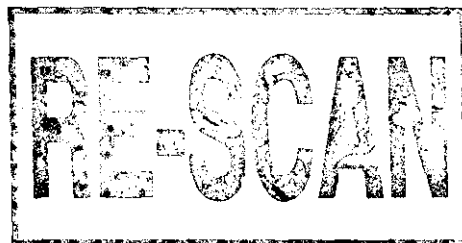


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ABF INVESTMENTS plc

ANNUAL REPORT AND ACCOUNTS 1999



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ABF INVESTMENTS plc
ANNUAL REPORT AND ACCOUNTS 1999

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ABF INVESTMENTS plc
DIRECTORS AND ADVISORS

Directors

Garry H Weston *Chairman*
Harold W Bailey
Trevor HM Shaw
Peter J Jackson (appointed 10 September 1999)
John G Bason (appointed 10 September 1999)
Lee Rendall (appointed 10 September 1999)

Secretary

W B Wright

Registered office

Weston Centre
Bowater House
68 Knightsbridge
London SW1X 7LQ
Company registered in England, number 306672

Auditors

KPMG Audit Plc
Chartered Accountants

Bankers

Bank of Scotland
Barclays Bank plc
Lloyds TSB Bank plc
National Westminster Bank plc

ABF INVESTMENTS plc

DIRECTORS' REPORT

The directors submit to the members their sixty fourth annual report together with the financial statements of the company for the year ended 18 September 1999.

Profits and dividends

The group profit and loss account is on page 12. Profit for the financial year amounted to £171 million and the dividends to £385 million. Dividends are detailed in note 8 on page 22.

Review of activities

The activities of the group principally concern the processing and manufacture of food in Europe, Australia and the United States, as well as textile retailing in the United Kingdom and the Republic of Ireland. Comments on the development of the business during the period under review and on the future outlook are given below.

Tangible fixed assets

The majority of the group's fixed tangible assets are included in the financial statements at cost. The properties are employed in the business and many of them were acquired when market values were substantially lower than at present. The directors consider that a surplus over book value exists, but are unable to quantify the excess.

Development and future outlook

The past year has been one of zero or negative food price inflation in virtually all the markets in which the group operates, both in the UK and overseas. In such an environment it is a considerable achievement that profits of £317 million at the operating level, before exceptional items and amortisation of goodwill, are up by £11 million, an increase of 3.6 per cent.

During the year a new accounting standard on the carrying value of fixed assets was issued. The charge of £84 million in respect of the resulting reduction in fixed asset carrying values has been treated as an exceptional item. In addition, changes to the accounting standard concerning the treatment of goodwill gave rise to a further charge of £5 million in respect of the amortisation of capitalised goodwill.

Group profit on ordinary activities before taxation, but after charging the above mentioned exceptional item and amortisation of goodwill of £89 million, totalled £277 million. At the post-tax level earnings per share declined from 55.6p to 38.0p but adjusted for exceptional items and amortisation of goodwill earnings per share were up at 57.8p.

It has been the consistent policy of the group to write off against the profits of the year the costs of restructuring and reorganising its business activities and meeting the non-recurring exceptional costs of dealing with such extraneous factors as the millennium bug. In total the charge against profit in respect of these costs for the current year amounted to £35 million.

Despite the intense pressure on operating margins, group cash flow, before the payment of dividends and acquisition expenditure, remained strongly positive. Capital expenditure of £259 million was the highest in the group's history and investment in new subsidiaries totalled a further £153 million.

It has been the Board's strategy in recent years to direct new investment to regions and areas of activity where long-term prospects offer the opportunity for profitable growth. Supported by the group's strong cash flow we have been able to invest in these selected areas both at home and overseas.

Development and future outlook - continued

Whilst we have largely eschewed new investment into the packaged food industry in the United Kingdom we have committed substantial funds in a focus on high added value ingredients and processes for the food and pharmaceutical markets. From this UK base we have built up Abitec Corporation in the US. Abitec is now a leading supplier of a wide range of personal care products to some of the largest consumer product companies in the world. In the past 12 months we have further expanded our presence in the food and pharmaceutical area by the acquisition of SPI Holdings, one of the leading suppliers of polyols in North and South America. At the same time AC Humko has been building on its base business in the US edible oils market by expanding its presence in the manufacture and sale of high value nutritional ingredients. We believe that this is an area which will offer long term enhanced shareholder value.

Although we have had an increasing investment in textile retailing for some time, our rate of investment and profit growth has accelerated in the past five years. At a time when much of the retail clothing industry has suffered from falling sales and profitability, our Penneys/Primark business, offering good value merchandise with a policy of every day low prices, has gone from strength to strength. Before the end of the current year we shall have opened our 100th store and will be trading from 1.5 million square feet of selling space. We shall continue to follow a policy of selective expansion of this division and we are budgeting for further profit growth.

In the Far East, principally in China, we now have a significant presence in the sugar refining, glucose and animal feed industries. In the past year, we have completed and successfully commissioned a new pharmaceutical dextrose plant at Lianhua and a new animal feeds facility at Liaohé. The economic problems of this region are well documented and our present policy is to ensure the operational and profitable development of our existing activities. Nevertheless our sugar investments made good progress and broke even in a difficult over-supplied market environment. We believe that these investments will achieve the long-term plans set for them.

In total, in the last five years we have invested some £530 million in the areas of activity outlined above. All of this additional investment has been made from the group's internal cash flow.

Nevertheless, the need to sharpen further the focus of our traditional food manufacturing operations in the UK and Australia has increased in recent months. The UK food manufacturing industry has struggled in recent years to meet the increased costs of doing business in an economic environment of zero food price inflation whilst endeavouring to service the demands of the powerful food retailers. In Australia conditions are equally difficult.

The company has consistently invested to reduce cost and improve efficiencies both at the manufacturing level and in the supply chain. The further consolidation of food retailing and the competition to preserve or increase share in a mature retail market will place increased pressure on suppliers. In such a climate even the largest global manufacturers are being forced to reassess their product lines and brand strategies.

The requirement to protect shareholder value where performance levels are inadequate has resulted in management undertaking a rigorous review of both our branded and own label product strategies. In some instances this may lead to decisions to rationalise certain sectors of our existing activities, particularly in markets suffering from over capacity and where the group does not have a leading presence.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Treasury policy and controls

The group's cash and current asset investments totalled £989 million at the year end including some £800 million placed with professional investment managers who have full discretion to act within closely monitored and agreed guidelines.

