

306672

**ABF Investments plc**

**Directors' report and financial  
statements**

**Registered number 00306672**

**14 September 2013**

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## 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
Statement of total recognised gains and losses	7
Balance sheet	7
Reconciliation of movements in equity shareholders' funds	8
Notes to the financial statements	9

## 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 14 September 2013

### 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 company was part of an overall restructuring of entities within the Associated British Foods plc group. As part of this restructuring, the company's subsidiaries, Eastbow Securities Limited, ABF Grocery Limited and ABF (No 3) Limited returned their capital invested by the company. A gain of £308 million was realised on the transactions being the difference between the gross consideration received of £407 million and the carrying value of the related investments of £99 million.

As part of the same restructuring, the company's subsidiary ABF European Holdings & Co SNC returned its capital. A gain of £210 million was realised on the transaction being the difference between the gross consideration received of £631 million and the carrying value of the related investment of £421 million. This consideration included an investment in Mountsfield Park Finance Limited with a value of £510m at the year end.

The company further increased its investment in ABF Funding by £91m, and ABF Overseas Limited by £29m. Investment in joint ventures increased by £2m in relation to Vivergo Fuels Limited.

The directors anticipate that any future developments will relate to the company's principal activities.

### 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 £343m (2012 profit of £395m). A net gain on distribution of £518m was recognised in the Statement of total recognised gains and losses. During the period dividends of £341m were declared and paid (2012 £275m). 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 controls issued by management and the external auditors are presented 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**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office. However, KPMG Audit Plc, has instigated an orderly transfer of its business to its parent company, KPMG LLP. Therefore, a resolution for the appointment of KPMG LLP as auditor of the company will 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 company 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



**P Russell**  
*Director*

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

13 March 2014

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 14 September 2013 set out on pages 5 to 17. 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/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 14 September 2013 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

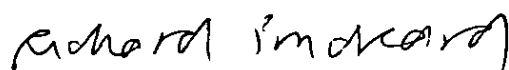
### **Opinion on other matter prescribed by the Companies Act 2006**

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

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

13 March 2014

## Profit and loss account

*for the period ended 14 September 2013*

	Notes	2013 £m	2012 £m
Investment income	5	346	404
<b>Profit on ordinary activities before interest</b>		<b>346</b>	<b>404</b>
Net interest payable	6	(4)	(11)
<b>Profit on ordinary activities before taxation</b>		<b>342</b>	<b>393</b>
Tax on profit on ordinary activities	7	1	2
<b>Profit on ordinary activities after taxation</b>	-	<b>343</b>	<b>395</b>

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 9 to 17 form part of the financial statements.

# Statement of total recognised gains and losses

*for the period ended 14 September 2013*

	Notes	2013 £m	2012 £m
Profit on ordinary activities after taxation		343	395
Net gain on return of capital	14	518	-
<b>Recognised gain for the period</b>		<b>861</b>	<b>395</b>



## Balance sheet

at 14 September 2013

	Notes	2013 £m	2012 £m
<b>Fixed assets</b>			
Investments in subsidiaries and joint ventures	9	3,944	3,407
		<u>3,944</u>	<u>3,407</u>
<b>Current assets</b>			
Debtors			
- due within one year	10	16	10
- due after one year	10	381	303
		<u>397</u>	<u>313</u>
<b>Creditors - due within one year</b>	11	(352)	(207)
		<u>45</u>	<u>106</u>
<b>Net current assets</b>			
		<u>3,989</u>	<u>3,513</u>
<b>Total assets less current liabilities</b>			
<b>Creditors - due after one year</b>	11	(421)	(397)
<b>Provisions</b>	12	-	(68)
		<u>(421)</u>	<u>(465)</u>
<b>Net assets</b>		<u>3,568</u>	<u>3,048</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	2,891	2,371
		<u>3,568</u>	<u>3,048</u>
<b>Equity shareholder's funds</b>		<u>3,568</u>	<u>3,048</u>

These financial statements were approved by the board of directors on 13 March 2014 and were signed on its behalf by



**PA Russell**

*Director*

Registered number 00306672

The notes on pages 9 to 17 form part of the financial statements

## Reconciliation of movements in equity shareholders' funds

*for the period ended 14 September 2013*

	Notes	2013 £m	2012 £m
Opening equity shareholder's funds	14	3,048	2,912
Effects of movement in foreign exchange	14	-	16
Profit for the period	14	343	395
Net gain on return of capital		518	-
Dividends paid	8	(341)	(275)
<b>Closing equity shareholder's funds</b>		<b>3,568</b>	<b>3,048</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 14 September 2013.

