

The Ryvita Company Limited

**Directors' report and financial
statements**

Registered number 245345

13 September 2003



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Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 13 September 2003.

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.

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 5. The profit on ordinary activities after taxation amounted to £4,284,000 (2002: £4,177,000). The directors propose the payment of a final dividend of £3,000,000 (2002: £3,000,000).

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 13 September 2003, but they are unable to quantify the excess.

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 68 days (2002: 45 days) purchases in trade creditors.

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.

Directors and directors' interests

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

GH Weston	(resigned 3 January 2003)
GJ Weston	
PG Seurre	
DCM Brown	
I K Vincent	(appointed 27 September 2002)
R Murray	(appointed 27 September 2002)

Subsequent to the year-end, Bill Hill was appointed a director on 22nd September 2003, and Philippe Seurre retired as a director on 31st December 2003.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

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 5 15/22p each at beginning of period
GJ Weston	2,911,975	2,911,975
DCM Brown	222	222

Garth J Weston notified at the end of the period that he had a non-beneficial interest as a trustee of a trust which held 5,862 ordinary shares of 50p in Wittington Investments Ltd.

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

	At end of period shares of 5 15/22p each	Number Share options lapsed in the period	At beginning of period shares of 5 15/22p each	Exercise price	Date from which exercisable	Expiry date
GJ Weston	10,000	-	10,000	561.5p	28 April 2003	27 April 2008
GJ Weston	20,000	-	20,000	484.0p	17 January 2004	16 January 2011

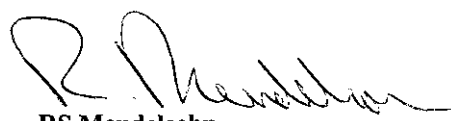
United Kingdom charitable and political contributions

Donations to UK charities amounted to £2,482 (2002: £419). The company made no political contributions during the year.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board


RS Mendelsohn
 Secretary

Weston Centre
 Bowater House
 68 Knightsbridge
 LONDON
 SW1X 7LQ

Statement of directors' responsibilities

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 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

Arlington Business Park
Theale
Reading, RG7 4SD
United Kingdom

Report of the independent auditors to the members of The Ryvita Company Limited

We have audited the financial statements on pages 5 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 13 September 2003 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

30 June 2004

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account

for the 52 week period ended 13 September 2003

	<i>Note</i>	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Turnover	4	30,886	31,700
Operating profit	5	6,122	5,958
Other interest receivable and similar income	9	7	9
Profit on ordinary activities before taxation	4-9	6,129	5,967
Tax on profit on ordinary activities	10	(1,845)	(1,790)
Profit on ordinary activities after taxation		4,284	4,177
Dividends on equity shares	11	(3,000)	(3,000)
Retained profit for the financial period	20	1,284	1,177
Retained profit brought forward	20	35,480	34,303
Retained profit carried forward	20	36,764	35,480

All of the company's activities in the above financial periods are derived from continuing operations.

A statement of movements on reserves is given in note 20.

Statement of total recognised gains and losses

	2003 £000	2002 £000
Profit for the financial period	4,284	4,177
Prior period adjustment (as explained in note 3)	-	(2,096)
Total gains and losses recognised since last annual report	4,284	2,081

Balance sheet

At 13 September 2003

	Note	2003 £000	2002 £000
Fixed assets			
Tangible assets	12	10,391	11,666
Investments	14	12	12
		<u>10,403</u>	<u>11,678</u>
Current assets			
Stocks	15	1,842	1,769
Debtors	16	36,339	33,204
Cash at bank and in hand		237	399
		<u>38,418</u>	<u>35,372</u>
Creditors: amounts falling due within one year	17	<u>(8,914)</u>	<u>(8,239)</u>
Net current assets		<u>29,504</u>	<u>27,133</u>
Total assets less current liabilities		<u>39,907</u>	<u>38,811</u>
Provisions for liabilities and charges	18	<u>(1,680)</u>	<u>(1,868)</u>
Net assets		<u>38,227</u>	<u>36,943</u>
Capital and reserves			
Called up share capital	19	196	196
Share premium account	20	1,263	1,263
Other reserves	20	4	4
Profit and loss account	20	36,764	35,480
Shareholders' funds	21	<u>38,227</u>	<u>36,943</u>
Total capital and reserves analysed between:			
Equity		38,171	36,887
Non-equity		56	56
		<u>38,227</u>	<u>36,943</u>

These financial statements were approved by the board of directors on 9th June 2004 and were signed on its behalf by:

Garth J Weston
Director

Garth Weston

Notes

(forming part of the financial statements)

1 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 52 week period ended 13 September 2003.

2 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 except as noted below.

Basis of preparation

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) 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 invoiced amounts of goods sold (excluding value added tax) derived from the manufacture and distribution 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. Turnover attributable to geographical markets outside the UK amounted to 33% (2002: 34%).

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. The anticipated life of assets is generally deemed to be not longer than:

Freehold buildings	-	50 years
Leasehold land and buildings	-	life of lease
Plant, machinery, fixtures and fittings	-	5 – 12 years
Vehicles	-	5 – 8 years

No depreciation is provided on freehold land.

Notes (continued)

2 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 to the profit and loss account on a straight line basis over the life of the lease.

Research and development

Expenditure in respect of 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. For raw materials, consumables and goods purchased for resale, the cost is determined on a FIFO basis and includes transport and handling costs. For 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

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 FRS 19.

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 participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

3 Prior period adjustment

In 2002, the company adopted Financial Reporting Standard 19 'Deferred tax' and the results for the 52 week period ended 15 September 2001 were restated accordingly.

A prior period adjustment was required in 2002 of £2,096,000. The effect of this change in policy on reported profits was to decrease the tax charge in the prior year by £228,000.

4 Turnover

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
<i>By geographical market</i>		
UK	20,646	21,046
Rest of the World	10,240	10,654
	<hr/>	<hr/>
	30,886	31,700
	<hr/>	<hr/>

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

5 Operating profit

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Turnover	30,886	31,700
Cost of sales	(16,269)	(17,974)
	<hr/>	<hr/>
Gross profit	14,617	13,726
Distribution costs	(6,564)	(6,184)
Administrative expenses	(1,931)	(1,585)
Other operating income	-	1
	<hr/>	<hr/>
Operating profit	6,122	5,958
	<hr/>	<hr/>

Notes (continued)

6 Profit on ordinary activities before taxation

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off owned fixed tangible assets	1,960	2,326
(Profit)/loss on sale of fixed assets	(6)	4
Operating lease charges:		
plant and machinery	7	22
land and buildings	100	100
Auditors' remuneration:		
Audit	19	16
Other services	5	2
Research and development expenditure	389	183
	<hr/>	<hr/>

7 Remuneration of directors

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Directors' emoluments	530	274
	<hr/>	<hr/>

The aggregate emoluments of the highest paid director were £153,000 (2002: £131,000). He is a member of a defined benefit scheme, under which his accrued pension to which he would be entitled from normal retirement date if he were to leave at the period end was £12,516 (2002: £9,199).

	52 week period ended 13 September 2003	52 week period ended 14 September 2002
Retirement benefits in respect of their services to the company are accruing to the following number of directors under:		
Defined benefit schemes	5	3
	<hr/>	<hr/>

Notes (continued)

8 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	
	52 week period ended 13 September 2003	52 week period ended 14 September 2002
Management	35	29
Administration	34	40
Production	232	246
	<hr/>	<hr/>
	301	315
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Wages and salaries	6,455	6,014
Social security costs	440	422
Other pension costs	716	660
	<hr/>	<hr/>
	7,611	7,096
	<hr/>	<hr/>

9 Other interest receivable and similar income

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Income from short term deposits		9
	<hr/>	<hr/>

Notes (continued)

10 Taxation

Analysis of charge in period

	52 week period ending 13 September 2003		52 week period ending 14 September 2002	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	2,027		2,018	
Adjustments in respect of prior periods	6		-	
	<hr/>		<hr/>	
Total current tax		2,033		2,018
<i>Deferred tax (see note 18)</i>				
Origination/reversal of timing differences	(188)		(228)	
	<hr/>		<hr/>	
		(188)		(228)
		<hr/>		<hr/>
Tax on profit on ordinary activities		1,845		1,790
		<hr/>		<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2002: higher) than the standard rate of corporation tax in the UK, 30% (2002: 30%). The differences are explained below.

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	6,129	5,967
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	1,839	1,790
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	-
Capital allowances for period in excess of depreciation	186	228
Research and development credit	(13)	-
Payment for tax previously amended	12	-
Adjustments in respect of previous periods	6	-
	<hr/>	<hr/>
Total current tax charge (see above)	2,033	2,018
	<hr/>	<hr/>

Notes (continued)

11 Dividends

	52 week period ended 13 September 2003 £000	52 week period ended 14 September 2002 £000
Equity shares:		
Final dividend proposed	3,000	3,000

The dividend was paid in respect of 'A' ordinary shares only.

12 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Payments on account £000	Total £000
Cost					
At 15 September 2002	3,648	50,167	2,079	729	56,623
Additions	80	382	94	139	695
Transfer between categories	-	206	139	(345)	-
Disposals	-	(146)	-	-	(146)
At 13 September 2003	3,728	50,609	2,312	523	57,172
Depreciation					
At 15 September 2002	1,468	41,610	1,879	-	44,957
Charge for period	71	1,830	59	-	1,960
On disposals	-	(136)	-	-	(136)
At 13 September 2003	1,539	43,304	1,938	-	46,781
Net book value					
At 13 September 2003	2,189	7,305	374	523	10,391
At 14 September 2002	2,180	8,557	200	729	11,666

Freehold land of £12,000 (2002: £12,000) is not depreciated.

13 Capital commitments

The company has contractual commitments for capital expenditure for which no provision has been made, of approximately £133,000 (2002: £139,000).

Notes (continued)

14 Fixed asset investments

	Shares at cost in unlisted subsidiary undertaking £000
At 13 September 2003	12
At 14 September 2002	12

The company in which the company's interest is more than 20% 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%

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

15 Stocks

	13 September 2003 £000	14 September 2002 £000
Raw materials and consumables	802	860
Finished goods and goods for resale	1,040	909
	<u>1,842</u>	<u>1,769</u>

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

Notes (continued)

16 Debtors

	13 September 2003 £000	14 September 2002 £000
Trade debtors	4,294	4,119
Amounts owed by parent and fellow subsidiary undertakings	31,785	28,650
Other taxation and social security	142	344
Other debtors	12	8
Prepayments and accrued income	106	83
	<hr/> 36,339 <hr/>	<hr/> 33,204 <hr/>

No repayment date has been arranged in respect of amounts owed by the parent undertaking of £31,570,000 (2002: £28,419,000).

17 Creditors: amounts falling due within one year

	13 September 2003 £000	14 September 2002 £000
Bank loans and overdrafts	67	-
Trade creditors	2,941	2,150
Amounts owed to parent and fellow subsidiary undertakings	1	-
Other creditors including taxation and social security	202	181
Corporation tax	1,093	1,058
Accruals and deferred income	1,610	1,850
Dividend proposed	3,000	3,000
	<hr/> 8,914 <hr/>	<hr/> 8,239 <hr/>

Notes (continued)

18 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning of the period	1,868
Credit to the profit and loss for the year (see note 10)	(188)
	<hr/>
At end of the period	1,680
	<hr/>

The elements of deferred taxation are as follows:

	13 September 2003 £000	14 September 2002 £000
Difference between accumulated depreciation and amortisation and capital allowances	5,611	6,224
Other timing differences	(9)	(2)
	<hr/>	<hr/>
	5,602	6,222
	<hr/>	<hr/>
Deferred tax liability	1,680	1,868
	<hr/>	<hr/>

Notes (continued)

19 Called up share capital

	13 September 2003 and 14 September 2002	
	Number	£
<i>Authorised</i>		
Ordinary shares of £0.05 each – equity	6,000	300
'A' Ordinary Shares of £1.00 each - equity	143,750	143,750
7% (net) cumulative preference shares of £1.00 each - non equity	55,950	55,950
	<hr/>	<hr/>
	205,700	200,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.05 each - equity	6,000	300
'A' Ordinary shares of £1.00 each - equity	139,700	139,700
7% (net) cumulative preference shares of £1.00 each - non equity	55,950	55,950
	<hr/>	<hr/>
	201,650	195,950
	<hr/>	<hr/>

The ordinary shares an 'A' ordinary shares rank equally in all respects.

The rights to dividends on the 7% (net) cumulative preference shares of £1.00 have been waived.

The preference shares confer the right, on winding up, to the payment of the capital amount together with the fixed dividend accrued up to the date of commencement of the winding up in priority to all other shares.

20 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At beginning of period	1,263	4	35,480
Retained profit for the period	-	-	1,284
	<hr/>	<hr/>	<hr/>
At end of period	1,263	4	36,764
	<hr/>	<hr/>	<hr/>

Notes (continued)

21 Reconciliation of movements in shareholders' funds

	13 September 2003 £000	14 September 2002 £000
Profit for the financial year	4,284	4,177
Dividends	(3,000)	(3,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	1,284	1,177
Opening shareholders' funds	36,943	35,766
	<hr/>	<hr/>
Closing shareholders' funds	38,227	36,943
	<hr/>	<hr/>

22 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 £60,000 (2002: £30,000) have been given by the company's bankers in respect of Customs Duties.

23 Commitments

Operating leases

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

	Land and buildings 13 September 2003 £000	14 September 2002 £000
Over five years	100	100
	<hr/>	<hr/>

Notes (continued)

24 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.

25 Pensions

The company is a member of Associated British Foods plc group pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the schemes assets and liabilities on a consistent basis, as permitted by FRS17 *'Retirement Benefits'* the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme were defined contribution schemes. The current actuarial valuation indicates a surplus of £174,000,000. The company is not able to determine its share of this surplus.

On 30 September 2002 the scheme was closed to new members, with defined contribution arrangements introduced for these members. For the defined contribution scheme, the pension costs are the contributions paid.

The latest full actuarial valuation of the Associated British Foods plc group pension scheme was carried out at 5 April 2002 and was updated for FRS 17 purposes to 13 September 2003 by an independent qualified actuary. Further details on the pension scheme is included within the accounts of Associated British Foods plc, which are available from Companies House.

The contribution for the year was £716,000 (2002: £660,000).