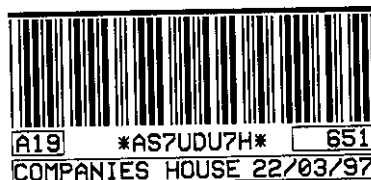


ABN Limited  
Directors' Report and Financial Statements  
14 September 1996

Registered no : 193800



# ABN Limited

## Directors' report and financial statements

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# ABN Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 14 September 1996.

## Principal activities

In the course of the period the principal activities were the manufacture and marketing of animal feed, merchanting of agricultural products and the management of various livestock schemes.

## Business review

On 17 September 1995, the company purchased all of the assets, liabilities and trades of J Bibby Agriculture Limited, (except for its investments in subsidiary undertakings), KW Agriculture Limited and LKL Services Limited, wholly owned subsidiaries within the Associated British Foods group. On the same date, the Trident Feeds division of British Sugar plc also transferred its marketing operations to the company.

On 30 September 1995, the company purchased all of the assets, liabilities and trades of Farming Supplies (Maldon) Limited.

The aggregate purchase consideration for the above transactions was £4,228,175. No goodwill arose on the acquisition of these businesses.

The principal activities of the above entities were:

- J Bibby Agriculture Limited - the manufacture and marketing of animal feeds, agricultural seed and the management of various livestock schemes;
- KW Agriculture Limited - the manufacture and merchanting of agricultural products;
- LKL Services Limited - the provision of contract labour services for agriculture, mainly dairy farming, and;
- Farming Supplies (Maldon) Limited - supply and manufacture of animal feeds.
- Trident Feeds division of British Sugar plc - the manufacture and marketing of animal feed produced from processed sugar beet.

On 28 March 1996 the company purchased the Aerated Bread Company Limited from another wholly owned subsidiary within the Associated British Foods group for the sum of £302,629. On 3 April 1996 that company then changed its name to ABN (Overseas) Limited.

On 3 July 1996 the company acquired the remaining 50% of the issued share capital of Courtyard Beef UK Limited for a consideration of £1.

## ABN Limited

Following the above transactions, the company has continued the activities formerly carried out by the transferor companies and the marketing operations of Trident Feeds. The directors anticipate that any future developments will be related to these activities.

### Research and development

The company continued its expenditure on research and development and during the period this amounted to £423,632, (1995 £nil).

### Trading results, dividends and transfer to reserves.

The profit and loss account for the period is set out on page 7. Profit on ordinary activities after taxation amounted to £6,271,406 [1995 : £(6,001)]. The directors do not recommend the payment of a dividend. The retained profit for the period of £6,271,406 was transferred to reserves.

### Fixed assets

Changes in tangible fixed assets are shown in note 7. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded that amount included in the balance sheet, but they are unable to quantify the excess. Fixed asset investments are shown in note 9.

### Directors and directors' interests

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

P J Jackson  
J M Shirbon  
D J D Yiend

The company does not have a designated chairman.

Notification of an interest in the shares in Associated British Foods plc group companies and rights to subscribe for shares in this company or shares in or debentures of any other group company by P J Jackson was not required because at the end of the period he was also a director of a company of which this company is a wholly owned subsidiary undertaking.

The other directors notified no interests.

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

# ABN Limited

## Employees

The company is committed to the development of employee information and consultation. This is achieved both in conjunction with employee representatives and through briefing sessions with wider groups of employees. It is the policy of the company to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

## United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £1,687, (1995 : £ nil). No contributions were made to political organisations.

# ABN Limited

## Auditors

In accordance with S385 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

## By order of the board

M R Gore

W B Wright

Joint Secretaries.

25 October 1996

Registered Office :

Weston Centre  
Bowater House  
68 Knightsbridge  
London  
SW1X 7LQ

## ABN Limited

### Statement of directors' responsibilities in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

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

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

# ABN Limited

## Report of the auditors to the members of ABN Limited

We have audited the financial statements on pages 7 to 22.

