

AB Agri Limited
Annual report and financial statements
For the 52 week period ended
13 September 2014

Registered no: 00193800

THURSDAY



L49B6J55

LD4

11/06/2015

#110

COMPANIES HOUSE

AB Agri Limited

Directors' report and financial statements

	Page
Contents	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	7
Independent auditor's report to the members of AB Agri Limited	8
Profit and loss account	9
Balance sheet	10
Statement of total recognised gains and losses	11
Notes	12 - 31

AB Agri Limited

Strategic report

Business review

AB Agri Limited had another excellent year. The decline in revenue reflected lower wheat and other commodity costs. However, cash margins in UK feed were maintained and the profit growth was delivered by the higher margin businesses.

The wet winter in the UK, particularly in the West Country, adversely impacted livestock farming but excellent forage growing conditions during a dry spring and summer, as well as a softening commodity market, led to a period of more stable prices and increased confidence amongst farmers. UK feed volumes remained resilient. Oversupply in the UK poultry market depressed prices during the summer but the market is now beginning to stabilise.

Strong growth was achieved by AB Vista driven by the success of Quantum Blue, its phytase feed enzyme, recently launched in the EU following its approval by the European Food Safety Authority.

Good commercial and procurement management drove a strong performance at Speciality Nutrition, our UK pre-mix and starter feeds business. Expansion and modernisation of its plant at Rugeley enabled the business to meet increasingly stringent customer demands for high quality pre-mixes. AB Sustain's responsible sourcing programme achieved growth during the year and this programme has now been extended into overseas markets.

Research and development

The company continued its expenditure on research and development with expenditure during the period of £6,441,000 (2013: £3,412,000).

Future outlook

The external commercial environment is expected to remain competitive in 2015. The company remains confident that it will maintain its current level of performance in the future.

AB Agri Limited

Strategic 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 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.

	52 week period ended 13 September 2014 £000/%/days	52 week period ended 14 September 2013 £000/%/days	Increase/ (Decrease) £000/%/days
Turnover	1,003,419	1,103,170	(99,751)
Operating profit before amortisation	14,881	9,189	5,692
ROCE	9.2%	5.0%	4.2%
Debtor days	47	50	(3)

On behalf of the board


D J D Yiend
Director

Date: 8th June 2015

AB Agri Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 13 September 2014.

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.

Events during the year

On 24 May 2014, the trade and assets of Nutrition Services (International) Limited and Vistavet (Ireland) Limited were transferred into AB Agri Limited for a consideration of £1,007 and £312,545 respectively (see note 10).

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 32 days purchases (2013: 27 days).

Dividend

The directors recommend a dividend in respect of the current financial period of £7,000,000 (2013: £nil).

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	
M B L Allen	(resigned 30 September 2013)
S M Heath	
J E Martinez Plata	
B J M van Stekelenburg	(appointed 27 May 2014)
A G Cross	(appointed 02 June 2014)

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 £16,000 (2013: £17,711).

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

KPMG 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 KPMG LLP will therefore continue in office.

On behalf of the board


D J D Yiend
Director

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

Date: 8th June 2015

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 period ended 13 September 2014 set out on pages 9 to 31. 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 7, 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.

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 13 September 2014 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 strategic report and 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

Charles le Strange Meakin

Charles le Strange Meakin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

DATE: 8 June 2015

AB Agri Limited

Profit and loss account

for the 52 week period ended 13 September 2014

	Note	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Turnover	2	1,003,419	1,103,170
Cost of sales		(890,262)	(989,350)
Gross profit		113,157	113,820
Distribution costs		(61,977)	(62,756)
Administrative expenses		(37,717)	(41,875)
Amortisation	9	(1,226)	(1,226)
Amortisation adjustment	9	-	(3,320)
Profit on disposal of tangible assets		1,418	-
Operating profit		13,655	4,643
Interest receivable and similar income	5	53	39
Interest payable and similar charges	6	(195)	(499)
Profit on ordinary activities before taxation	3	13,513	4,183
Tax on profit on ordinary activities	7	(2,850)	(1,307)
Profit for the financial period	19	10,663	2,876

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 12 to 31 form part of these financial statements.