The investment objective is to preserve the underlying assets, whilst achieving a satisfactory return. The investment guidelines are kept under constant review with the objective of monitoring and controlling risk levels. The guidelines require that investments must carry a minimum credit rating of AA- and also set down conditions relating to sovereign risk, length of maturity, exchange rate exposure and type of investment instrument. Aggregate limits for each category of investment and risk exposure are set for each manager.

The group's United Kingdom working cash balances are managed by a central treasury department operating under strictly controlled guidelines, which also arranges term bank finance, as and when necessary, to finance the short-term working capital requirements particularly for the sugar beet and wheat harvests.

Futures contracts used as hedges in commodity trading operations are tightly controlled within set limits and transactions of a speculative nature are not undertaken.

Foreign currency

The group's divisions operate mainly in their local currency and as a result the group's transaction exposure to exchange rate movements is minimal. Significant cross-border transactions are covered by forward purchases and sales of foreign currency.

The group does not hedge the translation effect of exchange rate movements on the profit and loss account. The group regards its interest in its overseas subsidiary undertakings as long-term investments and does not hedge the translation effect of exchange rate movements on these.

Year 2000

The group initiated a formal programme in 1996/7 designed to achieve year 2000 compliance and this has been centrally guided and monitored. Each division has managed comprehensive projects to achieve year 2000 compliance and internal and external reviews have been undertaken to confirm their reported progress. Replacement and testing programmes for both internal systems and embedded systems and process controls were complete by the year end except for a very small number of non-critical systems which have subsequently been completed. Each division has maintained close liaison with all significant customers and suppliers over the last 18 months to ensure, so far as is possible, the continuity of key supplies and services.

There can be no absolute guarantees that the group will not be subject to a year 2000 failure and there still remains a risk that year 2000 failures will occur. Accordingly, the group has developed operating procedures at the year end to minimise this risk and contingency arrangements have also been developed should such a failure occur.

The cost of implementing the year 2000 compliance programme is £24 million for the current year. £19 million has been charged against operating profits and the balance has been capitalised in accordance with group accounting policies.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Research and development

The trading companies and Weston Research Laboratories Limited develop existing technology, research new products and continuously monitor the maintenance of standards. Major facilities exist at Weston Research at Maidenhead, British Sugar at Norwich, George Weston Foods in Australia and at AC Humko in the United States.

United Kingdom charitable and political contributions

Contributions to charitable organisations in the group during the year totalled £0.3 million (1998 - £0.2 million). No contributions were made to political organisations during the year (1998 - Nil).

Payments to suppliers

The group does not have a formal code that it follows with regard to payments to suppliers. It agrees payment terms with its suppliers at the time it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are, in that way, made aware of these terms. The group seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

ABF Investments plc has no trade creditors.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

Employees

The directors recognise the benefits which accrue from keeping employees informed of the development of the business and involving them in the group's progress.

The group is organised on a divisional basis and directors or managers of each division continue to evolve procedures appropriate to their size and organisation designed to keep employees and their representatives briefed on all relevant matters.

It is policy within the group to offer equal opportunities to disabled persons in their recruitment, training and career development, having due regard to their aptitudes and abilities in relation to jobs available. Every attempt is made to give those who become disabled in the workplace an opportunity to be trained and redeployed.

Directors

A list of the directors of the company at the end of the year appears on page 2. No director has a contract of service with the company which is not determinable within one year without payment of compensation.

Peter J Jackson, John G Bason and Lee Rendall were appointed to the board on 10 September 1999. In accordance with the Articles of Association, these directors now retire and, being eligible, offer themselves for re-election.

In accordance with the Articles of Association, Harold W Bailey retires from the board by rotation and, being eligible, offers himself for re-election.

Other than as disclosed in the financial statements, at no time during the year has any director had any material interest in a contract with the company, being a contract of significance to either party.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Directors' remuneration report

Remuneration levels are set by reference to individual performance, experience and market conditions with a view to providing a package which is appropriate to the responsibilities involved. With the exception of Peter J Jackson performance-related bonuses are not awarded, other than in exceptional circumstances. Peter J Jackson is entitled to an award in the event that the quoted mid-market share price of Associated British Foods plc's ordinary shares reaches pre-determined targets.

Subject to the rules of Associated British Foods plc's Share Option Scheme, Peter J Jackson and John G Bason are both entitled to receive an allocation of share options for each of the next five years and each of the next three years respectively commencing December 1999.

The group operates an executive pension scheme for senior executives, which is incorporated in the main group scheme. John G Bason and Lee Rendall are members of that scheme. Peter J Jackson is a member of the British Sugar pension scheme. These schemes are defined benefit schemes whereby retirement benefits based on final remuneration and length of service are funded through a trustee administered scheme. Associated British Foods plc pays contributions to the schemes on behalf of executives, based on the recommendations of the independent actuary who carries out a valuation every three years.

Other than as disclosed in the financial statements, at no time during the year has any director had any material interest in a contract with the company, being a contract of significance to either party.

The service contracts of all directors with the group are terminable on 12 months' notice.

The remuneration of the directors was as follows:

	Salary or fees £000	Benefits £000	1999 Total £000	1998 Total £000
GH Weston	385	14	399	394
HW Bailey	110	8	118	120
THM Shaw	182	15	197	185
PJ Jackson	289	13	302	268
JG Bason	103	5	108	
L Rendall	2	-	2	
	1,071	55	1,126	967

Remuneration reflects details for the year or, if later, since the date of appointment as director within the Associated British Foods group.

Benefits include the value attributable to benefits such as company cars, fuel and medical insurance.

Pension benefits earned by the directors ⁽¹⁾:

	Age at year end	Normal retirement age	Directors' Contributions in the year ⁽²⁾		Increase in accrued pension entitlement during the year ⁽³⁾		Accumulated total accrued pension at year end	
			1999 £000	1998 £000	1999 £000	1998 £000	1999 £000	1998 £000
THM Shaw	65	65	-	8	-	7	110	110
PJ Jackson	52	60	-	-	13	10	121	105
JG Bason	42	62	5	-	-	-	-	-
L Rendall	35	65	-	-	-	-	3	-

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Directors' remuneration report *continued*

- (1) The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year, or date of retirement if earlier.
- (2) These relate to the contributions paid or payable in the year by the directors under the terms of the Scheme.
- (3) The increase in accrued pension during the year excludes any increase for inflation. Dependents' pensions - A 50% spouse's pension is payable on death or after retirement.

Early retirement rights - The directors may retire before their normal retirement age, subject to a reduction for early retirement penalty.

Pension increases - Pensions are guaranteed to increase in line with the increases in RPI limited each year to 5%. Additional discretionary increases have been granted in the past.

