

ABR Foods Limited

Directors' report and financial statements

17 September 1994

Registered number 860691



ABR Foods Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes	8-16

ABR Foods Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 17 September 1994.

Principal activities

In the course of the period the principal activities were the production and sale of starch, glucose and gluten.

Business review and future developments

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments will be related to these activities.

On 19 September 1993, the company acquired the net assets and business of Allied-Love Adhesives Limited at a book value of £216,047.

Trading results, dividends and transfer to reserves

The profit and loss account for the period is set out on page 7. Profit on ordinary activities after taxation amounted to £2,026,611. The directors do not recommend the payment of a dividend for the period.

The total profit was transferred to reserves.

Fixed assets

Changes in tangible fixed assets are shown in note 7. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded that amount included in the balance sheet, but they are unable to quantify the excess.

Directors and directors' interests

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

PJ Jackson
RF McCoy
IE Pyle (resigned 30 September 1993)
JG Reid
RH Richard
AJ Wells
CA Yates

Notification of an interest in the shares in this company and shares in or debentures of other group companies by PJ Jackson is not required because at the end of the period he was also a director of a company of which this company is a wholly owned subsidiary undertaking.

ABR Foods Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The following directors had interests in the share capital of Associated British Foods plc, as recorded in the register of directors' interests as set out below:

	Ordinary shares of 5p each at end of period	Ordinary shares of 5p each at beginning of period or date of appointment
RF McCoy	1,700	1,700
JG Reid	27,000	5,000
RH Richard	23,270	7,070

The other directors notified no interests.

According to the register of directors' interests, no rights to subscribe for ordinary shares in Associated British Foods plc or shares in or debentures of any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

	Options at 17 September 1994	Options cancelled	Options exercised	Options granted	Options at 18 September 1993
RF McCoy	-	(10,000)	(5,000)	10,000	5,000
JG Reid	-	(5,000)	(25,000)	-	30,000
RH Richard	-	(30,000)	(20,000)	20,000	30,000
AJ Wells	-	(5,000)	-	5,000	-

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

ABR Foods Limited

Directors' report *(continued)*

Employees

The company is committed to the further development of employee information and consultation. This is achieved both in conjunction with trade union representatives and through briefing sessions with wider groups of employees.

It is the policy of the company to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

By order of the board



AJ Wells
Director

Weston Centre
Bowater House
68 Knightsbridge
London
SW1X 7LR

25 October 1994

ABR Foods Limited

Statement of 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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the auditors to the members of ABR Foods Limited

We have audited the financial statements on pages 6 to 16.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of opinion

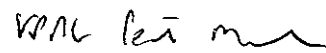
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

As explained in the accounting policies (note 2), no provision has been made for deferred tax. Note 6 specifies the total potential amount of deferred taxation not provided but no assessment has been made of the extent to which it is probable that this might crystallise and therefore, of the amount for which provision should be made in accordance with the requirements of Statement of Standard Accounting Practice No.15 and the Companies Act 1985.

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 17 September 1994 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

28 October 1994

ABR Foods Limited

Profit and loss account for the period ended 17 September 1994

		52 week period ended 17 September 1994		53 week period ended 18 September 1993	
	Note	Continuing operations		Total	Total
		£	Acquisitions £	£	£
Turnover	2	36,856,557	744,204	37,600,761	32,346,123
Cost of sales		(30,067,717)	(553,598)	(30,621,315)	(27,544,085)
Gross profit		6,788,840	190,606	6,979,446	4,802,038
Distribution costs		(2,729,400)	(111,612)	(2,841,012)	(2,367,575)
Administrative expenses		(1,363,015)	(1,227)	(1,364,242)	(1,228,829)
Profit on ordinary activities before taxation		2,696,425	77,767	2,774,192	1,205,634
Tax on profit on ordinary activities	6			(747,581)	666,698
Retained profit for the financial period				2,026,611	1,872,332
Retained profit brought forward				10,902,304	9,029,972
Retained profit carried forward				12,928,915	10,902,304

There are no recognised gains or losses other than the profit for the period and the previous period.

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.

In the current period, the company had no discontinued operations.

