ABF Grain Products Limited

Strategic report, Directors' report and financial statements

Registered number 00079590

12 September 2015

Contents

Strategic report	3
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	5
Independent auditor's report to the members of ABF Grain Products Limited	6
Profit and loss account	8
Balance sheet	9
Notes	10

Strategic report

Principal activities
In the course of the period the principal activities were the manufacture and sale of food

Business model
ABF Grain Products Limited (the 'Company') produces and sells bread, breakfast cereals, crispbread and world foods Key brands include Kingsmill Allinsons, Burgen, Jordans Cereals, Dorset Cereals, Ryvita, Tolly Boy, Elephant Atta, Lucky Boat and Rajah The Company's customers include retailers, as well as the wholesale, retail and restaurant trades

Business review
On 14 September 2014, the operations and net assets of the Jordans Ryvita Company Limited were hived-up into ABF Grain Products Limited Both entities are wholly owned subsidiaries of Associated British Foods plc

On 20 October 2014, the acquisition of Dorset Cereals Limited was completed for net consideration of £59,430,060 The operations and net assets of Dorset Cereals were hived-up into the Company on 3 May 2015

On 15 July 2015, the board elected to reduce the ordinary and preference share capital of the Company as permitted under sections 641(1)(a) and 642 to 644 of the Companies Act 2006 309,986,956 £1 ordinary shares and 2,608 £5 preference shares were cancelled, with the capital reduction being allocated to distributable reserves

As shown in the Company's profit and loss account on page 8, turnover increased during the period by 14% Underlying turnover, before the acquisition and subsequent hive-up of Dorset Cereals Limited and before the hive-up of the Jordans Ryvita Company Limited, was down 8% Gross profit margin was higher than last year at 30 3% (*2014 29 6%*) and the Company generated an operating profit of £1 95m compared with last year's loss of £2 31m The increase in operating profit was largely due to the hive-up of the Jordans Ryvita Company Limited and the acquisition and subsequent hive-up of Dorset Cereals Limited, partially offset by an increase in amortisation as a result of an increase in intangible assets and goodwill

The board uses the following key performance indicators which are selected to monitor progress against strategies and corporate objectives

- variances to budget and forecasts,
- measurement of operational efficiencies, and
- health and safety statistics

Principal risks and uncertainties
The business incurs significant expenditure on diesel in order to run its distribution fleet In order to mitigate the risk of fluctuating diesel prices, the Company enters into swap agreements to fix a certain element of its exposure to these variable prices

The business minimises its exposure to foreign currency capital expenditure and day to day trading through currency hedging

The remaining principal risks and uncertainties faced by the business in the next 12 months include
- changes in the retailer landscape and consumer behaviour,
- volatility in commodity markets, and
- the impact of competitor activity

By order of the board

P Kenward
Director

18 December 2015

Weston Centre,
10 Grosvenor Street,
London
W1K 4QY

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 12 September 2015

Directors and directors' interests
The directors who held office during the period were

M Fairweather (resigned 17 March 2015)
MA Ward
J Wilson
DS Barton (appointed 13 January 2014)
I Mace (appointed 14 September 2014)
P Murphy (appointed 14 September 2014)
P Kenward (appointed 14 September 2014)
J Willis (appointed 14 September 2014)

Trading results and reserves
The profit and loss account for the period is set out on page 8 The profit for the period was £2 4m *(2014 loss £4 5m)* This has been transferred to reserves The directors do not recommend the payment of a dividend *(2014 £nil)*

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 aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditor
KPMG LLP will resign as auditor of the Company on 22 December 2015 with effect from 23 December 2015 and a notice of resignation will be deposited with the Registrar of Companies with effect from that date In accordance with section 485 of the Companies Act 2006, Ernst & Young LLP will be appointed as auditor of the Company with effect from 23 December 2015

By order of the board

P Kenward
Director
18 December 2015

Weston Centre,
10 Grosvenor Street,
London
W1K 4QY

Statement of directors' responsibilities in respect of the Strategic report, 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 a 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 its 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

Independent auditor's report to the members of ABF Grain Products Limited

We have audited the financial statements of ABF Grain Products Limited for the period ended 12 September 2015 set out on pages 8 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 5, 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 Financial Reporting Council's www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 12 September 2015 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of ABF Grain Products 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

Nigel Harker

Nigel Harker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
21 December 2015

Profit and loss account

for the 52 week period ended 12 September 2015

	Note	2015	2014
		£000	£000
Turnover	2-3	**804,408**	705,453
Operating profit/(loss)	3	**1,950**	(2,309)
Interest receivable/(payable) and similar income/(charges)	8	**245**	(1,913)
Profit/(loss) on ordinary activities before taxation		**2,195**	(4,222)
Tax on profit/(loss) on ordinary activities	9	**248**	(242)
Profit/(loss) for the financial period	21	**2,443**	(4,464)

All turnover and operating results in both financial periods are derived from continuing operations

A reconciliation of movements in shareholders' funds is given in note 20

The reporting entity had, in both the current and immediately preceding accounting periods, no recognised gains and losses other than the result for that period, therefore no statement of total recognised gains and losses has been presented

Balance sheet

at 12 September 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible assets	*10*		70,664		29,295
Tangible assets	*11*		295,730		262,644
Investment in subsidiaries	*13*		16,121		-
			382,515		291,939
Current assets					
Stocks	*15*	53,945		41 691	
Debtors	*16*	162,647		129,895	
Cash at bank and in hand		3,601		1,024	
		220,193		172,610	
Creditors amounts falling due within one year	*17*	(210,555)		(77,480)	
Net current assets			9,638		95,130
Total assets less current liabilities			392,153		387,069
Creditors amounts falling due after more than one year	*17*		-		(57)
Provisions for liabilities and charges	*18*		(13,364)		(11,309)
Net assets			378,789		375,703
Capital and reserves					
Called up share capital - ordinary	*19*		200,000		509,987
Called up share capital - preference	*19*		-		13
Share based payment reserve	*21*		3,403		2,760
Profit and loss account	*21*		175,386		(137,057)
Shareholders' funds	*20*		378,789		375,703

These financial statements were approved by the board of directors on 18 December 2015 and were signed on its behalf by

P Kenward
Director

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 12 September 2015

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 The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom which have been applied consistently

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 (ABF plc)

The Company is controlled by ABF plc and is exempt from disclosing transactions with it and other wholly owned group undertakings under Financial Reporting Standard 8 as it is a wholly owned subsidiary undertaking included within the consolidated financial statements of ABF plc which are publicly available

The trade and net assets of Dorset Cereals Ltd were transferred to the Company at their book value which was less than their fair value The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition As a result of the transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company s accounting records

Relevant accounting standards require that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the period and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's balance sheet the effective cost to the Company of those net assets and goodwill The effect of this departure is a transfer from investments to goodwill in the Company's balance sheet

Going concern

The financial statements have been prepared on the going concern basis The directors have considered the Company's projected future cash flows and working capital requirements and are satisfied that the Company has sufficient financial resources to meet its obligations for at least the next 12 months

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers and charges to other companies within the Associated British Foods group during the period The Company's SSAP25 disclosure is incorporated within the consolidated financial statements of ABF plc An analysis of turnover, as required by Companies Act 2006, has been omitted on the grounds that the directors believe that disclosure would be seriously prejudicial to the commercial interest of the Company

Intangible fixed assets – brands

Capitalised brands arose on the acquisition of the trade of BE International in February 2007, Elephant Atta in July 2013 and Dorset Cereals in October 2014 These brands are being amortised over their useful economic lives, not exceeding 20 years

Notes *(continued)*

2 Accounting policies *(continued)*

Intangible fixed assets - licences

Licences for the use of bread baskets are supplied by Bakers BASCO Ltd, and are issued for continued use of baskets until technology renders the current design obsolete Licences are also held for various pieces of software used within the business In the opinion of the directors the useful economic life of these assets is 5 years and the cost of these licences is therefore amortised over this period on a straight line basis

Intangible fixed assets - goodwill

Goodwill shown in the accounts arose on acquisitions since 12 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 on a straight line basis

Tangible fixed assets and depreciation

Tangible fixed assets are carried at their original cost less accumulated depreciation

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

Freehold buildings	-	66 years
Plant, machinery, fixtures and fittings		
other operations	-	12 years
vehicles	-	10 years
computer equipment	-	3-7 years

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis A cash generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

Notes *(continued)*

2 Accounting policies *(continued)*

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset, the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Fixed asset investments and joint ventures

Fixed asset investments are stated at cost less amounts written off in respect of any impairment

The Company does not produce consolidated financial statements, but the results of the joint venture are accounted for in the group financial statements of ABF plc under the equity method of accounting

Leases

All material leases entered into by the Company are operating leases whereby substantially all the risks and rewards of ownership of the assets 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 and net realisable value after making due provision against 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

Research and development

Expenditure on research and development is charged against profits in the period in which it is incurred

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 A deferred tax asset is regarded as recoverable and therefore recognised only when it is regarded as more likely than not that there will be sufficient future taxable profits Deferred tax is not discounted

Pension costs

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore, as required by Financial Reporting Standard 17, accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Notes *(continued)*

2 Accounting policies *(continued)*

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 Exchange differences are treated as part of operating profits

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy The finance cost on the financial liability component is correspondingly higher over the life of the instrument Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds ***Share-based payments***

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

The Associated British Foods 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 is measured at grant date and charged to the income statement over the period during which the employee becomes unconditionally entitled to the shares The fair value of the shares allocated is measured taking into account the terms and conditions of the Share Incentive Plan under which the shares were allocated The amount recognised as an expense is adjusted to reflect the actual number of shares that vest

3 Operating profit

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Turnover	**804,408**	705,453
Cost of sales	**(560,893)**	(496,642)
Gross profit	**243,515**	208,811
Selling and distribution costs	**(161,760)**	(147,768)
Administrative expenses	**(79,805)**	(63,352)
Operating profit/(loss)	**1,950**	(2,309)

All turnover and operating profit is derived from the sale and manufacture of food

Notes *(continued)*

4 Notes to the Profit & Loss Account

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Profit on ordinary activities before taxation is stated after charging		
Amortisation of intangible assets	**10,066**	4,684
Depreciation of tangible fixed assets	**34,891**	27,096
Rentals payable under property operating leases	**1,308**	1,367
Hire of plant and machinery		
– rentals payable under operating leases	**1,127**	607

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Auditor's remuneration		
Audit of these financial statements	**335**	231

5 Remuneration of directors

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Directors' emoluments	**2,224**	1,242
Pension scheme contributions	**302**	131
Long-term incentive plans	**762**	-
Compensation for loss of office	**678**	-
	3,966	1,373

The aggregate emoluments of the highest paid director were £1,127,245 *(2014* £350,922)

Retirement benefits under a defined benefit pension arrangement accrued to one director in both the current and prior years

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was

	Number of employees	
	52 weeks ended 12 September 2015	52 weeks ended 13 September 2015
Average number of employees per week	**5,575**	5,076

The aggregate payroll costs of these persons were

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Wages and salaries	**174,406**	154,115
Social security costs	**16,865**	15,784
Other pension costs	**20,641**	20,375
	211,912	190,274

7 Pensions

The Company is a member of the Associated British Foods Pension Scheme which provides 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 FRS 17 the scheme is accounted for by the Company as if it were a defined contribution scheme On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees For the defined contribution scheme, the pension costs are the contributions payable

The most recent actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2014 and revealed a surplus of £79m The market value of Scheme assets was £3,085m representing 103% of members' accrued benefits after allowing for expected future increases in earnings There are no material differences in the valuation methodologies under IAS 19 and FRS 17 Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Weston Centre, 10 Grosvenor Street, London, W1K 4QY These financial statements are also available for download from the group's website at www abf co uk

Notes *(continued)*

8 Interest receivable/(payable) and similar charges

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Interest receivable/(payable) on intercompany balances	260	(1,822)
Other interest payable	(15)	(31)
	245	(1,913)

9 Taxation

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
UK corporation tax		
Current tax on income for the period	(837)	(1,158)
Adjustment in respect of previous periods	(1,603)	-
Total current tax (see below)	(2,441)	(1,158)
Deferred tax (see Note 18)		
Origination and reversal of timing differences	708	1,547
Effect of change in tax rate	(19)	(147)
Adjustment in respect of previous periods	1,503	-
Total deferred tax	2,192	1,400
Tax (credit)/charge on profit on ordinary activities	(248)	242

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax credit (2014 charge) for the period varies from that calculated using the standard rate of corporation tax in the UK of 22 54% *(2014 22 1%)* The differences are explained below

Current tax reconciliation

	52 weeks ended 12 September 2015 £000	52 weeks ended 13 September 2014 £000
Profit/(loss) on ordinary activities before tax	**2,195**	(4,222)
Current tax charge/(credit) at 20 54% *(2014 22 1%)*	**451**	(933)
Adjustments to tax charge in respect of previous periods	**(1,603)**	-
Capital allowances in excess of depreciation	**(1,129)**	(2,539)
Expenses not deductible for tax purposes	**(581)**	1,323
Other timing differences	**421**	992
Total current tax credit (see above)	**(2,441)**	(1,158)
UK corporation tax debtor	**(656)**	(1,439)
Deferred tax liability	**12,454**	9,166
Movement in deferred tax provision		
At beginning of period	**9,166**	7,766
Charge to profit and loss for the period	**2,192**	1,400
Deferred tax hived up from subsidiary companies	**1,096**	-
At end of period	**12,454**	9,166

The UK corporation tax rate was reduced from 23% to 20% with effect from 1 April 2015 The legislation to effect these rate changes had been substantively enacted before the balance sheet date As deferred tax is measured at the rates that are expected to apply in the periods when the underlying timing differences reverse, opening and closing deferred tax balances have been calculated using a rate of 20%

Since the balance sheet date legislation has been substantively enacted to reduce the rate further to 19% from 1 April 2017 and 18% from 1 April 2020 The effect of these new rates on deferred tax balances will accordingly be reflected in the accounts for the 2015/16 financial year

Notes *(continued)*

10 Intangible fixed assets

	Brands £000	Licences £000	Goodwill £000	Total £000
Cost				
At beginning of period	41,436	1,848	1,193	44,477
Additions	30,000	-	21,435	51,435
At end of period	71,436	1,848	22,628	95,912
Amortisation				
At beginning of period	12,406	1,848	928	15,182
Charge for period	7,598	-	2,468	10,066
At end of period	20,004	1,848	3,396	25,248
Net book amount				
At 12 September 2015	**51,432**	**-**	**19,232**	**70,664**
At 13 September 2014	29,030	-	265	29,295

The capitalised brands were acquired as part of the acquisition of BE International in 2007, Elephant Atta in July 2013 and Dorset Cereals in October 2014 The main brands, Elephant, Dorset Cereals, Rajah, Green Dragon and Lotus, were valued as part of their respective acquisitions and are being amortised over a period between 8 and 20 years

Additions to goodwill were recognised on the hive up of the trade and assets of Dorset Cereals in the year (see note 2)

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost					
At beginning of period	85,861	423,365	27,353	28,964	565,543
Additions	1,592	24,404	945	9,764	36,705
Additions at cost on hive up	11,751	67,133	5,558	-	84,442
Disposals	(53)	(25,785)	(684)	-	(26,522)
Transfers between items	8,914	16,632	2,337	(27,883)	-
At end of period	108,065	505,749	35,509	10,845	660,168
Depreciation					
At beginning of period	41,672	240,337	20,890	-	302,899
Charge for year	1,464	31,736	1,691	-	34,891
Accumulated depreciation on hive up	2,365	45,534	4,389	-	52,288
On disposals	(18)	(24,954)	(668)	-	(25,640)
Transfers between items	(100)	(737)	837	-	-
At end of period	45,383	291,916	27,139	-	364,438
Net book amount					
At 12 September 2015	**62,682**	**213,833**	**8,370**	**10,845**	**295,730**
At 13 September 2014	44,189	183,028	6,463	28,964	262 644

Analysis of land and buildings at net book value

	12 September 2015 £000	13 September 2014 £000
Freehold land and buildings	**52,496**	36,569
Short leasehold	**10,186**	7,620
	62,682	44,189

Freehold land of £8,449,771 (*2014 £6 699 000*) is not depreciated

Notes *(continued)*

12 Fixed asset investments

The companies in which the Company's interest at the period is more than 20% are as follows

Participating interests	Country of incorporation	Principal activities	Percentage held of ordinary class shares
Chiltern Bakeries Limited	United Kingdom	Distributor of bread products	44%
Bakers BASCO Limited	United Kingdom	Administrator of pool of baskets used in the bread industry	20%

13 Investment in subsidiaries

	£000
Investment in Dorset Cereals Limited	67,556
Transferred to brands on hive-up	(30,000)
Transferred to goodwill on hive-up	(21,435)
As at 12 September 2015	**16,121**

On 14 September 2014, the Company hived up all of the trade and assets of the Jordans Ryvita Company Limited at book value

On 3 May 2015 the Company hived up all of the trade and assets of Dorset Cereals Limited at book value

	Jordans Ryvita Company Limited £000	Dorset Cereals Limited £000	Total £000
Fixed assets			
Tangible	28,740	3,414	32,154
Current assets			
Stock	10,654	3,901	14,555
Debtors	89,078	16,959	106,037
Cash	302	1,922	2,224
Total assets	128,774	26,196	154,970
Trade and other payables	(56,525)	(10,208)	(66,733)
Net assets	**72,249**	**15,988**	**88,237**
Satisfied by intercompany balance	**72,249**	**15,988**	**88,237**

