

ABN Limited  
Directors' Report and Financial Statements  
12 September 1998

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 12 September 1998.

## Principal activities

In the course of the period the principal activities were the manufacture and sale of animal feeds, sale of agricultural products, the management of various livestock schemes and processing and marketing of meat and meat products.

## Business review

On 2 January 1998 the company purchased assets and liabilities from Norfolk and Suffolk Pigs Limited and R Bosworth (Kent) Limited, for a consideration of £3,855,000. The principal activities of both companies were the slaughter and processing of pigs and pig products.

During the period the company has continued its activities. The directors anticipate that any future developments will be related to these activities.

## Year 2000

Associated British Foods plc has recognised that the Year 2000 millennium 'computer bug' is an important issue and has established a programme throughout the Group to address this problem.

ABN Limited is following the framework set out by Associated British Foods plc and work has been completed on assessing the impact upon the company and remedial project plans are being implemented.

The cost of implementing the Year 2000 compliance programme is estimated at £500,000. The costs are to be charged in part to capital expenditure and in part to operating costs, in accordance with Urgent Issue Task Force Abstract 20.

There can be no absolute guarantee that the problem will have been completely eliminated in advance of the Year 2000. However, the company is taking the steps it considers necessary to mitigate the risks and is well advanced in its preparation for compliance.

## Research and development

The company continued its expenditure on research and development and during the period this amounted to £426,000 (1997: £341,000).

## ABN Limited

### Trading results, dividends and transfer to reserves

The profit and loss account for the period is set out on page 6. Profit on ordinary activities after taxation amounted to £628,000 (1997 profit : £5,142,000). The directors do not recommend the payment of a dividend. The retained profit for the period of £628,000 was transferred to reserves.

### Policy and practice on payment of creditors

The company does not have a formal code that it follows with regard to payments to suppliers.

The company agrees payment terms with its suppliers at the time it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are in that way made aware of these terms. The company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The outstanding trade creditors at the balance sheet date, as a proportion of payments to suppliers during the period, represents 5 days purchases (1997: 6 days).

### Market value of land and buildings

Changes in tangible fixed assets are shown in note 8. 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. Fixed asset investments are shown in note 10.

### 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  
A Murphy (Appointed 1 April 1998)  
C A Yates (Appointed 2 March 1998)

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.

# ABN Limited

## Directors and directors' interests (continued)

On 12 September 1998 the following directors each had an outstanding option to acquire ordinary shares of 5p each in Associated British Foods plc:

	Number granted 28.4.98	Exercise price	Date from which exercisable	Expiry date
DJD Yiend	40,000	561.5p	28.4.2003	28.4.2008
CA Yates	25,000	561.5p	28.4.2003	28.4.2008
A Murphy	20,000	561.5p	28.4.2003	28.4.2008

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.

## Employees

The company is committed to the development of employee information and consultation. This is achieved both in conjunction with trade unions 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.

## Political and charitable contributions

Donations to UK charities amounted to £2,000 (1997: £2,000). The company made no political contributions during the year.

## By order of the board

M R Gore  
W B Wright

Joint Secretaries

Registered Office :  
Weston Centre  
Bowater House  
68 Knightsbridge  
London  
SW1X 7LQ

21 October 1998

## ABN Limited

### Statement of directors' responsibilities

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 6 to 20.

### *Respective responsibilities of directors and auditors*

As described on page 4, 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 7 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, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 12 September 1998 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*4 November 1998*

**KPMG Audit Plc**

*Chartered Accountants*

*Registered Auditor*

*London*

# ABN Limited

## Profit and loss account for the period ended 12 September 1998

		52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
	Note		
Turnover - Continuing operations		235,589	256,236
Operating (loss)/profit - Continuing operations	3	(2,463)	8,229
Other interest receivable and similar income	5	25	29
Interest payable and similar charges	6	(36)	(51)
(Loss)/profit on ordinary activities before taxation		(2,474)	8,207
Tax on (loss)/profit on ordinary activities	7	3,102	(3,065)
Retained profit for the financial period	17	628	5,142

There were no recognised gains or losses other than the profit for the period and the previous period.



# ABN Limited

## Balance sheet at 12 September 1998

		12 September 1998		13 September 1997	
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8	29,677		24,973	
Investments	10	1,543		1,571	
			31,220		26,544
<b>Current assets</b>					
Stocks	11	12,277		15,530	
Debtors	12	36,870		47,343	
Cash at bank and in hand		447		1,526	
		49,594		64,399	
<b>Creditors</b> -amounts falling due within one year	13	(13,382)		(28,655)	
<b>Net current assets</b>			36,212		35,744
<b>Total assets less current liabilities</b>			67,432		62,288
<b>Creditors</b> -amounts falling due after more than one year	14		(44,664)		(40,148)
<b>Net assets</b>			22,768		22,140
<b>Capital and reserves</b>					
Called up share capital	16		10,000		10,000
Profit and loss account	17		12,768		12,140
<b>Equity shareholder's funds</b>			22,768		22,140

These financial statements were approved by the board of directors on 21 October 1998 and were signed on its behalf by :

D J D Yiend  
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 12 September 1998.

