

**ABF Ingredients Limited**

**Directors' report and financial  
statements**

**Registered number 482099**

**, 31 August 2011**

FRIDAY



\*L17PXMT5\*

LD6

27/04/2012

#24

COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditor's report to the members of ABF Ingredients Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2011

### Principal activities

In the course of the year the principal activities were the provision of management services to companies within the ABF Ingredients group forming part of Associated British Foods plc and it is anticipated that this will continue to be the case

### Business review

The company is a wholly owned subsidiary of Associated British Foods plc

### Trading results and reserves

The loss on ordinary activities before taxation was £522,000 (2010 £468,000) After providing a tax credit of £51,000 (2010 £108,000) the company has reported a loss for the financial year of £471,000 (2010 £360,000) The directors do not propose a dividend for the period (2010 £nil)

### Directors

The directors who held office during the year were as follows

SJ Catling  
RP Emmins

### United Kingdom charitable and political contributions

Contributions were made to charitable organisations during the year of £930 (2010 £2,100)

### Creditor payment policy

It is the company's policy to agree terms of business with suppliers prior to the supply of goods and services In the absence of any dispute, the company pays in accordance with these terms

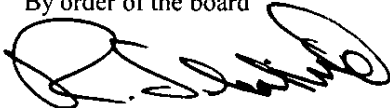
### Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



R Schofield  
Secretary

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

Altus House  
1 North Fourth Street  
Central Milton Keynes  
MK9 1NE

### **Independent auditor's report to the members of ABF Ingredients Limited**

We have audited the financial statements of ABF Ingredients Limited for the year ended 31 August 2011 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of ABF Ingredients Limited**  
*(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**P D Selvey (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

**Altus House**  
**One North Forth Street**  
**Milton Keynes**  
**MK9 1NE**

*20* April 2012

**Profit and loss account**  
*for the year ended 31 August 2011*

	<i>Note</i>	<b>Year ended 31 August 2011 £'000</b>	<b>Year ended 31 August 2010 £'000</b>
<b>Turnover</b>	2	<b>2,382</b>	2,951
Cost of sales		(2,871)	(3,384)
<b>Gross (loss)</b>		<b>(489)</b>	(433)
Administrative expenses		-	-
<b>Operating (loss)</b>		<b>(489)</b>	(433)
Interest payable	3	(33)	(35)
<b>(Loss) on ordinary activities before taxation</b>	4	<b>(522)</b>	(468)
Tax on (loss) on ordinary activities	8	51	108
<b>(Loss) for the financial year</b>	14, 15	<b>(471)</b>	(360)

The profit and loss account activities relate solely to continuing operations in the year

There are no recognised gains and losses other than the result for the year. Accordingly, no statement of total recognised gains and losses has been prepared.

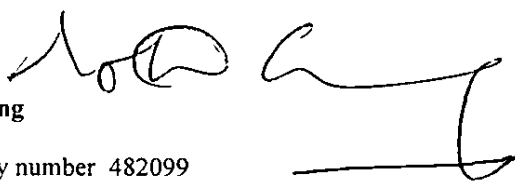
A reconciliation of movements in shareholders' funds is given in note 15.

**Balance sheet**  
*as at 31 August 2011*

	<i>Note</i>	<b>31 August 2011</b>		<b>31 August 2010</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£ 000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Intangible assets	9		-		-
Tangible assets	10		250		279
			<u>250</u>		<u>279</u>
<b>Current assets</b>					
Debtors	11	872		2,278	
Cash at bank and in hand		-		-	
		<u>872</u>		<u>2,278</u>	
<b>Creditors' amounts falling due within one year</b>	12	<b>(4,123)</b>		<b>(5 282)</b>	
<b>Net current (liabilities)</b>			<b>(3,251)</b>		<b>(3,004)</b>
<b>Total assets less current liabilities</b>			<b>(3,001)</b>		<b>(2,725)</b>
<b>Net (liabilities)</b>			<b>(3,001)</b>		<b>(2,725)</b>
<b>Capital and reserves</b>					
Called up share capital	13		87		87
Profit and loss account	14		(3,088)		(2,812)
<b>Shareholders' (deficit)</b>	15		<b>(3,001)</b>		<b>(2,725)</b>

These financial statements were approved by the board of directors on 27<sup>th</sup> March 2012 and were signed on its behalf by

**SJ Catling**  
Director  
Company number 482099





## Notes

*(forming part of the financial statements)*

### 1 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 in the United Kingdom which have been applied consistently

Under Financial Reporting Standard 1 (Revised) 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.

As all of the company's voting rights are controlled within the group headed by ABF Investments plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Associated British Foods plc, within which this company is included, can be obtained from the address given in note 18.

#### *Preparation on a going concern basis*

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1.

