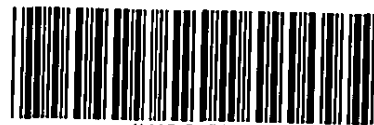


AB Agri Limited  
Directors' Report and Financial  
Statements  
12 September 2009

Registered no: 193800

WEDNESDAY



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# AB Agri Limited

## Directors' report and financial statements

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# AB Agri Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 12 September 2009

### Principal activities

In the course of the period the principal activities of the company were the manufacture and sale of animal feed and agricultural products; the marketing of arable products and livestock, and provision of agricultural services

### Business review

AB Agri has had another very strong year continuing to perform well above expectations in a market with lower commodity prices, but with continued market volatility

The continuing success and growth of AB Agri in difficult markets is the result of a continuing change in shape of this business. AB Agri this year has extended its global reach, increased its scale of high value products and entered new sectors.

Growth has come both from the UK and internationally, driven by market knowledge, new product development and organisational change underpinned by strong business systems and processes. In the UK it has been particularly driven by the development of sales and relationships with key strategic customers

International sales of our other specialist products, pre-mixes and piglet starter feeds, have continued to grow, particularly in the developing markets of Eastern Europe

As part of our sustainable supply chain offerings to processors and retailers, AB Agri has developed the first Carbon Trust accredited greenhouse gas reduction model for dairy farms. This has been used to help J Sainsbury plc reduce the overall greenhouse gas emissions from their milk supplying farms. J Sainsbury plc has recently signed an agreement with AB Agri to extend this Carbon Scoring work to include beef, lamb, pig, poultry and eggs in their supply chain. This will require AB Agri to carbon footprint more than 18,000 farms over the next 4 years

KW Trident, our ruminant feeds business, has significantly increased its presence in the UK blends market with the addition of three new sites in Lancashire, West Wales and Frome

# AB Agri Limited

## Directors' report (continued)

### Risks and uncertainties

Treasury operations are conducted within a framework of board-approved policies and guidelines to manage the company's financial and commodity risks. Financial risks essentially arise through exposure to foreign currencies, interest rates, counterparty credit and borrowing facilities. Commodity risks arise from the procurement of raw materials and the exposure to changes in market prices. Liquidity risk arises from the availability of internal and external funding to enable the company meet its financial obligations as and when they fall due.

Credit risk is the risk that a counterparty will default on its contractual financial obligations resulting in a loss to the company. Credit risk arises from cash balances, credit exposures to customers including outstanding receivables, derivative financial instruments, and financial guarantees. Credit risk is managed at both a group and company level according to internal guidelines, with businesses responsible for their exposure to customer credit risk.

### Key performance indicators

The key performance indicators for AB Agri are turnover and operating profit. The table below provides a summary of our performance against these key performance indicators for the past two financial years.

	<b>52 week period ended 12 September 2009 £000</b>	<b>52 week period ended 13 September 2008 £000</b>	<b>Increase/ (Decrease) £000/days</b>
Turnover	809,281	776,644	32,637
Operating profit	8,232	13,735	(5,503)
Debtor days	41	43	(2)

### Payments to suppliers

The company along with its parent company Associated British Foods plc, has a policy on payment of suppliers set out in its Business Principles which states that the company settles its bills promptly, being a signatory of the Prompt Payment Code. Further information concerning this Code, and copies of it, can be found at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk)

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 21 days purchases (2008: 22 days).

# AB Agri Limited

## **Directors' report** *(continued)*

### **Dividend**

The directors have proposed a final ordinary dividend in respect of the current financial year of £25,000,000. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of £20,000,000 in respect of the previous year ended 13 September 2008

### **Market value of land and buildings**

Changes in tangible fixed assets are shown in note 11. In the opinion of the directors the market value of land and buildings at the end of the period exceeded the amount included in the balance sheet, but they are unable to quantify the excess.

### **Research and development**

The company continued its expenditure on research and development during the period

### **Directors**

The directors who held office during the period and at the date of this report were as follows.