### *Respective responsibilities of directors and auditors*

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*


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

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

### *Opinion*

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

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 14 September 1996 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG**  
*Chartered Accountants*  
*Registered Auditors*  
*London*

25 October 1996



# ABN Limited

## Profit and loss account for the period ended 14 September 1996

	Notes	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
Turnover - Acquired and continuing operations		282,522	-
Operating profit/(loss) - as above	3	10,239	(14)
Interest receivable and similar income	5	14	-
Interest payable and similar charges	5	(72)	-
Dividends from subsidiary undertakings		507	-
Amounts written off investments		(1,348)	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		9,340	(14)
Tax on profit/(loss) on ordinary activities	6	(3,068)	8
		<hr/>	<hr/>
Retained profit/(loss) for the financial period	15	6,272	(6)
Retained profit brought forward	15	726	732
		<hr/>	<hr/>
Retained profit carried forward		6,998	726
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements on reserves is given in note 15.

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


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

# ABN Limited

## Balance sheet at 14 September 1996

	Notes	14 September 1996 £000's	16 September 1995 £000's
<b>Fixed assets</b>			
Tangible assets	7	26,446	
Investments	9	331	1,209
		<hr/> 26,777	<hr/> 1,209
<b>Current assets</b>			
Stocks	10	16,400	-
Debtors	11	46,111	160
Cash at bank and in hand		3,558	-
		<hr/> 66,069	<hr/> 160
<b>Creditors-Amounts falling due within one year</b>	12	(35,621)	(19)
<b>Net current assets</b>		<hr/> 30,448	<hr/> 141
<b>Total assets less current liabilities</b>		<hr/> 57,225	<hr/> 1,350
<b>Creditors-Amounts falling due after more than one year</b>	13	(40,227)	(612)
		<hr/> (40,227)	<hr/> (612)
<b>Net assets</b>		<hr/> 16,998	<hr/> 738
		=====	=====
<b>Capital and reserves</b>			
Called up share capital-ordinary	14	10,000	12
Profit and loss account	15	6,998	726
		<hr/> 16,998	<hr/> 738
		=====	=====
<b>Total shareholders' funds (equity interest)</b>		<hr/> 16,998	<hr/> 738
		=====	=====

These financial statements were approved by the board of directors on 25 October 1996 and were signed on its behalf by :

  
D J D Yend  
Director

# ABN Limited

## Notes

(forming part of the financial statements)

### 1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 14 September 1996.

### 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, modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards except that, for the reasons set out in the deferred tax accounting policy, they do not comply with Statement of Standard Accounting Practice number 15.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts.

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 ABF Investments plc.

#### **Turnover**

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

# ABN Limited

## **Fixed assets and depreciation**

Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the anticipated life of the asset. No depreciation is provided on freehold land. Leaseholds are written off over the period of the lease or 50 years, whichever is the shorter period. The expected useful life of other assets is generally deemed to be not longer than:

Freehold buildings	50 years
Plant, machinery, fixtures and fittings	20 years
Vehicles	8 years

## **Deferred income**

Deferred income consists of Government grants.

Government grants receivable on specific capital expenditure are credited to the profit and loss account over the expected useful lives of the related assets. Grants not based on specific expenditure but on other criteria are credited to the profit and loss account so as to match the costs involved.

## **Leases**

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

## **Research and development**

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

# **ABN Limited**

## **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 finished goods manufactured by the company the term 'cost' includes raw materials, production wages and an appropriate proportion of attributable production overheads.

Livestock in the course of being reared and fattened is valued at the lower of cost and net realisable value. Breeding stock is valued at average cull value which represents the directors' estimate of net realisable value.

## **Deferred taxation**

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

## **Foreign currencies**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## **Pension costs**

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' average working lives with the company.

## **Goodwill**

Premiums on the acquisition of business assets represent the excess of consideration over the fair value of separable net assets and are written off against reserves in the period of acquisition.

# ABN Limited

## 3 Operating profit

Operating profit has been arrived at as follows :

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
Turnover	282,522	-
Cost of sales	(236,028)	-
Gross profit	46,494	-
Distribution costs	(25,314)	-
Administration expenses	(10,941)	(14)
Operating profit/(loss)	10,239	(14)

The above amounts derive entirely from acquired continuing operations.

Operating profit is stated after charging the following items :

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
Depreciation of tangible fixed assets	4,692	-
Auditors' remuneration : - audit	93	1
- other services	41	6
Hire of plant and machinery - rentals payable under operating leases	64	-
Payments under operating leases	65	-
Research and development expenditure	424	-

# ABN Limited

## 4 Directors and employees

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
<b>Employment costs during the period were :</b>		
Wages and salaries	14,799	-
Social security costs	1,149	-
Pension costs	1,089	-
	<u>17,037</u>	<u>-</u>
	=====	=====

The average weekly number of employees, including directors, of the company during the period was 885, (1995 : 3 ). In the opinion of the directors, all employees fall into a single category.

