

**ABF Investments plc**

**Directors' report and financial  
statements**

**Registered number 00306672**

**15 September 2012**



## Contents

|   | Page |
|---|------|
| Directors' report   | 1    |
| Statement of directors' responsibilities in respect of the directors' report and the financial statements | 3    |
| Independent auditor's report to the members of ABF Investments plc  | 4    |
| Profit and loss account   | 5    |
| Balance sheet   | 6    |
| Reconciliation of movements in equity shareholders' funds   | 7    |
| Notes to the financial statements   | 8    |

## **Directors' report**

The company was incorporated on 2 November 1935 and the directors present their annual report and the audited financial statements for the 52 week period ended 15 September 2012

### **Principal activities**

During the period the principal activity was the holding of shares in subsidiary companies and the principal activities of the subsidiaries were the processing and manufacture of food and textile retailing in the UK and other parts of Western Europe

### **Business review and future developments**

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments will relate to the company's principal activities

During the period the company increased its investments in subsidiaries and joint ventures by £13.3m. The company increased its investment in subsidiaries in relation to Parkstone (Jersey) Limited by £6.5m and investments in joint ventures increased by £6.8m in relation to Vivergo Fuels Limited

### **Profit and dividends**

The profit and loss account is on page 5. Profit for the period attributable to equity shareholders and transferred to reserves amounted to £395m (2011 profit of £431m). During the period dividends of £275m were declared and paid (2011 £503m). Dividends are detailed in note 8.

### **Risk management review**

The company's risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the business at operational level and to operate internal controls which adequately mitigate these risks. This process is also undertaken by the subsidiaries in which the company has an interest. Each business is responsible for regularly assessing its risk management activities to ensure good practice in all areas. Compliance with the process is monitored six monthly and these assessments are formally reviewed at least annually. Reports on internal financial control issues raised by management and the external auditors are reported to the board of the company's parent, Associated British Foods plc, at least annually.

### **Directors**

The directors who held office during the period were

JG Bason  
PA Russell

### **Employees**

The company is an investment company and does not trade. It has no employees.

## **Directors' report** *(continued)*

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. For these purposes, relevant audit information means information needed by the company's auditor in connection with preparing their report on page 4.

### **Auditor**

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

### **Directors' indemnities**

Three directors of operating subsidiaries, benefited from qualifying third party indemnity provisions provided by the company during the financial period and as at the date of this report.

### **Going concern**

After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing the financial statements.

By order of the board



**RS Schofield**  
*Secretary*

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

1 March 2013

Registered number 00306672

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

## **Independent auditor's report to the members of ABF Investments plc**

We have audited the financial statements of ABF Investments plc for the period ended 15 September 2012 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/auditscopeukprivate](http://www.frc.org.uk/apb/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 15 September 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Richard Pinckard*

**Richard Pinckard (Senior Statutory Auditor)**  
**For and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date *1 March 2013*

## Profit and loss account

for the period ended 15 September 2012

|  | Notes | 2012<br>£m | 2011<br>£m |
|--|-------|------------|------------|
| Investment income                                    | 5     | 404        | 407        |
| Gain on sale of investment                           |       | -          | 33         |
| <b>Profit on ordinary activities before interest</b> |       | <b>404</b> | <b>440</b> |
| Net interest payable                                 | 6     | (11)       | (11)       |
| <b>Profit on ordinary activities before taxation</b> |       | <b>393</b> | <b>429</b> |
| Tax on profit on ordinary activities                 | 7     | 2          | 2          |
| <b>Profit on ordinary activities after taxation</b>  |       | <b>395</b> | <b>431</b> |

There are no other recognised gains and losses in the period. Accordingly, no statement of total recognised gains and losses has been presented.

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.

The profit on ordinary activities before taxation relates entirely to continuing activities in the period.

The notes on pages 8 to 16 form part of the financial statements.

