

The Ryvita Company Limited

Directors' report and financial statements

18 September 1999

Registered number 245345



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 18 September 1999.

Principal activities

In the course of the period the principal activities were the manufacture and sale of food.

Business review and future developments

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments would be related to these activities.

Year 2000

The Ryvita Company Limited has followed the framework set out by its holding company Associated British Foods plc.

It is impossible for anyone to give an absolute guarantee that they will not be subject to a Year 2000 failure and we are no exception. We are, therefore, taking all necessary steps including continuing dialogue with our customers and suppliers, ensuring that contingency plans minimise any disruption that may arise to our supply chains should there be a failure.

Research and development

The company has an ongoing commitment in the area of research and development and continues to develop its range of products.

Trading results, dividends and transfer to reserves

The profit and loss account for the period is set out on page 6. The loss on ordinary activities after taxation amounted to £656,000. An interim dividend of £2,000,000 has been paid. The directors do not propose the payment of a final dividend.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company exceeds the book values of these assets at 18 September 1999, but they are unable to quantify the excess.

Directors' report *(continued)*

Policy and practice on payment of creditors

The company does not have a formal code that it follows with regard to payments to suppliers.

It agrees payment terms with its suppliers at the time it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are, in that way, made aware of these terms. The company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At the period end, there were 29 days (1998: 44 days) purchases in trade creditors.

Directors and directors' interests

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

GH Weston	(Chairman)
Guy H Weston	
Zoe Withers	
NC Sebire	(resigned 31 August 1999)
GJ Weston	(Managing director)

Notification of an interest in the shares of this company and shares in or debentures of other group companies by GH Weston was not required because at the end of the period he was also a director of a company of which this company is a wholly owned subsidiary undertaking.

The other directors who held office at the end of the financial year had the following interests in the ordinary shares of Associated British Foods plc, according to the register of directors' interests.

	Ordinary shares of 5 15/22p each at end of period	Ordinary shares of 5p each at beginning of period
Guy H Weston	3,177,565	361,526
GJ Weston	2,911,976	3,309,064

Zoe Withers notified no interests.

Guy H Weston notified at the end of the period that he had a non-beneficial interest as a trustee of a trust which held 683,073 ordinary shares of 50p in Wittington Investments Ltd and also had a non-beneficial interest as a trustee of a trust which held 3,073,920 ordinary shares of 5p in Associated British Foods plc at the beginning of the period and 2,705,049 ordinary shares of 5 15/22p in Associated British Foods plc at the end of the period.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The following directors had the following outstanding options to acquire ordinary shares in Associated British Foods plc.

	Number		Exercise price	Date from which exercisable	Expiry date
	At end of period shares of 5 15/22p each	At beginning of period shares of 5p each			
Guy H Weston	15,000	15,000	561.5p	28 April 2003	28 April 2008
Zoe Withers	10,000	10,000	561.5p	28 April 2003	28 April 2008
GJ Weston	10,000	10,000	561.5p	28 April 2003	28 April 2008

The number of shares held in Associated British Foods plc has been reduced by a factor of 88/100 as a result of a special dividend and share consolidation. There is no effect on share options.

Employees

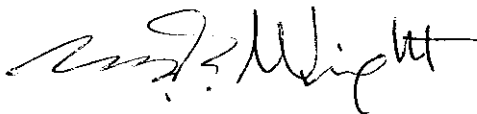
The company is committed to the further development of employee information and consultation. This is achieved both in conjunction with trade union representatives and through briefing sessions with wider groups of employees.

It is the policy of the company to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

United Kingdom charitable and political contributions

Donations to UK charities amounted to £1,948. The company made no political contributions during the year.

By order of the board



WB Wright

Secretary

Weston Centre
Bowater House
68 Knightsbridge
LONDON
SW1X 7LQ

3 November 1999

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
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Report of the auditors to the members of The Ryvita Company Limited

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditor

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of opinion

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

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

Qualified opinion arising from disagreement about accounting treatment

As explained in the accounting policies (note 2) no provision has been made for deferred tax. Note 8 specifies the total potential amount of deferred taxation not provided but no assessment has been made of the extent to which it is probable that this might crystallise and therefore, of the amount for which provision should be made in accordance with the requirements of Statement of Standard Accounting Practice No.15 and the Companies Act 1985.