### 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 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.

The company is controlled by Associated British Foods plc and is exempt from disclosing transactions with it and other group companies under the Financial Reporting Standard 8, as it is a wholly owned subsidiary undertaking included within the consolidated Financial Statements which are publicly available.

# 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 anticipated 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.

## **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 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.

## **ABN Limited**

### **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 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. Assets and liabilities overseas are converted into sterling at 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.

### **Pension costs**

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

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Any difference between the charge for pensions and total contributions is included within pension provisions or debtors as appropriate.

# ABN Limited

## 3 Operating (loss)/profit on ordinary activities before taxation

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Turnover	235,589	256,236
Cost of sales	(197,648)	(212,720)
Gross profit	37,941	43,516
Distribution costs	(30,227)	(24,625)
Administration expenses	(11,177)	(10,662)
Other operating income	1,000	-
Operating (loss)/profit	(2,463)	8,229

The above amounts derive entirely from continuing operations.

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

(Loss)/profit on ordinary activities before taxation is stated after charging:

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Depreciation of tangible fixed assets	5,528	5,452
Auditors' remuneration :		
- audit	65	75
- other services	7	341
Hire of plant and machinery - rentals payable under operating leases	614	511
Land and building payments under operating leases	93	78
Research and development expenditure	426	341

# ABN Limited

## 4 Directors and employees

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
<b>Employment costs during the period were :</b>		
Wages and salaries	17,689	16,929
Social security costs	1,437	1,340
Pension costs	1,186	1,186
	<u>20,312</u>	<u>19,455</u>

The average weekly number of employees, including directors, of the company during the period was 889 (1997 : 896). In the opinion of the directors, all employees fall into a single category.

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Directors' emoluments :	<u>118</u>	<u>68</u>

	Number	Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes	2	1

Directors emoluments of £57,000 were paid by other group companies on behalf of ABN Limited.

# ABN Limited

## 5 Other interest receivable and similar income

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Bank interest receivable	25	29
	<u>      </u>	<u>      </u>

## 6 Interest payable and similar charges

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
Interest payable	(36)	(51)
	<u>      </u>	<u>      </u>

## 7 Tax on (loss)/profit on ordinary activities

	52 week period ended 12 September 1998 £000	52 week period ended 13 September 1997 £000
United Kingdom corporation tax at 31% (1997 : 32%)	-	(2,290)
Adjustments relating to an earlier period	(48)	-
Group relief at 100%	3,150	(775)
	<u>3,102</u>	<u>(3,065)</u>
	<u>      </u>	<u>      </u>

As explained in the accounting policies (note 2), no provision has been made for deferred tax. At 12 September 1998 the full potential liability in respect of accelerated capital allowances would be £2,493,000 [1997 : £2,426,000] and the full potential deferred tax asset in respect of reorganisation provisions would be £165,000 [1997 : £283,000 ].

# ABN Limited

## 8 Tangible assets

	Land and Freehold £000	Buildings Long Leasehold £000	Plant, Machinery, Fixtures and Fittings, Vehicles £000	Total £000
<b>Cost or valuation</b>				
At beginning of period	6,949	1,930	53,472	62,351
Additions	97	6	8,407	8,510
Acquisitions	1,523	280	397	2,200
Disposals	(10)	-	(2,276)	(2,286)
At end of period	8,559	2,216	60,000	70,775
<b>Accumulated depreciation</b>				
At beginning of period	3,142	466	33,770	37,378
Charge for period	305	118	5,105	5,528
Disposals	(10)	-	(1,798)	(1,808)
Transfers	(410)	289	121	-
At end of period	3,027	873	37,198	41,098
<b>Net book value</b>	5,532	1,343	22,802	29,677
<b>At 12 September 1998</b>				
At 13 September 1997	3,807	1,464	19,702	24,973

Freehold land of £1,059,000 is not depreciated (1997: £998,000)

## 9 Capital commitments

Capital commitments at the end of the financial period for which no provision has been made amounted to £1,340,000 (1997: £351,000).



# ABN Limited

## 10 Investments

	12 September 1998	13 September 1997
	£000	£000
<b>Shares in unlisted subsidiary undertakings</b>		
Cost		
At beginning of period	1,571	331
Additions	-	1,240
Disposals	(28)	-
At the end of period	<u>1,543</u>	<u>1,571</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	Non trading	100% Ordinary shares
ABN (Overseas) Limited	England	Investment company	100% Ordinary shares
ABN (Scotland) Limited	Scotland	Manufacture and marketing of animal feed	100% Ordinary shares

The company had a 100% interest in Farming Supplies (Maldon) Limited, a company registered in England. This company was liquidated on 2 April 1998.

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.

