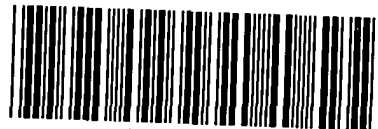


AB Agri Limited

Directors' report and financial statements  
For the 52 week period ended  
14 September 2013

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 14 September 2013.

### 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 had an excellent year with revenues and profit well ahead of last year driven by a strong performance right across the business.

The UK livestock sector experienced a mixed year. Dairy farmers saw milk price increases being largely offset by higher costs and poor quality and quantity of forage. Consolidation in the poultry market depressed farm margins and the pig market continued its slow recovery from several years of low margins and high raw material costs. The continuing trend among UK consumers and retailers to prefer locally produced meat has provided a welcome stimulus to the UK industry and there are some signs of raw material costs beginning to fall.

Our UK feed business, AB Connect, saw strong demand for ruminant feeds, and poultry feed volumes grew in line with increased demand from UK consumers. Our international feed enzyme and micro-ingredients business, AB Vista, continued to grow faster than the market.

Premier Nutrition traded well, particularly in UK poultry, and maintained its market-leading position in UK starter feeds. Further progress was achieved in its developing markets in Asia, and Central and Eastern Europe. AB Sustain's beef and dairy farm carbon footprint models have been improved further and were recertified by The Carbon Trust. In addition, its new biodiversity valuation programme "Think Nature" secured an endorsement from Natural England.

### Events during the year

On 2 February 2013, the trade and assets of LeafTC Limited were transferred into AB Agri Limited for a consideration of £148,540 (see notes 9 and 11).

# 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 Limited are turnover, operating profit/(loss) before amortisation, 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.

	<b>52 week period ended 14 September 2013 £000/%/days</b>	<b>52 week period ended 15 September 2012 £000/%/days</b>	<b>Increase/ (Decrease) £000/%/days</b>
Turnover	1,103,170	990,220	112,950
Operating profit/ (loss) before amortisation	9,189	(240)	9,429
ROCE	5.0%	(0.2)%	5.2
Debtor days	50	47	3

### 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](http://www.promptpaymentcode.org.uk).

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 27 days purchases (2012: 26 days).

# AB Agri Limited

## **Directors' report** *(continued)*

### **Dividend**

The directors recommend a dividend of £7,000,000 in respect of the current financial period (2012: £nil).

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

### **Research and development**

The company continued its expenditure on research and development with expenditure during the period of £3,412,000 (2012: £2,008,000).

### **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  
M B L Allen (resigned 30 September 2013)  
S M Heath  
J E Martinez

### **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.

# 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 £17,711 (2012: £7,240).

### 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. However, KPMG Audit Plc has instigated an orderly transfer of its business to its parent company, KPMG LLP. Therefore, during the 2013/14 year, the board of AB Agri Limited will propose KPMG LLP as auditor.

On behalf of the board



**D J D Yiend**  
Director

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

Date: 27<sup>th</sup> May 2014

## **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 period ended 14 September 2013 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 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](http://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 14 September 2013 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 period 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

*CH le Strange Meakin*

**Charles le Strange Meakin (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*

Botanic House, 100 Hills Road, Cambridge. CB2 1AR.

DATE: 28 May 2014



# AB Agri Limited

## Profit and loss account

for the 52 week period ended 14 September 2013

	Note	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Turnover	2	1,103,170	990,220
Cost of sales		(989,350)	(893,961)
Gross profit		113,820	96,259
Distribution costs		(62,756)	(57,556)
Administrative expenses		(41,875)	(38,943)
Amortisation	9	(1,226)	(394)
Amortisation adjustment	9	(3,320)	-
Operating profit/(loss)		4,643	(634)
Interest receivable and similar income	5	39	2,194
Interest payable and similar charges	6	(499)	(11)
Profit on ordinary activities before taxation	3	4,183	1,549
Tax on profit on ordinary activities	7	(1,307)	(655)
Profit for the financial period	19	2,876	894

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 period.