At 18 September 1999, the following directors had outstanding options to acquire ordinary shares of Associated British Foods plc.

	At 13.9.98 or date of appointment Number	Granted	At 18.9.99 Number	Exercise price	Date from which exercisable	Expiry Date
PJ Jackson	100,000	—	100,000	561.5p	28.4.2003	27.4.2008
JG Bason	—	100,000	100,000	467.0p	11.5.2004	10.5.2009
L Rendall	20,000	—	20,000	561.5p	28.4.2003	27.4.2008

No other directors had any options during the year and no options lapsed or were exercised during the year.

Directors' beneficial interests

The directors of the company at the end of the year had the following beneficial interests, including family interests, in the shares and debentures of the company, its holding company and its fellow subsidiaries and subsidiary undertakings.

	18 September 1999	12 September* 1998
Garry H Weston		
Wittington Investments Limited, ordinary shares of 50p	4,925	4,925
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	610,124	610,124
George Weston Foods Limited, ordinary shares of 50 cents	2,017	2,017
Harold W Bailey		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	140,800	140,800
Trevor HM Shaw		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	84,224	84,224
Peter J Jackson		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	17,600	17,600
John G Bason		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	1,500	—
Lee Rendall		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	—	—

*12 September 1998 or date of appointment if later. On 7 May 1999, the shareholders of Associated British Foods plc approved a share capital consolidation, following the payment of a special interim dividend. Accordingly, the number of shares held in Associated British Foods plc at 12 September 1998 has been restated to reflect this consolidation.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Controlling interest

The ultimate holding company of ABF Investments plc is Wittington Investments Limited, which, with its subsidiary undertaking, Howard Investments Limited, held 52.7% of the total issued ordinary share capital of the company's holding company Associated British Foods plc.

Non-beneficial interests

The directors of the company at the end of the period had the following non-beneficial interests:

- 1 Garry H Weston is a trustee of a trust, in which he has no beneficial interest, which at 18 September 1999 held 683,073 ordinary shares of 50p (1998 - 683,073) in Wittington Investments Limited.
- 2 Harold W Bailey is a trustee of a trust, in which he has no beneficial interest, which at 18 September 1999 held 38,665 ordinary shares of 5¹⁵/₂₂p (1998 - Harold W Bailey was a trustee of two trusts holding 1,583,938 5p shares) in Associated British Foods plc.
- 3 Garry H Weston is a trustee of trusts, in which he has no beneficial interest, which at 18 September 1999 held 1,358,665 ordinary shares of 5¹⁵/₂₂p (1998 - 1,983,938 5p shares) in Associated British Foods plc.

Subsequent changes

The interests shown above remained the same at 8 November 1999.

Corporate governance

ABF Investments plc is a wholly owned subsidiary of Associated British Foods plc. With the exception of Lee Rendall, the directors of ABF Investments plc are also directors of Associated British Foods plc.

Full details of Associated British Foods plc's compliance with the provisions of the Combined Code are set out in that company's accounts for the year ended 18 September 1999.

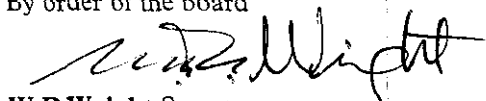
The company's affairs are controlled by Associated British Foods plc and, with the exception of a statement affirming the company as a going concern, it is not considered appropriate or necessary for the company to comply with the recommendations of the Combined Code.

The Listing Rules exempt the company from including a statement on Corporate Governance in these accounts on the basis that it only has debt securities listed.

Going concern

After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence 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



W B Wright Secretary

8 November 1999

ABF INVESTMENTS plc

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

ABF INVESTMENTS plc

AUDITORS' REPORT TO THE MEMBERS OF ABF INVESTMENTS plc

We have audited the financial statements on pages 12 to 32.

Respective responsibilities of directors and auditors

As described on page 10 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, on those statements and to report our opinion to you.

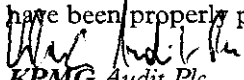
Basis of opinion

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 group'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

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 18 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

8 November 1999

ABF INVESTMENTS plc
CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 18 September 1999

	Note	Continuing operations 1999 £m	Continuing operations 1998 £m
Turnover of the group including its share of joint ventures		4,308	4,202
Less share of turnover of joint ventures		(9)	(7)
Group turnover	1	4,299	4,195
Operating costs	2	(4,075)	(3,907)
Group operating profit		224	288
Share of operating results of – joint ventures		2	(3)
– associates		2	2
Total operating profit	1	228	287
Operating profit before exceptional items and amortisation of goodwill		317	306
Exceptional items	1	(84)	(19)
Amortisation of goodwill		(5)	–
Profits less losses on sale of properties		4	(3)
Investment income	5	84	117
Profit on ordinary activities before interest		316	401
Interest payable	6	(39)	(32)
Profit on ordinary activities before taxation	1	277	369
Tax on profit on ordinary activities	7	(105)	(117)
Profit on ordinary activities after taxation		172	252
Minority interests - equity		(1)	(2)
Profit for the financial year		171	250
Dividends	8	(385)	(157)
Transfer (from)/to reserves	21	(214)	93
Earnings per ordinary share	9	38.0p	55.6p

The group has made no material acquisitions nor discontinued any operations within the meaning of the Financial Reporting Standards during either 1999 or 1998.

ABF INVESTMENTS plc
CONSOLIDATED BALANCE SHEET

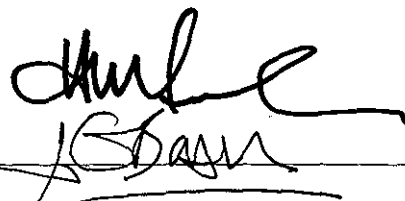
at 18 September 1999

	Note	1999 £m	1998 £m
Fixed assets			
Intangible assets – goodwill	10	108	–
Tangible assets	11	1,528	1,439
		1,636	1,439
Interest in net assets of – joint ventures	13	7	3
– associates	13	8	6
Other investments	13	4	3
Total fixed asset investments		19	12
		1,655	1,451
Current assets			
Stocks	14	464	428
Debtors	15	531	478
Investments	16	950	1,512
Cash at bank and in hand		39	59
		1,984	2,477
Creditors amounts falling due within one year			
Short term borrowings	17	(61)	(55)
Other creditors	18	(613)	(716)
		(674)	(771)
Net current assets		1,310	1,706
Total assets less current liabilities		2,965	3,157
Creditors amounts falling due after one year			
Loans	17	(157)	(157)
Other creditors	18	(10)	(13)
		(167)	(170)
Provision for liabilities and charges	19	(50)	(55)
		2,748	2,932
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Revaluation reserve	21	3	3
Other reserves	21	1	1
Profit and loss account	21	2,451	2,648
Equity shareholders' funds		2,669	2,866
Minority interests in subsidiary undertakings - equity		79	66
		2,748	2,932

