited

Notes (continued)

5 Directors and employees (continued)

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Directors' emoluments	3,595	3,765
Pension costs	129	185
Amounts receivable under long term incentive plans	736	1,061
	<u>4,460</u>	<u>5,011</u>

Of the directors' emoluments £944,000 (2015: £1,114,000) 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 (2015: £1,114,000). This figure includes Company pension contributions of £nil (2015: £nil) that were made on their behalf.

	53 week period ended 17 September 2016 Number	53 week period ended 17 September 2016 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes and EFRBS where appropriate	3	3
Amounts were paid to the following number of directors under long term incentive plans	3	3
	<u> </u>	<u> </u>

AB Agri Limited

Notes (continued)

6 Interest receivable and similar income

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Interest receivable on loans to fellow group undertakings	36	60
Dividends received from subsidiaries	4,863	-
	<hr/>	<hr/>
	4,899	60
	<hr/>	<hr/>

7 Interest payable and similar charges

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Other interest payable	367	58
	<hr/>	<hr/>
	367	58
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of tax charge

	53 week period ended 17 September 2016 £000	52 week Period ended 12 September 2015 £000
<i>UK corporation tax</i>		
Current tax on income for the period	4,496	4,266
Adjustment in respect of prior periods	(360)	(388)
	<hr/>	<hr/>
Total current tax (see below)	4,136	3,878
	<hr/>	<hr/>
<i>Deferred tax (see note 17)</i>		
Reversal of timing differences	(171)	(222)
Effect of change in tax rate	(482)	6
Adjustment in respect of prior periods	(189)	225
	<hr/>	<hr/>
Total deferred tax	(842)	9
	<hr/>	<hr/>
Tax on profit on ordinary activities	3,294	3,887
	<hr/>	<hr/>

The adjustments in respect of prior periods principally relate to adjustments to estimates of expenses not deductible for tax purposes and depreciation in excess of capital allowances.

AB Agri Limited

Notes (continued)

8 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is less than (2015: lower) than the standard rate of corporation tax in the UK 20.00% (2015: 20.54%).

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	24,588	19,047
Current tax at 20.00% (2015: 20.54%)	4,918	3,912
Effects of:		
Rate change	(418)	7
Expenses not deductible/(income not taxable)	269	357
Non-taxable dividends from group companies	(973)	-
Profit/loss on exempt disposals	47	(226)
Adjustment to tax charge in respect of prior periods	(549)	(163)
Total current tax charge (see above)	3,294	3,887

Factors affecting future tax charges

The UK corporation tax rate was reduced from 21% to 20% with effect from 1 April 2015, with further reductions to 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The legislation to effect these rate changes had been enacted before the balance sheet date. As deferred tax is measured at the rates that are expected to apply in the periods when the underlying timing differences reverse, closing deferred tax balances have been calculated using a rate of 17%.

AB Agri Limited

Notes (continued)

9 Dividends

The aggregate amount of dividends comprises:

	53 week period ended 17 September 2016 £000	52 week period ended 12 September 2015 £000
Dividends paid	22,416	11,000
Dividends received	(4,863)	-
	<hr/> <hr/>	<hr/> <hr/>

10 Intangible assets

	Goodwill £000	Intangible assets £000	Total £000
Cost			
At beginning of period	10,567	15,113	25,680
Additions	-	965	965
Disposals	-	(182)	(182)
	<hr/>	<hr/>	<hr/>
At end of period	10,567	15,896	26,463
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation			
At beginning of period	-	11,219	11,219
Charge for the period	-	968	968
Disposals	-	(144)	(144)
	<hr/>	<hr/>	<hr/>
At end of period	-	12,043	12,043
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 17 September 2016	10,567	3,853	14,420
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 12 September 2015	10,567	3,894	14,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

The intangible assets comprise customer relationships acquired in the current period (amortised over 3 years) and various capitalised software purchases (amortised over 5 years). All disposals relate to software assets.

AB Agri Limited

Notes (continued)

11 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	22,424	622	94,050	2,484	119,580
Additions	1,680	-	6,365	12,023	20,068
Disposals	(529)	-	(3,207)	-	(3,736)
Reclassification	-	(78)	78	-	-
Transfers	-	-	2,484	(2,484)	-
Transfers intra-group	(3,997)	-	-	-	(3,997)
At end of period	19,578	544	99,770	12,023	131,915
<i>Depreciation</i>					
At beginning of period	8,729	589	58,063	-	67,381
Charge for the period	531	9	7,027	-	7,567
Disposals	(529)	-	(2,679)	-	(3,208)
Reclassification	120	(67)	(53)	-	-
Transfers intra-group	(132)	-	-	-	(132)
At end of period	8,719	531	62,358	-	71,608
<i>Net book value</i>					
At 17 September 2016	10,859	13	37,412	12,023	60,307
At 12 September 2015	13,695	33	35,987	2,484	52,199

AB Agri Limited

Notes (continued)

12 Investments

	Shares in group undertakings £000
Cost	
At beginning of period	20,652
Return of capital	(1,363)
At end of period	19,289

During the year, the Company's subsidiaries participated in a restructuring of entities within the Associated British Foods plc group. ABN (Scotland) Limited and Premier Nutrition Products Ltd undertook a capital reduction and returned capital invested by the Company of £2,429k and £124k respectively. A gain of £1,190k relating to the transaction was realised in profit and loss during the period being the amount of capital received in excess of the carrying value of these investments.