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

# AB Agri Limited

## Balance sheet

at 14 September 2013

	Note	14 September 2013 £000	15 September 2012 £000
<b>Fixed assets</b>			
Intangible assets	9	12,466	1,437
Tangible assets	10	50,373	46,492
Investments	11	23,335	38,460
		<u>86,174</u>	<u>86,389</u>
<b>Current assets</b>			
Stocks	13	22,642	16,657
Debtors	14	177,382	147,426
Cash at bank and in hand		6,550	9,143
		<u>206,574</u>	<u>173,226</u>
<b>Creditors - amounts falling due within one year</b>	15	<u>(110,174)</u>	<u>(95,429)</u>
<b>Net current assets</b>		<u>96,400</u>	<u>77,797</u>
<b>Total assets less current liabilities</b>		<u>182,574</u>	<u>164,186</u>
<b>Creditors - amounts falling due after one year</b>	16	<u>(60,017)</u>	<u>(44,728)</u>
<b>Provision for liabilities and charges</b>	17	<u>(993)</u>	<u>(1,325)</u>
<b>Net assets</b>		<u>121,564</u>	<u>118,133</u>
<b>Capital and reserves</b>			
Called up share capital	18	102,000	102,000
Share based payment reserve	19	3,004	2,449
Profit and loss account	19	16,560	13,684
<b>Shareholders' funds</b>	19	<u>121,564</u>	<u>118,133</u>

These financial statements were approved by the board of directors on 27<sup>th</sup> May 2014 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.

**Statement of total recognised gains and losses**

*for the 52 week period ended 14 September 2013*

	<b>52 week period ended 14 September 2013 £000</b>	<b>52 week period ended 15 September 2012 £000</b>
<b>Profit for the financial period</b>	<b>2,876</b>	894
Equity settled share based payment expense for the financial period	<b>555</b>	526
<b>Total recognised gains and losses relating to the financial period</b>	<b>3,431</b>	1,420

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 14 September 2013 £000	52 week period ended 15 September 2012 £000
Depreciation of tangible fixed assets	9,519	7,745
Amortisation	1,226	394
Amortisation adjustment	3,320	-
Hire of plant and machinery		
- rentals payable under operating leases	155	48
Land and building payments under operating leases	728	563
Research and development	3,412	2,008
Auditor's remuneration - audit fees	170	170
	<hr/>	<hr/>

The company also incurred auditor's remuneration for other services. These fees are disclosed in the accounts of Associated British Foods plc and copies of the consolidated accounts can be obtained from the address given in note 25.

### 4 Directors and employees

The average weekly number of employees, including directors, of the company during the period was 1,031 (2012: 1,006). The aggregate payroll costs of these persons were as follows:

	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Wages and salaries	42,364	39,541
Amounts receivable under long term incentive plans	555	526
Social security costs	4,626	4,133
Pension costs	4,392	3,823
	<hr/>	<hr/>
	51,937	48,023
	<hr/>	<hr/>



## Notes (continued)

### 4 Directors and employees (continued)

	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Directors' emoluments	2,896	2,647
Pension costs	202	363
Amounts receivable under long term incentive plans	555	526
	<u>3,653</u>	<u>3,536</u>

Of the directors' emoluments £1,044,000 (2012: £944,000) 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 £1,044,000 (2012: £944,000). This figure includes company pension contributions of £nil (2012: £48,000) that were made on their behalf.

	52 week period ended 14 September 2013 Number	52 week period ended 15 September 2012 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes and EFRBS where appropriate	2	2
Amounts were paid to the following number of directors under long term incentive plans	2	5
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**5 Interest receivable and similar income**

	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Interest receivable	-	9
Other interest receivable on loans to fellow group undertakings	39	2,185
	<u>39</u>	<u>2,194</u>
	<u><u>39</u></u>	<u><u>2,194</u></u>

**6 Interest payable and similar charges**

	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Other interest payable	419	11
Foreign exchange losses	80	-
	<u>499</u>	<u>11</u>
	<u><u>499</u></u>	<u><u>11</u></u>

# AB Agri Limited

## Notes (continued)

### 7 Tax on profit on ordinary activities

#### Analysis of tax charge

	14 September 2013 £000	15 September 2012 £000
<i>UK corporation tax</i>		
Current tax on income for the period	2,992	1,122
Adjustment in respect of prior periods	(1,353)	-
	<hr/>	<hr/>
Total current tax (see below)	1,639	1,122
	<hr/>	<hr/>
<i>Deferred tax (see note 17)</i>		
Reversal of timing differences	(681)	(428)
Effect of change in tax rate	(133)	(114)
Adjustment in respect of prior periods	482	75
	<hr/>	<hr/>
Total deferred tax	(332)	(467)
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,307	655
	<hr/>	<hr/>

The adjustments in respect of prior periods relate principally to claims for R&D tax relief, which were agreed in the current period and the reconciliation of capital allowances claimed in earlier periods

# AB Agri Limited

## Notes (continued)

### 7 Tax on profit on ordinary activities (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2012: higher) than the standard rate of corporation tax in the UK 23.54% (2012: 25.1%). The differences are explained below.

