

Howard Investments Limited

**Strategic Report, Directors' Report and
Financial Statements**

Registered number 3729125

15 September 2018



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Strategic report for the period 17 September 2017 to 15 September 2018

The directors present their strategic report for the 52 weeks ended 15 September 2018.

Principal activity

The principal activity is that of an investment company.

Business review and future developments

During the period, the main activity of the company remained unchanged and the directors expect that any future developments will be related to this activity.

The company's key financial performance indicator is the absolute dividend received from its shareholding in Associated British Foods ('ABF'). The dividend received increased by 9% during the year £11,649,905 (2017: £10,649,732).

Trading results, dividends and transfer to reserves

The statement of comprehensive income for the period is set out on page 7. The profit on ordinary activities after tax amounted to £11,875,000 (2017: £10,848,000).

No dividend is recommended for the period (2017: £Nil).

Principal risks and uncertainties

The company's primary investment is its shareholding in Associated British Foods ('ABF') and its main income is the dividend it derives from this investment. Consequently its principal risk is the performance of ABF and its share price over which it does not have control.

Employees

During the period 17 September 2017 to 15 September 2018 the company did not employ any staff. Information about the directors can be found in the Directors' report on page 2.

By order of the board



Guy Weston

Director

15 January 2019

Weston Centre
10 Grosvenor Street
London W1K 4QY
UK

Directors' report

The directors present their directors' report and the audited financial statements for the 52 weeks ended 15 September 2018.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors and directors' interests

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

Guy Weston
George Weston
Anna Catrina Hobhouse
Stephen Hancock (deceased 11 February 2018)

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

No director had at any time during the period any material interest in a contract with the company.

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year.

Financial risk management

Details of the company's use of financial instruments and its exposure to risk can be found in note 10.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board



Amanda Geday
Secretary
15 January 2019

Weston Centre
10 Grosvenor Street
London W1K 4QY
UK

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Independent auditor's report to the members of Howard Investments Limited

Opinion

We have audited the financial statements of Howard Investments Limited for the year ended 15 September 2018 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 15 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Howard Investments Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Howard Investments Limited (continued)

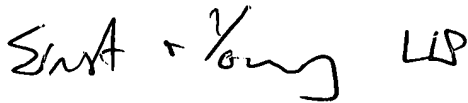
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Handwritten signature of Philip Young in black ink, followed by the letters 'LLP'.

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

16 January 2019

Statement of Comprehensive Income

for the 52 weeks ended 15 September 2018

	Note	52 weeks ended 15 September 2018 £000	53 weeks ended 16 September 2017 £000
Operating loss		-	-
Investment income	4	11,650	10,650
Interest received and similar income	5	278	246
		<hr/>	<hr/>
Profit on ordinary activities before tax		11,928	10,896
Tax on profit on ordinary activities	6	(53)	(48)
		<hr/>	<hr/>
Profit on ordinary activities after tax		11,875	10,848
		<hr/>	<hr/>
Other comprehensive income			
Remeasurement (loss)/gain on investment	10	(259,764)	125,938
		<hr/>	<hr/>
Total comprehensive (loss)/ income for the year		(247,889)	136,786
		<hr/>	<hr/>

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

The profit on ordinary activities before tax relates entirely to continuing activities in each period.

Balance sheet

at 15 September 2018

	<i>Note</i>	15 September 2018 £000	16 September 2017 £000
Current assets			
Investments	7	629,968	889,732
Cash at bank and in hand		76,099	64,171
		<hr/>	<hr/>
		706,067	953,903
Creditors: amounts falling due within one year	8	(170)	(117)
		<hr/>	<hr/>
Net current assets		705,897	953,786
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	50,000	50,000
Fair value reserve	10	520,754	780,518
Profit and loss account		135,143	123,268
		<hr/>	<hr/>
Shareholders' funds		705,897	953,786
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 15 January 2019 and were signed on its behalf by:



Guy Weston
Director

Company registration number 3729125

Statement of Changes in Equity

for the 52 weeks ended 15 September 2018

	<i>Notes</i>	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
		£000	£000	£000	£000
Balance at 17 September 2016		50,000	654,580	112,420	817,000
<hr/>					
Total comprehensive income for the period					
Profit for the period		-	-	10,848	10,848
Other comprehensive income	10	-	125,938	-	125,938
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		-	125,938	10,848	136,786
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 16 September 2017		50,000	780,518	123,268	953,786
<hr/>					
Total comprehensive income for the period					
Profit for the period		-	-	11,875	11,875
Other comprehensive income	10	-	(259,764)	-	(259,764)
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		-	(259,764)	11,875	(247,889)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 15 September 2018		50,000	520,754	135,143	705,897
<hr/>					

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 to 15 September 2018.

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, except that current asset investments are stated at fair value, and in accordance with applicable accounting standards.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. The presentation currency of these financial statements is sterling. The functional currency of the Company is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Wittington Investments Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Wittington Investments Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member 77;
- the requirements of paragraph 79(a)(iv) of IAS 1 in respect of prior period reconciliations for share capital;
- the effects of new but not yet effective IFRS (paragraph 30 and 31 of IAS 8).

As the consolidated financial statements of Wittington Investments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Investments

Equity financial instruments held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date.

