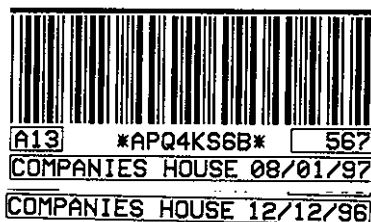


COMPANY NO 306672

Signed Copy

ABF INVESTMENTS plc

ANNUAL REPORT AND ACCOUNTS 1996



ABF INVESTMENTS plc
ANNUAL REPORT AND ACCOUNTS 1996

Contents

Page	2	Directors and advisors
	3	Report of the directors
	5	Corporate governance
	6	Statement of directors' responsibilities
	6	Report of the auditors
	7	Consolidated profit and loss account
	8	Consolidated balance sheet
	9	Consolidated cash flow statement
	10	Consolidated statement of recognised gains and losses
	10	Consolidated statement of historical cost profits
	10	Reconciliation of movements in shareholders' funds
	11	Balance sheet of the company
	12	Accounting policies
	13	Notes forming part of the financial statements
	23	Principal subsidiary undertakings
	24	Investments
	25	Directors' interests

ABF INVESTMENTS plc
DIRECTORS AND ADVISORS

Directors

Garry H Weston *Chairman*
Harold W Bailey
Trevor HM Shaw

Secretary

Trevor HM Shaw

Registered office

Weston Centre
Bowater House
68 Knightsbridge
London SW1X 7LQ
Company registered in England, number 306672

Auditors

KPMG
Chartered Accountants

Bankers

Bank of Scotland
Barclays Bank plc
Girobank plc
Lloyds Bank plc
National Westminster Bank plc

ABF INVESTMENTS plc

REPORT OF THE DIRECTORS

The directors submit to the members their sixty first annual report together with the financial statements of the company for the year ended 14 September 1996.

Profits and dividends

The group profit and loss account is on page 7. Profit for the financial year amounted to £271 million and the dividends to £90 million. The transfer to reserves totalled £181 million. Dividends are detailed in note 9 on page 15.

Review of activities

There has been no significant change to the activities of the group during the year. These activities principally concern the processing and manufacture of food in Europe, Australia and the United States, as well as food and textile retailing in the United Kingdom and the Republic of Ireland. Comments on the development of the business during the period under review and on the future outlook are given below.

Changes in assets

Fixed tangible assets have increased by £65 million during the year under review after charging depreciation of £172 million.

The majority of the group's fixed tangible assets are included in the financial statements at cost. The properties are employed in the business and many of them were acquired when market values were substantially lower than at present. The directors consider that a surplus over book value exists, but are unable to quantify the excess.

Development

The Group experienced another year of growth with world-wide sales increasing by 17 per cent to £5,707 million and profits before tax increasing by £44 million, 12 per cent, to £419 million.

Our UK manufacturing divisions reported further progress with growth in operating profits of 12 per cent to £282 million. The operating profit reported by British Sugar was marginally lower than last year at £183 million. The present strength of sterling has reversed the benefits accruing from changes to the green pound reported at the half-year stage and the current year's result has also been marginally affected by the costs associated with changes in the operating structure.

Allied Bakeries again produced improved results, consolidating the recovery made last year after a five year decline in profitability. Allied Mills also reported improved results from an increased level of sales.

The other United Kingdom manufacturing operations have also contributed increased earnings for the year, including our animal feed operations, in spite of problems associated with BSE. The Twinings Group of companies and Burtons Biscuits also achieved record levels of profitability.

The retail companies operating in the United Kingdom and Ireland contributed excellent results with sales increasing by 8 per cent to £1,506 million and operating profits by 25 per cent to £69 million, with our supermarkets in the Republic of Ireland further increasing their share of that market. Primark, our textile operation, now includes in its results the contribution from the "One Up" stores acquired from Storehouse last year. This division reported excellent results in spite of one-off revenue costs arising from the conversion of the new stores to our company's trading format. The total retail results include a benefit arising from the change in the currency translation rate on sales and profits of £29 million and £2 million respectively.

Our operations in Australia and New Zealand showed a much improved result with sales and operating profits increasing by 20 per cent and 23 per cent to £637 million and £38 million. Again, these include the benefit arising from changes in the exchange rate of £36 million on sales and £2 million on profits.

ABF INVESTMENTS plc

REPORT OF THE DIRECTORS

Development — *continued*

AC Humko, acquired from Kraft Foods in September 1995, has had a successful first year of operation within our group. Profits earned in the United States are stated after a restructuring charge of £5 million following the decision to merge the speciality oil business of AC Humko with that acquired from Karlshamn the previous year. This reorganisation, together with the additional sales base provided by recent acquisitions, will provide a good basis for future earnings growth.