D J D Yiend  
R C Cloke  
N Kimberley  
A Murphy  
R G Cooper  
B L Ong

### **Company Secretary**

R S Schofield

The company does not have a designated chairman

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

# AB Agri Limited

## Directors' report *(continued)*

### Employees

The company is committed to offering equal opportunities to all persons in their recruitment, training and career development, having regard for their particular aptitudes and abilities. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the company an opportunity for retraining.

### Political and charitable contributions

The company made no political contributions during the current or preceding financial periods. Donations to UK charities amounted to £43,128 (2008: £1,318).

### 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. For these purposes, relevant audit information means information needed by the company's auditors in connection with the preparation of their report on page 7.

### 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

On behalf of the board

  
**D J D Yiend**  
Director

Registered Office:  
Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

Date. 27th May 2010

## **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

## **Independent auditors' report to the members of AB Agri Limited**

We have audited the financial statements of AB Agri Limited for the year ended 12 September 2009 set out on pages 8 to 29. 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 6, 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 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/cope/UKNP](http://www.frc.org.uk/apb/cope/UKNP).

### **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 2009 and of its profit 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.

### **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.



27 May 2010

**S McCreath (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
8 Salisbury Square, London  
27 May 2010



# AB Agri Limited

## Profit and loss account

for the 52 week period ended 12 September 2009

	Note	52 week period ended 12 September 2009 £000	£000	52 week period ended 13 September 2008 £000	£000
<b>Turnover</b>					
Continuing operations		809,281		719,757	
- Acquisitions		-		15,051	
		<hr/>	809,281	<hr/>	734,808
Discontinued operations	2		-		41,836
			<hr/>		<hr/>
			809,281		776,644
<b>Operating profit</b>					
Continuing operations		8,232		11,314	
- Acquisitions		-		1,215	
		<hr/>	8,232	<hr/>	12,529
Discontinued operations	2		-		1,206
			<hr/>		<hr/>
			8,232		13,735
Profit on the sale of a discontinued operation	3		-		1,126
Other interest receivable and similar income	6		12,789		18,248
Interest payable and similar charges	7		(398)		(2)
			<hr/>		<hr/>
Profit on ordinary activities before taxation	4		20,623		33,107
Tax on profit on ordinary activities	8		(6,357)		(9,370)
			<hr/>		<hr/>
Profit for the financial year			14,266		23,737
			<hr/>		<hr/>

There is no material difference between the profit on ordinary activities and the retained profit for the period stated above, and their historical cost equivalents

**AB Agri Limited**  
Registered number: 193800

**Balance sheet**  
**at 12 September 2009**

	Note	12 September 2009 £000	13 September 2008 £000
<b>Intangible assets</b>			
Goodwill	10	369	-
<b>Fixed assets</b>			
Tangible assets	11	39,498	36,370
Investments	13	37,839	37,839
		<u>77,706</u>	<u>74,209</u>
<b>Current assets</b>			
Stocks	14	15,581	17,215
Debtors (including £13,686,000 (2008 £26,373,000) due after more than one year)	15	130,311	137,490
Cash at bank and in hand		7,170	7,092
		<u>153,062</u>	<u>161,797</u>
<b>Creditors - amounts falling due within one year</b>	15	<u>(84,692)</u>	<u>(85,145)</u>
<b>Net current assets</b>		<u>68,370</u>	<u>76,652</u>
<b>Total assets less current liabilities</b>		<u>146,076</u>	<u>150,861</u>
<b>Provision for liabilities and charges</b>	17	<u>(2,952)</u>	<u>(2,518)</u>
<b>Net assets</b>		<u>143,124</u>	<u>148,343</u>
<b>Capital and reserves</b>			
Called up share capital	18	102,000	102,000
Share based payment reserve	19	950	435
Profit and loss account	19	40,174	45,908
<b>Shareholders' funds</b>	19	<u>143,124</u>	<u>148,343</u>

These financial statements were approved by the board of directors on 27 May 2010 and were signed on its behalf by