These financial statements were approved by the board of directors on 8 November 1999 and were signed on its behalf by:

Harry Bailey Director

John Bason Director



ABF INVESTMENTS plc
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 18 September 1999

	Note	1999 £m	1998 £m
Cash flow from operating activities	25	256	537
Dividends from joint ventures		1	1
Dividends from associates		2	1
Return on investments and servicing of finance			
Dividends and other investment income		83	112
Interest paid		(38)	(33)
Dividends paid to minorities		(2)	(2)
		43	77
Taxation		(114)	(108)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(259)	(226)
Sale of tangible fixed assets		16	10
Purchase of equity investments		(1)	(3)
Sale of equity investments		10	3
		(234)	(216)
Acquisitions and disposals			
Purchase of new subsidiary undertakings	28	(153)	(57)
Purchase of joint ventures and associates		(3)	(1)
		(156)	(58)
Equity dividends paid		(385)	(157)
Net cash (outflow)/inflow before use of liquid funds and financing		(587)	77
 Management of liquid funds	27	(445)	(67)
Financing	26	(1)	(12)
(Decrease)/increase in cash	27	(141)	156
		(587)	77

ABF INVESTMENTS plc**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended 18 September 1999

	1999 £m	1998 £m
Profit for the financial year	171	250
Currency translation differences on foreign currency net assets	17	(53)
Total recognised gains and losses	188	197

CONSOLIDATED STATEMENT OF HISTORICAL COST PROFITS

for the year ended 18 September 1999

There is no material difference between the group results as reported and on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 18 September 1999

	Company		Group	
	1999 £m	1998 £m	1999 £m	1998 £m
Profit for the financial year	387	192	171	250
Dividends	(385)	(157)	(385)	(157)
Transfer (from)/to reserves	2	35	(214)	93
Other recognised gains and losses relating to the year	-	-	17	(53)
Goodwill acquired and written off to reserves	-	-	-	(32)
Net (decrease)/increase in shareholders' funds	2	35	(197)	8
Opening shareholders' funds	1,264	1,229	2,866	2,858
Closing shareholders' funds	1,266	1,264	2,669	2,866

ABF INVESTMENTS plc
BALANCE SHEET OF THE COMPANY

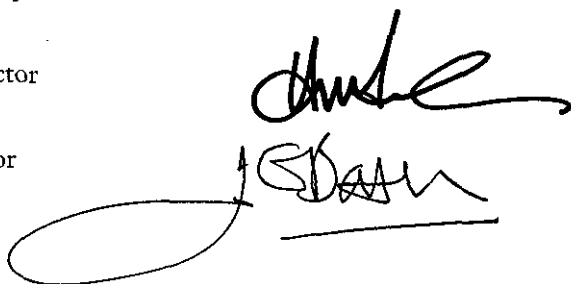
at 18 September 1999

	Note	1999 £m	1998 £m
Fixed assets			
Shares in subsidiary undertakings	24	979	914
Current assets			
Debtors	15	313	139
Investments	16	2	246
		315	385
Creditors amounts falling due within one year			
Loans	17	(8)	(7)
Other creditors	18	(20)	(28)
		(28)	(35)
Net current assets		287	350
		1,266	1,264
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Profit and loss account	21	1,052	1,050
Equity shareholders' funds		1,266	1,264

These financial statements were approved by the board of directors on 8 November 1999 and were signed on its behalf by:

Harry Bailey Director

John Bason Director



ABF INVESTMENTS plc

ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Companies Act 1985.

Basis of consolidation

The group accounts comprise a consolidation of the accounts of the company and its subsidiary undertakings, together with the group's share of the results and net assets of its joint ventures and associates. The financial statements of the company and its subsidiary undertakings are made up for the 53 weeks ended 18 September 1999, except that, to avoid delay in the preparation of the consolidated financial statements, those of the Australian and New Zealand group and China and Poland are made up to 31 July 1999, and the North American subsidiary undertakings are made up to 31 August 1999.

Acquisitions

The consolidated profit and loss account includes the results of new subsidiary undertakings, joint ventures and associates attributable to the period since change of control.

Disposals

The results of subsidiary undertakings, joint ventures and associates sold are included up to the dates of change of control. The profit or loss on the disposal of an acquired business takes into account the amount of any related goodwill previously written off directly to reserves, or the net amount of goodwill remaining unamortised, as appropriate.

Intangible fixed assets

Intangible fixed assets consist of goodwill arising on acquisitions since 13 September 1998, being the excess of the fair value of the purchase consideration of new subsidiary undertakings, joint ventures and associates over the fair value of net assets acquired. Goodwill is capitalised in accordance with FRS 10 and amortised over its useful economic life, not exceeding 20 years. Goodwill previously written off against reserves has not been reinstated.

Foreign currencies

Assets and liabilities denominated in foreign currencies are converted into sterling at the rates of exchange ruling at the balance sheet date, or at the contracted rate as appropriate. The assets and liabilities of overseas operations are converted into sterling at the rates of exchange ruling at the balance sheet date. The results of overseas operations have been translated at the average rate prevailing during the year. Exchange differences arising on consolidation are taken directly to reserves. Other exchange differences are dealt with as part of operating profits.

Pensions

The group has established separately funded pension schemes for the benefit of permanent staff, which vary with employment conditions in the countries concerned. Net pension costs are charged to income over the expected average remaining service lives of employees. Any differences between the charge for pensions and total contributions are included within pension provisions or debtors as appropriate.

Research and development

Expenditure in respect of research and development is written off against profits in the period in which it is incurred.

Fixed asset investments

Joint ventures and associates are accounted for in the financial statements of the group under the equity method of accounting. Other fixed asset investments in the group's accounts, and all fixed asset investments in the accounts of the company, are stated at cost less amounts written off in respect of any permanent diminution in value.

ABF INVESTMENTS plc

ACCOUNTING POLICIES *continued*

Depreciation

Depreciation, calculated on cost or on valuation, is provided on a straight line basis to residual value over the anticipated life of the asset. No depreciation is provided on freehold land or payments on account. 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	66 years
Plant, machinery, fixtures and fittings	
- Sugar factories	20 years
- Other operations	12 years
Vehicles	8 years

Leases

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

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due provision against obsolete and slow-moving items. In the case of manufactured goods the term "cost" includes ingredients, production wages and production overheads.

Current asset investments

Current asset investments are stated at the lower of cost or market value.

Financial instruments

Forward foreign exchange contracts and currency options are used to hedge forecast transactional cash flows and accordingly, any gains or losses on these contracts are recognised in the profit and loss account when the underlying transaction is settled. Derivative commodity contracts are used to hedge committed purchases or sales of commodities and accordingly, any gains or losses on these contracts are recognised in the profit and loss account in the same accounting period as the underlying purchase or sale. Gains or losses arising on hedging instruments which are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

Deferred tax

Deferred tax represents corporation tax in respect of accelerated taxation allowances on capital expenditure and other timing differences, to the extent that a liability is anticipated in the foreseeable future.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 18 September 1999

1. ANALYSIS OF TURNOVER, PROFITS AND NET ASSETS

	1999 £m	1998 £m
Turnover		
Geographical analysis (by origin and destination):		
European Union, mainly United Kingdom and Ireland	2,962	3,023
Australia and New Zealand	548	534
North America	665	557
Elsewhere	124	81
Group turnover	4,299	4,195
Business sector:		
Manufacturing	3,935	3,900
Retail	364	295
Group turnover	4,299	4,195
Profits		
Geographical analysis (by origin):		
European Union, mainly United Kingdom and Ireland	275	258
Australia and New Zealand	17	25
North America	26	22
Elsewhere	(1)	1
Total operating profit before exceptional items and amortisation of goodwill	317	306
Exceptional items – European Union	(84)	(13)
– elsewhere	–	(6)
Amortisation of goodwill – North America	(5)	–
Total operating profit	228	287
Business sector:		
Manufacturing	274	283
Retail	43	23
Total operating profit before exceptional items and amortisation of goodwill	317	306
Exceptional items – manufacturing	(84)	(19)
Amortisation of goodwill – manufacturing	(5)	–
Total operating profit	228	287
Other net income	49	82
Profit on ordinary activities before taxation	277	369

Exceptional items in the year relate to an FRS 11 impairment charge in respect of fixed assets within the group's UK manufacturing activities, based on their estimated value in use, using a weighted average cost of capital of 12.5%. In the previous year, exceptional items related to an increase in provisions of £13 million for the British Sugar European Commission fine and a charge of £6 million for a write down within our joint ventures.

Net assets

Geographical analysis (by origin):

European Union, mainly United Kingdom and Ireland	1,320	1,303
Australia and New Zealand	241	209
North America	331	188
Elsewhere	115	84
	2,007	1,784

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

1. ANALYSIS OF TURNOVER, PROFITS AND NET ASSETS - continued

	1999 £m	1998 £m
Net assets continued		
Business sector:		
Manufacturing	1,861	1,696
Retail	146	88
	2,007	1,784
Net financial assets	741	1,148
	2,748	2,932

2. OPERATING COSTS

	1999 £m	1998 £m
Cost of sales (including exceptional items and amortisation of goodwill)	3,283	3,183
Distribution costs	568	537
Administrative expenses	224	187
Operating costs	4,075	3,907

Operating costs are stated after charging:

Staff costs	568	556
Impairment of fixed assets	84	—
Amortisation of goodwill	5	—
Depreciation of tangible fixed assets	142	151
Hire of plant and machinery	6	6
Rentals payable under property leases	18	18
Research and development	7	9

The remuneration of the auditors in respect of audit services provided to the group during the year was £1.5 million (1998 - £1.8 million). The remuneration of the auditors and its associates in respect of non-audit services to the company and its UK subsidiaries was £0.7 million (1998 - £0.6 million).

3. EMPLOYEES

	1999	1998
Average number of employees:		
European Union, mainly United Kingdom and Ireland	20,930	21,763
Australia and New Zealand	7,147	7,115
North America	2,157	1,577
Elsewhere	3,888	2,195
	34,122	32,650
	£m	£m
Staff costs – wages and salaries	511	500
– social security costs	30	31
– other pension costs	27	25
	568	556

4. PENSION COSTS

The group operates pension schemes, the majority of which are of the defined benefit type. The pension cost charge for the year was £27 million (1998 - £25 million). The two main United Kingdom schemes provide benefits based on final pensionable earnings. The pension costs in the United Kingdom are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The last actuarial valuations of the two major schemes were carried out as at 5 April 1996 and 1 October 1998. In these valuations it was assumed that the investment return would exceed price inflation by 4 %, that salary increases would exceed price inflation by 2 % and that increases in dividends would either keep pace with price inflation or fall behind it by 0.75 %. At the valuation dates the total market value of the two major schemes' assets was £1,473 million and the actuarial value of these assets represented 125 % of the benefits that had accrued to members after allowing for expected future increases in earnings.

The group also operates pension schemes in Australia and New Zealand, the United States and the Republic of Ireland. The charge for the year is based on recommendations by qualified local actuaries.

5. INVESTMENT INCOME

	1999 £m	1998 £m
Dividend income from current asset equity investments	2	2
Interest from other current asset investments – listed	8	3
– unlisted	70	110
Profit on sale of current asset equity investments	4	2
	84	117

6. INTEREST PAYABLE

	1999 £m	1998 £m
Parent company loans	15	10
Other loans	24	22
	39	32

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £m	1998 £m
The charge for the year is as follows:		
United Kingdom – corporation tax at 30.5% (1998 - 31.0%)	79	86
Overseas – income and corporation tax	23	26
– deferred tax	2	3
Joint ventures and associates	1	2
	105	117

The charge for United Kingdom corporation tax is stated after no deduction for double taxation relief (1998 - £1million) on dividends received from overseas subsidiaries.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

8. DIVIDENDS OF ABF INVESTMENTS plc

	1999 £m	1998 £m
Ordinary dividends	385	157

9. EARNINGS PER ORDINARY SHARE

The calculation is based on available profit for the financial year of £171 million (1998 - £250 million) and 450 million shares (1998 - 450 million) being the number of ordinary shares in issue during the year.