ABR Foods Limited

Balance sheet
at 17 September 1994

	Note	17 September 1994	18 September 1993
		£	£
Fixed assets			
Tangible assets	7	26,674,540	27,516,353
Current assets			
Stocks	9	5,559,549	3,507,234
Debtors	10	5,054,638	3,936,107
Cash at bank and in hand		3,780	4,354
		<u>10,617,967</u>	<u>7,447,695</u>
Creditors: amounts falling due within one year	11	(22,863,592)	(22,561,744)
Net current liabilities		<u>(12,245,625)</u>	<u>(15,114,049)</u>
Net assets		<u>14,428,915</u>	<u>12,402,304</u>
Capital and reserves			
Called up share capital	12	1,500,000	1,500,000
Profit and loss account		12,928,915	10,902,304
		<u>14,428,915</u>	<u>12,402,304</u>

These financial statements were approved by the board of directors on ²⁵ ~~23~~ October 1994 and were signed on its behalf by:


RF McCoy
Director

ABR Foods Limited

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 17 September 1994.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards except that, for the reasons set out in the deferred tax accounting policy, they do not comply with Statement of Standard Accounting Practice No. 15.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Fixed assets and depreciation

Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the useful economic life of the asset. No depreciation is provided on freehold land. Leaseholds are written off over the period of the lease. The useful economic life of other assets is generally deemed to be not longer than:

Freehold buildings	-	66 years
Plant, machinery, fixtures and fittings	-	12 years
Vehicles	-	8 years

Leases

All material leases entered into by the company are operating leases whereby substantially all 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.

Research and development

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

ABR Foods Limited

Notes (continued)

2 Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision for obsolete and slow-moving items. In the case of work-in-progress and finished goods manufactured by the company, the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

Deferred taxation

No provision has been made for deferred tax as the company is a member of a group which provides for deferred tax only in the group financial statements. The assessment of what deferred tax, if any, will become payable in the foreseeable future has not been made separately for this company.

Foreign currencies

Transactions denominated 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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

3 Profit on ordinary activities before taxation

	52 week period ended 17 September 1994 £	53 week period ended 18 September 1993 £
<i>Profit on ordinary activities before taxation after charging</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	2,952,043	2,213,447
Hire of plant and machinery - rentals payable under operating leases	-	166
Rentals payable under property leases	210,000	210,000
Auditors' remuneration:		
Audit	26,395	24,250
Other services	13,650	8,100
	<hr/>	<hr/>

ABR Foods Limited

Notes (continued)

4 Directors and employees

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	52 week period ended 17 September 1994	53 week period ended 18 September 1993
Production	92	87
Sales	17	14
Administration	23	24
	<hr/>	<hr/>
	132	125
	<hr/>	<hr/>

The aggregate staff costs of these persons were as follows:

	52 week period ended 17 September 1994 £	53 week period ended 18 September 1993 £
Wages and salaries	3,082,704	2,668,686
Social security costs	275,025	237,329
Other pension costs (see note 5)	128,332	109,562
	<hr/>	<hr/>
	3,486,061	3,015,577
	<hr/>	<hr/>

ABR Foods Limited

Notes (continued)

4 Directors and employees (continued)

	52 week period ended 17 September 1994 £	53 week period ended 18 September 1993 £
Directors' emoluments:		
Fees	174,197	187,927
Other emoluments including pension contributions	23,507	24,205
Compensation for loss of office	-	30,605
	<u>197,704</u>	<u>242,737</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1993 : £Nil) and those of the highest paid director were £71,432 (1993 : £68,719).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	52 week period ended 17 September 1994	53 week period ended 18 September 1993
£0 - £ 5,000	4	3
£25,001 - £30,000	-	1
£45,001 - £50,000	1	1
£50,001 - £55,000	-	1
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
	<u>1</u>	<u>-</u>

In addition £82,833 was paid to the directors on the cancellation of their share options in Associated British Foods plc on 29 July 1994 as a result of a reorganisation of that company's capital structure.

ABR Foods Limited

Notes (continued)

5 Pensions

The group's pension costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of Associated British Foods plc.

The company pays a regular amount to Associated British Foods plc which makes contributions to the group scheme on its behalf. Any benefits or costs arising as a result of a scheme surplus or deficit are retained or borne by Associated British Foods plc. From the perspective of the company the scheme operates similarly to a defined contribution scheme; the particular requirements of SSAP 24 concerning accounting for a defined benefit scheme, which would require the surplus or deficit to be recognised in this company, do not apply. In the opinion of the directors this treatment is appropriate in order to reflect the substance of the company's pension arrangements.