AB Agri Limited

Balance sheet at 13 September 2014

	Note	13 September 2014 £000	14 September 2013 £000
Fixed assets			
Intangible assets	9	11,240	12,466
Tangible assets	10	53,147	50,373
Investments	11	25,320	23,335
		<u>89,707</u>	<u>86,174</u>
Current assets			
Stocks	13	23,047	22,642
Debtors	14	161,238	177,382
Cash at bank and in hand		4,304	6,550
		<u>188,589</u>	<u>206,574</u>
Creditors - amounts falling due within one year	15	<u>(115,997)</u>	<u>(110,174)</u>
Net current assets		<u>72,592</u>	<u>96,400</u>
Total assets less current liabilities		<u>162,299</u>	<u>182,574</u>
Creditors - amounts falling due after one year	16	<u>(35,871)</u>	<u>(60,017)</u>
Provision for liabilities and charges	17	<u>(871)</u>	<u>(993)</u>
Net assets		<u>125,557</u>	<u>121,564</u>
Capital and reserves			
Called up share capital	18	102,000	102,000
Share based payment reserve	19	3,334	3,004
Profit and loss account	19	20,223	16,560
Shareholders' funds	19	<u>125,557</u>	<u>121,564</u>

These financial statements were approved by the board of directors on 8th June 2015 and were signed on its behalf by:



R C Cloke
Director

Company registered number: 193800

The notes on pages 12 to 31 form part of these financial statements.

Statement of total recognised gains and losses
for the 52 week period ended 13 September 2014

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Profit for the financial period	10,663	2,876
Equity settled share based payment expense for the financial period	330	555
Total recognised gains and losses relating to the financial period	10,993	3,431

The notes on pages 12 to 31 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/(crediting):

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Depreciation of tangible fixed assets	9,158	9,519
Profit on disposal of tangible assets	(1,418)	-
Amortisation	1,226	1,226
Amortisation adjustment	-	3,320
Hire of plant and machinery		
- rentals payable under operating leases	177	155
Land and building payments under operating leases	668	728
Research and development	6,441	3,412
Auditor's remuneration – audit fees	184	170
- tax / other services	22	-
	<hr/>	<hr/>

4 Directors and employees

The average weekly number of employees, including directors, of the company during the period was 1,065 (2013: 1,031). The aggregate payroll costs of these persons were as follows:

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Wages and salaries	43,596	42,364
Amounts receivable under long term incentive plans	330	555
Social security costs	5,144	4,626
Pension costs	5,521	4,392
	<hr/>	<hr/>
	54,591	51,937
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

4 Directors and employees (continued)

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Directors' emoluments	3,031	2,896
Pension costs	174	202
Amounts receivable under long term incentive plans	330	555
	<u>3,535</u>	<u>3,653</u>

Of the directors' emoluments £1,093,000 (2013: £1,044,000) 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 £1,093,000 (2013: £1,044,000). This figure includes company pension contributions of £nil (2013: £nil) that were made on their behalf.

	52 week period ended 13 September 2014 Number	52 week period ended 14 September 2013 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	2
	<u>2</u>	<u>2</u>

AB Agri Limited

Notes (continued)

5 Interest receivable and similar income

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Interest receivable	1	-
Other interest receivable on loans to fellow group undertakings	52	39
	<hr/>	<hr/>
	53	39
	<hr/>	<hr/>

6 Interest payable and similar charges

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Other interest payable	195	419
Foreign exchange losses	-	80
	<hr/>	<hr/>
	195	499
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of tax charge

	13 September 2014 £000	14 September 2013 £000
<i>UK corporation tax</i>		
Current tax on income for the period	3,694	2,992
Adjustment in respect of prior periods	(722)	(1,353)
	<hr/>	<hr/>
Total current tax (see below)	2,972	1,639
	<hr/>	<hr/>
<i>Deferred tax (see note 17)</i>		
Reversal of timing differences	(280)	(681)
Effect of change in tax rate	27	(133)
Adjustment in respect of prior periods	131	482
	<hr/>	<hr/>
Total deferred tax	(122)	(332)
	<hr/>	<hr/>
Tax on profit on ordinary activities	2,850	1,307
	<hr/>	<hr/>

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

In the prior period the adjustment principally related to claims for R&D tax relief, which were agreed after the period end 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 (2013: higher) than the standard rate of corporation tax in the UK 22.1% (2013: 23.54%). The differences are explained below.

	13 September 2014 £000	14 September 2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	13,513	4,183
Current tax at 22.1% (2013: 23.54%)	2,986	985
<i>Effects of:</i>		
Expenses not deductible for tax purposes	428	1,326
Depreciation in excess of capital allowances	280	681
Adjustment in respect of prior periods	(722)	(1,353)
Total current tax charge (see above)	2,972	1,639

Factors affecting future tax charges

The UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014, with a further reduction to 20% due to take effect from 1 April 2015. The legislation to effect these rate changes had been enacted before the prior period 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, opening and closing deferred tax balances have been calculated using a rate of 20%.

8 Dividends

The aggregate amount of dividends comprises:

	52 week period ended 13 September 2014 £000	52 week period ended 14 September 2013 £000
Dividends paid	7,000	--

AB Agri Limited

Notes (continued)

9 Intangible assets

	Goodwill	Intangible assets	Total
	£000	£000	£000
Cost			
At beginning of period	15,501	1,950	17,451
At end of period	15,501	1,950	17,451
Amortisation			
At beginning of period	4,159	826	4,985
Charge for the period	775	451	1,226
At end of period	4,934	1,277	6,211
Net book value			
At 13 September 2014	10,567	673	11,240
At 14 September 2013	11,342	1,124	12,466

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 arose on the purchase of selected trade and assets of Uffculme Feed Mill Limited and LeafTC Limited, which are amortised over a period of four years, and the purchase of intellectual property rights for certain milk products from Bodit Tachov S.R.O., which is amortised over 6 years.

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 and increased the company's goodwill in previous periods. The transfers were recorded in the prior period and the balances are being amortised over 20 years. In the prior period this 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 prior period, and £756,252 related to the prior 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	19,771	1,035	96,149	-	116,955
Additions	335	-	10,676	1,602	12,613
Disposals	(206)	-	(4,252)	-	(4,458)
Inter-group transfer	-	20	113	-	133
Transfers	448	(448)	-	-	-
At end of period	20,348	607	102,686	1,602	125,243
<i>Depreciation</i>					
At beginning of period	7,300	684	58,598	-	66,582
Charge for the period	602	15	8,541	-	9,158
Disposals	-	-	(3,703)	-	(3,703)
Inter-group transfer	-	7	52	-	59
Transfers	135	(135)	-	-	-
At end of period	8,037	571	63,488	-	72,096
<i>Net book value</i>					
At 13 September 2014	12,311	36	39,198	1,602	53,147
At 14 September 2013	12,471	351	37,551	-	50,373

The trade and assets of Nutrition Services (International) Limited and Vistavet (Ireland) Limited were transferred to the company at their fair and book value on 24 May 2014.

Freehold land of £2,251,000 is not depreciated (2013: £2,251,000).

The net book value of tangible fixed assets includes £29,000 (2013: £43,000) in respect of assets held under finance leases. The depreciation charge in respect of such assets amounted to £14,000 (2013: £14,000).

AB Agri Limited

Notes (continued)

11 Investments

	Shares in group undertakings £000
Cost	
At beginning of period	23,335
Additions (see note below)	1,985
	<hr/>
At end of period	25,320
	<hr/>

On 7 July 2014 the company acquired 100% of the share capital of Roses Nutrition Limited for total consideration of £1,984,985. A proportion of this consideration is contingent on the acquired company achieving gross profit targets (see note 21).

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

<i>Subsidiary undertakings</i>	<i>Principal activity</i>
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.

AB Agri Limited

Notes (continued)

12 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £1,264,000 (2013: £1,186,000).

13 Stocks

	13 September 2014 £000	14 September 2013 £000
Raw materials and consumables	18,823	18,186
Finished goods and goods for resale	4,224	4,456
	<hr/>	<hr/>
	23,047	22,642
	<hr/>	<hr/>

14 Debtors

	13 September 2014 £000	14 September 2013 £000
Trade debtors	130,013	149,691
Amounts owed by group undertakings	14,484	9,232
Other debtors	61	161
Prepayments and accrued income	16,680	18,298
	<hr/>	<hr/>
	161,238	177,382
	<hr/>	<hr/>

AB Agri Limited

Notes (continued)

15 Creditors – amounts falling due within one year

	13 September 2014 £000	14 September 2013 £000
Trade creditors	78,420	74,193
Amounts owed to group undertakings	7,668	6,194
Corporation tax	6,529	2,880
Other creditors	68	65
Accruals and deferred income	23,312	26,842
	<u>115,997</u>	<u>110,174</u>

16 Creditors – amounts falling due after one year

	13 September 2014 £000	14 September 2013 £000
Amounts owed to group undertakings	<u>35,871</u>	<u>60,017</u>

AB Agri Limited

Notes (continued)

17 Provision for liabilities and charges

	Deferred tax £000
At 15 September 2013	993
Provision created	158
Utilised	(280)
	<hr/>
At 13 September 2014	871
	<hr/> <hr/>

	13 September 2014 £000	14 September 2013 £000
Deferred taxation		
<i>Analysis by component:</i>		
Accelerated capital allowances	871	993
	<hr/> <hr/>	<hr/> <hr/>

18 Called up share capital

	13 September 2014 £000	14 September 2013 £000
<i>Issued and fully paid</i>		
102,000,000 ordinary shares of £1 each (2013:102,000,000)	102,000	102,000
	<hr/> <hr/>	<hr/> <hr/>

AB Agri Limited

Notes (continued)

19 Reconciliation of movements in shareholders' funds

	Share capital	Share based payment reserve	Profit and loss account	Total
	£000	£000	£000	£000
At 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
At 14 September 2013	102,000	3,004	16,560	121,564
At 15 September 2013	102,000	3,004	16,560	121,564
Profit for the financial period	-	-	10,663	10,663
Dividend paid	-	-	(7,000)	(7,000)
Share-based payment expense for the period	-	330	-	330
At 13 September 2014	102,000	3,334	20,223	125,557

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 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. The last grant of allocations under the Share Incentive Plan was 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 will be released if, and to the extent that, performance target 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:

	13 September 2014 No of shares
Balance outstanding at the beginning of the period	258,207
Awarded this period	51,076
Vested	(38,736)
Lapsed	(41,496)
Balance outstanding at the end of the period	229,051

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 2,226 pence (2013: 1,345 pence) and the weighted average share price was 2,393 pence (2013: 1,446 pence). The dividend yield used was 2.5%.

The company recognised a total equity-settled share-based payment expense of £330,000 during the period (2013: £555,000).

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.

In the period the company acquired 100% of the share capital of Roses Nutrition Limited (see note 11) for consideration of £1,984,985. £537,500 is contingent on Roses Nutrition Limited achieving certain gross profit performance criteria during the first year of ownership.

22 Commitments

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

	13 September 2014		14 September 2013	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
<i>Operating leases which expire:</i>				
Within one year	44	35	94	1
Between two and five years	202	113	80	42
After five years	204	-	419	8
	<hr/>	<hr/>	<hr/>	<hr/>
	450	148	593	51
	<hr/>	<hr/>	<hr/>	<hr/>

AB Agri Limited

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 previous triennial funding valuation of the Scheme was carried out as at 5 April 2011, using the current unit method. The market value of plan assets was £2,559m, representing 101% of members' accrued benefits after allowing for expected future salary increases. By agreement with the trustees, the Company agreed to eliminate the deficit identified at the time of the 2008 triennial funding valuation with five annual payments of £30m totaling £150m. Although the Scheme was in surplus at the time of the 2011 valuation, the Company made the final two payments in March 2012 and March 2013. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2014, was agreed by the trustees after the group's year end and revealed a surplus of £78m. There will be no material increase in funding requirements.

There are no material differences in the valuation methodologies under IAS 19 and FRS 17. Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. These financial statements are also available for download from the group's website at www.abf.co.uk.

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £5,521,000 (2013: £4,392,000).

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:

	2014	2013
	£000	£000
Sales (on normal trading terms)	4,612	275
Purchases (on normal trading terms)	240,066	243,943
Amounts due to Frontier Agriculture Limited	24,061	22,523

Related party transactions are with Frontier Agriculture Limited - a 50:50 joint venture between ABF Holdings Limited and Cargill plc, and Vivergo Fuels (UK) - a joint venture with the company.

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.