

Allinson Limited

Directors' report and financial statements

18 September 1999

Registered number 300245



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 stoneground flour.

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

Allinson 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.

Trading results, dividends and transfer to reserves

The profit and loss account for the period is set out on page 5. Dividends paid during the period was £2,000,000 (1998: £Nil). Retained loss for the period was £1,963,759 which was transferred from reserves.

Market value of land and buildings

The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded that amount included in the balance sheet, but they are unable to quantify the excess.

Directors and directors' interests

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

RH Richard
MF Connolly
JE Brown

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The interests of RH Richard and MF Connolly are disclosed in the directors' report of Cereal Industries Limited of which Allinson Limited is a wholly owned subsidiary.

The following director had the following interest in the share capital of Associated British Foods plc, as recorded in the register of directors' interest.

	Ordinary shares of 5 15/22p each at end of period	Ordinary shares of 5p each at beginning of period
JE Brown	176	200

The number of shares held has been reduced by a factor of 88/100 as a special dividend and share consolidation. The share options are not affected.

According to the register of directors' interests, no rights to subscribe for shares in this company or shares in or debentures of any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

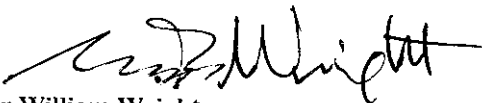
No director had at any time during the period any material interest in a contract with the company, other than service contracts.

Employees

The company is committed to the further development of employee information and consultation. This is achieved through briefing sessions with 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.

By order of the board


Mr William Wright
Company secretary

19 October 1999

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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG Audit Plc

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London
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Report of the auditors to the members of Allinson Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described on page 3 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.

Opinion

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 profit for the 53 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19 October 1999

Profit and loss account

for the period ended 18 September 1999

	<i>Note</i>	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Turnover - continuing operations		5,763,512	6,152,942
Operating profit - continuing operations	3	1,252,751	1,764,790
Other interest receivable and similar income	7	959	958
Profit on ordinary activities before taxation	4	1,253,710	1,765,748
Tax on profit on ordinary activities	8	(1,217,469)	(1,731,321)
Profit on ordinary activities after taxation		36,241	34,427
Dividends paid		(2,000,000)	-
Retained (loss)/profit for the financial period		(1,963,759)	34,427
Retained profit brought forward		2,485,946	2,451,519
Retained profit carried forward		522,187	2,485,946

There are no recognised gains or losses other than the profit for the period and accordingly a statement of total recognised gains and losses is not presented.

Balance sheet

at 18 September 1999

	Note	18 September 1999 £	12 September 1998 £
Fixed assets			
Tangible assets	9	506,060	523,086
Current assets			
Stocks	10	326,767	498,773
Debtors	11	806,261	1,997,703
Cash at bank and in hand		500	500
		<u>1,133,528</u>	<u>2,496,976</u>
Creditors: amounts falling due within one year	12	<u>(974,400)</u>	<u>(391,115)</u>
Net current assets		<u>159,128</u>	<u>2,105,861</u>
Net assets		<u>665,188</u>	<u>2,628,947</u>
Capital and reserves			
Called up share capital - ordinary	13	83,001	83,001
Share premium account	14	60,000	60,000
Profit and loss account	14	522,187	2,485,946
Total shareholders' funds	15	<u>665,188</u>	<u>2,628,947</u>

These financial statements were approved by the board of directors on 19th October 1999 and were signed on its behalf by:


Jeffrey E Brown
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 53 week period ended 18 September 1999.

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.

Under Financial Reporting Standard 1 (Revised) 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 and 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 provision of goods and services to customers during the period.

Fixed assets and depreciation

Depreciation is provided on a straight line basis over the anticipated life of the asset. 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	-	12 years
Computer systems	-	5 years
Vehicles	-	5 years

No depreciation is provided on freehold land.

Leases

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

Notes (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated 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.

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.

3 Operating profit

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Turnover	5,763,512	6,152,942
Cost of sales	(3,834,321)	(3,736,665)
Gross profit	1,929,191	2,416,277
Distribution costs	(513,625)	(447,283)
Administrative expenses	(168,548)	(213,855)
Other operating income	5,733	9,651
Operating profit	1,252,751	1,764,790

The above amounts derive entirely from continuing operations.