10. INTANGIBLE FIXED ASSETS - GOODWILL

	£m
Cost at 12 September 1998	—
Goodwill arising on acquisitions	113
Cost at 18 September 1999	113
Amortisation at 12 September 1998	—
Provided during year	5
Amortisation at 18 September 1999	5
Net book value at 18 September 1999	108
Net book value at 12 September 1998	—

11. TANGIBLE FIXED ASSETS

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Payments on account £m	Total £m
Cost or valuation at 12 September 1998	603	1,588	165	64	2,420
Effect of currency changes	6	27	1	1	35
New subsidiary undertakings	19	26	1	4	50
Additions	65	149	24	19	257
Disposals	(9)	(39)	(12)	—	(60)
Cost or valuation at 18 September 1999	684	1,751	179	88	2,702
Depreciation at 12 September 1998	103	780	98	—	981
Effect of currency changes	1	13	—	—	14
Provided during year	16	108	18	—	142
Impairment of fixed assets	5	76	3	—	84
On disposals	(2)	(33)	(12)	—	(47)
Depreciation at 18 September 1999	123	944	107	—	1,174
Net book value at 18 September 1999	561	807	72	88	1,528
Net book value at 12 September 1998	500	808	67	64	1,439

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

11. TANGIBLE FIXED ASSETS *continued*

	1999 £m	1998 £m
Analysis of land and buildings at net book value:		
Freehold	488	450
Long leasehold	47	42
Short leasehold	26	8
	561	500

Land and buildings stated at valuation had a net book value at 18 September 1999 of £18 million (1998 - £17 million) based on valuations carried out principally in 1981/82. On a historical cost basis the net book value of these assets at 18 September 1999 would have been £14 million (1998 - £13 million). The book value of land as at 18 September 1999 not amortised in the financial statements was £67 million (1998 - £66 million).

12. CAPITAL COMMITMENTS

There are commitments for capital expenditure by the group of approximately £48 million (1998 - £51 million) for which no provision has been made in these financial statements.

13. FIXED ASSET INVESTMENTS

	Joint ventures £m	Associates £m	Other Investments £m	Total £m
At 12 September 1998	3	6	3	12
Effect of currency changes	-	-	1	1
New subsidiary undertakings	3	-	-	3
Additions	1	2	-	3
At 18 September 1999	7	8	4	19

Details of the principal joint ventures and associates are given on page 34. Interests in the net assets of joint ventures include the group's share of gross assets of £12 million (1998 - £8 million) and the group's share of gross liabilities of £5 million (1998 - £5 million).

Other investments are stated at cost.

14. STOCKS

	1999 £m	1998 £m
Raw materials and consumables	192	172
Finished goods and goods for resale	272	256
	464	428

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

15. DEBTORS

	Company		Group	
	1999 £m	1998 £m	1999 £m	1998 £m
Trade debtors	–	–	413	410
Amounts owed by subsidiary undertakings	5	–	–	–
Amounts owed by holding company	308	139	43	–
Other debtors	–	–	44	37
Prepayments and accrued income	–	–	31	31
	313	139	531	478

16. CURRENT ASSET INVESTMENTS

	Company		Group	
	1999 £m	1998 £m	1999 £m	1998 £m
Listed on a recognised stock exchange				
– equity investments	2	6	26	22
– other listed investments	–	–	86	84
Unlisted investments	–	240	838	1,406
	2	246	950	1,512

The market value of the group's listed equity investments was £35 million (1998 - £32 million). Other listed and unlisted investments comprise interest bearing instruments and deposits. Listed investments include £1 million (1998 - £1 million) quoted on overseas stock exchanges.

17. LOANS AND SHORT-TERM BORROWINGS

	Company		Group	
	1999 £m	1998 £m	1999 £m	1998 £m
Bank loans and overdrafts	1	–	17	21
Other loans				
Wholly repayable within five years				
5 ½% unsecured loan stock 1987/2002	2	2	2	2
7 ½% unsecured loan stock 1987/2002	5	5	5	5
Other unsecured loans	–	–	6	6
Secured loans	–	–	34	24
Wholly or partly repayable after five years				
10 ¾% redeemable debenture stock 2013 (secured)	–	–	150	150
Other unsecured loans	–	–	4	4
	8	7	218	212
Creditor analysis				
Repayable:				
in one year or less – bank loans and overdrafts	1	–	17	21
– other loans	7	7	44	34
	8	7	61	55
beyond one year – between one and two years	–	–	3	3
– between two and five years	–	–	1	1
– in more than five years	–	–	153	153
	–	–	157	157

The secured loans are secured by floating charges over the assets of subsidiary undertakings.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

18. CREDITORS

	Company		Group	
	1999 £m	1998 £m	1999 £m	1998 £m
Amounts falling due within one year				
Trade creditors	-	-	233	223
Taxation on profits	5	18	113	121
Other taxation and social security	-	-	15	20
Accruals and deferred income	10	10	252	251
Amounts owed to subsidiary undertakings	5	-	-	-
Amounts owed to holding company	-	-	-	101
	20	28	613	716

Amounts falling due after one year

Taxation on profits	-	-	10	13
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Taxation falling due after one year of £10 million includes £8 million payable on or before 30 September 2000.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	European Commission fine £m	Restructuring £m	Other £m	Total £m
At 12 September 1998	28	7	20	55
Effect of currency changes	(2)	-	-	(2)
Profit and loss account - charged	-	1	1	2
Utilised	-	(4)	(1)	(5)
At 18 September 1999	26	4	20	50

The provision in respect of the European Commission ("EC") fine represents the full amount of the fine imposed by the EC on British Sugar plc pursuant to Article 85 of the European Treaty. This was imposed by the EC in respect of matters which occurred between 1986 and 1990, prior to Associated British Foods plc acquiring British Sugar. British Sugar has lodged an appeal against this decision on a number of grounds, including that the fine is out of proportion to the alleged offence, and is awaiting a hearing date.

Restructuring provisions relate to the redundancy costs associated with the group's announced reorganisation plans principally in respect of its UK manufacturing operations.

Other provisions mainly comprise potential warranty claims arising from businesses disposed of in prior periods.

No provision for deferred tax is required (1998 - £nil). The full potential liability in respect of accelerated capital allowances and other timing differences at 18 September 1999 was £96 million (1998 - £89 million).

No deferred tax provision has been made in these financial statements for the additional tax which may be payable on the remittance to this country of the group's share of profits retained by overseas subsidiary undertakings since there is no intention to repatriate these reserves to the UK in the foreseeable future.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

20. SHARE CAPITAL OF ABF INVESTMENTS plc

	Ordinary shares of 5p each '000	Nominal value £m
Authorised		
At 18 September 1999 and 12 September 1998	600,000	30
Issued		
At 18 September 1999 and 12 September 1998	449,815	22

21. RESERVES

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m
Group				
At 12 September 1998	192	3	1	2,648
Effect of currency changes	—	—	—	17
Transfer from reserves	—	—	—	(214)
At 18 September 1999	192	3	1	2,451
Company				
At 12 September 1998	192	—	—	1,050
Retained profits for the year	—	—	—	2
At 18 September 1999	192	—	—	1,052

As permitted by Section 230 of the Companies Act 1985, no profit and loss account has been presented for the company.

