

ABF Investments plc

**Directors' report and financial
statements**

Registered number 00306672

13 September 2014

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Strategic report

Review of the company's business

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 13 September 2014.

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

The profit and loss account is on page 6. Profit for the period attributable to equity shareholders and transferred to reserves amounted to £877m (2013: profit of £343m). A net gain on distribution of £8m was recognised in the Statement of total recognised gains and losses. During the period dividends of £2,125m were declared and paid (2013: £341m). Dividends are detailed in note 9.

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; ABF Funding Limited and Mountsfield Park Finance Limited returned their capital invested by the Company. A gain of £8m was realised on the transactions being the difference between the gross consideration received of £839m and the carrying value of the related investments of £831m.

In light of the continuing fall in crude oil and bioethanol prices, and the further weakening of the euro against sterling, the company's investment in Vivergo Fuels Limited, its wheat-fed bioethanol joint venture with BP and DuPont in the UK has been impaired. The impact of this on these financial statements is detailed in note 6.

Principal risks and uncertainties

The company is not exposed to any significant unusual risks or uncertainties. A full description of the risks and uncertainties to which the group is exposed is included within the Associated British Foods plc Annual Report and Accounts.

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.

By order of the board



PA Russell
Director

13 March 2015

Directors' report *(continued)*

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



PA Russell
Director

Weston Centre
10 Grosvenor Street
London
W1K 4QY

13 March 2015

Registered number 00306672

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

The directors are responsible for preparing the Strategic Report, 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 LLP
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 13 September 2014 set out on pages 6 to 18. 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 4, 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

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 13 September 2014 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.

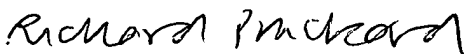
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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 LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

13 March 2015

Profit and loss account

for the period ended 13 September 2014

	Notes	2014 £m	2013 £m
Investment income	5	1,025	346
Exceptional item	6	(149)	-
Profit on ordinary activities before interest		876	346
Net interest payable	7	(18)	(4)
Profit on ordinary activities before taxation		858	342
Tax on profit on ordinary activities	8	19	1
Profit on ordinary activities after taxation		877	343

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 10 to 18 form part of the financial statements.

Statement of total recognised gains and losses

for the period ended 13 September 2014

	Notes	2014 £m	2013 £m
Profit on ordinary activities after taxation		877	343
Net gain on return of capital	14	8	518
Recognised gain for the period		885	861

Balance sheet

at 13 September 2014

	Notes	2014 £m	2013 £m
Fixed assets			
Investments in subsidiaries and joint ventures	10	3,088	3,944
		<u>3,088</u>	<u>3,944</u>
Current assets			
Debtors			
- due within one year	11	37	16
- due after one year	11	47	381
Cash		5	-
		<u>89</u>	<u>397</u>
Creditors - due within one year	12	(786)	(352)
		<u>(697)</u>	<u>45</u>
Net current (liabilities) / assets			
		<u>2,391</u>	<u>3,989</u>
Total assets less current liabilities			
Creditors - due after one year	12	(67)	(421)
		<u>(67)</u>	<u>(421)</u>
Net assets		<u>2,324</u>	<u>3,568</u>
Capital and reserves			
Called-up share capital	13	23	23
Share premium	14	371	371
Capital contribution reserve	14	283	283
Profit and loss reserve	14	1,647	2,891
		<u>2,324</u>	<u>3,568</u>
Equity shareholder's funds		<u>2,324</u>	<u>3,568</u>

These financial statements were approved by the board of directors on 13 March 2015 and were signed on its behalf by:



PA Russell

Director

Registered number 00306672

The notes on pages 10 to 18 form part of the financial statements.

Reconciliation of movements in equity shareholders' funds

for the period ended 13 September 2014

	Notes	2014 £m	2013 £m
Opening equity shareholder's funds	14	3,568	3,048
Effects of movement in foreign exchange	14	(4)	-
Profit for the period	14	877	343
Net gain on return of capital	14	8	518
Dividends paid	9	(2,125)	(341)
Closing equity shareholder's funds		2,324	3,568

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 13 September 2014.

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.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £697m, which the Directors believe to be appropriate for the following reasons:

- the company is dependent upon its parent company and fellow subsidiaries for continuing financial support; and
- ABF plc (the immediate parent company) has provided the company with an undertaking that it will continue to make available such funds as are needed by the company until the presentation of financial statements for the 52 weeks ended 12 September 2015. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

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

	2014 £m	2013 £m
Dividends received from subsidiaries	1,025	346

6 Exceptional Item

In light of the continuing fall in crude oil and bioethanol prices, and the further weakening of the euro against sterling, the company's investment in Vivergo Fuels Limited, its wheat-fed bioethanol joint venture with BP and DuPont in the UK has been impaired. In these financial statements provision has been made against the equity investment in the joint venture of £51m and the loan notes receivable of £98m. The combined total of this impairment of £149m is an exceptional item in the profit and loss account.

7 Net interest payable

	2014 £m	2013 £m
Interest receivable		
Interest receivable from subsidiary undertaking	1	2
Foreign exchange gain on financing activities	4	3
Interest income from joint venture	5	5
	<u>10</u>	<u>10</u>
Interest payable		
Interest payable to fellow subsidiary undertakings	(5)	(4)
Unwind discount on deferred consideration	-	(1)
Foreign exchange loss on financing activities	(13)	(3)
Interest payable to parent undertaking	(10)	(6)
	<u>(28)</u>	<u>(14)</u>
Net interest payable	<u>(18)</u>	<u>(4)</u>

Notes to the financial statements *(continued)*

8 Tax on profit on ordinary activities

(a) Analysis of the tax credit in the period

	2014 £m	2013 £m
Current tax credit	(19)	(1)

(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 22.08% (2013: 23.54%). The differences are explained below:

	2014 £m	2013 £m
Profit on ordinary activities before tax	858	342
Tax at the standard rate of corporation tax in the UK 2014: 22.08% (2013: 23.54%)	189	81
Income not subject to corporation tax	(226)	(82)
Expenses not deductible for tax purposes	18	-
Current tax credit in the period	(19)	(1)

(c) Factors affecting future tax credits or charges

The UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014, with a further reduction to 20% due to take effect on 1 April 2015.

9 Dividends

	2014 £m	2013 £m
Interim dividends	2,125	341

The interim dividend of £2,125m was declared and paid on 16 December 2015. No final dividend is proposed.

Notes to the financial statements *(continued)*

10 Investments in subsidiaries, joint ventures and associates

	Subsidiaries £m	Joint ventures £m	Total £m
At 14 September 2013	3,898	46	3,944
Additions	47	5	52
Return of capital	(831)	-	(831)
Impairment	-	(51)	(51)
Effect of movement in foreign exchange	(26)	-	(26)
At 13 September 2014	3,088	-	3,088

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; ABF Funding Limited and Mountsfield Park Finance Limited returned their capital invested by the Company. A gain of £8m was realised on the transactions being the difference between the gross consideration received of £839m and the carrying value of the related investments of £831m. The restructuring included an additional investment of £47m in ABF Funding Limited during the year.

The impairment in joint venture, Vivergo Fuels Limited, is detailed in note 6.

A list of the principal subsidiaries is given on page 14. 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 loss of £26m 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)*

10 Investments in subsidiaries and joint ventures *(continued)*

Principal subsidiaries	Country of incorporation	Principal subsidiaries	Country of incorporation
Manufacturing activities			
AB Agri Limited	UK	Jacksons of Piccadilly Limited	UK
AB Azucarera Ibea S.L. Sociedad Unipersonal	Spain	Kilombero 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	PGP International Inc	US
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 (Canada) Limited	Canada		
AB Mauri Food 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	Twinings 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	Retailing activities	
ACH Foods Mexico 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 plc*	UK	Primark Austria Ltd & Co. KG	Austria
Cereform Limited	UK	Primark Deutschland GmbH	Germany
Compania Argentina de Levaduras S.A.I.C.	Argentina	Primark France SAS	France
Food Investments Limited*	UK	Primark Mode Ltd & Co.KG	Germany
Foods International S.A.S.	France	Primark Netherlands NV	Netherlands
		Primark NV	Belgium
G. Costa and Company Limited	UK	Primark Stores Limited*	UK
George Weston Foods Limited	Australia	Primark Tiendas S.L.U	Spain
George Weston Foods (NZ) Limited	New Zealand		
Germain's (UK) Limited	UK	Investment and other activities	
Guangxi Bo Hua Food Co., Ltd (71%)	China	A.B. Exploration Limited	UK
Guangxi Boqing Food Co., Ltd (60%)	China	A.B.F. Holdings Limited*	UK
Guangxi Boxuan Food Co., Ltd (70%)	China	ABF Overseas Limited*	UK
Harbin Mauri Yeast Co., Ltd (85%)	China	ABF (UK) Ltd	UK
Hebei Mauri Food Co.Ltd	China	Talisman Guernsey Limited	Guernsey,
Illovo Sugar Limited (51%)	South Africa		Channel Islands
Illovo Sugar (Malawi) Limited (39%)	Malawi		

*Directly owned by ABF Investments plc

Notes to the financial statements *(continued)*

10 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
Gledhow Sugar Company Limited	South Africa	ZAR10,000	30
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
Uniform GMBH Co. KG	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.

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)*

11 Debtors

	2014 £m	2013 £m
Due within one year		
Owed by joint venture	19	16
Amounts receivable from group companies in respect of corporation tax losses	16	-
Sundry debtors	2	-
	<hr/>	<hr/>
	37	16
	<hr/>	<hr/>
Due after one year		
Owed by subsidiary undertaking	-	251
Owed by joint venture	47	130
	<hr/>	<hr/>
	47	381
	<hr/>	<hr/>

An impairment of £98m was made in the period against loan notes receivable from joint venture Viverno Fuels Limited. This is detailed in note 6. The directors consider the carrying amounts of all the other debtors to be recoverable.

12 Creditors

	2014 £m	2013 £m
Due within one year		
Owed to parent undertaking	786	347
Corporation tax payable	-	5
	<hr/>	<hr/>
	786	352
	<hr/>	<hr/>
Due after one year		
Owed to subsidiary undertakings	67	421
	<hr/>	<hr/>

Although payable on demand, the amount owed to parent undertaking is not expected to be called within one year.

Notes to the financial statements *(continued)*

13 Called up share capital

	2014 £m	2013 £m
Issued and fully paid		
459,814,877 Ordinary shares of 5p each	23	23

14 Capital and reserves

	Issued capital £m	Share Premium £m	Capital contribution reserve £m	Profit and loss reserve £m	Total £m
At 14 September 2013	23	371	283	2,891	3,568
Profit for the period	-	-	-	877	877
Net gain on return of capital	-	-	-	8	8
Effect of movements in foreign exchange	-	-	-	(4)	(4)
Dividends paid	-	-	-	(2,125)	(2,125)
At 13 September 2014	23	371	283	1,647	2,324

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 13 September 2014 the company provided guarantees of £159m in the ordinary course of business. (2013: £109m).

Notes to the financial statements *(continued)*

16 Post Balance Sheet Events

On 3 February 2015, the decision was taken to impair the company's investment in Vivergo Fuels Limited, its wheat-fed bioethanol joint venture with BP and DuPont in the UK. The impact of this on these financial statements is detailed in note 6.

17 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

18 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.