The company is expected to continue to generate negative cash flows and hence to remain reliant on support from other group entities. These entities have committed to continuing to provide support for the foreseeable future. As a result, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of services to group companies during the year.

#### *Fixed assets and depreciation*

Depreciation, calculated on cost, is provided on a straight line basis over the anticipated life of the asset. The anticipated life of other assets is set out below.

Plant, machinery, fixtures and fittings	-	5 years
Vehicles	-	4 years

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

It is the policy of the Group, to which the company belongs, to charge for tax losses surrendered by way of group relief at a rate of 27.2% (2010: 28%) of taxable profits.

Effective 1 April 2011 the corporation tax rate was reduced from 28% to 26%. A further decrease to 25% is due to take effect on 1 April 2012 and the impact on deferred tax has been included within these accounts. It has also been announced that the UK tax rate will drop a further 1% per annum over the following years reaching 23% effective from 1 April 2014. However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

#### **Goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets) acquired in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil over its estimated useful life.

#### **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.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **Share-based payments**

The Associated British Foods plc group operates a share incentive plan which allows employees to receive allocations of shares subject to the attainment of certain financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the company, with a corresponding increase in reserves. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

## Notes (continued)

### 2 Segment information

The table below sets out turnover for each of the company's geographic areas of operation. All trading during the year has been with other group companies.

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Europe	1,019	1,197
Rest of World	1,363	1,754
	<u>2,382</u>	<u>2,951</u>

### 3 Interest payable and similar charges

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Amounts payable on loans from group undertakings	33	35

### 4 (Loss) on ordinary activities before taxation

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
<i>(Loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off fixed tangible assets		
Owned	109	103
Operating lease rentals	2	1
Net exchange gains / (losses)	2	(12)
Auditors' remuneration		
Audit of these financial statements	8	8

## Notes (continued)

### 5 Directors and employees

The average number of persons employed by the company (including directors) during the year was as follows

	Number of employees	
	Year ended 31 August 2011	Year ended 31 August 2010
Average number of employees	18	18

The aggregate staff costs of these persons were as follows

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
Wages and salaries	2,197	1 669
Share based payments (see note 6)	195	82
Social security costs	265	185
Other pension costs (see note 7)	247	234
	2,904	2,170

#### Remuneration of directors

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £'000
<i>Directors' emoluments</i>		
Remuneration	811	538
Pension contributions	81	82
	892	620

The number of directors employed by ABF Ingredients Limited during the year was 2 (2010: 2). During the year neither director participated in the company's defined benefit pension scheme.

The highest paid director received emoluments of £524,953 (2010: £352,037) in the year and pension contributions of £36,775 (2010: £36,808) were made on his behalf to the defined contribution pension scheme. He is not a member of a defined benefit scheme.



## Notes (continued)

### 6 Share Based Payments

The company had the following equity-settled share-based payment plan in operation during the period

#### Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan')

The Share Incentive Plan was approved and adopted by Associated British Foods plc at its annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three year performance period.

Details of the shares outstanding under the equity-settled share-based payment plan are as follows

	2011 Number of Shares	2010 Number of Shares
Balance at the start of the year	171,564	160,994
Granted in year	56,856	56,065
Lapsed during year	(47,069)	(45,495)
	<hr/>	<hr/>
Balance outstanding at the end of the year	181,351	171,564
	<hr/>	<hr/>

None of the options were exercisable at the year end

#### Fair Values

The weighted average fair value of shares awarded was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid on conditionally allocated shares during the vesting period. The dividend yield used was 2.5%.

The weighted average fair value of the shares awarded under the Share Incentive Plan during the year was 999 pence (2010: 801 pence) and the weighted average share price was 1,074 pence (2010: 862 pence).

The company has recognised £195,000 (2010: £82,000) in relation to total equity-settled share-based payment expense.

## Notes (continued)

### 7 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 FRS 17 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. Employer's contributions to the scheme made in the year totalled £65,439 (2010 £112,261).

On 30 September 2002 the scheme was closed to new members, with defined contribution arrangements introduced for these members. For the defined contribution scheme, the pension costs are the contributions paid. Contributions for the period amounted to £181,266 (2010 £121,844).

No pension contributions were accrued or prepaid at the period end (2010 £nil).

#### *FRS 17 Multi employer exemption*

The company is a member of the Associated British Foods pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme's assets and liabilities on a consistent basis, as permitted by FRS17 'Retirement Benefits' the scheme is accounted for by the company as if the scheme were a defined contribution scheme. The current actuarial valuation indicates a surplus of £16 million (2010 deficit of £29 million). The company is not able to determine its share of this surplus.

The latest full actuarial valuation of the Associated British Foods UK pension scheme was carried out at 5 April 2008 and was updated for FRS 17 purposes to 17 September 2011 by an independent qualified actuary. Further details on the pension schemes are included within the accounts of Associated British Foods plc, which are available from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk).