Notes *(continued)*

14 Capital commitments

The Company has capital expenditure commitments of £6,921,000 (*2014 £8,139,000*) for which no provision has been made in these financial statements

15 Stocks

	12 September 2015 £000	13 September 2014 £000
Raw materials and consumables	**28,768**	19,750
Work in progress	**26**	-
Finished goods and goods for resale	**25,151**	21,941
	53,945	41,691

16 Debtors

	12 September 2015 £000	13 September 2014 £000
Trade debtors	**116,519**	88,360
Amounts owed by parent undertakings	**28,573**	30,039
Amounts owed by group undertakings	**5,251**	-
Capital receivables	**2,521**	-
Other debtors	**519**	84
Prepayments and accrued income	**5,442**	7,053
Corporation tax	**656**	1,439
Other taxes and VAT	**3,166**	2,920
	162,647	129,895

17 Creditors

Amounts falling due within one year	12 September 2015 £000	13 September 2014 £000
Trade creditors	**59,419**	36 818
Amounts owed to group undertakings	**102,452**	9,058
Other taxes and social security	**6,517**	5,197
Other creditors	**1,135**	1,051
Accruals and deferred income	**37,360**	22,250
Capital creditors	**3,672**	3,106
	210, 555	77,480
Amounts falling due after more than one year		
Liabilities arising from preference shares	**-**	57
	-	57

Notes *(continued)*

18 Provisions for liabilities and charges

	Deferred Tax £000	Other £000	Total £000
At beginning of period	9,166	2,142	11,308
Charge to the profit and loss for the year	2,192	(1,232)	960
Deferred tax hived up from subsidiary companies	1,096	-	1,096
At end of period	**12,454**	**910**	**13,364**

Deferred tax arises primarily on the timing differences between capital allowances and book depreciation and on provisions for expenditure that will be deductible in a later period for tax purposes

19 Called up share capital

	12 September 2015 Number	12 September 2015 £000	13 September 2014 Number	13 September 2014 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**200,000,000**	**200,000**	509,986,956	509,987
5% fixed cumulative preference shares of £5 each	-	-	2,608	13
		200,000		510,000

On 15 July 2015, the Company reduced its ordinary and preference share capital as permitted under sections 641(1)(a) and 642 to 644 of the Companies Act 2006 309,986,956 ordinary shares of £1 each and 2,608 preference shares of £5 each were cancelled, with the capital reduction being allocated to distributable reserves

20 Reconciliation of movement in shareholders' funds

	52 week period ended 12 September 2015 £000	52 week period ended 13 September 2014 £000
Profit for the financial period	**2,443**	(4,464)
Issue of ordinary share capital	-	410,000
Movement in share based payment reserve	**643**	703
Net increase in shareholders' funds	**3,086**	406,239
Opening shareholders' funds	**375,703**	(30,536)
Closing shareholders funds	**378,789**	375,703

Notes *(continued)*

21 Reserves

	Share capital £000	Profit and loss reserve £000	Share based payment reserve £000	Total £000
As at 13 September 2014	510,000	(137,057)	2,760	375,703
Profit for the financial period	-	2,443	-	2,443
Cancellation of ordinary share capital	(309,987)	309,987	-	-
Cancellation of preference share capital	(13)	13		-
Movement in share based payment reserve	-	-	643	643
As at 12 September 2015	**200,000**	**175,386**	**3,403**	**378,789**

22 Employee share schemes

The Associated British Foods Executive Share Incentive Plan 2003 ('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

The Company recognised total equity-settled share-based payment expense of £1 029,000 *(2014 – £703,000)*

Further information regarding the operation of the share incentive plan can be found in the financial statements of Associated British Foods plc which may be obtained from Weston Centre, 10 Grosvenor Street, London, W1K 4QY These financial statements are also available for download from the group's website at www.abf.co.uk

23 Operating leases

The Company has annual commitments under non-cancellable operating leases which expire as follows -

	12 September 2015		13 September 2014	
	Land and buildings £000	**Plant and machinery £000**	Land and buildings £000	Plant and machinery £000
Within one year	**36**	**136**	24	162
In two to five years inclusive	**1,113**	**851**	821	422
Over five years	**97**	**51**	532	-
	1,246	**1,039**	1,377	584

Notes *(continued)*

24 Holding company

The ultimate holding company and controlling party as defined by Financial Reporting Standard 8 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 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 may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London W1K 4QY The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www abf co uk