### 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

	2013 £m	2012 £m
Income from shares in subsidiary undertakings	346	404

### 6 Net interest payable

	2013 £m	2012 £m
<b>Interest receivable</b>		
Interest receivable from parent undertaking	-	6
Interest receivable from subsidiary undertaking	2	-
Foreign exchange gain on financing activities	3	1
Interest income from joint venture	5	4
	<u>10</u>	<u>11</u>
<b>Interest payable</b>		
Interest payable to fellow subsidiary undertakings	(4)	(16)
Unwind discount on deferred consideration	(1)	(2)
Foreign exchange loss on financing activities	(3)	(4)
Interest payable to parent undertaking	(6)	-
	<u>(14)</u>	<u>(22)</u>
<b>Net interest payable</b>	<u>(4)</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

	2013 £m	2012 £m
Current tax credit	(1)	(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 23.54% (2012: 25.1%). The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before tax	342	393
Tax at the standard rate of corporation tax in the UK 2013 23.54% (2012: 25.1%)	81	99
Expenses not deductible for tax purposes (primarily deferred consideration)	-	1
Income not subject to corporation tax	(82)	(102)
Current tax credit in the period	(1)	(2)

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

The UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013, with further reductions to 21% and 20% due to take effect on 1 April 2014 and 1 April 2015 respectively.

### 8 Dividends

	2013 £m	2012 £m
Interim dividends	341	275

The interim dividend of £341m was declared and paid on 18 December 2012. No final dividend is proposed.

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

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

	Subsidiaries £m	Joint ventures £m	Total £m
At 15 September 2012	3,363	44	3,407
Additions	1,051	2	1,053
Return of capital	(519)	-	(519)
Effect of movement in foreign exchange	3	-	3
<b>At 14 September 2013</b>	<b>3,898</b>	<b>46</b>	<b>3,944</b>

During the period, the company was part of an overall restructuring of entities within the Associated British Foods plc group. As part of this restructuring, the company's subsidiaries, Eastbow Securities Limited, ABF Grocery Limited and ABF (No 3) Limited returned their capital invested by the Company. A gain of £308 million was realised on the transactions being the difference between the gross consideration received of £407 million and the carrying value of the related investments of £99 million.

As part of the same restructuring, the company's subsidiary ABF European Holdings & Co SNC returned its capital. A gain of £210 million was realised on the transaction being the difference between the gross consideration received of £631 million and the carrying value of the related investment of £421 million. This consideration included an investment in Mountsfield Park Finance Limited with a value of £510m at the year end.

The company further increased its investment in ABF Funding by £91m, and ABF Overseas Limited by £29m. Investment in joint ventures increased by £2m in relation to Vivergo Fuels Limited.

A list of the principal subsidiaries is given on page 13. 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 £3m was recognised.