The Company has a 100% interest in the following subsidiary companies, all of which are registered in England and Wales:

Subsidiary undertakings	Principal activity
ABN (Overseas) Limited	Investment company
Roses Nutrition Limited	Independent nutrition consultancy business
LeafTC Limited	Non-trading
ABN (Scotland) Limited	Non-trading
ABNA Limited	Non-trading
Nutrition Trading (International) Limited	Non-trading
Agrilines Limited	Non-trading
Premier Nutrition Products Limited	Non-trading
Banbury Agriculture Limited	Non-trading
Nutrition Trading Limited	Non-trading

In the opinion of the directors, the investment in each of the Company's subsidiary undertakings is worth at least the amount at which it is stated in the balance sheet.

13 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £4,129,000 (2015: £2,211,000).

AB Agri Limited

Notes (continued)

14 Stocks

	17 September 2016 £000	12 September 2015 £000
Raw materials and consumables	12,505	13,259
Finished goods and goods for resale	4,356	4,365
	<u>16,861</u>	<u>17,624</u>

15 Debtors

	17 September 2016 £000	12 September 2015 £000
Trade debtors	104,016	111,746
Amounts owed by group undertakings	16,225	10,151
Other debtors	440	66
Prepayments and accrued income	15,147	19,836
	<u>135,828</u>	<u>141,799</u>

16 Creditors – amounts falling due within one year

	17 September 2016 £000	12 September 2015 £000
Trade creditors	55,463	69,720
Amounts owed to group undertakings	8,347	10,246
Corporation tax	2,036	4,260
Other creditors	237	150
Accruals and deferred income	23,574	24,326
	<u>89,657</u>	<u>108,702</u>

AB Agri Limited

Notes (continued)

17 Creditors – amounts falling due after one year

	17 September 2016 £000	12 September 2015 £000
Amounts owed to group undertakings	35,900	13,848

18 Provision for liabilities and charges

	Deferred tax £000
At 12 September 2015	3,197
Charge to the profit and loss account	(842)
Charge relating to other comprehensive income	56
At 17 September 2016	2,411

	17 September 2016 £000	12 September 2015 £000
Deferred taxation		
<i>Analysis by component:</i>		
Accelerated capital allowances	2,574	2,976
Deferred tax on hedging reserve	45	(12)
Other short term timing differences	(208)	233

19 Called up share capital

	17 September 2016 £000	12 September 2015 £000
Issued and fully paid		
102,000,000 ordinary shares of £1 each (2015:102,000,000)	102,000	102,000

AB Agri Limited

Notes (continued)

20 Share-based payments

The Company had the following principal 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 the annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which are released if, and to the extent that, performance targets are satisfied, typically over a three-year performance period.

The Share Incentive Plan expired in December 2013, with the last grant of allocations made in November 2013. Conditional shares allocated under the Share Incentive Plan will vest under the terms of the Share Incentive Plan.

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

The LTIP was approved and adopted by Associated British Foods plc at its annual general meeting held on 6 December 2013. It takes the form of conditional allocations of shares, which are released if, and to the extent that, performance targets are satisfied, typically over a three-year performance period.

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

	17 September 2016 No of shares
Balance outstanding at the beginning of the period	217,800
Awarded this period	41,255
Vested	(48,843)
Lapsed	(21,847)
Balance outstanding at the end of the period	<u><u>188,365</u></u>

Fair values

The weighted average fair value of conditional grants made 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.

The weighted average fair value of the conditional shares allocated during the year was 3,185 pence (2015: 2,873 pence) and the weighted average share price was 3,425 pence (2015: 3,089 pence). The dividend yield used was 2.5%. (2015: 2.5%).

The Company recognised a total equity-settled share-based payment expense of £736,000 during the period (2015: £1,061,000).

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

The group acts as a lessee for land and buildings, and other assets, under operating leases.

Under the terms of the lease agreements, no contingent rents are payable.

The future minimum lease payments under operating leases are as follows:

	17 September 2016		12 September 2015	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
Operating leases which expire:				
Within one year	411	132	420	108
Between two and five years	979	248	1,024	230
After five years	3,656	-	3,190	-
	<u>5,046</u>	<u>380</u>	<u>4,634</u>	<u>338</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 IAS 19 the scheme is accounted for by the Company as if it were a defined contribution scheme. On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2014, using the current unit method, and revealed a surplus of £79m. The market value of scheme assets was £3,085m, representing 103% of members' accrued benefits after allowing for expected future salary increases.

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 £5,069,000 (2015: £5,569,000).