## Balance sheet

at 15 September 2012

|  | Notes | 2012<br>£m   | 2011<br>£m     |
|--|-------|--------------|----------------|
| <b>Fixed assets</b>                            |       |              |                |
| Investments in subsidiaries and joint ventures | 9     | 3,407        | 3,385          |
|  |       | <u>3,407</u> | <u>3,385</u>   |
| <b>Current assets</b>                          |       |              |                |
| Debtors  |       |              |                |
| - due within one year                          | 10    | 10           | 6              |
| - due after one year                           | 10    | 303          | 640            |
|  |       | <u>313</u>   | <u>646</u>     |
| <b>Creditors - due within one year</b>         | 11    | (207)        | (61)           |
| <b>Net current assets</b>                      |       | <u>106</u>   | <u>585</u>     |
| <b>Total assets less current liabilities</b>   |       | <u>3,513</u> | <u>3,970</u>   |
| <b>Creditors - due after one year</b>          | 11    | (397)        | (999)          |
| <b>Provisions</b>                              | 12    | (68)         | (59)           |
|  |       | <u>(465)</u> | <u>(1,058)</u> |
| <b>Net assets</b>                              |       | <u>3,048</u> | <u>2,912</u>   |
| <b>Capital and reserves</b>                    |       |              |                |
| Called-up share capital                        | 13    | 23           | 23             |
| Share premium                                  | 14    | 371          | 371            |
| Capital contribution reserve                   | 14    | 283          | 283            |
| Profit and loss reserve                        | 14    | 2,371        | 2,235          |
| <b>Equity shareholders' funds</b>              |       | <u>3,048</u> | <u>2,912</u>   |

These financial statements were approved by the board of directors on 1 March 2013 and were signed on its behalf by



**PA Russell**

Director

Registered number 00306672

The notes on pages 8 to 16 form part of the financial statements



## Reconciliation of movements in equity shareholders' funds

*for the period ended 15 September 2012*

|   | Notes | 2012<br>£m   | 2011<br>£m   |
|---|-------|--------------|--------------|
| Opening equity shareholders' funds        | 14    | 2,912        | 2,980        |
| Effects of movement in foreign exchange   | 14    | 16           | 4            |
| Profit for the period                     | 14    | 395          | 431          |
| Dividends paid                            | 8     | (275)        | (503)        |
| <b>Closing equity shareholders' funds</b> |       | <b>3,048</b> | <b>2,912</b> |

## Notes to 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 15 September 2012

### 2 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (UK GAAP) and the Companies Act 2006

The company is exempt by virtue of s400 of the Companies Act 2006 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) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements. 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 the requirement to disclose transactions with it and other group companies under Financial Reporting Standard 8 as it is a wholly-owned subsidiary included in consolidated financial statements which are publicly available.

#### *Income tax*

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

#### *Investments*

Investments in subsidiaries, joint ventures and associates are reported at cost less any provision for impairment, except for those investments hedged in accordance with paragraph 28 of SSAP 20. These investments are treated as foreign currency assets from inception of the hedge and then revalued at each reporting date. Foreign exchange differences arising on such revaluations are taken to reserves along with the gains or losses arising on the related foreign currency borrowings.

#### *Foreign currency translation*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or 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.

## Notes to the financial statements *(continued)*

### 3 Directors' emoluments

The directors received no emoluments in respect of their services as directors of the company in the current or previous period

### 4 Auditor's remuneration

Auditor's remuneration was borne by the holding company in the current and the previous period

### 5 Investment income

|   | 2012<br>£m | 2011<br>£m |
|---|------------|------------|
| Income from shares in subsidiary undertakings | 404        | 407        |

### 6 Net interest payable

|  | 2012<br>£m  | 2011<br>£m  |
|--|-------------|-------------|
| <b>Interest receivable</b>                         |             |             |
| Interest receivable from parent undertaking        | 6           | 6           |
| Interest receivable from subsidiary undertaking    | -           | 1           |
| Foreign exchange gain on financing activities      | 1           | -           |
| Interest income from joint venture                 | 4           | 3           |
|  | <u>11</u>   | <u>10</u>   |
| <b>Interest payable</b>                            |             |             |
| Interest payable to fellow subsidiary undertakings | (16)        | (16)        |
| Unwind of discount on deferred consideration       | (2)         | (3)         |
| Foreign exchange loss on financing activities      | (4)         | (2)         |
|  | <u>(22)</u> | <u>(21)</u> |
| <b>Net interest payable</b>                        | <u>(11)</u> | <u>(11)</u> |

## Notes to the financial statements *(continued)*

### 7 Tax on profit on ordinary activities

#### (a) Analysis of the tax credit in the period

|                    | 2012<br>£m | 2011<br>£m |
|--------------------|------------|------------|
| Current tax credit | (2)        | (2)        |