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 Azucarera Ibea S L Sociedad Unipersonal	Spain	Kilombo Sugar Company Limited (28%)	Tanzania
AB Brasil Industria e comercio de Alimentos LTDA	Brazil	Maragra Acucar SARL (46%)	Mozambique
AB Calsa SA de C V	Mexico	Mauri Fermentos II, SA (96%)	Portugal
AB Enzymes GmbH	Germany	Mauri Maya Sanayi A S	Turkey
AB Enzymes Oy	Finland	Mauri Products Limited	UK
ABF Grain Products Limited	UK	Patak's Foods Limited	UK
AB Food & Beverages Australia Pty Ltd	Australia	Premier Nutrition Products Limited	UK
AB Food & Beverages Philippines, Inc	Philippines	R Twining and Company Limited	UK
AB Food & Beverages (Thailand) Limited	Thailand	Shanghai AB Food & Beverages Co , Ltd	China
AB(Harbin) Food Ingredients Company Limited	China	SPI Pharma Inc	US
AB Mauri Food, S A	Spain	The Billington Food Group Limited	UK
AB Mauri India (Private) Limited	India	The Jordans & Ryvita Company Limited	UK
AB Mauri Malaysia Sdn Bdn	Vietnam	Twinnings North America Inc	US
AB Mauri Vietnam Ltd (66%)	Vietnam	Ubombo Sugar Limited (31%)	Swaziland
Abitec Corporation	US	Wander AG	Switzerland
ABNA Feed (Liaoning) Co , Ltd	China	Zambia Sugar plc (42%)	Zambia
ABNA (Shanghai) Feed Co , Ltd	China		
AB World Foods Limited	UK		
ACH Food Companies, Inc	US	<b>Retailing activities</b>	
Alimentos Capullo S de R L de C V	Mexico	Lojas Primark Portugal-Exploracao, Gestaoe	Portugal
Anzchem Pty Ltd	Australia	Administracao de Espacos Comerciais S A	
Bo Tian Sugar Industry Company Limited	China	Primark	Republic of Ireland
British Sugar (Overseas) Limited	UK	Primark Deutschland GmbH	Germany
British Sugar plc*	UK	Primark Mode Ltd & Co KG	Germany
Cereform Limited	UK	Primark Netherlands NV	Netherlands
Compania Argentina de Levaduras S A I C	Argentina	Primark NV	Belgium
Food Investments Limited*	UK	Primark Stores Limited*	UK
Foods International S A S	France	Primark Tiendas S L U	Spain
PGP International Inc	US		
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	A B F Holdings Limited*	UK
German's (UK) Limited	UK	ABF Overseas Limited*	UK
Guangxi Bo Hua Food Co , Ltd (71%)	China	ABF (UK) Ltd	UK
Guangxi Boqing Food Co , Ltd (60%)	China	Talisman Guernsey Limited	Guernsey, Channel Islands
Guangxi Boxuan Food Co , Ltd (70%)	China		
Harbin Mauri Yeast Co , Ltd (85%)	China		
Hebei Mauri Food Co Ltd	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 incorporation	Issued ordinary share capital 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\$11,040,000	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	£96,027,000	47

\*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

	2013 £m	2012 £m
<b>Due within one year</b>		
Owed by joint venture	16	10
	<hr/> 16	<hr/> 10
<b>Due after one year</b>		
Owed by subsidiary undertaking	251	177
Owed by joint venture	130	126
	<hr/> 381	<hr/> 303

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

### 11 Creditors

	2013 £m	2012 £m
<b>Due within one year</b>		
Owed to parent undertaking	347	204
Corporation tax payable	5	3
	<hr/> 352	<hr/> 207
<b>Due after one year</b>		
Owed to subsidiary undertakings	421	397

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

### 12 Provisions

	£m
At 15 September 2012	68
Settlement of deferred consideration	(68)
	<hr/>
At 14 September 2013	-
	<hr/>

The provision related to deferred consideration on the company's investment in Parkstone (Jersey) Limited, which was settled in the financial year

### 13 Called up share capital

	2013 £m	2012 £m
Issued and fully paid		
459,814,877 Ordinary shares of 5p each	23	23
	<hr/>	<hr/>

### 14 Capital and reserves

	Issued capital £m	Share Premium £m	Capital contribution reserve £m	Profit and loss reserve £m	Total £m
At 15 September 2012	23	371	283	2,371	3,048
Profit for the period	-	-	-	343	343
Net gain on return of capital	-	-	-	518	518
Dividends paid	-	-	-	(341)	(341)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 14 September 2013	23	371	283	2,891	3,568
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Within the profit and loss reserve is £879m of unrealised gains

### 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 14 September 2013 the company provided guarantees of £109m in the ordinary course of business (2012 £4m)

## 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.