# ABN Limited

## 11 Stocks

	12 September 1998	13 September 1997
	£000	£000
Raw materials and consumables	3,891	5,084
Livestock	6,281	8,098
Finished goods and goods for resale	2,105	2,348
	<u>12,277</u>	<u>15,530</u>
	=====	=====

## 12 Debtors

	12 September 1998	13 September 1997
	£000	£000
Amount falling due within one year :		
Trade debtors	28,821	31,144
Amounts due from fellow subsidiaries	5,619	12,615
Other debtors	771	760
Prepayments and accrued income	1,592	2,491
	<u>36,803</u>	<u>47,010</u>
Amount falling due after one year:		
Other debtors	67	333
	<u>36,870</u>	<u>47,343</u>
	=====	=====

## 13 Creditors - amounts falling due within one year

	12 September 1998	13 September 1997
	£000	£000
Bank overdraft	-	1,665
Trade creditors	3,227	4,350
Amounts owed to fellow subsidiaries	770	13,129
Corporation tax	5	2,248
Other taxation and social security	605	495
Other creditors	742	78
Accruals and deferred income	8,033	6,690
	<u>13,382</u>	<u>28,655</u>
	=====	=====

# ABN Limited

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

	12 September 1998 £000	13 September 1997 £000
Amounts due to fellow subsidiaries	44,587	40,000
Accruals and deferred income	77	148
	<u>44,664</u>	<u>40,148</u>

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

## 15 Deferred Income

	12 September 1998 £000	13 September 1997 £000
Government Grants		
At beginning of period	148	227
Released to profit and loss account	(71)	(79)
At end of period	<u>77</u>	<u>148</u>

## 16 Called up share capital

	12 September 1998 £000	13 September 1997 £000
<b>Authorised</b>		
Equity: Ordinary shares of £1 each	10,000	10,000
<b>Alloted, called up and fully paid</b>		
Equity: Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## 17 Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Total £000
At beginning of period	10,000	12,140	22,140
Profit for financial period	-	628	628
At end of period	<u>10,000</u>	<u>12,768</u>	<u>22,768</u>

## ABN Limited

### 18 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.

### 19 Commitments

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

	12 September 1998		13 September 1997	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
Operating leases which expire:				
Within one year	-	85	6	49
Between one and five years	95	501	53	446
Over five years	-	-	17	-
	<u>95</u>	<u>586</u>	<u>76</u>	<u>495</u>
	=====	=====	=====	=====

### 20 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 period was £1,186,000 (1997 : £1,186,000). The pension contributions due to Associated British Foods Plc, at 12 September 1998 were £13,000 (13 September 1997 : £12,000).

## ABN Limited

### 21 Holding company

The ultimate parent undertaking and controlling party as defined by FRS 8 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 financial statements of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.

### 22 Acquisitions

On 2 January 1998 the company purchased assets and liabilities from Norfolk and Suffolk Pig Limited and R Bosworth (Kent) Limited for a cash consideration of £3,855,000.

The fair values attributed to the assets and liabilities were as follows:

	Fair value £000
Tangible fixed Assets	2,200
Stocks	376
Debtors	1,939
Cash	1
Creditors	(661)
	<u>3,855</u>

There were no revaluations or fair value adjustments made to the purchased assets and liabilities on or after the date of acquisition.

The profit after taxation of Norfolk and Suffolk Pigs Limited and R Bosworth (Kent) Limited for the period 6 April 1997 to the acquisition date was £601,000. The profit after taxation for the year to 5 April 1997 was £430,000.

## ABN Limited

### 23 Post Balance Sheet Events

The company purchased the net assets of Jordan Bros (NI) Ltd on 13 September 1998 for consideration yet to be agreed. Jordan Bros (NI) Ltd ceased trading as a company at that date, however, the operation now trades as Jordan Animal Feeds as a division of ABN Limited.

On 7 October 1998 the company entered into a commitment to purchase 33.33% of the share capital of Altcom 178 Limited, a company which will manufacture and sell animal feed and associated products, for consideration of £100,000 payable upon certain conditions being met. The company is also committed to provide loans of £500,000, again subject to the meeting of certain conditions.

SUBSIDIARIES OF ABN LIMITED  
AS AT 12 SEPTEMBER 1998

Arranged as follows:

Col. (1) Name of subsidiary

Col. (2) Class of shares held (proportion held is 100% unless otherwise stated)

Shares in subsidiaries marked \* are held by, or by nominees for, the subsidiaries of the company.  
Shares in other subsidiaries are held by, or by nominees for, subsidiaries of the company.

Subsidiaries not incorporated in Great Britain and registered in England and Wales have in brackets after name, country in which registered, if Scotland, or in which incorporated if outside Great Britain.

(1)	(2)
ABN (SCOTLAND) LIMITED (Scotland)	Ord.
ABN (OVERSEAS) LIMITED	Ord.
COURTYARD BEEK UK LIMITED	Ord.
*SHANGHAI ABN HUINING FEED COMPANY LIMITED (China)	Ord. (60%)