6 Taxation on profit on ordinary activities

	52 week period ended 17 September 1994 £	53 week period ended 18 September 1993 £
Tax credit arising from surrender of taxable loss	-	666,698
UK corporation tax at 33% (1993: 33%) on the profit for the year on ordinary activities	<u>(747,581)</u>	<u>-</u>

As explained in the accounting policies (note 2) no provision has been made for deferred tax.

The full potential amounts of deferred tax would be as follows:

	Accelerated capital allowances £
At 17 September 1994	<u>3,880,007</u>
At 18 September 1993	<u>3,679,149</u>

ABR Foods Limited

Notes (continued)

7 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of period	5,188,979	34,342,180	179,354	1,408,081	41,118,594
Transfers to company	-	120,399	-	-	120,399
Additions	135,807	1,607,363	59,399	335,944	2,138,513
Disposals	-	-	-	(147,235)	(147,235)
At end of period	5,324,786	36,069,942	238,753	1,596,790	43,230,271
<i>Depreciation</i>					
At beginning of period	722,998	12,059,966	121,236	698,041	13,602,241
Transfers to company	-	89,245	-	-	89,245
Charge for period	101,816	2,616,725	27,538	205,964	2,952,043
On disposals	-	-	-	(87,798)	(87,798)
At end of period	824,814	14,765,936	148,774	816,207	16,555,731
<i>Net book value</i>					
At 17 September 1994	4,499,972	21,304,006	89,979	780,583	26,674,540
At 18 September 1993	4,465,981	22,282,214	58,118	710,040	27,516,353

Analysis of land and buildings at net book value:

	17 September 1994 £	18 September 1993 £
Freehold	4,203,019	4,302,456
Short leasehold	296,953	163,525
	<u>4,499,972</u>	<u>4,465,981</u>

Freehold land of £150,000 (1993: £150,000) is not depreciated.

ABR Foods Limited

Notes (continued)

8 Capital commitments

There are authorised contracts for capital expenditure by the company of approximately £20,000 (1993: £1,120,267) for which no provision has been made in these financial statements. The directors have approved further capital expenditure of approximately £2,510,000 (1993: £1,050,642) for which there are no contractual arrangements.

9 Stocks

	17 September 1994 £	18 September 1993 £
Raw materials and consumables	1,342,401	355,731
Finished goods and goods for resale	4,217,148	3,151,503
	<u>5,559,549</u>	<u>3,507,234</u>

10 Debtors

	17 September 1994 £	18 September 1993 £
Trade debtors	4,544,351	3,515,699
Amounts owed by group undertakings:		
Parent and fellow subsidiary undertakings	199,047	49,675
Other debtors	149,616	134,871
Prepayments and accrued income	161,624	235,862
	<u>5,054,638</u>	<u>3,936,107</u>

All debtors are due within one year.

ABR Foods Limited

Notes (continued)

11 Creditors

Amounts falling due within one year	17 September 1994 £	18 September 1993 £
Bank loans and overdrafts	196,196	62,212
Trade creditors	1,773,597	2,157,269
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	19,365,221	19,471,056
Other creditors including taxation and social security	844,258	76,065
Accruals and deferred income	684,320	795,142
	<u>22,863,592</u>	<u>22,561,744</u>

Included in creditors at the year end are goods to the value of £360,005 which are purchased subject to retention of title clauses.

12 Called up share capital

	18 September 1993 and 17 September 1994 Number	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

13 Reconciliation of movements in shareholders' funds

	17 September 1994 £	18 September 1993 £
Opening shareholders' funds	12,402,304	10,529,972
Profit for the financial year	<u>2,026,611</u>	<u>1,872,332</u>
Closing shareholders' funds	<u>14,428,915</u>	<u>12,402,304</u>

ABR Foods Limited

Notes (continued)

14 Contingent liabilities

At the year end the company had given a bank guarantee for £310,000.

15 Lease commitments

Operating leases

The company has minimum annual commitments under non-cancellable operating leases which expire as follows:

	17 September 1994		18 September 1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Over five years	<u>210,000</u>	<u>-</u>	<u>210,000</u>	<u>166</u>

16 Holding company

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

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England.