	14 September 2013 £000	15 September 2012 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	4,183	1,549
Current tax at 23.54% (2012: 25.1%)	985	389
Effects of:		
Expenses not deductible for tax purposes	1,326	305
Depreciation in excess of capital allowances	681	442
Other timing differences	-	(14)
Adjustment in respect of prior periods	(1,353)	-
Total current tax charge (see above)	1,639	1,122

#### Factors affecting future tax charges

The UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013, and further reductions to 21% and 20% are due to take effect from 1 April 2014 and 1 April 2015 respectively. The legislation to effect these rate changes was enacted before the balance sheet date and UK deferred tax has therefore been calculated using a rate of 20% and 21%.

### 8 Dividends

The aggregate amount of dividends comprises:

	52 week period ended 14 September 2013 £000	52 week period ended 15 September 2012 £000
Dividends paid in respect of prior period but not recognised as liabilities in that period	-	10,000

# AB Agri Limited

## Notes (continued)

### 9 Intangible assets

	Goodwill	Intangible assets	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of period	376	1,500	1,876
Additions	-	450	450
Transfers (note 11)	15,125	-	15,125
	<hr/>	<hr/>	<hr/>
At end of period	15,501	1,950	17,451
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At beginning of period	64	375	439
Charge for the period	4,095	451	4,546
	<hr/>	<hr/>	<hr/>
At end of period	4,159	826	4,985
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 14 September 2013</b>	<b>11,342</b>	<b>1,124</b>	<b>12,466</b>
	<hr/>	<hr/>	<hr/>
At 15 September 2012	312	1,125	1,437
	<hr/>	<hr/>	<hr/>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill and intangible asset that arise. The intangible assets at the beginning of the period arose on the purchase of selected trade and assets of Uffculme Feed Mill Limited and LeafTC Limited and are amortised over a period of four years.

On 26 October 2012, the company purchased the intellectual property rights for certain milk products from Bodif Tachov S.R.O. for consideration of £450,000.

The trade and assets of subsidiaries, Nutrition Trading Limited, Agrilines Limited, Premier Nutrition Products Limited and LeafTC Limited were transferred to the company at their fair and book value on 18 June 2007, 3 March 2008, 30 April 2008 and 2 February 2012 respectively. This resulted in the book value of these subsidiary undertakings being below the cost of investment in the company's balance sheet. The directors considered that, as the transfers had given rise to no overall loss to the company, it was inappropriate to recognise that diminution in the profit and loss account and it should instead be reallocated to goodwill. However, these adjustments were not recorded in the respective periods in which the transfers occurred. The adjustments should have reduced the value of investments by £15,125,033 (note 9) and increased the company's goodwill in previous periods. The transfers have been recorded in the current period and the balances are being amortised over 20 years. This has resulted in amortisation in the profit and loss account of £4,076,132, of which £3,319,880 related to periods from the original dates of the transfer to the beginning of the current period, and £756,252 relates to the current financial period.

# 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	16,813	990	90,533	5,086	113,422
Additions	2,522	45	11,087	211	13,865
Disposals	(857)	-	(9,475)	-	(10,332)
Transfers	1,293	-	4,004	(5,297)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	19,771	1,035	96,149	-	116,955
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of period	7,649	618	58,663	-	66,930
Charge for the period	508	66	8,945	-	9,519
Disposals	(857)	-	(9,010)	-	(9,867)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	7,300	684	58,598	-	66,582
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
<b>At 14 September 2013</b>	<b>12,471</b>	<b>351</b>	<b>37,551</b>	<b>-</b>	<b>50,373</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 15 September 2012	9,164	372	31,870	5,086	46,492
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land of £2,251,000 is not depreciated (2012: £2,251,000).

The net book value of tangible fixed assets includes £43,000 (2012: £57,000) in respect of assets held under finance leases. The depreciation charge in respect of such assets amounted to £14,000 (2012: £14,000).