#### (b) Factors affecting the current tax credit

The tax credit for the period is different from the standard rate of corporation tax in the UK 25.1% (2011 27.1%)  
The differences are explained below

|  | 2012<br>£m | 2011<br>£m |
|--|------------|------------|
| Profit on ordinary activities before tax   | 393        | 429        |
| Tax at the standard rate of corporation tax in the UK 2012<br>25.1% (2011 27.1%) | 99         | 116        |
| Expenses not deductible for tax purposes (primarily deferred<br>consideration)   | 1          | 1          |
| Income not subject to corporation tax  | (102)      | (119)      |
| Current tax credit in the period   | (2)        | (2)        |

#### (c) Factors affecting future tax credits or charges

Effective 1 April 2012 the UK corporation tax rate was reduced from 26% to 24%. A further reduction to 23% is due to take effect on 1 April 2013 and the impact on deferred tax has been included within these accounts. It has also been announced that the UK tax rate will drop further in the following year, reaching 21% effective from 1 April 2014. However, the impact of this subsequent corporation tax rate reduction will only be reflected as the relevant legislation is substantively enacted.

### 8 Dividends

|                   | 2012<br>£m | 2011<br>£m |
|-------------------|------------|------------|
| Interim dividends | 275        | 503        |

The interim dividend of £275m was declared and paid on 21 February 2011. No final dividend is proposed.

## Notes to the financial statements *(continued)*

### 9 Investments in subsidiaries, joint ventures and associates

|  | Subsidiaries<br>£m | Joint<br>ventures<br>£m | Total<br>£m  |
|--|--------------------|-------------------------|--------------|
| At 17 September 2011                   | 3,348              | 37                      | 3,385        |
| Additions                              | 6                  | 7                       | 13           |
| Effect of movement in foreign exchange | 9                  | -                       | 9            |
| <b>At 15 September 2012</b>            | <b>3,363</b>       | <b>44</b>               | <b>3,407</b> |

During the period the company increased its investments in subsidiaries and joint ventures by £13.3m. The company increased its investment in subsidiaries in relation to Parkstone (Jersey) Limited by £6.5m and investments in joint ventures increased by £6.8m in relation to Vivergo Fuels Limited.

A list of the principal subsidiaries is given on page 12. All subsidiaries are wholly-owned, except where stated. None of the investments listed are directly held by the company, except where stated. The percentages given show the company's ultimate interest and therefore allow for the position where interests in subsidiaries and joint ventures are held by partly-owned intermediate subsidiaries.

The company applies SSAP20 to hedge part of its US dollar investment in ABF Funding. During the period a foreign exchange gain of £9m was recognised on the translation of this investment. The gain is included in the profit and loss reserve. Within this £9m translation gain, a loss of £7m arose in respect of the translation of the current year investment balance. A £16m gain was recognised in respect of prior years.

In the opinion of the directors the value of investments in subsidiaries and joint ventures is not less than the value at which they are included in the balance sheet.