**R C Cloke**  
Director

# AB Agri Limited

## **Statement of Total Recognised Gains and Losses** *for the period ended 12 September 2009*

	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Profit for the financial year</b>	<b>14,266</b>	<b>23,737</b>
Equity settled share based payment expense	<b>515</b>	<b>352</b>
<b>Total recognised gains and losses relating to the financial year</b>	<b>14,781</b>	<b>24,089</b>

# AB Agri Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Associated British Foods plc, the company has taken advantage of the exemption contained in FRS 8 and has 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 25

#### Fixed assets and depreciation

Depreciation is provided on the original cost of assets and is calculated on a straight line basis at rates sufficient to reduce them to their estimated residual value. 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 anticipated useful life of other assets is generally deemed to be not longer than.

Freehold buildings	50 years
Plant, machinery, fixtures and fittings	5-12 years
Cars	5 years

#### Turnover

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

The company recognises revenue at the point of despatch of goods and for services when they have been provided.

# AB Agri Limited

## Notes (continued)

### 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 on research and development is written off to the profit and loss account in the period in which it is incurred.

### 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 manufactured goods the term 'cost' includes raw materials, production wages, and production overheads.

### Taxation

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.

### Foreign currencies

Transactions 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 into sterling using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### Investments

Investments are stated at cost less amounts written off in respect of any impairment in value.

### Retirement benefits

The company is a member of the Associated British Foods Pension Scheme which operates both a defined contribution and a defined benefit pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable. The defined benefit scheme is a multi-employer scheme and the company is unable to identify its share of underlying assets and liabilities on a consistent and reasonable basis. Contributions to the defined benefit scheme are therefore accounted for as if they were contributions to a defined contribution scheme.

# AB Agri Limited

## Notes (continued)

### 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 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.

### Goodwill

Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

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

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill.

# AB Agri Limited

## Notes (continued)

### 2 Analysis of continuing and discontinued operations

	52 week period ended 12 September 2009			52 week period ended 13 September 2008		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£000	£000	£000	£000	£000	£000
Turnover	809,281	-	809,281	734,808	41,836	776,644
Cost of sales	(742,247)	-	(742,247)	(660,375)	(36,243)	(696,618)
Gross profit	67,034	-	67,034	74,433	5,593	80,026
Distribution costs	(32,736)	-	(32,736)	(32,166)	(3,450)	(35,616)
Administration expenses	(26,066)	-	(26,066)	(29,738)	(937)	(30,675)
Operating profit	8,232	-	8,232	12,529	1,206	13,735

In the opinion of the directors, the company operates in only one business segment, being the manufacture, purchase and sale of agricultural products. Materially all of the company's turnover and results arise from trade within the European Union, principally the United Kingdom. Materially all of the company's net assets are located in the United Kingdom.

### 3 Profit on the sale of a discontinued operation

On 27 June 2008 AB Agri sold the trade and assets of ABN Ireland. The profit on disposal of the trade and assets was £1,126,000. The effect of this item is to increase the taxation charge by £328,000.

# AB Agri Limited

## Notes (continued)

### 4 Profit on ordinary activities before taxation is stated after charging:

	52 week period ended 12 September 2009 £000	52 week period ended 13 September 2008 £000
Depreciation of tangible fixed assets	7,405	6,493
Amortisation	7	-
Hire of plant and machinery	136	11
- rentals payable under operating leases		
Land and building payments under operating leases	591	130
Research and development	538	394
Profit/(Loss) on sale of fixed assets	51	(486)
	<hr/>	<hr/>
	52 week period ended 12 September 2009 £000	52 week period ended 13 September 2008 £000
Auditors' remuneration:		
- audit fees	115	133
	<hr/>	<hr/>

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Associated British Foods plc



# AB Agri Limited

## Notes (continued)

### 5 Directors and employees

The average weekly number of employees, including directors, of the company during the period was 886 (2008: 873)

The aggregate payroll costs of these persons were as follows:

	<b>52 week period ended 12 September 2009 £000</b>	<b>52 week period ended 13 September 2008 £000</b>
Wages and salaries	<b>30,448</b>	28,249
Money paid/receivable under long term incentive plans	<b>515</b>	352
Social security costs	<b>2,925</b>	2,529
Pension costs	<b>3,009</b>	3,511
	<b><u>36,897</u></b>	<u>34,641</u>
	<b>52 week period ended 12 September 2009 £000</b>	<b>52 week period ended 13 September 2008 £000</b>
Directors' emoluments	<b>2,101</b>	1,617
Money paid/receivable under long term incentive plans	<b>515</b>	352
	<b><u>2,616</u></b>	<u>1,969</u>

# AB Agri Limited

## Notes (continued)

### 5 Directors and employees (continued)

Of the directors' emoluments £790,000 (2008 £747,000) was paid by other group companies on behalf of AB Agri Limited. The aggregate emoluments of the highest paid director were £790,000 (2008 £747,000). This figure includes company pension contributions of £108,000 (2008 £142,000) that were made on their behalf.

	2009 Number	2008 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes	4	6

### 6 Other interest receivable and similar income

	52 week period ended 12 September 2009 £000	52 week period ended 13 September 2008 £000
Interest receivable on finance leases	58	44
Other interest receivable on loans from fellow group undertakings	12,731	18,204
	<u>12,789</u>	<u>18,248</u>

### 7 Interest payable and similar charges

	52 week period ended 12 September 2009 £000	52 week period ended 13 September 2008 £000
Interest payable on other loans	-	2
Other interest payable	398	-
	<u>398</u>	<u>2</u>

# AB Agri Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities

#### Analysis of tax charge

	12 September 2009 £000	13 September 2008 £000
<i>UK corporation tax</i>		
Current tax on income for the period	6,326	10,133
Adjustment in respect of prior years	(224)	(1,099)
	<hr/> 6,102	<hr/> 9,034
<i>Deferred tax (see note 17)</i>		
Reversal of timing differences	(271)	(603)
Adjustment in respect of previous years	526	939
	<hr/> 6,357	<hr/> 9,370

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

The current tax charge for the period is higher (2008 lower) than the standard rate of corporation tax in the UK 28% (2008 29 1%). The differences are explained below

	12 September 2009 £000	13 September 2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	20,623	33,107
	<hr/> 5,774	<hr/> 9,634
Current tax at 28% (2008 29 1%)		
Effects of:		
Expenses not deductible for tax purposes	471	(128)
Depreciation in excess of capital allowances	(95)	534
Adjustment in respect of prior years	(224)	(1,099)
Other timing differences	176	93
	<hr/> 6,102	<hr/> 9,034
Total current tax charge (see above)	<hr/> 6,102	<hr/> 9,034

# AB Agri Limited

## Notes (continued)

### 9 Dividends

The aggregate amount of dividends comprises

	52 week period ended 12 September 2009 £000	52 week period ended 13 September 2008 £000
Dividends paid in respect of prior year but not recognised as liabilities in that year	20,000	12,000

### 10 Intangible assets

	Goodwill
	£000
<b>Cost</b>	
At beginning of year	-
Additions	376
At end of year	376
<b>Amortisation</b>	
At beginning of year	-
Charged in year	7
At end of year	7
<b>Net book value</b>	
<b>At 13 September 2009</b>	<b>369</b>
At 15 September 2008	-

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill in relation to the purchase of selected trade and assets of JE Porter Limited is amortised over a period of 20 years, which is in line with the requirements of FRS 10 and group policy.

# AB Agri Limited

## Notes (continued)

### 11 Tangible assets

	Land and Freehold Buildings	Long Leasehold Buildings	Plant, Machinery Fixtures and Fittings, Cars	Total
	£000	£000	£000	£000
<b>Cost</b>				
At beginning of period	15,184	1,614	76,421	93,219
Additions	97	43	10,513	10,653
Disposals	-	(198)	(5,168)	(5,366)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	15,281	1,459	81,766	98,506
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of period	5,846	549	50,454	56,849
Charge for the period	1,025	119	6,261	7,405
Disposals	-	(194)	(5,052)	(5,246)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	6,871	474	51,663	59,008
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 12 September 2009</b>	<b>8,410</b>	<b>985</b>	<b>30,103</b>	<b>39,498</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 15 September 2008	9,338	1,065	25,967	36,370
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land of £2,251,000 is not depreciated (2008: £2,218,000).

The remaining economic life of the Gainsborough freehold building, plant, machinery, fixtures and fittings was reviewed during the year and revised to reflect the intended closure of the site. This has resulted in an accelerated depreciation charge of £296,000 in freehold buildings and £537,000 in plant, machinery, fixtures and fittings.

On 19th May 2010 the company sold land and buildings at Framlingham in Suffolk with a net book value of £nil to Hopkins Homes Limited for £3.7m.

### 12 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £1,530,000 (2008: Nil).

# AB Agri Limited

## Notes (continued)

### 13 Fixed asset investments

	Shares in group undertakings £000
<b>Cost</b>	
At beginning and end of period	37,839

The company has an interest of more than 20% in the following companies

	Country of registration	Principal activity	Class and percentage of shares held
<b><i>Subsidiary undertakings</i></b>			
ABN (Overseas) Limited	England and Wales	Investment company	100% Ordinary
ABN (Scotland) Limited	Scotland	Non-trading	100% Ordinary
Courtyard Beef UK Limited	England and Wales	Non trading	100% Ordinary
Nutrition Trading (International) Limited	England and Wales	Non trading	100% Ordinary
Agrilines Limited	England and Wales	Non trading	100% Ordinary
Eastbrook Farms Organic Pigs Limited	England and Wales	Non trading	50% Ordinary
Premier Nutrition Products Limited	England and Wales	Non trading	100% Ordinary
Banbury Agriculture Limited	England and Wales	Non trading	100% Ordinary
Nutrition Trading Limited	England and Wales	Non trading	100% Ordinary

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.

# AB Agri Limited

## Notes (continued)

### 13 Fixed asset investments (continued)

On 5 May 2009 the company purchased selected trade and assets of JE Porter Limited. The company specialise in feed pre-mixes. Professional and legal fees incurred as a result of the transaction have been capitalised as purchased goodwill. The acquisition had the following effect on the company's assets and liabilities

	Book value	Fair Value
	£000	£000
Plant and equipment	2,650	2,650
Inventories	341	341
	<hr/>	<hr/>
Net assets	2,991	2,991
Purchased Goodwill		376
		<hr/>
Total consideration		3,367
		<hr/> <hr/>

# AB Agri Limited

## Notes (continued)

### 14 Stocks

	12 September 2009 £000	13 September 2008 £000
Raw materials and consumables	14,054	16,224
Finished goods and goods for resale	1,527	991
	<u>15,581</u>	<u>17,215</u>

### 15 Debtors

	12 September 2009 £000	13 September 2008 £000
<i>Amount falling due within one year:</i>		
Trade debtors	100,102	96,433
Amounts owed by group undertakings	1,529	896
Other debtors	145	236
Prepayments and accrued income	14,849	13,052
Loan receivable	-	500
	<u>116,625</u>	<u>111,117</u>
<i>Amount falling due after one year</i>		
Amounts owed by group undertakings	13,686	26,373
	<u>130,311</u>	<u>137,490</u>



# AB Agri Limited

## Notes (continued)

### 16 Creditors - amounts falling due within one year

	12 September 2009 £000	13 September 2008 £000
Trade creditors	44,479	44,151
Overdraft	184	931
Amounts owed to group undertakings	9,102	4,147
Other creditors	107	316
Corporation taxation	3,267	5,198
Accruals and deferred income	27,553	30,402
	<u>84,692</u>	<u>85,145</u>

### 17 Provision for liabilities and charges

	Deferred tax £000	Other £000	Total £000
At 13 September 2008	2,111	407	2,518
Provision created	365	424	789
Utilised	(110)	(245)	(355)
<b>At 12 September 2009</b>	<b>2,366</b>	<b>586</b>	<b>2,952</b>

	12 September 2009 £000	13 September 2008 £000
<b>Deferred taxation</b>		
<i>Analysis by component</i>		
Other timing differences	(266)	(90)
Accelerated capital allowances	2,632	2,201
	<u>2,366</u>	<u>2,111</u>

Other provisions include future known costs relating to previous disposal/terminations of businesses.

# AB Agri Limited

## Notes (continued)

### 18 Called up share capital

	12 September 2009 £000	13 September 2008 £000
<b>Authorised</b>		
Ordinary shares of £1 each	120,000	120,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	102,000	102,000
	<u>          </u>	<u>          </u>

### 19 Reconciliation of movements in shareholders' funds

	Share Capital £000	Share Based Payment reserve £000	Profit and loss account £000	Total £000
At beginning of period	102,000	435	45,908	148,343
Profit for the period	-	-	14,266	14,266
Dividends	-	-	(20,000)	(20,000)
Other movements	-	515	-	515
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At end of period</b>	<b>102,000</b>	<b>950</b>	<b>40,174</b>	<b>143,124</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# AB Agri Limited

## Notes (continued)

### 20' Share-based payments

The company had the following equity-settled share-based payment plans 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.

	<b>12 September 2009 No of shares</b>
Balance outstanding at the beginning of the period	130,473
Awarded this period	102,040
Vested	-
Lapsed	-
Balance outstanding at the end of the period	<b>232,513</b>

### **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 shares awarded under the Share Incentive Plan during the year was 610 pence (2008: 837 pence) and the weighted average share price was 656 pence (2008: 900 pence)

The company recognised total equity-settled share-based payment expense of £515,000 (2008: £352,000)

# AB Agri Limited

## Notes (continued)

### 21 Contingent liabilities

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

### 22 Commitments

Annual commitments under non-cancellable operating leases are as follows.

	12 September 2009		13 September 2008	
	Land and buildings £000	Other assets £000	Land and Buildings £000	Other Assets £000
<i>Operating leases which expire</i>				
Within one year	73	43	18	-
Between one and five years	79	66	21	-
After five years	452	13	391	-
	<hr/>	<hr/>	<hr/>	<hr/>
	604	122	430	-
	<hr/>	<hr/>	<hr/>	<hr/>

# AB Agri Limited

## Notes (continued)

### 23 Pension costs

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 last actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2008. At the valuation date the total market value of the assets of the Scheme was £2,223m and represented 93% of the benefits that had accrued to members after allowing for expected future increases in earnings. Following completion of the actuarial valuation, the group agreed to make five annual payments of £30m in order to eliminate the deficit at 5 April 2008. The first of these payments was made in March 2009.

The actuarial valuations were updated for IAS 19 purposes to 12 September 2009 by an independent qualified actuary. The updated valuation of Scheme was a deficit of £65 million (2008: £93 million surplus). 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 Associated British Foods plc, 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](http://www.abf.co.uk)

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £3,009,000 (2008: £3,511,000).

### 24 Related party transactions

Transactions with the group's related parties, as defined by Financial Reporting Standard 8, are summarised below:

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Sales (on normal trading terms)	<b>172</b>	300
Purchases (on normal trading terms)	<b>117,341</b>	116,651
Amounts due from Frontier Agriculture Limited	<b>35</b>	30
Amounts due to Frontier Agriculture Limited	<b>10,775</b>	10,387

All sales and purchases are with Frontier Agriculture Limited, a 50:50 joint venture between ABF Holdings Limited and Cargill plc.

# AB Agri Limited

## **Notes** *(continued)*

### **25 Holding company**

The immediate holding company is ABF Holdings Limited, a company registered in England and Wales. The ultimate holding 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 headed by Wittington Investments Limited. The smallest group in which they are consolidated is 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](http://www.abf.co.uk)