Investment income for the year at £51 million is after writing down the value of our residual holding in Berisford plc following the recent fall in that company's share price. The returns obtained during the year on our surplus funds exceeded short term cash rates, but nevertheless fell short of those achieved last year which had benefited from a recovery in international bond prices.

The net cash balances held by the group increased by £87 million to £660 million at 14 September 1996 after financing expenditure on capital assets and acquisitions of £242 million during the year.

Substantial shareholdings

Details of a controlling interest in the shares of the company are given in note 30 on page 22.

Employees

The directors recognise the benefits which accrue from keeping employees informed of the development of the business and involving them in the group's progress.

The group is organised on a divisional basis and directors or managers of each division continue to evolve procedures appropriate to their size and organisation designed to keep employees and their representatives briefed on all relevant matters.

It is policy within the group to offer equal opportunities to disabled persons in their recruitment, training and career development, having due regard to their aptitudes and abilities in relation to jobs available. Every attempt is made to give those who become disabled in the workplace an opportunity to be trained and redeployed elsewhere.

Research and development

The trading companies and Weston Research Laboratories Limited develop existing technology, research new products and continuously monitor the maintenance of standards. Major facilities exist at Weston Research at Maidenhead, British Sugar at Norwich, George Weston Foods in Australia and at AC Humko in the United States.

United Kingdom charitable and political contributions

Contributions to charitable organisations in the group during the year totalled £0.4 million (1995 – £0.4 million). No contributions were made to political organisations during the year (1995 – Nil).

Close company status

The company is not a close company for the purposes of the Income and Corporation Taxes Act 1988.

Corporate governance

ABF Investments plc is a wholly owned subsidiary of Associated British Foods plc. Particulars of that company's compliance with the Code of Best Practice established by the Committee on the Financial Aspects of Corporate Governance (The Cadbury Committee) is set out in their financial statements.

Directors

A list of the directors of the company at the end of the year appears on page 2 and a schedule of their interests in the shares of the group appears on page 25.

No director has a contract of service with the company which is not determinable within one year without payment of compensation.

ABF INVESTMENTS plc

REPORT OF THE DIRECTORS

Directors — continued

In accordance with the Articles of Association, Mr HW Bailey retires from the board by rotation and, being eligible, offers himself for re-election. Other than as disclosed in the financial statements, at no time during the year has any director had any material interest in a contract with the company, being a contract of significance to either party.

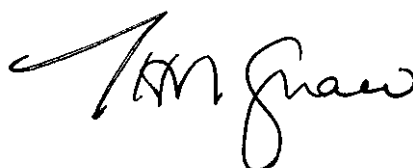
Auditors

Our Auditors KPMG have indicated to the directors that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, they have indicated their intention to resign and the directors intend to appoint KPMG Audit Plc as auditors to the company.

By order of the board

THM Shaw Secretary

4 November 1996



CORPORATE GOVERNANCE

ABF Investments plc is a wholly owned subsidiary of Associated British Foods plc. The directors of ABF Investments plc are also directors of Associated British Foods plc.

Full details of Associated British Foods plc's compliance with the recommendations of the Cadbury Committee on Corporate Governance ("Cadbury Code") and the Code of Best Practice set out in a report of the study group chaired by Sir Richard Greenbury ("Greenbury Code") are set out in that company's accounts for the year ended 14 September 1996. In summary, the board of Associated British Foods plc considers that the company complies with the Cadbury and the Greenbury Codes with the exception of the provisions relating to the size and constitution of the Audit and Remuneration Committees. It is recommended that these committees should be comprised of at least three non-executive directors with no executive representation. The board of Associated British Foods plc does not accept this recommendation as it considers that Mr Garry H Weston, the Executive Chairman, should serve on both committees.

The company's affairs are controlled by Associated British Foods plc and, with the exception of a statement affirming the company as a going concern, it is not considered appropriate or necessary for the company to comply with the recommendations of the Cadbury and Greenbury Codes.

Amendment No. 6 to the Listing Rules exempts the company from including a statement on Corporate Governance in these accounts on the basis that it only has debt securities listed.

The provisions of Amendment No. 6 which implement certain recommendations of the Greenbury Code do not apply to companies with only debt securities listed.

Going Concern

After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing the financial statements.