## Notes to the financial statements (continued)

### 9 Investments in subsidiaries and joint ventures (continued)

| Principal subsidiaries                           | Country of incorporation | Principal subsidiaries                       | Country of incorporation |
|--|--------------------------|--|--------------------------|
| <b>Manufacturing activities</b>                  |                          |  |                          |
| AB Agri Limited                                  | UK                       | Jacksons of Piccadilly Limited               | UK                       |
| AB Brasil Industria e comercio de Alimentos LTDA | Brazil                   | Kilombero Sugar Company Limited (28%)        | Tanzania                 |
| AB Calsa SA de C V                               | Mexico                   | Maragra Acucar SARL (46%)                    | Mozambique               |
| AB Enzymes GmbH                                  | Germany                  | Maun Fermentos II, SA (96%)                  | Portugal                 |
| AB Enzymes Oy                                    | Finland                  | Maun Maya Sanayi A S                         | Turkey                   |
| ABF Grain Products Limited                       | UK                       | Maun Products Limited                        | UK                       |
| AB Food & Beverages Australia Pty Ltd            | Australia                | Pataks Foods Limited                         | UK                       |
| AB Food & Beverages Philippines, Inc             | Philippines              | Premier Nutrition Products Limited           | UK                       |
| AB Food & Beverages (Thailand) Limited           | Thailand                 | R Twining and Company Limited                | UK                       |
| AB(Harbin) Food Ingredients Company Limited      | China                    | Shanghai AB Food & Beverages Co , Ltd        | China                    |
| AB Maun Food, S A                                | Spain                    | SPI Pharma Inc                               | US                       |
| AB Maun India (Private) Limited                  | India                    | The Billington Food Group Limited            | UK                       |
| AB Maun Vietnam Ltd (66%)                        | Vietnam                  | The Jordans and Ryvita Company Limited (73%) | UK                       |
| Abitec Corporation                               | US                       | Twinnings North America Inc                  | US                       |
| ABNA Feed (Liaoning) Co , Ltd                    | China                    | Ubombo Sugar Limited (31%)                   | Swaziland                |
| ABNA (Shanghai) Feed Co , Ltd                    | China                    | Wander AG                                    | Switzerland              |
| AB World Foods Limited                           | UK                       | Yeast Products Company                       | Republic of Ireland      |
| ACH Food Companies, Inc                          | US                       | Zambia Sugar plc (42%)                       | Zambia                   |
| Alimentos Capullo S de R.L de C V                | Mexico                   |  |                          |
| Anzchem Pty Ltd                                  | Australia                | <b>Retailing activities</b>                  |                          |
| Azucarera Ebro S L U                             | Spain                    | Lojas Primark Portugal-Exploracao, Gestao    | Portugal                 |
| Bo Tian Sugar Industry Company Limited (65%)     | China                    | Administraca De Espacos Comerciais S A       |                          |
| British Sugar (Overseas) Limited                 | UK                       | Primark                                      | Republic of Ireland      |
| British Sugar plc*                               | UK                       | Primark Deutschland GmbH                     | Germany                  |
| Casteggio Lieviti s r l                          | Italy                    | Primark Netherlands NV                       | Netherlands              |
| Cereform Limited                                 | UK                       | Primark NV                                   | Belgium                  |
| Compania Argentina de Levaduras S A I C          | Argentina                | Primark Stores Limited*                      | UK                       |
| Food Investments Limited*                        | UK                       | Primark Tiendas S L U                        | Spain                    |
| Foods International S A S                        | France                   |  |                          |
| G Costa and Company Limited                      | UK                       | <b>Investment and other activities</b>       |                          |
| George Weston Foods Limited                      | Australia                | AB Exploration Limited                       | UK                       |
| George Weston Foods (NZ) Limited                 | New Zealand              | ABF European Holdings & Co SNC               | Luxembourg               |
| German's (UK) Limited                            | UK                       | ABF Holdings Limited*                        | UK                       |
| Guangxi Bo Hua Food Co Ltd (71%)                 | China                    | ABF Overseas Limited*                        | UK                       |
| Guangxi Boqing Food Co , Ltd (60%)               | China                    | ABF (UK) Ltd                                 | UK                       |
| Guangxi Boxuan Food Co , Ltd (70%)               | China                    | Talisman (Guernsey) Limited                  | Guernsey                 |
| Harbin Maun Yeast Co , Ltd (85%)                 | China                    |  | Channel Islands          |
| Hebei Maun Food Co Ltd (51%)                     | China                    |  |                          |
| Illovo Sugar Limited (51%)                       | South Africa             |  |                          |
| Illovo Sugar (Malawi) Limited (39%)              | Malawi                   |  |                          |

\*Directly owned by ABF Investments plc

## Notes to the financial statements *(continued)*

### 9 Investments in subsidiaries and joint ventures *(continued)*

#### Principal joint ventures and associates

|   | Country of<br>incorporation | Issued ordinary<br>share capital<br>Total | Group % |
|---|-----------------------------|---|---------|
| C Czarnikow Limited                             | UK                          | £1,000,000                                | 43      |
| Frontier Agriculture Limited                    | UK                          | £36,000,104                               | 50      |
| Harper-Love Adhesives Corporation               | US                          | US\$13,200                                | 50      |
| Gledhow Sugar Company Limited                   | South Africa                | ZAR10,000                                 | 15      |
| Levaduras Collico S A                           | Chile                       | CLP1,834,390,000                          | 50      |
| Murray Bridge Bacon Pty Ltd                     | Australia                   | A\$12,000,000                             | 20      |
| New Food Coatings Pty Limited                   | Australia                   | A\$150,000                                | 50      |
| Qingdao Xinghua Cereal Oil & Foodstuff Co , Ltd | China                       | CNY24,844,000                             | 25      |
| Roal Oy   | Finland                     | EUR3,196,000                              | 50      |
| Stratas Foods LLC                               | US                          | US\$2                                     | 50      |
| Uniferm and Co KG GMBH                          | Germany                     | EUR2                                      | 50      |
| Vivergo Fuels Limited*                          | UK                          | £60,800,000                               | 45      |

\*Directly owned by ABF Investments plc

British Sugar (Overseas) Limited operates subsidiaries and joint ventures in Europe and Asia. Other than this company, each subsidiary operates mainly in its country of incorporation.