# AB Agri Limited

## Notes (continued)

### 11 Investments

	Shares in group undertakings £000
<b>Cost</b>	
At beginning of period	38,460
Transfers (note 9)	(15,125)
	<hr/>
At end of period	23,335
	<hr/>

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

	Country of registration	Principal activity	Class and percentage of shares held
<b>Subsidiary undertakings</b>			
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)

### 11 Investments (continued)

A transfer relating to the trade and assets of Nutrition Trading Limited, Agrilines Limited, Premier Nutrition Products Limited and LeafTC Limited has been made to goodwill, see note 9.

### 12 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £1,186,000 (2012: £2,952,000).

### 13 Stocks

	14 September 2013 £000	15 September 2012 £000
Raw materials and consumables	18,186	14,835
Finished goods and goods for resale	4,456	1,822
	<u>22,642</u>	<u>16,657</u>

### 14 Debtors

	14 September 2013 £000	15 September 2012 £000
Trade debtors	149,691	127,726
Amounts owed by group undertakings	9,232	1,403
Other debtors	161	593
Prepayments and accrued income	18,298	17,704
	<u>177,382</u>	<u>147,426</u>



# AB Agri Limited

## Notes (continued)

### 15 Creditors - amounts falling due within one year

	14 September 2013 £000	15 September 2012 £000
Trade creditors	74,193	63,843
Amounts owed to group undertakings	6,194	4,715
Corporation tax	2,880	1,089
Other creditors	65	400
Accruals and deferred income	26,842	25,382
	<u>110,174</u>	<u>95,429</u>

### 16 Creditors - amounts falling due after one year

	14 September 2013 £000	15 September 2012 £000
Amounts owed to group undertakings	<u>60,017</u>	<u>44,728</u>

# AB Agri Limited

## Notes (continued)

### 17 Provision for liabilities and charges

	<b>Deferred tax £000</b>	
At 15 September 2012	1,325	
Provision created	349	
Utilised	(681)	
	<hr/>	
<b>At 14 September 2013</b>	<b>993</b>	
	<hr/>	
	<b>14 September 2013 £000</b>	<b>15 September 2012 £000</b>
<b>Deferred taxation</b>		
<i>Analysis by component:</i>		
Other timing differences	-	(231)
Accelerated capital allowances	993	1,556
	<hr/>	<hr/>
	<b>993</b>	<b>1,325</b>
	<hr/>	<hr/>

### 18 Called up share capital

	<b>14 September 2013 £000</b>	<b>15 September 2012 £000</b>
<b><i>Issued and fully paid</i></b>		
102,000 ordinary shares of £1 each (2012:102,000)	102,000	102,000
	<hr/>	<hr/>

**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 18 September 2011	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 15 September 2012	102,000	2,449	13,684	118,133
At 16 September 2012	102,000	2,449	13,684	118,133
Profit for the financial period	-	-	2,876	2,876
Share-based payment expense for the period	-	555	-	555
<b>At 14 September 2013</b>	<b>102,000</b>	<b>3,004</b>	<b>16,560</b>	<b>121,564</b>

# 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:

	<b>14 September 2013 No of shares</b>
Balance outstanding at the beginning of the period	275,341
Awarded this period	130,987
Vested	(57,011)
Lapsed	(91,110)
Balance outstanding at the end of the period	<u><u>258,207</u></u>

#### **Fair values**

The weighted average fair value of grants for 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 the shares awarded under the Share Incentive Plan during the year was 1,345 pence (2012: 1,022 pence) and the weighted average share price was 1,446 pence (2012: 1,099 pence). The dividend yield used was 2.5%.

The company recognised a total equity-settled share-based payment expense of £555,000 during the period (2012: £526,000).

# 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:

	14 September 2013		15 September 2012	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
Operating leases which expire:				
Within one year	94	1	79	1
Between two and five years	80	42	80	41
After five years	419	8	404	5
	<hr/>	<hr/>	<hr/>	<hr/>
	593	51	563	47
	<hr/>	<hr/>	<hr/>	<hr/>

## 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, and although the fund was in surplus at the time of the most recent valuation, the group made the final payment in March 2013.

The actuarial valuations were updated for IAS 19 purposes to 14 September 2013 by an independent qualified actuary. The updated valuation of the Scheme was a surplus of £51 million (2012: £15 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](http://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 £4,392,000 (2012: £3,823,000).

# 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:

	2013 £000	2012 £000
Sales (on normal trading terms)	275	294
Purchases (on normal trading terms)	243,943	196,786
Amounts due from Frontier Agriculture Limited	-	45
Amounts due to Frontier Agriculture Limited	22,523	19,756

All related party 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](http://www.abf.co.uk).