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
<b>Directors' emoluments :</b>		
Other emoluments (including pension contributions and benefits in kind)	78	-
	<u>78</u>	<u>-</u>
	=====	=====

The Company does not have a designated Chairman.

The emoluments, excluding pension contributions, of the highest paid director were £78,125 (1995 £ nil).

# ABN Limited

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

	52 week period ended 14 Sept 1996	52 week period ended 16 Sept 1995
£Nil to £5,000	2	5
£75,001 to £80,000	1	-
	<u>3</u>	<u>5</u>
	<u>    </u>	<u>    </u>

## 5 Interest

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
Interest receivable :		
Bank interest receivable	14	-
Total interest receivable	<u>14</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>
Interest payable :		
Other	(72)	-
Total interest payable	<u>(72)</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>
Total net interest (payable)/receivable	<u>(58)</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>



# ABN Limited

## 6 Tax on profit/loss on ordinary activities

	52 week period ended 14 Sept 1996 £000's	52 week period ended 16 Sept 1995 £000's
United Kingdom corporation tax at 33% (1995 : 33%) on the profit for the period on ordinary activities	(2788)	-
Group relief at 100%	(208)	8
Consortium relief at 100% for the period	(72)	-
	<u>(3,068)</u>	<u>8</u>

As explained in the accounting policies (note 2), no provision has been made for deferred tax. At 14 September 1996 the full potential liability in respect of accelerated capital allowances was £2,246,510 (1995 : £ nil) and the full potential deferred tax asset in respect of reorganisation provisions was £442,000 (1995 : £ nil ).

# ABN Limited

## 7 Tangible fixed assets

	Land and Freehold £000's	Buildings Long Leasehold £000's	Plant, Machinery, Fixtures and Fittings, Vehicles £000's	Total £000's
<b>Cost or valuation</b>				
At beginning of period	-	-	-	-
Additions	7,336	1,898	57,223	66,457
Disposals	-	-	(1,285)	(1,285)
Transfers	-	-	-	-
At end of period	7,336	1,898	55,938	65,172
<b>Accumulated depreciation</b>				
At beginning of period	-	-	-	-
Charge for period	293	82	4,317	4,692
Disposals	-	-	(763)	(763)
Transfers	2,962	287	31,548	34,797
At end of period	3,255	369	35,102	38,726
<b>Net book value</b>				
<b>At 14 September 1996</b>	4,081	1,529	20,836	26,446
	=====	=====	=====	=====
At 16 September 1995	-	-	-	-
	=====	=====	=====	=====

During the previous year the company entered into an agreement with an external distributor, for the distribution of its feed products. As part of this agreement, the majority of the company's commercial vehicles were sold and operating leases assigned to the distributor. This arrangement was terminated by mutual agreement in the current year, with commercial vehicles previously sold being acquired and operating leases being assigned back to the company.

Freehold land of £997,306 is not depreciated (1995: £nil)

# ABN Limited

## 8 Capital commitments

Capital expenditure	14 Sept 1996 £000's	16 Sept 1995 £000's
Contracted	173	-
Authorised, not contracted	337	-
	<u>510</u>	<u>-</u>
	=====	=====

## 9 Fixed asset investments

	14 Sept 1996 £000's	16 Sept 1995 £000's
<b>Shares in unlisted subsidiary undertakings</b>		
Cost		
At beginning of period	1,209	-
Additions	306	1,209
Write down of investments	(1184)	-
At the end of period	<u>331</u>	<u>1,209</u>
	=====	=====

The companies in which the company's interest is more than 10% are as follows:

	Country of registration	Principal activity	Class and percentage of shares held
Courtyard Beef UK Limited	England	Livestock management and marketing	100% Ord. shares
ABN (Overseas) Limited	England	Investment company	100% Ord. shares
Farming Supplies (Maldon) Limited	England	Dormant	100% Ord. shares

## ABN Limited

Group financial statements have not been prepared as the company is a wholly owned undertaking of ABF Investments plc. ABF Investments plc prepares group financial statements which include this company.