Notes (continued)

4 Profit on ordinary activities before taxation is stated after charging

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Depreciation and other amounts written off fixed tangible assets	74,307	69,531
Hire of plant and machinery - rentals payable under operating leases	-	1,193
Rentals payable under property leases	32,454	33,657
Auditors' remuneration:		
Audit	8,113	8,450
Other services	1,000	-
	<u> </u>	<u> </u>

5 Directors and employees

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
Production	17	18
Selling	2	1
Administration	4	7
	<u> </u>	<u> </u>
	23	26
	<u> </u>	<u> </u>

The aggregate staff costs of these persons were as follows:

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Wages and salaries	412,532	462,471
Social security costs	25,692	27,921
Other pension costs	29,147	27,950
	<u> </u>	<u> </u>
	467,371	518,342
	<u> </u>	<u> </u>

Notes (continued)

5 Directors and employees (continued)

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Directors' emoluments	36,799	35,333
	<u> </u>	<u> </u>
	Number of directors	
	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	1	1
	<u> </u>	<u> </u>

6 Pensions

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)

7 Other interest receivable and similar income

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Lease income	959	958
	<u> </u>	<u> </u>

8 Taxation on profit on ordinary activities

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Group relief payments	1,217,469	1,731,321
	<u> </u>	<u> </u>

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 £
At 18 September 1999	55,349
	<u> </u>
At 12 September 1998	55,710
	<u> </u>

Notes (continued)

9 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of period	241,272	1,113,323	67,620	64,229	1,486,444
Additions	-	49,931	-	14,206	64,137
Transfers	-	17,333	-	-	17,333
Disposals	-	(60,527)	(3,733)	(15,026)	(79,286)
At end of period	241,272	1,120,060	63,887	63,409	1,488,628
<i>Depreciation</i>					
At beginning of period	93,466	792,475	52,147	25,270	963,358
Charge for period	8,772	46,174	6,001	13,360	74,307
Transfers	-	17,333	-	-	17,333
On disposals	-	(58,908)	(3,582)	(9,940)	(72,430)
At end of period	102,238	797,074	54,566	28,690	982,568
<i>Net book value</i>					
At 18 September 1999	139,034	322,986	9,321	34,719	506,060
At 12 September 1998	147,806	320,848	15,473	38,959	523,086

Analysis of land and buildings at net book value:

	18 September 1999 £	12 September 1998 £
Freehold	14,490	14,490
Short leasehold	124,544	133,316
	139,034	147,806

Freehold land of £14,490 (1998: £14,490) is not depreciated.

Notes (continued)

10 Stocks

	18 September 1999 £	12 September 1998 £
Raw materials and consumables	272,709	451,178
Finished goods and goods for resale	54,058	47,595
	<u>326,767</u>	<u>498,773</u>

11 Debtors

	18 September 1999 £	12 September 1998 £
Trade debtors	762,633	612,062
Amounts owed by parent and fellow subsidiary undertakings	-	1,338,400
Other debtors	23,721	35,642
Prepayments and accrued income	19,907	11,599
	<u>806,261</u>	<u>1,997,703</u>

12 Creditors

	18 September 1999 £	12 September 1998 £
Amounts falling due within one year		
Bank loans and overdrafts	86,226	7,469
Trade creditors	55,282	202,363
Amounts owed to group undertakings	682,211	-
Other taxes and social security	5,038	10,093
Accruals and deferred income	145,643	171,190
	<u>974,400</u>	<u>391,115</u>

Notes (continued)

13 Called up share capital

	18 September 1999 £	12 September 1998 £
<i>Authorised</i>		
150,000 ordinary shares of £1 each	150,000	150,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
83,001 ordinary shares of £1 each	83,001	83,001
	<u> </u>	<u> </u>

14 Reserves

	Share premium account £	Profit and loss account £
At beginning of period	60,000	2,485,946
Retained loss for the period	-	(1,963,759)
	<u> </u>	<u> </u>
At end of period	60,000	522,187
	<u> </u>	<u> </u>

15 Reconciliation of movements in shareholders funds

	18 September 1999 £	12 September 1998 £
Opening shareholders funds	2,628,947	2,594,520
Profit for the financial year	36,241	34,427
Dividends paid	(2,000,000)	-
	<u> </u>	<u> </u>
Closing shareholders funds	665,188	2,628,947
	<u> </u>	<u> </u>

Notes (continued)

16 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.

17 Operating lease commitments

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

	18 September 1999	12 September 1998
	Land and buildings £	Land and buildings £
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	20,600	20,600
Over five years	8,150	8,150
	<hr/>	<hr/>
	28,750	28,750
	<hr/>	<hr/>

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate holding company and controlling party as defined by FRS 8, 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.