Notes (continued)

(forming part of the financial statements)

2 Accounting policies (continued)

Basis of preparation (continued)

Fair Value Measurement Hierarchy

FRS 101 requires certain disclosures which require the classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Financial instruments

The Company's financial instruments comprise investments measured at fair value. The Company does not enter into speculative derivative contracts.

Cash

Cash comprises cash in hand and short-term deposits with original maturities of three months or less.

Income from fixed asset investments

Dividend income is recognised on a receipts basis.

Fair value reserve

The Fair value reserve represents the change in fair value of available for sale investments in the group undertakings.

Taxation

Tax on the profit or loss for the years comprises current and deferred tax. Tax is recognised in the profit and loss account. Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes (continued)

(forming part of the financial statements)

3 Operating costs

The auditor's remuneration for the period was £1,500 (2017: £1,500). The auditor's remuneration is borne by the parent company.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Wittington Investments Limited.

The Company did not employ staff at any time during the period nor make any payments in respect of wages and salaries.

The directors received no emoluments in respect of their qualifying services to the company. The directors of the company are remunerated by other group companies. Total remuneration attributable for services to this company are negligible.

4 Investment income

	52 weeks ended 15 September 2018 £000	52 weeks ended 16 September 2017 £000
Receivable from fixed asset investments listed on the London Stock Exchange	11,650	10,650

The 2018 final dividend of 33.3 pence (2017: 29.65 pence), total £9,381,906 (2017: £8,353,559) was received from Associated British Foods plc on 11 January 2019.

5 Interest received and similar income

	52 weeks ended 15 September 2018 £000	52 weeks ended 16 September 2017 £000
Bank interest	278	246

Notes (continued)

6 Tax

The difference between the total current tax charge shown and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	53 weeks ended 15 September 2018 £000	52 weeks ended 16 September 2017 £000
Profit on ordinary activities before tax	11,928	10,896
Nominal tax charge at the standard rate of corporation tax of 19% (2017: 19.5%)	2,266	2,125
Dividend income not subject to corporation tax	(2,213)	(2,077)
Current period tax charge	53	48

The current UK corporation tax rate is 19% and a reduction to 17% will take place from April 2020.

7 Current assets investments measured at fair value

	15 September 2018 £000	16 September 2017 £000
Investments in group undertakings at fair value	629,968	889,732

Howard Investments Limited holds 28,173,893 (2017: 28,173,893) shares in Associated British Foods plc, representing 3.6% of the issued share capital of that company. At 15 September 2018 the market value of investments (all of which are shares in Associated British Foods plc listed on the London Stock Exchange) was £630 million (2017: £890 million).

Notes (continued)

8 Creditors: amounts falling due within one period

	15 September 2018 £000	16 September 2017 £000
Corporation tax	53	48
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	117	69
	<u>170</u>	<u>117</u>

Amounts owed to group undertakings are non-interest bearing and are payable on demand.

9 Share capital

	15 September 2018 £000	16 September 2017 £000
<i>Issued, allotted, called up and fully paid</i>		
50,000,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

10 Financial instruments

The Company's financial instruments comprise investments measured at fair value.

a) Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2018 £000	Fair value 2018 £000	Carrying amount 2017 £000	Fair value 2017 £000
Investments measured at fair value through other comprehensive income	629,968	629,968	889,732	889,732

The investments measured at fair value are valued using the valuation basis as at 15 September 2018 as outlined in the accounting policies. All financial instruments measured at fair value fall under definition of level 1 as outlined in the accounting policies.

	£000
Fair value reserve	
At 16 September 2017	780,518
Unrealised loss during the period	(259,764)
	<u>520,754</u>
At 15 September 2018	

Notes (continued)

10 Financial instruments (continued)

a) Fair values (continued)

Level 1 fair value measurements at 15 September 2018

	£000
At 16 September 2017	889,732
Unrealised loss during the period	(259,764)
	<hr/>
At 15 September 2018	629,968
	<hr/>

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 15 September 2018.

Because of the inherent uncertainties in the valuation of quoted investments, the eventual realisation proceeds may differ from the estimated fair value and the difference could be significant.

b) Market risk

Market risk is the risk of movements in the fair value of future cash flows of a financial instruments or forecast transaction as underlying market prices change. The Company is exposed to changes in market values of financial investments. These risks are known as “economic” (or forecast) exposures.

c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. The company is not considered to have any liquidity risk as the entity has significant cash balances which are comfortably sufficient to cover its liabilities.

11 Control

The largest group in which the results of the Company are consolidated is that headed by Wittington Investments Limited (‘Wittington’), the accounts of which are available at Weston Centre, 10 Grosvenor Street, London W1K 4QY, UK. Wittington is the ultimate holding company, and is incorporated and registered as a limited company in England and Wales.

The majority shareholder of Wittington is Garfield Weston Foundation (‘the Foundation’), a grant making trust and a registered charity. Wittington, and, through their control of Wittington, the trustees of the Foundation are controlling shareholders of the Company. The Trustees of the Foundation are Persons with Significant Control in relation to Wittington.

12 Registered Office

The registered office of the company is Weston Centre, 10 Grosvenor Street, London W1K 4QY, UK.