

The Ryvita Company Limited

Directors' report and financial statements

12 September 1998

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 52 week period ended 12 September 1998.

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

Associated British Foods plc has recognised that the Year 2000 millennium 'computer bug' is an important issue and has established a programme throughout the Group to address this problem.

The company is following the framework set out by Associated British Foods plc and work has been completed on assessing the impact upon the company and remedial project plans are being implemented.

The cost of implementing the Year 2000 compliance programme is estimated at some £368,000. The costs are to be charged in part to capital expenditure and in part to operating costs, in accordance with Urgent Issues Task Force Abstract 20.

There can be no absolute guarantee that the problem will have been completely eliminated in advance of the Year 2000. However, the company is taking the steps it considers necessary to mitigate the risk and is well advanced in its preparation for compliance.

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 profit on ordinary activities after taxation amounted to £75,000. This amount was transferred to reserves as the directors did not propose a 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 12 September 1998, 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 44 days (1997: 55 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	(Managing)
Zoe Withers	
NC Sebire	
GJ Weston	(appointed 23 December 1997)

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 5p each at end of period	Ordinary shares of 5p each at beginning of period or date of appointment
Guy H Weston	361,526	361,526
GJ Weston	3,309,064	3,309,064

NC Sebire and 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.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

On 12 September 1998, the following directors had the following outstanding options to acquire ordinary shares of 5p each in Associated British Foods plc, all of which were granted on 28 April 1998:

	At beginning of period	Granted	Number	Exercise price	Date from which exercisable	Expiry date
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
NC Sebire	-	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

No director had at any time during the period any material interest in a contract with the company, other than service contracts.

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 £5,295. The company made no political contributions during the year.

By order of the board


MR Gore
Secretary


WB Wright
Secretary

Weston Centre
Bowater House
68 Knightsbridge
LONDON
SW1X 7LQ

13 October 1998

**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 12 September 1998 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

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

26 November 1998

Profit and loss account

for the period ended 12 September 1998

	<i>Note</i>	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Turnover - continuing operations	2	30,526	34,048
Operating profit/(loss) - continuing operations	3	2,001	(1,388)
(Loss) on disposal of subsidiary undertaking		-	(1,028)
Income from shares in subsidiary undertaking		-	1,028
Other interest receivable and similar income	7	7	18
Profit/(loss) on ordinary activities before taxation	3	2,008	(1,370)
Tax on profit/(loss) on ordinary activities	8	(1,933)	(516)
Retained profit/(loss) for the financial period		75	(1,886)
Retained profit brought forward		39,928	41,814
Retained profit carried forward		40,003	39,928

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 (1997: £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 12 September 1998

	Note	12 September 1998 £000	13 September 1997 £000
Fixed assets			
Tangible assets	9	24,324	27,149
Investments	11	12	12
		<hr/>	<hr/>
		24,336	27,161
Current assets			
Stocks	12	2,348	2,681
Debtors	13	18,699	15,451
Cash at bank and in hand	17	17	130
		<hr/>	<hr/>
		21,064	18,262
Creditors: amounts falling due within one year	14	(3,934)	(4,032)
		<hr/>	<hr/>
Net current assets		17,130	14,230
		<hr/>	<hr/>
Net assets		41,466	41,391
		<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	40,003	39,928
		<hr/>	<hr/>
Total shareholders' funds including non-equity interests	17	41,466	41,391
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 13. 10. 1998 and were signed on its behalf by:



Guy H Weston
Director

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 12 September 1998.

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.

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)

3 Operating profit

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Turnover	30,526	34,048
Cost of sales	(21,140)	(28,646)
Gross profit	9,386	5,402
Distribution costs	(5,933)	(5,156)
Administrative expenses	(1,462)	(1,634)
Other operating income	10	-
Operating profit/(loss)	2,001	(1,388)

The above amounts derive entirely from continuing operations.

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Operating profit is stated after charging:		
Depreciation and other amounts written off owned fixed tangible assets	3,299	5,969
(Profit)/loss on sale of fixed assets	(2)	117
Hire of plant and machinery	13	18
Rentals payable under property leases	100	100
Auditors' remuneration:		
Audit	16	17
Other services	1	1
Research and development expenditure	252	179

Notes (continued)

4 Remuneration of directors

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Directors' emoluments	242	208
Compensation for loss of office	-	60
	<hr/> 242	<hr/> 268

The aggregate emoluments of the highest paid director was £79,330 (1997: £71,449). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £15,228 (1997: £12,962).