The cumulative amount of goodwill written off as a result of acquisitions made in earlier financial periods is £464 million (1998 - £472 million).

22. CONTINGENT LIABILITIES

The company and four UK subsidiary undertakings are party to cross guarantees and letter of charge arrangements in respect of their bank accounts with one of the group's bankers. Under these arrangements the company guarantees the payment of, or discharge to the bank, all monies and liabilities incurred by the other companies to the bank and all monies standing to the credit of any of the company's accounts in the bank's books shall stand charged, by way of fixed and specific charge, with the payment of all monies due by the other companies to the bank.

Litigation and other proceedings against companies in the group are not considered material in the context of these financial statements.

ABF INVESTMENTS plc**NOTES FORMING PART OF THE FINANCIAL STATEMENTS** *continued***23. LEASES**

The group has minimum annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:	Within one year £m	Two to five years £m	Over five years £m	Total £m
Land and buildings	4	4	11	19
Others	1	3	—	4
At 18 September 1999	5	7	11	23
Land and buildings	2	3	11	16
Others	1	2	1	4
At 12 September 1998	3	5	12	20

24. SHARES IN SUBSIDIARY UNDERTAKINGS

	£m
At 12 September 1998	914
Additions	65
At 18 September 1999	979

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on pages 33 and 34. Except where noted, none of the companies shown is a direct subsidiary undertaking of ABF Investments plc.

The entire share capital of the companies listed are held within the group except where percentages are shown. These percentages give the group's ultimate interest and therefore allow for the position where subsidiaries are owned by partly owned intermediate subsidiary undertakings.

25. CASH FLOW FROM OPERATING ACTIVITIES

	1999 £m	1998 £m
Operating profit	224	288
Impairment of fixed assets	84	—
Amortisation of goodwill	5	—
Depreciation	142	151
Movement with holding company	(155)	106
(Increase)/decrease in working capital		
– stocks	(17)	(16)
– debtors	2	3
– creditors	(26)	3
Provisions	(3)	2
Net cash from operating activities	256	537

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

26. ANALYSIS OF CHANGES IN FINANCING

	1999 £m	1998 £m
Issue of short term loans	(46)	(33)
Repayment of short term loans	46	24
Issue of loans over one year	(3)	2
Repayment of loans over one year	2	—
Shares issued to minority shareholders	—	(5)
	(1)	(12)

27. NET FUNDS

	Investments £m	Cash at bank £m	Short term borrowings £m	Loans over one year £m	Total £m
Increase in cash	117	23	16	—	156
Financing (note 26)	—	(5)	(9)	2	(12)
Management of liquid funds	(67)	—	—	—	(67)
Shares issued to minority shareholders	—	5	—	—	5
Sale of equity investments	(1)	—	—	—	(1)
Transfers	3	—	—	—	3
Loan notes issued to acquire a subsidiary undertaking	—	—	(5)	(3)	(8)
Effect of currency changes	(14)	(3)	1	1	(15)
Movement in net funds in the year - 1997/1998	38	20	3	—	61
Net funds at 13 September 1997	1,474	39	(58)	(157)	1,298
Net funds at 12 September 1998	1,512	59	(55)	(157)	1,359
Increase/(decrease) in cash	(123)	(21)	3	—	(141)
Financing (note 26)	—	—	—	(1)	(1)
Management of liquid funds	(445)	—	—	—	(445)
Purchase of equity investments	1	—	—	—	1
Sale of equity investments	(6)	—	—	—	(6)
Changes in market value	9	—	—	—	9
Arising on acquisition of subsidiary undertakings	—	—	(8)	—	(8)
Effect of currency changes	2	1	(1)	1	3
Movement in net funds in the year - 1998/1999	(562)	(20)	(6)	—	(588)
Net funds at 12 September 1998	1,512	59	(55)	(157)	1,359
Net funds at 18 September 1999	950	39	(61)	(157)	771

Liquid funds comprise interest bearing instruments and deposits.

ABF INVESTMENTS plc**NOTES FORMING PART OF THE FINANCIAL STATEMENTS** *continued***28. ACQUISITIONS AND DISPOSALS**

	Acquisitions	
	1999 £m	1998 £m
Net assets		
Tangible fixed assets	50	39
Fixed asset investments	3	—
Stocks	14	12
Debtors	11	14
Cash at bank and in hand	16	1
Creditors	(19)	(24)
Bank overdrafts	(37)	(1)
Loans and finance leases	(8)	(8)
Minority interests	(11)	(8)
Net assets acquired	19	25
Goodwill	113	32
Total consideration	132	57
Satisfied by		
Cash	132	57
Net cash		
Cash consideration	132	57
Cash and borrowings acquired	21	—
	153	57

There have been no material fair value adjustments on acquisitions.

There have been no disposals during the current or prior year.

29. FINANCIAL INSTRUMENTS

Disclosures on financial risk management, treasury policies and use of financial instruments are also included in the Directors' Report. As permitted by FRS 13, comparative figures are not disclosed. Short term debtors and creditors have been excluded from the following disclosures except for the analysis of net currency exposures.

Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the group at 18 September 1999 was:

	Financial assets on which no interest is received £m	Floating rate financial assets £m	Fixed rate financial assets £m	Total £m	Fixed rate financial assets Weighted average interest rate %	Weighted average period for which rate is fixed Months
Currency						
Sterling	28	748	77	853	5.3	60
Australian dollar	—	35	—	35	—	—
US dollar	2	21	—	23	—	—
Euro	—	49	14	63	4.0	22
Other	1	18	—	19	—	—
	31	871	91	993	5.0	54

The floating rate financial assets comprise cash, short-term deposits and other financial instruments, bearing interest fixed in advance, based on local prevailing rates.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the group as at 18 September 1999 was:

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Fixed rate financial liabilities Weighted average interest rate %	Weighted average period for which rate is fixed Months
Currency					
Sterling	20	157	177	10.6	159
Australian dollar	1	—	1	—	—
US dollar	5	4	9	8.4	179
Euro	1	—	1	—	—
Other	25	5	30	6.8	39
	52	166	218	10.4	156

The floating rate financial liabilities comprise short-term bank borrowings bearing interest fixed in advance, based on local prevailing rates.

Currency exposure

The analysis below shows the net monetary assets and liabilities of the group that are not denominated in their functional currency and therefore give rise to exchange gains and losses in the profit and loss account. The amounts shown below take into account the effect of forward currency contracts.