AB Agri Limited

Notes (continued)

24 Related party transactions

Transactions with the group's related parties, as defined by IAS 24, are summarised below:

	2016 £000	2015 £000
Sales (on normal trading terms)	575	4,374
Purchases (on normal trading terms)	140,775	176,169
Amounts due from related parties (on normal trading terms)	399	17
Amounts due to related parties (on normal trading terms)	13,666	14,690

Related party transactions are with Frontier Agriculture Limited - a 50:50 joint venture between A.B.F. Holdings Limited and Cargill plc. Also included in the previous period are transactions with Vivergo Fuels (UK) - a joint venture with the Company up until 30 April 2015 on which date Vivergo Fuels (UK) was acquired as a subsidiary within the Associated British Foods group.

25 Holding company

The immediate holding company is A.B.F. 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.

AB Agri Limited

Notes (continued)

26 Transition to FRS 101

For all periods up to and including the period ended 12 September 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the period ended 17 September 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 14 September 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 14 September 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 14 September 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the period ended 12 September 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

AB Agri Limited

Notes (continued)

27 Transition to FRS 101 (continued)

Reconciliation of equity as at 14 September 2014	Note	UK GAAP £000	Re-classifications and re- measurements £000	FRS 101 £000
Fixed assets				
Goodwill	1	10,567	-	10,567
Intangible assets	1,2	673	2,924	3,597
Tangible assets	2	53,147	(3,597)	49,550
Investments	1	25,320	(4,668)	20,652
		89,707	(5,341)	84,366
Current assets				
Stocks		23,047	-	23,047
Debtors	3	161,238	107	161,345
Cash at bank and in hand		4,304	-	4,304
		188,589	107	188,696
Creditors - amounts falling due within one year	3,4	(115,997)	102	(115,895)
Net current assets		72,592	209	72,801
Total assets less current liabilities		162,299	(5,132)	157,167
Creditors - amounts falling due after one year		(35,871)	-	(35,871)
Provision for liabilities and charges		(871)	(2,318)	(3,189)
Net assets		125,557	(7,450)	118,107
Capital and reserves				
Called up share capital		102,000	-	102,000
Share based payment reserve		3,334	-	3,334
Profit and loss account		20,223	(7,430)	12,793
Hedging reserve		-	(20)	(20)
Shareholders' funds		125,557	(7,450)	118,107

AB Agri Limited

Notes (continued)

26 Transition to FRS 101 (continued)

Reconciliation of equity as at 12 September 2015	Note	UK GAAP £000	Re-classifications and re- measurements £000	FRS 101 £000
Fixed assets				
Goodwill	1	9,792	775	10,567
Intangible assets	1,2	222	3,672	3,894
Tangible assets	2	56,093	(3,894)	52,199
Investments	1	25,320	(4,668)	20,652
		91,427	(4,115)	87,312
Current assets				
Stocks		17,624	-	17,624
Debtors	3	141,692	107	141,799
Cash at bank and in hand		2,317	-	2,317
		161,633	107	161,740
Creditors - amounts falling due within one year	3,4	(108,804)	102	(108,702)
Net current assets		52,829	209	53,038
Total assets less current liabilities		144,256	(3,906)	140,350
Creditors - amounts falling due after one year		(13,848)	-	(13,848)
Provision for liabilities and charges		(800)	(2,397)	(3,197)
Net assets		129,608	(6,303)	123,305
Capital and reserves				
Called up share capital		102,000	-	102,000
Share based payment reserve		4,395	-	4,395
Profit and loss account		23,213	(6,260)	16,953
Hedging reserve		-	(43)	(43)
Shareholders' funds		129,608	(6,303)	123,305

Notes (continued)

26 Transition to FRS 101 (continued)

1. Intangible assets

Under previous UK GAAP goodwill was amortised over its useful life which was assessed to be 20 years. On transition to FRS 101 goodwill is considered to have an indefinite life in accordance with IAS 38, and is tested for impairment in accordance with IAS 36. The carrying value of investments has decreased £4,668k as goodwill balances are recognised relating to historic hive up transactions.

Internally generated non-operating intangible assets with a carrying value of £222k (2014: £673k), which were recognised under previous UK GAAP are written off as these are not recognised under IFRS.

2. Software assets

Under IAS 38, capitalised software costs are treated as intangible assets rather than tangible assets as under previous UK GAAP. The carrying value of assets reclassified is £3,894k (2014: £3,597k), with cost of £15,113k (2014: £13,015k).

3. Hedge accounting

Under previous UK GAAP financial instruments were not recognised on the balance sheet. On transition to FRS 101, IFRS 9 requires that all financial instruments are recognised on the balance sheet at fair value with subsequent gains and losses recognised in the hedging reserve or income statements depending if the hedge instrument is deemed a cash flow hedge or held for trading.

4. Employee benefits

On transition to FRS 101, a holiday pay accrual has been accounted for of £93k at both 12 September 2015 and 14 September 2014.

AB Agri Limited

Notes (continued)

26 Transition to FRS 101 (continued)

5. Reconciliation of total comprehensive income

	£000
Total comprehensive income for the year ended 12 September 2015 under UK GAAP	15,051
Goodwill amortisation write-back	775
Non-operating intangible assets de-recognised	451
Movement on share based payment charge	(1,061)
Deferred tax	(79)
	<hr/>
Total comprehensive income for the year ended 12 September 2015 under FRS 101	15,137
	<hr/> <hr/>