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<hr/> 4	<hr/> 3

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:

	52 week period ended 12 September 1998	Number of employees 52 week period ended 13 September 1997
Management	18	20
Administration	53	67
Production	315	346
	<hr/>	<hr/>
	386	433
	<hr/>	<hr/>

The aggregate staff costs of these persons were as follows:

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Wages and salaries	6,169	6,866
Social security costs	516	569
Other pension costs	373	367
	<hr/>	<hr/>
	7,058	7,802
	<hr/>	<hr/>

Notes (continued)

6 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 £373,000 (1997: £367,000).

The outstanding/(prepaid) employers' pension contributions at the balance sheet date were £32,000 (1997: (£25,000)).

7 Other interest receivable and similar income

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Income from short term deposits	7	18
	<hr/>	<hr/>

Notes (continued)

8 Taxation on profit/(loss) on ordinary activities

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Group relief payments for the current year	(1,933)	(519)
Adjustment relating to previous years	-	3
	<hr/> (1,933) <hr/>	<hr/> (516) <hr/>

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 12 September 1998	4,173
At 13 September 1997	<hr/> 4,160 <hr/>

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 13 September 1997	3,456	50,693	1,509	1,058	56,716
Additions	-	806	119	(449)	476
Transfer between categories	-	(112)	112	-	-
Disposals	-	(1,094)	(9)	-	(1,103)
At 12 September 1998	3,456	50,293	1,731	609	56,089
Depreciation					
At 13 September 1997	1,119	27,570	878	-	29,567
Charge for period	69	3,033	197	-	3,299
Transfers between categories	-	(90)	90	-	-
On disposals	-	(1,094)	(7)	-	(1,101)
At 12 September 1998	1,188	29,419	1,158	-	31,765
Net book value					
At 12 September 1998	2,268	20,874	573	609	24,324
At 13 September 1997	2,337	23,123	631	1,058	27,149

Analysis of land and buildings at net book value:

	12 September 1998 £000	13 September 1997 £000
Freehold	2,268	2,337

Freehold land of £12,000 (1997: £12,000) is not depreciated.

Notes (continued)

10 Capital commitments

There are commitments for capital expenditure by the company of approximately £81,000 (1997: £21,000) for which no provision has been made in these financial statements.

11 Fixed asset investments

	Shares at cost in unlisted subsidiary undertaking £000
At 12 September 1998	12
At 13 September 1997	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)

12 Stocks

	12 September 1998 £000	13 September 1997 £000
Raw materials and consumables	1,335	1,658
Finished goods and goods for resale	1,013	1,023
	<hr/> 2,348 <hr/>	<hr/> 2,681 <hr/>

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

13 Debtors

	12 September 1998 £000	13 September 1997 £000
Trade debtors	3,920	4,309
Amounts owed by parent and fellow subsidiary undertakings	14,370	10,682
Other taxation and social security	276	331
Other debtors	23	10
Prepayments and accrued income	110	119
	<hr/> 18,699 <hr/>	<hr/> 15,451 <hr/>

No repayment date had been arranged of the amount owed by the parent undertaking of £14,185,000.

Notes (continued)

14 Creditors

	12 September 1998 £000	13 September 1997 £000
Amounts falling due within one year		
Bank overdraft	999	480
Trade creditors	2,338	2,573
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	127	43
Other creditors including taxation and social security	44	412
Accruals and deferred income	426	524
	<hr/> 3,934 <hr/>	<hr/> 4,032 <hr/>

15 Called up share capital

	12 September 1998 and 13 September 1997	£
Authorised	Number	
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
	<hr/> 205,700 <hr/>	<hr/> 200,000 <hr/>
Allotted, called up and fully paid		
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
	<hr/> 201,650 <hr/>	<hr/> 195,950 <hr/>

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

Notes (continued)

16 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At beginning of period	1,263	4	39,928
Retained profit for the period	-	-	75
	<hr/>	<hr/>	<hr/>
At end of period	1,263	4	40,003
	<hr/>	<hr/>	<hr/>

17 Reconciliation of movements in shareholders' funds

	12 September 1998 £000	13 September 1997 £000
Opening shareholders' funds	41,391	43,277
Profit/(loss) for the financial year	75	(1,886)
	<hr/>	<hr/>
Closing shareholders' funds	41,466	41,391
	<hr/>	<hr/>
Amount attributable to:		
Equity interests	41,410	41,335
Non-equity interests	56	56
	<hr/>	<hr/>
	41,466	41,391
	<hr/>	<hr/>

18 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 (1997: £30,000) have been given by the company's bankers in respect of Customs Duties.

Notes (continued)

19 Commitments

Operating leases

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

	Land and buildings	
	12 September 1998 £000	13 September 1997 £000
Over five years	100	100
	<hr/>	<hr/>

20 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.