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

### 10 Stocks

	14 Sept 1996 £000's	16 Sept 1995 £000's
Raw materials and consumables	5,309	-
Finished goods	2,869	-
Livestock	8,222	-
	<u>16,400</u>	<u>-</u>
	=====	=====

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

### 11 Debtors

	14 Sept 1996 £000's	16 Sept 1995 £000's
Amount falling due within one year :		
Trade debtors	31,904	-
Amounts due from fellow subsidiaries	10,344	160
Corporation tax	-	-
Other debtors	625	-
Prepayments and accrued income	3,163	-
Amount falling due after one year		-
Other debtors	75	
	<u>46,111</u>	<u>160</u>
	=====	=====

# ABN Limited

## 12 Creditors : amounts falling due within one year

	14 Sept 1996	16 Sept 1995
	£000's	£000's
Bank overdraft	464	-
Trade creditors	8,523	-
Amounts owed to fellow subsidiaries	13,976	-
Corporation tax	2,614	-
Other creditors including social security	822	-
Accruals and deferred income	9,222	19
	<u>35,621</u>	<u>19</u>
	=====	=====

## 13 Creditors - amounts falling due after more than one year

	14 Sept 1996	16 Sept 1995
	£000's	£000's
Accruals and deferred income	227	-
Amounts due to fellow subsidiaries	40,000	612
	<u>40,227</u>	<u>612</u>
	=====	=====

The above amount due to fellow subsidiaries is repayable when demanded by the fellow subsidiary undertaking. No interest accrues on the outstanding balance.

## 14 Share capital

	Authorised		Allotted, called up, and fully paid	
	14 Sept 1996	16 Sept 1995	14 Sept 1996	16 Sept 1995
	£000's	£000's	£000's	£000's
<b>Equity interest</b>				
Ordinary shares of £1 each	10,000	15	10,000	12
	<u>10,000</u>	<u>15</u>	<u>10,000</u>	<u>12</u>
	=====	=====	=====	=====

# ABN Limited

## 15 Reconciliation of movements in shareholders' funds

	14 Sept 1996			16 Sept 1995		
	Share capital £000's	Profit and loss account £000's	Total £000's	Share capital £000's	Profit and loss account £000's	Total £000's
At beginning of period	12	726	738	12	732	744
Profit/ (loss) for financial period	-	6,272	6,272	-	(6)	(6)
Issue of shares	9,988	-	9,988	-	-	-
At end of period	<u>10,000</u>	<u>6,998</u>	<u>16,998</u>	<u>12</u>	<u>726</u>	<u>738</u>

On the 15th March 1996 the company increased its authorised share capital to 100,000 shares of £1 each.

On the 20th March 1996 the company issued 88,510 shares of £1 each at par. The consideration was satisfied by a reduction in the company's long-term intra-group borrowings.

On the 19th July 1996 the company increased its authorised share capital to 10,000,000 shares of £1 each.

On 29th July 1996, the company issued 9,900,000 shares of £1 each at par. The consideration was satisfied by a reduction in the company's long-term intra-group borrowings.

## 16 Lease obligations

	14 September 1996		16 September 1995	
	Land and buildings £ 000's	Other assets £000's	Land and buildings £000's	Other assets £000's
The company has minimum annual commitments under non-cancellable operating basis which expire as follows:				
Within one year	-	507	-	-
Between one and five years	57	673	-	-
Over five years	16	139	-	-
	<u>73</u>	<u>1,319</u>	<u>-</u>	<u>-</u>

# ABN Limited

## 17 Deferred Income

	14 Sept 1996 £000	16 September 1995 £000
Government Grants		
At beginning of period	-	-
Acquired with new business	383	-
Released to profit and loss account	(156)	-
At end of period	<u>227</u>	<u>-</u>

## 18 Contingent Liabilities

The company has guaranteed, subject to a maximum of £250,000, loans made to its customers by an external finance company.

The company, together with British Sugar plc and certain other subsidiary undertakings of Associated British Foods plc, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers.

In the normal course of business the company enters into forward commodity purchase and sales agreements.

## 19 Pension costs

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

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

The pension charge for the year was £1,088,922, (1995 : £Nil)

# ABN Limited

## 20 Holding company

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

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.