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 18 September 1999 and of its loss for the 53 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

3 November 1999

Profit and loss account

for the period ended 18 September 1999

	<i>Note</i>	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Turnover - continuing operations	2	29,614	30,526
Operating profit - continuing operations	3	2,208	2,001
Other interest receivable and similar income	7	7	7
Profit on ordinary activities before taxation		2,215	2,008
Tax on profit on ordinary activities	8	(2,871)	(1,933)
(Loss)/profit on ordinary activities		(656)	75
Dividend - ordinary interim paid		(2,000)	-
Retained (loss)/profit for the financial period		(2,656)	75
Retained profit brought forward		40,003	39,928
Retained profit carried forward		37,347	40,003

A statement of movements on reserves is given in note 16.

There are no recognised gains or losses other than the profit for the period (1998: £nil).

There is no material difference between the company's results as reported and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

Balance sheet

at 18 September 1999

	Note	18 September 1999		12 September 1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		21,406		24,324
Investments	11		12		12
			<hr/>		<hr/>
			21,418		24,336
Current assets					
Stocks	12	2,376		2,348	
Debtors	13	17,479		18,699	
Cash at bank and in hand		91		17	
		<hr/>		<hr/>	
		19,946		21,064	
Creditors: amounts falling due within one year	14	(2,554)		(3,934)	
		<hr/>		<hr/>	
Net current assets			17,392		17,130
			<hr/>		<hr/>
Net assets			38,810		41,466
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15	196		196	
Share premium account	16	1,263		1,263	
Other reserves	16	4		4	
Profit and loss account	16	37,347		40,003	
		<hr/>		<hr/>	
Total shareholders' funds including non-equity interests	17	38,810		41,466	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 3 November 1999 and were signed on its behalf by:



Garth J Weston
Director

Notes

(forming part of the financial statements)

Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 week period ended 18 September 1999.

Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except that, for the reasons set out in the deferred tax accounting policy, they do not comply with Statement of Standard Accounting Practice No.15.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

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

Turnover

Turnover represents the amounts (excluding value added tax) derived from the manufacture and sale of food to customers during the period.

All turnover and profits before taxation are derived from the company's principal activities, which the directors consider represent one class of business and originate in the UK.

The analysis of turnover by geographical market has not been given because in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

Fixed assets and depreciation

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

Freehold buildings	-	50 years
Plant, machinery, fixtures and fittings	-	5 - 12 years
Vehicles	-	5 - 8 years

Notes (continued)

Accounting policies (continued)

Leases

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

Research and development

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

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 work-in-progress and finished goods manufactured by the company the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

Deferred taxation

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

Foreign currencies

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

Pension costs

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Notes (continued)

Operating profit

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Turnover	29,614	30,526
Cost of sales	(19,395)	(21,140)
Gross profit	10,219	9,386
Distribution costs	(6,585)	(5,933)
Administrative expenses	(1,426)	(1,462)
Other operating income	-	10
Operating profit/(loss)	2,208	2,001

The above amounts derive entirely from continuing operations.

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
<i>Operating profit is stated after charging:</i>		
Depreciation and other amounts written off owned fixed tangible assets	3,293	3,299
(Profit)/loss on sale of fixed assets	(8)	(2)
Hire of plant and machinery	10	13
Rentals payable under property leases	102	100
Auditors' remuneration:		
Audit	17	16
Other services	1	1
Research and development expenditure	109	252

Notes (continued)

Remuneration of directors

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Directors' emoluments	226	242
Compensation for loss of office	44	-
	<hr/>	<hr/>
	270	242
	<hr/>	<hr/>

The aggregate emoluments of the highest paid director was £60,386 (1998: £79,330). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £17,334 (1998: £15,228).

	53 week period ended 18 September 1999	52 week period ended 12 September 1998
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	3	4
	<hr/>	<hr/>

Notes (continued)

Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	53 week period ended 18 September 1999	52 week period ended 12 September 1998
Management	17	18
Administration	46	53
Production	288	315
	<hr/>	<hr/>
	351	386
	<hr/>	<hr/>

The aggregate staff costs of these persons were as follows:

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Wages and salaries	6,119	6,169
Social security costs	477	516
Other pension costs	403	373
	<hr/>	<hr/>
	6,999	7,058
	<hr/>	<hr/>

Notes (continued)

Pensions

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

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

The pension cost for the company was £403,000 (1998: £373,000).

The outstanding employers' pension contributions at the balance sheet date were £33,000 (1998: £32,000).

Other interest receivable and similar income

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Income from short term deposits	7	7
	<u>7</u>	<u>7</u>

Notes *(continued)*

Tax on profit on ordinary activities

	53 week period ended 18 September 1999 £000	52 week period ended 12 September 1998 £000
Group relief payments for the current year	(2,871)	(1,933)
	<u>(2,871)</u>	<u>(1,933)</u>

The company made a profit for tax purposes. Group relief will be claimed by other group companies on a pound for pound basis.

As explained in the accounting policies (note 2) no provision has been made for deferred tax.

The full potential amounts of deferred tax would be as follows:

	Accelerated capital allowances £000
At 18 September 1999	3,833
At 12 September 1998	<u>4,173</u>

Notes (continued)

Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Payments on account £000	Total £000
Cost					
At 12 September 1998	3,456	50,293	1,731	609	56,089
Additions	92	334	28	262	716
Transfer between categories	-	442	57	(499)	-
Disposals	-	(856)	(27)	-	(883)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 18 September 1999	3,548	50,213	1,789	372	55,922
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 12 September 1998	1,188	29,419	1,158	-	31,765
Charge for period	70	3,032	191	-	3,293
On disposals	-	(516)	(26)	-	(542)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 18 September 1999	1,258	31,935	1,323	-	34,516
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 18 September 1999	2,290	18,278	466	372	21,406
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 12 September 1998	2,268	20,874	573	609	24,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of land and buildings at net book value:

	18 September 1999 £000	12 September 1998 £000
Freehold	2,290	2,268
	<hr/>	<hr/>

Freehold land of £12,000 (1998: £12,000) is not depreciated.

Notes (continued)

Capital commitments

There are commitments for capital expenditure by the company of approximately £63,000 (1998: £81,000) for which no provision has been made in these financial statements.

Fixed asset investments

	Shares at cost in unlisted subsidiary undertaking £000
At 18 September 1999	12
At 12 September 1998	12

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

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Ryvita GmbH	Germany	Dormant	Ordinary 100%

The financial statements present information about The Ryvita Company Limited as an individual undertaking and not about its group.

Group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of Associated British Foods plc. Associated British Foods plc prepares group financial statements which include these companies.

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings and other unlisted investments are worth at least the amounts at which they are stated in the balance sheet.

Notes (continued)

2 Stocks

	18 September 1999 £000	12 September 1998 £000
Raw materials and consumables	1,198	1,335
Finished goods and goods for resale	1,178	1,013
	<hr/> 2,376 <hr/>	<hr/> 2,348 <hr/>

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

3 Debtors

	18 September 1999 £000	12 September 1998 £000
Trade debtors	3,849	3,920
Amounts owed by parent and fellow subsidiary undertakings	13,366	14,370
Other taxation and social security	154	276
Other debtors	12	23
Prepayments and accrued income	98	110
	<hr/> 17,479 <hr/>	<hr/> 18,699 <hr/>

No repayment date had been arranged of the amount owed by the parent undertaking of £13,183,000.

Notes (continued)

4 Creditors

	18 September 1999 £000	12 September 1998 £000
Amounts falling due within one year		
Bank overdraft	161	999
Trade creditors	1,410	2,338
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	73	127
Other creditors including taxation and social security	10	44
Accruals and deferred income	900	426
	<u>2,554</u>	<u>3,934</u>

5 Called up share capital

	18 September 1999 and 12 September 1998	
	Number	£
<i>Authorised</i>		
Ordinary shares of 5p each	6,000	300
'A' Ordinary Shares of £1 each	143,750	143,750
7% (net) cumulative preference shares of £1 each - non equity	55,950	55,950
	<u>205,700</u>	<u>200,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 5p each	6,000	300
'A' Ordinary shares of £1 each	139,700	139,700
7% (net) cumulative preference shares of £1 each - non equity	55,950	55,950
	<u>201,650</u>	<u>195,950</u>

The dividends on the 7% (net) cumulative preference shares of £1 each have been waived.

Notes (continued)

6 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At beginning of period	1,263	4	40,003
Retained loss for the period	-	-	(2,656)
	<hr/>	<hr/>	<hr/>
At end of period	1,263	4	37,347
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7 Reconciliation of movements in shareholders' funds

	18 September 1999 £000	12 September 1998 £000
Opening shareholders' funds	41,466	41,391
(Loss)/profit for the financial year	(2,656)	75
	<hr/>	<hr/>
Closing shareholders' funds	38,810	41,466
	<hr/> <hr/>	<hr/> <hr/>
Amount attributable to:		
Equity interests	38,754	41,410
Non-equity interests	56	56
	<hr/>	<hr/>
	38,810	41,466
	<hr/> <hr/>	<hr/> <hr/>

8 Contingent liabilities

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

Guarantees totalling £30,000 (1998: £30,000) have been given by the company's bankers in respect of Customs Duties.

Notes (continued)

Commitments

Operating leases

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

	Land and buildings	
	18 September 1999 £000	12 September 1998 £000
Over five years	100	100

Ultimate holding company

The ultimate parent undertaking and controlling party as defined by FRS8 is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England.

The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London SW1X 7LQ.