**Notes (continued)**

**8 Taxation on loss on ordinary activities**

*a) Analysis of credit in year*

	Year ended 31 August 2011 £'000	Year ended 31 August 2010 £ 000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(51)	(108)
Tax on loss on ordinary activities	(51)	(108)

Deferred taxation is analysed as follows

	31 August 2011 £'000	31 August 2010 £'000
Tax (charge) / losses carried forward	37	140
Accelerated capital allowances	13	3
Deferred tax asset	50	143
	31 August 2011 £'000	31 August 2010 £ 000
Deferred tax brought forward	143	264
Tax losses carried forward	86	111
Tax losses group relieved	(144)	(229)
Prior Year Adjustment	(35)	-
Movements in short-term timing differences	-	(3)
Deferred tax asset	50	143



## Notes (continued)

### Taxation on loss on ordinary activities (continued)

#### b) Factors affecting current tax charge for the period

The tax assessed for the year is higher than (2010 higher than) the effective standard rate of corporation tax in the UK 27.2% (2010 28%). The differences are explained below

	Year ended 31 August 2011 £'000	Period ended 31 August 2010 £'000
(Loss) on ordinary activities before tax	(522)	(468)
Corporation tax at 27.2% (2010 28%)	(142)	(131)
<i>Effects of</i>		
Depreciation for year in excess of capital allowances	(15)	(3)
Tax losses carried forward	104	111
Share based payments	53	23
Total current tax	-	-

## 9 Intangible fixed assets

Group	Goodwill £'000
<i>Cost</i>	
At beginning and end of year	1,804
<i>Amortisation and impairment</i>	
At beginning and end of year	1,804
<i>Net book value</i>	
At 1 September 2010 and 31 August 2011	-

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises

## Notes (continued)

### 10 Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At beginning of year	737	59	99	895
Additions	7	-	79	86
Transfer from other group company	-	-	22	22
Disposals	-	-	(15)	(15)
Transfer to other group company	-	-	(20)	(20)
At end of year	744	59	165	968
<b>Depreciation</b>				
At beginning of year	499	59	58	616
Charge for year	81	-	28	109
Transfer from other group company	-	-	10	10
On disposals	-	-	(15)	(15)
Transfer to other group company	-	-	(2)	(2)
At end of year	580	59	79	718
<b>Net book value</b>				
At 31 August 2011	164	-	86	250
At 31 August 2010	238	-	41	279

## Notes (continued)

### 11 Debtors

	31 August 2011 £'000	31 August 2010 £ 000
Amounts owed by group undertakings	569	1,928
Other debtors	75	48
Called up share capital not paid	87	87
Deferred tax (note 8)	50	143
Prepayments and accrued income	91	72
	<u>872</u>	<u>2,278</u>

### 12 Creditors: amounts falling due within one year

	31 August 2011 £'000	31 August 2010 £'000
Trade creditors	71	123
Amounts owed to group undertakings	2,428	4,064
Other taxes and social security	62	51
Accruals and deferred income	1,562	1,044
	<u>4,123</u>	<u>5,282</u>

### 13 Called up share capital

	31 August 2011		31 August 2010	
	Number	£	Number	£
<i>Authorised</i>				
Ordinary shares of £1 each	57,583	57,583	57,583	57,583
Deferred shares of £1 each	29,017	29,017	29,017	29,017
	<u>86,600</u>	<u>86,600</u>	<u>86,600</u>	<u>86,600</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	57,541	57,541	57,541	57,541
Deferred shares of £1 each	29,017	29,017	29,017	29,017
	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>

## Notes (continued)

### 14 Reserves

	Profit and loss Account £'000
At beginning of year	(2,812)
Loss for the year	(471)
Share based payment expense	195
	<hr/>
At end of year	(3,088)
	<hr/> <hr/>

### 15 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss) for financial year	(471)	(360)
Share based payment expense	195	82
	<hr/>	<hr/>
Net (reduction) in shareholders' funds	(276)	(278)
Opening shareholders funds	(2,725)	(2,447)
	<hr/>	<hr/>
Closing shareholders' deficit	(3,001)	(2,725)
	<hr/> <hr/>	<hr/> <hr/>

### 16 Contingent liabilities

The company, together with Associated British Foods plc and certain fellow UK subsidiary undertakings, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers. The guarantees amount to £80 million.

### 17 Commitments

There is a £7,000 (2010: £nil) commitment for capital expenditure at year end by the company.

There are other operating lease commitments expiring within two years of £4,000 (2010: £2,000).

### 18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate holding company is ABF (No 2) Limited, a company registered in England and Wales. The ultimate parent company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited, incorporated in Great Britain. 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 and Wales. The consolidated accounts of these groups are available to the public and can be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk).