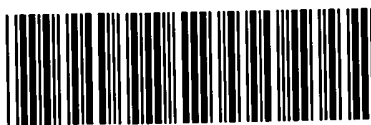


AB Agri Limited  
Annual report and financial statements  
For the 52 week period ended  
16 September 2017

Registered no: 00193800

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# AB Agri Limited

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# AB Agri Limited

## Strategic report

### Business review

AB Agri revenues were well ahead of last year with growth in all businesses. Operating profit before amortisation was, however, lower than last year mainly reflecting reduced margins in UK feeds, as a result of strong competition and higher raw material costs.

New liquid co-products from Vivergo's biofuel production were developed for the animal feed and anaerobic digestion (AD) markets which partly offset the reduced availability of co-products from the food and drink industry. Our AD plant in Yorkshire was commissioned during the year enabling sales of new AD products and services under the Amur brand.

AB Agri's extensive experience across the farming industry, combined with the greater availability of on-farm data and the use of proprietary technology, are being leveraged to provide greater insight into on-farm management. This is aimed at assisting farmers to increase productivity and improve animal nutrition.

### Research and development

The Company continued its expenditure on research and development with expenditure during the period of £6,449,000 (2016: £4,692,000).

### Risks and uncertainties

Treasury operations and commodity procurement are conducted within a clearly defined 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 and counterparty credit. Commodity risks arise from the procurement of raw materials and the exposure to changes in market prices.

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.

# AB Agri Limited

## Strategic report (continued)

### Key performance indicators

The key performance indicators for AB Agri Limited are turnover, operating profit before amortisation, return on average capital employed (operating profit divided by average net current assets, PPE and software) and debtor days (trade debtors divided by turnover multiplied by 365). The table below provides a summary of our performance against these key indicators for the past two financial periods.

	52 week period ended 16 September 2017	53 week period ended 17 September 2016	Increase/ (Decrease)
Turnover £000	854,930	778,917	76,013
Operating profit before amortisation £000	12,430	19,834	(7,404)
ROCE	8.1%	14.7%	(6.6%)
Debtor days	52	49	3

On behalf of the board

  
**D J D Yiend**  
Director

Date: 20.12.2017

# AB Agri Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 16 September 2017.

### Principal activities

Through a number of business divisions operating right across the supply chain, AB Agri Limited manufactures high performance compound feeds, provides world leading analytical capability, nutritional advice, sustainable business solutions and poultry marketing services for customers. It helps food, drink and bioethanol companies internationally to reduce their environmental footprint by marketing their co-products as animal feed and also supplies premix, enzymes and other technical products to the livestock and pet industries. AB Agri Limited's proposition can influence profitability at every stage of the food supply chain.

### Payments to suppliers

The Company, together 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 to the Prompt Payment Code. Further information concerning this Code, and a copy 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 28 days purchases (2016: 31 days).

### Dividend

The directors do not recommend the payment of a dividend in respect of the current financial period (2016: £22,416,000, note 9).

### Going concern

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position together with the Company's liquidity in forming their opinion on the suitability of using the going concern basis in preparing the financial statements.

The Company is expected to continue to generate positive cash flows for the foreseeable future. On the basis of the directors' assessment of the financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# AB Agri Limited

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

### **Health and safety**

The Company keeps its health, safety and environmental performance and levels of legal compliance under regular review and ensures that its risk management controls are appropriate and effective.

### **Directors**

The directors who held office during the period and at the date of this report were:

D J D Yiend  
R C Cloke  
A Murphy  
R G Cooper  
S M Heath  
J E Martinez Plata  
A G Cross

### **Company secretary**

R S Schofield

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

### **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 £14,000 (2016: £6,000).

### **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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# AB Agri Limited

## Directors' report *(continued)*

### Auditor

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

On behalf of the board



**D J D Yiend**  
Director

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

Date: 20.12.2017

**Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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



## Independent auditor's report to the members of AB Agri Limited

### Opinion

We have audited the financial statements of AB Agri Limited for the 52 weeks ended 16 September 2017 which comprise [specify the titles of the primary statements such as the Income Statement, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes] 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 16 September 2017 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

### Other information

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

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

## **Independent auditor's report to the members of AB Agri Limited (continued)**

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of directors**

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

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

**Independent auditor's report to the members of AB Agri Limited  
(continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

*Ernst & Young LLP*

Anup Sodhi (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton  
20th December 2017

# AB Agri Limited

## Income statement

for the 52 week period ended 16 September 2017

	Note	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
Turnover	3	854,930	778,917
Cost of sales		(744,983)	(665,591)
Gross profit		109,947	113,326
Distribution costs		(57,064)	(57,734)
Administrative expenses		(40,453)	(35,758)
Amortisation	10	(866)	(968)
Operating profit		11,564	18,866
Profit on disposal of fixed assets	11	164	-
Net gain on return of capital	12	-	1,190
Interest receivable and similar income	6	25	4,899
Interest payable and similar charges	7	(309)	(367)
Profit on ordinary activities before taxation	4	11,444	24,588
Tax on profit on ordinary activities	8	(2,263)	(3,294)
Profit for the financial period		9,181	21,294

All operations were continuing in the current and prior period.

# AB Agri Limited

## **Statement of comprehensive income** *for the 52 week period ended 16 September 2017*

	<b>52 week period ended 16 September 2017 £000</b>	<b>53 week period ended 17 September 2016 £000</b>
<b>Profit for the financial period</b>	<b>9,181</b>	<b>21,294</b>
Movement in cash flow hedging position	<b>(209)</b>	<b>262</b>
<b>Total comprehensive income for the financial period</b>	<b>8,972</b>	<b>21,556</b>

# AB Agri Limited

## Statement of changes in equity for the 52 week period ended 16 September 2017

	Share capital £000	Capital contribution £000	Retained earnings £000	Hedging reserve £000	Total £000
At 12 September 2015	102,000	4,395	16,953	(43)	123,305
Profit for the period	-	-	21,294	-	21,294
Dividend paid	-	-	(22,416)	-	(22,416)
Other reserves movement	-	-	-	262	262
Share-based payment expense for the period	-	736	-	-	736
At 17 September 2016	102,000	5,131	15,831	219	123,181
At 17 September 2016	102,000	5,131	15,831	219	123,181
Profit for the period	-	-	9,181	-	9,181
Other reserves movement	-	-	-	(209)	(209)
Share-based payment expense for the period	-	697	-	-	697
<b>At 16 September 2017</b>	<b>102,000</b>	<b>5,828</b>	<b>25,012</b>	<b>10</b>	<b>132,850</b>

The hedging reserve comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

# AB Agri Limited

## Balance sheet at 16 September 2017

	Note	16 September 2017 £000	17 September 2016 £000
<b>Fixed assets</b>			
Intangible assets	10	14,076	14,420
Tangible assets	11	63,933	60,307
Investments	12	19,289	19,289
		<u>97,298</u>	<u>94,016</u>
<b>Current assets</b>			
Stocks	14	21,215	16,861
Debtors	15	150,589	135,828
Cash at bank and in hand		3,282	4,444
		<u>175,086</u>	<u>157,133</u>
<b>Creditors - amounts falling due within one year</b>	16	<u>(92,808)</u>	<u>(89,657)</u>
<b>Net current assets</b>		<u>82,278</u>	<u>67,476</u>
<b>Total assets less current liabilities</b>		<u>179,576</u>	<u>161,492</u>
<b>Creditors - amounts falling due after one year</b>	17	<u>(42,610)</u>	<u>(35,900)</u>
<b>Provision for liabilities and charges</b>	18	<u>(4,116)</u>	<u>(2,411)</u>
<b>Net assets</b>		<u>132,850</u>	<u>123,181</u>
<b>Capital and reserves</b>			
Called up share capital	19	102,000	102,000
Capital contribution reserve	20	5,828	5,131
Profit and loss account		25,012	15,831
Hedging reserve		10	219
<b>Shareholders' funds</b>		<u>132,850</u>	<u>123,181</u>

These financial statements were approved by the board of directors on 20.12.2017 and were signed on its behalf by:

*R. Cloke*

**R C Cloke**  
Director

Company registered number: 193800

The notes on pages 15 to 33 form part of these financial statements.

# AB Agri Limited

## Notes

*(forming part of the financial statements)*

### 1 Authorisation of financial statements

The financial statements of AB Agri Limited (the "Company") for the period ended 16 September 2017 were authorised for issue by the board of directors on ~~20.12.2017~~ and the balance sheet was signed on the board's behalf by R C Cloke. AB Agri Limited is incorporated and domiciled in England and Wales. Its registered office is Weston Centre, 10 Grosvenor Street, London, W1K 4QY.

### 2 Accounting policies

The following 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 were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Associated British Foods plc. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 2 *Share based Payment* because the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- c) the requirement of IAS 1 *Presentation of Financial Statements* to present comparative information of IAS 1, IAS 16 and IAS 38;
- d) the requirements of IAS 7 *Statement of Cash Flows*; and
- e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*.

#### Going concern

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position together with the Company's liquidity in forming their opinion on the suitability of using the going concern basis in preparing the financial statements.

The Company is expected to continue to generate positive cash flows for the foreseeable future. On the basis of the directors' assessment of the financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



# AB Agri Limited

## Notes (continued)

### 2 Accounting policies (continued)

#### 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. Assets in the course of construction are not depreciated until the asset is ready for use. 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.

#### Leases

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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

#### 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.

# AB Agri Limited

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

### **2 Accounting policies** *(continued)*

#### **Taxation**

Corporation tax payable is provided on taxable profits at the prevailing rate. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **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 income statement.

#### **Investments**

Investments are stated at cost less any applicable provision for impairment.

#### **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.

## Notes (continued)

### 2 Accounting policies (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 as a capital contribution. The fair value is measured at grant date and charged to the profit and loss account 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.

#### Intangible assets

Business combinations are accounted for using the acquisition method. Acquisition costs incurred are expensed and included in administrative expenses.

Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998 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.

The UK Companies Act requires goodwill to be amortised over its useful economic life however under IFRS 3 Business Combinations goodwill is not amortised. Consequently the Company does not amortise goodwill but reviews it for impairment at each reporting date or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

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 unimpaired amount of any related goodwill.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

## Notes (continued)

### 2 Accounting policies (continued)

#### New accounting policies

The following new accounting standards were adopted in the year, none of which resulted in a significant impact to the current or prior years:

- Annual Improvements to IFRSs 2012–2014
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The Company is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU, the adoption date is less certain. The standards effective in 2018 are not expected to have any material effect on the Company.

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions effective 2019 financial year (not yet endorsed by the EU)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts effective 2019 financial year (not yet endorsed by the EU)
- Annual Improvements to IFRSs 2014–2016 effective 2018 and 2019 financial years
- IFRS 9 Financial Instruments: Classification and Measurement effective 2019 financial year
- IFRS 15 Revenue from Contracts with Customers effective 2019 financial year
- IFRS 16 Leases effective 2020 financial year (not yet endorsed by the EU)
- IFRS 17 Insurance Contracts effective 2022 financial year (not yet endorsed by the EU)
- Amendments to IAS 7: Disclosure Initiative effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses effective 2018 financial year (not yet endorsed by the EU)
- IFRIC 22: Foreign Currency Transactions and Advance Consideration effective 2019 financial year (not yet endorsed by the EU)
- IFRIC 23: Uncertainty over Income Tax Treatments effective 2020 financial year (not yet endorsed by the EU)

The three new standards with the most significant potential effect on the Company's financial statements are: IFRS 9, IFRS 15 and IFRS 16.

Impact assessments and implementation planning is already underway for these standards. Further details of the Company's transitional approach to their implementation and their expected impact will be provided in the 2018 financial statements.

The impact of the other standards is currently under review, but is expected to be much less significant.

# AB Agri Limited

## Notes (continued)

### 3 Turnover

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.

### 4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	<b>52 week period ended 16 September 2017 £000</b>	<b>53 week period ended 17 September 2016 £000</b>
Depreciation of tangible fixed assets	<b>7,430</b>	7,567
Amortisation	<b>866</b>	968
Hire of plant and machinery	<b>161</b>	161
- rentals payable under operating leases		
Land and building payments under operating leases	<b>558</b>	558
Research and development	<b>6,449</b>	4,692
Auditor's remuneration – audit fees	<b>210</b>	211
- tax and other services	<b>10</b>	
	<hr/>	<hr/>

# AB Agri Limited

## Notes (continued)

### 5 Directors and employees

The average weekly number of employees, including directors, of the Company during the period was 1,157 (2016: 1,121). The aggregate payroll costs of these persons were as follows:

	<b>52 week period ended 16 September 2017 £000</b>	<b>53 week period ended 17 September 2016 £000</b>
Wages and salaries	<b>52,074</b>	50,209
Amounts receivable under long term incentive plans	<b>697</b>	736
Social security costs	<b>6,119</b>	5,470
Pension costs	<b>5,027</b>	5,069
	<b>63,917</b>	61,484

	<b>52 week period ended 16 September 2017 £000</b>	<b>53 week period ended 17 September 2016 £000</b>
Directors' emoluments	<b>3,631</b>	3,595
Pension costs	<b>45</b>	129
Amounts receivable under long term incentive plans	<b>697</b>	736
	<b>4,373</b>	4,460

Of the directors' emoluments £1,284,000 (2016: £944,000) was paid by other group companies on behalf of AB Agri Limited. The aggregate emoluments of the highest paid director from emoluments and long term incentive plans were £1,284,000 (2016: £944,000). This figure includes Company pension contributions of £nil (2016: £nil) that were made on their behalf.

# AB Agri Limited

## Notes (continued)

### 5 Directors and employees (continued)

	52 week period ended 16 September 2017 Number	53 week period ended 17 September 2016 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes and EFRBS where appropriate	3	3
Amounts were paid to the following number of directors under long term incentive plans	3	3
	<hr/>	<hr/>

### 6 Interest receivable and similar income

	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
Interest receivable on loans to fellow group undertakings	25	36
Dividends received from subsidiaries	-	4,863
	<hr/>	<hr/>
	25	4,899
	<hr/>	<hr/>

### 7 Interest payable and similar charges

	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
Other interest payable	309	367
	<hr/>	<hr/>
	309	367
	<hr/>	<hr/>

# AB Agri Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities

#### Analysis of tax charge

	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
<i>UK corporation tax</i>		
Current tax on income for the period	2,481	4,496
Adjustment in respect of prior periods	(1,966)	(360)
Total current tax (see below)	515	4,136
<i>Deferred tax (see note 18)</i>		
Reversal of timing differences	(60)	(171)
Effect of change in tax rate	8	(482)
Adjustment in respect of prior periods	1,800	(189)
Total deferred tax	1,748	(842)
Tax on profit on ordinary activities	2,263	3,294

The adjustments in respect of prior periods principally relate to adjustments to estimates of expenses not deductible for tax purposes and depreciation in excess of capital allowances.



# AB Agri Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities (continued)

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

The current tax charge for the period is greater than (2016: less than) the standard rate of corporation tax in the UK 19.54% (2016: 20.00%).

	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	11,444	24,588
	<hr/>	<hr/>
Current tax at 19.54% (2016: 20.00%)	2,236	4,918
<i>Effects of:</i>		
Rate change	8	(418)
Expenses not deductible/(income not taxable)	213	269
Non-taxable dividends from group companies	-	(973)
Profit/loss on exempt disposals	(28)	47
Adjustment to tax charge in respect of prior periods	(166)	(549)
	<hr/>	<hr/>
Total current tax charge (see above)	2,263	3,294
	<hr/>	<hr/>

#### Factors affecting future tax charges

The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017, with a further reduction to 17% effective from 1 April 2020. The legislation to effect these rate changes had been 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, closing deferred tax balances have been calculated using a rate of 17%.

# AB Agri Limited

## Notes (continued)

### 9 Dividends

The aggregate amount of dividends comprises:

	52 week period ended 16 September 2017 £000	53 week period ended 17 September 2016 £000
Dividends paid	-	22,416
Dividends received	-	(4,863)
	<hr/>	<hr/>

### 10 Intangible assets

	Goodwill £000	Intangible assets £000	Total £000
<b>Cost</b>			
At beginning of period	10,567	15,896	26,463
Additions	50	472	522
	<hr/>	<hr/>	<hr/>
At end of period	10,617	16,368	26,985
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At beginning of period	-	12,043	12,043
Charge for the period	-	866	866
	<hr/>	<hr/>	<hr/>
At end of period	-	12,909	12,909
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 16 September 2017</b>	<b>10,617</b>	<b>3,459</b>	<b>14,076</b>
	<hr/>	<hr/>	<hr/>
At 17 September 2016	10,567	3,853	14,420
	<hr/>	<hr/>	<hr/>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any intangible assets that arise.

The intangible assets comprise customer relationships acquired (amortised over 3 years) and various capitalised software purchases (amortised over 5 years). All additions relate to software purchases.

Goodwill additions of £50,000 arose from the hive-up of the trade and assets of Roses Nutrition Limited on 31<sup>st</sup> August 2017.

# AB Agri Limited

## Notes (continued)

### 11 Tangible assets

	Land and freehold buildings	Long leasehold buildings	Plant and machinery, fixtures and fittings, cars	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of period	19,578	544	99,770	12,023	131,915
Additions	30	6	9,219	2,911	12,166
Disposals	(135)	-	(3,053)	-	(3,188)
Transfers	-	-	11,874	(11,874)	-
At end of period	19,473	550	117,810	3,060	140,893
<i>Depreciation</i>					
At beginning of period	8,719	531	62,358	-	71,608
Charge for the period	525	8	6,897	-	7,430
Disposals	-	-	(2,078)	-	(2,078)
At end of period	9,244	539	67,177	-	76,960
<i>Net book value</i>					
<b>At 16 September 2017</b>	<b>10,229</b>	<b>11</b>	<b>50,633</b>	<b>3,060</b>	<b>63,933</b>
At 17 September 2016	10,859	13	37,412	12,023	60,307

# AB Agri Limited

## Notes (continued)

### 12 Investments

	Shares in group undertakings £000
<b>Cost</b>	
At beginning and end of period	<b>19,289</b>

In the previous period the Company's subsidiaries participated in a restructuring of entities within the Associated British Foods plc group. ABN (Scotland) Limited and Premier Nutrition Products Ltd undertook a capital reduction and returned capital invested by the Company of £2,429k and £124k respectively. A gain of £1,190k relating to the transaction was realised in profit and loss during the previous period being the amount of capital received in excess of the carrying value of these investments.

The Company has a 100% interest in the following subsidiary companies, all of which are registered in England and Wales:

<b>Subsidiary undertakings</b>	<b>Principal activity</b>
ABN (Overseas) Limited	Investment company
Roses Nutrition Limited	Independent nutrition consultancy business
LeafTC Limited	Non-trading
ABN (Scotland) Limited	Non-trading
ABNA Limited	Non-trading
Nutrition Trading (International) Limited	Non-trading
Agrilines Limited	Non-trading
Premier Nutrition Products Limited	Non-trading
Banbury Agriculture Limited	Non-trading
Nutrition Trading Limited	Non-trading

In the opinion of the directors, the investment in each of the Company's subsidiary undertakings is worth at least the amount at which it is stated in the balance sheet.

### 13 Capital commitments

Capital commitments at the end of the financial period, for which no provision has been made, amounted to £7,503,000 (2016: £4,129,000).

# AB Agri Limited

## Notes (continued)

### 14 Stocks

	16 September 2017 £000	17 September 2016 £000
Raw materials and consumables	16,668	12,505
Finished goods and goods for resale	4,547	4,356
	<u>21,215</u>	<u>16,861</u>

### 15 Debtors

	16 September 2017 £000	17 September 2016 £000
Trade debtors	120,747	104,016
Amounts owed by group undertakings	15,279	16,225
Other debtors	236	440
Prepayments and accrued income	14,327	15,147
	<u>150,589</u>	<u>135,828</u>

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

	16 September 2017 £000	17 September 2016 £000
Trade creditors	57,182	55,463
Amounts owed to group undertakings	10,021	8,347
Corporation tax	2,086	2,036
Other creditors	302	237
Accruals and deferred income	23,217	23,574
	<u>92,808</u>	<u>89,657</u>

# AB Agri Limited

## Notes (continued)

### 17 Creditors – amounts falling due after one year

	16 September 2017 £000	17 September 2016 £000
Amounts owed to group undertakings	<b>42,610</b>	35,900

### 18 Provision for liabilities and charges

	Deferred tax £000
At 17 September 2016	2,411
Charge to the profit and loss account	1,748
Charge relating to other comprehensive income	(43)
<b>At 16 September 2017</b>	<b>4,116</b>

	16 September 2017 £000	17 September 2016 £000
<b>Deferred taxation</b>		
<i>Analysis by component:</i>		
Accelerated capital allowances	<b>3,793</b>	2,574
Deferred tax on hedging reserve	<b>2</b>	45
Other short term timing differences	<b>321</b>	(208)

### 19 Called up share capital

	16 September 2017 £000	17 September 2016 £000
<b>Issued and fully paid</b>		
102,000,000 ordinary shares of £1 each (2016:102,000,000)	<b>102,000</b>	102,000

# AB Agri Limited

## Notes (continued)

### 20 Share-based payments

The Company had the following principal 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 the annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which are released if, and to the extent that, performance targets are satisfied, typically over a three-year performance period.

The Share Incentive Plan expired in December 2013, with the last grant of allocations made in November 2013. Conditional shares allocated under the Share Incentive Plan will vest under the terms of the Share Incentive Plan.

#### **Associated British Foods Long-Term Incentive Plan ('the LTIP')**

The LTIP was approved and adopted by Associated British Foods plc at its annual general meeting held on 6 December 2013. It takes the form of conditional allocations of shares, which are released if, and to the extent that, performance targets are satisfied, typically over a three-year performance period.

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

	<b>17 September 2016 No of shares</b>
Balance outstanding at the beginning of the period	188,365
Awarded this period	89,420
Vested	(26,815)
Lapsed	(24,259)
Balance outstanding at the end of the period	<u><u>226,711</u></u>

#### **Fair values**

The weighted average fair value of conditional grants made 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 during the vesting period.

The weighted average fair value of the conditional shares allocated during the year was 2,449 pence (2016: 3,185 pence) and the weighted average share price was 2,633 pence (2016: 3,425 pence). The dividend yield used was 2.5%. (2016: 2.5%).

The Company recognised a total equity-settled share-based payment expense of £697,000 during the period (2016: £736,000).

# 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 Contingencies

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other group companies, these are considered to be insurance arrangements and are accounted for as such in accordance with IFRS 4. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the Company issuing the guarantee will be required to make a payment under the guarantee.

As at 16 September 2017, the Company has provided guarantees in the ordinary course of business amounting to £50m (2016: £50m).

### 23 Commitments

The group acts as a lessee for land and buildings, and other assets, under operating leases.

Under the terms of the lease agreements, no contingent rents are payable.

The future minimum lease payments under operating leases are as follows:

	16 September 2017		17 September 2016	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other Assets £000
Operating leases which expire:				
Within one year	359	131	411	132
Between two and five years	1,135	194	979	248
After five years	3,340	9	3,656	-
	<u>4,834</u>	<u>334</u>	<u>5,046</u>	<u>380</u>



# AB Agri Limited

## Notes (continued)

### 24 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 IAS 19 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 triennial funding valuation of the Scheme was carried out as at 5 April 2014, using the current unit method, 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 salary increases. The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2017, was agreed by the trustees after the group's year end and revealed a surplus of £176m.

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 £5,027,000 (2016: £5,069,000).

# AB Agri Limited

## Notes (continued)

### 25 Related party transactions

Transactions with the group's related parties, as defined by IAS 24, are summarised below:

	2017 £000	2016 £000
Sales (on normal trading terms)	589	575
Purchases (on normal trading terms)	165,131	140,775
Amounts due from related parties (on normal trading terms)	9	399
Amounts due to related parties (on normal trading terms)	16,990	13,666

Related party transactions are with Frontier Agriculture Limited - a 50:50 joint venture between A.B.F. Holdings Limited and Cargill plc.

### 26 Holding company

The immediate holding company is A.B.F. 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).