There is no significant loan capital in any of the joint ventures or associates. Each joint venture and associate carries out manufacturing and food processing activities and operates mainly in its country of incorporation.

## Notes to the financial statements *(continued)*

### 10 Debtors

|                                | 2012<br>£m | 2011<br>£m |
|--------------------------------|------------|------------|
| <b>Due within one year</b>     |            |            |
| Owed by joint venture          | 10         | 6          |
|                                | <u>10</u>  | <u>6</u>   |
| <b>Due after one year</b>      |            |            |
| Owed by parent undertaking     | -          | 353        |
| Owed by subsidiary undertaking | 177        | 181        |
| Owed by joint venture          | 126        | 106        |
|                                | <u>303</u> | <u>640</u> |

The directors consider the carrying amounts of the debtors to be recoverable

### 11 Creditors

|                                 | 2012<br>£m | 2011<br>£m |
|---------------------------------|------------|------------|
| <b>Due within one year</b>      |            |            |
| Owed to parent undertaking      | 204        | 58         |
| Owed to fellow subsidiaries     | -          | 1          |
| Corporation tax payable         | 3          | 2          |
|                                 | <u>207</u> | <u>61</u>  |
| <b>Due after one year</b>       |            |            |
| Owed to subsidiary undertakings | 397        | 999        |
|                                 | <u>397</u> | <u>999</u> |



## Notes to the financial statements (continued)

### 12 Provisions

|  | £m        |
|--|-----------|
| At 17 September 2011                           | 59        |
| Change in fair value of deferred consideration |           |
| Interest                                       | 9         |
| <b>At 15 September 2012</b>                    | <b>68</b> |

The provision relates to deferred consideration on the company's investment in Parkstone (Jersey) Limited, which is expected to be settled in the 2012/2013 financial year

### 13 Called up share capital

|  | 2012<br>£m | 2011<br>£m |
|--|------------|------------|
| <b>Issued and fully paid</b>   |            |            |
| 459,814,877 Ordinary shares of 5p each (2011 459,814,877 Ordinary shares of 5p each) | 23         | 23         |

### 14 Capital and reserves

|   | Issued<br>capital<br>£m | Share<br>Premium<br>£m | Capital<br>contribution<br>reserve<br>£m | Profit and<br>loss reserve<br>£m | Total<br>£m  |
|---|-------------------------|------------------------|--|----------------------------------|--------------|
| At 17 September 2011                        | 23                      | 371                    | 283                                      | 2,235                            | 2,912        |
| Profit for the period                       | -                       | -                      | -  | 395                              | 395          |
| Dividends paid                              | -                       | -                      | -  | (275)                            | (275)        |
| Effects of movements in<br>foreign exchange | -                       | -                      | -  | 16                               | 16           |
| <b>At 15 September 2012</b>                 | <b>23</b>               | <b>371</b>             | <b>283</b>                               | <b>2,371</b>                     | <b>3,048</b> |

The company applies SSAP20 to hedge part of its US dollar investment in ABF Funding. During the period a foreign exchange gain of £9m was recognised on the translation of this investment. The gain is included in the profit and loss reserve. Within this £9m translation gain, a loss of £7m arose in respect of the translation of the current year investment balance. A £16m gain was recognised in respect of prior years.

### 15 Contingent liabilities

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee. As at 15 September 2012 the company has provided guarantees in the ordinary course of business amounting to £4m (2011 £3m).

## Notes to the financial statements *(continued)*

### **16 Holding company**

The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk)

### **17 Indemnity**

The company has granted an indemnity to three directors of operating subsidiaries as permitted by section 234 of the Companies Act 2006 (the 'Act'). The indemnity provides that these individuals be indemnified out of the assets of the company against any liability, loss or expenditure incurred by them acting as a director of the company or any of its subsidiaries to the fullest extent permitted by the Act.