Net foreign currency monetary assets/(liabilities)	Functional currency of group operation			Total £m
	Sterling £m	Euro £m	Other £m	
Sterling	—	(1)	(3)	(4)
US dollar	2	—	7	9
Euro	19	—	(1)	18
Other	1	—	—	1
	22	(1)	3	24

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

29. FINANCIAL INSTRUMENTS - continued

Borrowing facilities

The group has various borrowing facilities available to it. The undrawn committed facilities at 18 September 1999 in respect of which all conditions precedent have been met were as follows:

	£m
Expiring within one year	19
Expiring in years one to two	-
Expiring thereafter	1
	20

Fair value

The estimated fair value of the group's financial instruments are summarised below:

	Carrying amount £m	Estimated fair value £m
Primary financial instruments held or issued to finance the group's operations		
Cash	39	39
Fixed asset investments	4	4
Current asset investments	950	962
Loans due within one year	(61)	(61)
Loans due after one year	(157)	(215)

The fair value of current asset investments is based on market value.

**Derivative financial instruments held
to manage currency and commodity exposure**

Forward foreign exchange contracts	-	-
Currency options	-	1
Commodity instruments	-	-

The value of these contracts is the estimated amount which the group would expect to pay or receive on the termination of these contracts.

Hedges

Gains and losses on hedging instruments are not recognised until the underlying assets or liabilities are realised.

Unrecognised gains and losses on hedges

	Gains £m	Losses £m	Net gains/ (losses) £m
At 12 September 1998	1	(3)	(2)
Arising in previous years and recognised during the year	(1)	3	2
Arising before 12 September 1998 and not recognised during the year	-	-	-
Arising in the year and not recognised during the year	2	(1)	1
At 18 September 1999	2	(1)	1
Expected to be recognised			
In one year or less	2	(1)	1
In later years	-	-	-
	2	(1)	1

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

30. HOLDING COMPANY INFORMATION

The ultimate parent undertaking is Wittington Investments Limited which is incorporated in Great Britain and registered in England. The company is a wholly owned subsidiary of Associated British Foods plc. 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 Associated British Foods plc which is incorporated in Great Britain and registered in England. The consolidated financial statements of Associated British Foods plc are available to the public at 3-5 Rickmansworth Road, Watford, Hertfordshire, WD1 7HG.

31. RELATED PARTY TRANSACTIONS

The ABF Investments plc group's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of the transactions with them, are summarised below:

	Sub note	1999 £m	1998 £m
Sales to fellow subsidiary undertakings on normal trading terms	1	7	6
Amounts due from fellow subsidiary undertakings	1	1	1
Sales to joint ventures and associates on normal trading terms	2	50	21
Purchases from joint ventures and associates on normal trading terms	2	6	16
Amounts due from joint ventures and associates	2	5	5
Amounts due to joint ventures and associates	2	1	2

Sub notes

1. The fellow subsidiary company is Fortnum & Mason plc.
2. Details of the group's principal joint ventures and associated undertakings are set out on page 34.

ABF INVESTMENTS plc

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Manufacturing activities

AB Ingredients Limited (95%)
 ABN Limited
 ABR Foods Limited
 AB Technology Limited
 Abitec Corporation
 AC Humko Incorporated
 Allied Bakeries Limited
 Allied Foods Co Limited (78%)
 Allied Foods Limited
 Allied Grain Limited
 Allied Mills Limited
 Barcroft Company
 British Sugar plc*
 British Sugar (Overseas) Limited
 Burtons Gold Medal Biscuits Limited
 Carl Lange AS
 Cereal Industries Limited*
 Cukrownia Gliniojeck SA (53%)
 Erik Haugen AS
 Fishers Agricultural Holdings Limited
 Foods International SA
 George Weston Foods Limited (78%)
 Germaines (UK) Limited
 Germaines (Ireland) Limited
 Germaines Sp zoo (65%)
 Gregg & Company (Knottingley) Limited
 Grosvenor Marketing Limited
 Guangxi Bo Hua Food Company (71%)
 Guangxi Boqing Food Co. Limited (60%)
 Henan Lianhua - BSO Pharmaceutical Co. Limited (57%)
 Jacksons of Piccadilly Limited
 Jordan's (NI) Limited
 Lax & Shaw Limited
 Liaoning Liaohe Ai Min Feed Company Limited (55%)
 Liaoning Liaohe Yingpeng Feed Company Limited (55%)
 Nambarrie Tea Company Limited
 Provincial Merchants Limited
 R Twining & Company Limited
 R Twining & Co. Limited
 Seed Systems Incorporated
 Shanghai ABN - Huinong Feed Company Limited (60%)
 SPCA Barcroft SA
 SPI Polyols Incorporated
 Sugarpol (Torun) Sp zoo (72%)
 The Ryvita Company Limited
 Trident Feeds
 Westmill Foods Limited
 Weston Research Laboratories Limited

Country of incorporation

United Kingdom
 United Kingdom
 United Kingdom
 United Kingdom
 USA
 USA
 United Kingdom
 New Zealand
 United Kingdom
 United Kingdom
 United Kingdom
 USA
 United Kingdom
 United Kingdom
 United Kingdom
 Denmark
 United Kingdom
 Poland
 Norway
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 France
 Australia
 United Kingdom
 Republic of Ireland
 Poland
 United Kingdom
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 United Kingdom

ABF INVESTMENTS plc
PRINCIPAL SUBSIDIARY UNDERTAKINGS *Continued*

Retailing activities	Country of incorporation
Primark	Republic of Ireland
Primark Stores Limited*	United Kingdom
Investment and other activities	
Bonuit Investments Limited	Jersey, Channel Islands
Eastbow Securities Limited*	United Kingdom
Portelet Investments Limited	Jersey, Channel Islands
Serpentine Securities Limited*	United Kingdom
Talisman (Guernsey) Limited	Guernsey, Channel Islands

Group interest is 100% except where indicated

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

*Direct subsidiary of ABF Investments plc

INVESTMENTS

	Country of incorporation	Issued ordinary share capital Total	Group percentage
Principal joint ventures and associated undertakings			
C Czarnikow Sugar Limited	United Kingdom	£1,000,000	42
Getec Guanabara Quimica Industrial SA	Brazil	BRR 14,254,370	24.75
Harper-Love Adhesives Corporation	USA	US\$12,200	50
Incon Technologies Incorporated	USA	US\$6,400,000	50
Mauri Products Limited	United Kingdom	£1,375,001	50
New Food Coatings Pty Limited	Australia	A\$150,000	50
Proofex Limited	Republic of Ireland	IEP800,000	30
PT Associated British Budi	Indonesia	IDR 41,814 million	49.9
PT Budi British Bahan Pangan	Indonesia	IDR 9,524 million	49.9
W A Country Bakers Pty Limited	Australia	A\$1,000,000	50

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.