ABF INVESTMENTS plc

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping 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 group and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF ABF INVESTMENTS plc

We have audited financial statements on pages 7 to 24.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the 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 group'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

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 14 September 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG VPL

Chartered Accountants
Registered Auditors
London

4 November 1996

ABF INVESTMENTS GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the year ended 14 September 1996 £m	For the year ended 16 September 1995 £m
	Note		
Turnover	1	5,707	4,894
Operating profit	2	390	331
Profits less losses on sale of properties		6	—
Investment income	6	51	67
Profit on ordinary activities before interest		447	398
Interest payable	7	(28)	(23)
Profit on ordinary activities before taxation		419	375
Tax on profit on ordinary activities	8	(140)	(121)
Profit on ordinary activities after taxation		279	254
Minority interests – equity		(8)	(6)
Profit for the financial year		271	248
Dividends	9	(90)	(200)
Retained profit for the financial year	21	181	48
Earnings per ordinary share	10	60.2p	55.1p

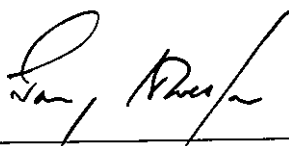
The group has made no material acquisitions nor discontinued any operations within the meaning of Financial Reporting Standards during either 1996 or 1995.

ABF INVESTMENTS GROUP CONSOLIDATED BALANCE SHEET

	Note	As at 14 September 1996 £m	As at 16 September 1995 £m
Fixed assets			
Tangible fixed assets	11	1,650	1,585
Investments	13	8	5
		<u>1,658</u>	<u>1,590</u>
Current assets			
Stocks	14	482	480
Debtors	15	503	476
Investments	16	781	751
Cash at bank and in hand		75	18
		<u>1,841</u>	<u>1,725</u>
Creditors amounts falling due within one year			
Short term borrowings	17	(33)	(37)
Other creditors	18	(938)	(946)
		<u>(971)</u>	<u>(983)</u>
Net current assets		<u>870</u>	<u>742</u>
Total assets less current liabilities		<u>2,528</u>	<u>2,332</u>
Creditors amounts falling due after one year			
Loans	17	(163)	(159)
Other creditors	18	(12)	(12)
		<u>(175)</u>	<u>(171)</u>
Provision for liabilities and charges	19	<u>(38)</u>	<u>(37)</u>
		<u>2,315</u>	<u>2,124</u>
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Revaluation reserve	21	5	5
Other reserves	21	1	2
Profit and loss account	21	2,022	1,838
Equity shareholders' funds		<u>2,242</u>	<u>2,059</u>
Minority interests in subsidiary undertakings			
- equity		73	65
		<u>2,315</u>	<u>2,124</u>

These financial statements were approved by the board of directors on 4 November 1996 and were signed on its behalf by:

Garry H Weston Director



ABF INVESTMENTS GROUP

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended 14 September 1996 £m	For the year ended 16 September 1995 £m
	Note		
Operating activities			
Net cash flow from operating activities	26	484	607
Returns on investments and servicing of finance			
Dividends and other investment income		60	52
Interest paid		(28)	(19)
Dividends of ABF Investments plc		(90)	(200)
Dividends paid to minorities		(3)	(2)
		(61)	(169)
Taxation		(106)	(129)
Investing activities			
Purchase of tangible fixed assets		(225)	(198)
Sale of tangible fixed assets		24	11
Purchase of new subsidiary undertakings	27	(17)	(157)
Sale of subsidiary undertakings	27	-	6
Purchase of short term investments		(2,629)	(1,827)
Sale of short term investments		2,557	1,622
Purchase of equity investments		(2)	(1)
Sale of equity investments		3	34
		(289)	(510)
Net cash inflow/(outflow) before financing		28	(201)
Financing			
Issue of short term loans		3	-
Repayment of short term loans		(4)	-
		(1)	-
(Increase)/decrease in cash and cash equivalents	29	(27)	201
		(28)	201

ABF INVESTMENTS GROUP
CONSOLIDATED STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES

	For the year ended 14 September 1996 £m	For the year ended 16 September 1995 £m
Profit for the financial year	271	248
Currency translation differences on foreign currency net assets	10	20
Total recognised gains and losses	281	268

CONSOLIDATED STATEMENT OF HISTORICAL COST PROFITS

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

**RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS**

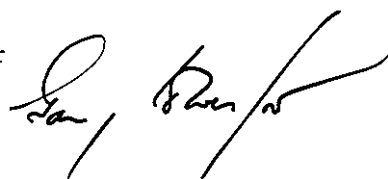
	For the year ended 14 September 1996		For the year ended 16 September 1995	
	Group £m	Company £m	Group £m	Company £m
Profit for the financial year	271	141	248	161
Dividends	(90)	(90)	(200)	(200)
Retained profits	181	51	48	(39)
Other recognised gains and losses relating to the year	10	—	20	—
Goodwill acquired and written off during the year	(8)	—	(23)	—
Net increase in shareholders' funds	183	51	45	(39)
Opening shareholders' funds	2,059	537	2,014	576
Closing shareholders' funds	2,242	588	2,059	537

ABF INVESTMENTS plc
BALANCE SHEET OF THE COMPANY

	Note	As at 14 September 1996 £m	As at 16 September 1995 £m
Fixed assets			
Shares in subsidiary undertakings	25	729	629
Current assets			
Debtors	15	359	278
Investments	16	5	6
		364	284
Creditors amounts falling due within one year			
Other creditors	18	(498)	(369)
Net current liabilities		(134)	(85)
Total assets less current liabilities		595	544
Creditors amounts falling due after one year			
Loans	17	(7)	(7)
		588	537
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Profit and loss account	21	374	323
		588	537

These financial statements were approved by the board of directors on 4 November 1996 and were signed on its behalf by:

Garry H Weston Director



ABF INVESTMENTS GROUP

ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Companies Act 1985 ("the Act").

The financial statements of the company and its subsidiary undertakings are made up for the year ended 14 September 1996 except for those of the Australian and New Zealand Group and North American subsidiary undertakings which are made up to 31 July 1996 and 31 August 1996 respectively to avoid delay in the preparation of the consolidated financial statements.

Acquisitions

The consolidated profit and loss account includes the results of new subsidiary undertakings attributable to the period since acquisition. The excess of the purchase price of new subsidiary undertakings over the fair value of net assets acquired is written off against reserves in the year of acquisition.

Foreign currencies

Assets and liabilities overseas are converted into sterling at the rates of exchange ruling at the balance sheet date. The results of overseas operations have been translated at the average rate prevailing during the year. Exchange differences arising on consolidation are taken direct to reserves. Other exchange differences are dealt with as part of operating profits.

Pensions

The group has established separately funded pension schemes for the benefit of permanent staff, which vary with employment conditions in the countries concerned. Net pension costs are charged to income over the expected average remaining service lives of employees. Any difference between the charge for pensions and total contributions is included within pension provisions or debtors as appropriate.

Research and development

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

Associated undertakings

Companies in which the group has an investment comprising a long term interest, usually from 20 per cent to 50 per cent in the voting capital and over which it exerts significant influence, are defined as associated undertakings. Dividends received from these companies have been included in the group profits and the investments are stated in the consolidated balance sheet at cost. The difference between cost and the net book value of the assets attributable to the investment, and the retained profits for the year of these companies, are in the opinion of the directors not material.

Depreciation

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

Freehold buildings	66 years
Plant, machinery, fixtures and fittings:	
Sugar factories	20 years
Other operations	12 years
Vehicles	8 years

Leases

All material leases entered into by the group are operating leases whereby substantially all of 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.

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due provision against obsolete and slow-moving items. In the case of manufactured goods the term "cost" includes ingredients, production wages and production overheads.

Current asset investments

Investments are stated at the lower of cost or market value.

Deferred tax

Deferred tax represents corporation tax in respect of accelerated taxation allowances on capital expenditure and other timing differences to the extent that a liability is anticipated in the foreseeable future.

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ANALYSIS OF TURNOVER, PROFITS AND NET ASSETS

	Turnover		Profits	
	1996 £m	1995 £m	1996 £m	1995 £m
Geographical analysis (by origin and destination)				
European Union, mainly United Kingdom and Ireland	4,619	4,269	346	303
Australia and New Zealand	637	532	38	31
North America	451	93	6	(3)
	<u>5,707</u>	<u>4,894</u>	<u>390</u>	<u>331</u>
Business sector				
Manufacturing	4,201	3,503	321	276
Retail	1,506	1,391	69	55
	<u>5,707</u>	<u>4,894</u>	<u>390</u>	<u>331</u>
Other net income			29	44
Profit on ordinary activities before taxation			<u>419</u>	<u>375</u>
			Net assets	
			1996 £m	1995 £m
Geographical analysis				
European Union, mainly United Kingdom and Ireland			1,486	1,446
Australia and New Zealand			246	242
North America			143	125
			<u>1,875</u>	<u>1,813</u>
Business sector				
Manufacturing			1,560	1,525
Retail			315	288
			<u>1,875</u>	<u>1,813</u>
Net financial assets			440	311
Total net assets			<u>2,315</u>	<u>2,124</u>

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. OPERATING PROFIT

	1996 £m	1995 £m
Turnover	5,707	4,894
Cost of sales	(4,375)	(3,728)
Gross profit	1,332	1,166
Distribution costs	(717)	(627)
Administrative expenses	(225)	(208)
Operating profit	390	331
Operating profit is stated after charging:		
Staff costs	716	647
Depreciation of fixed tangible assets	172	154
Hire of plant and machinery	7	7
Rentals payable under property leases	16	15
Research and development	7	9

Auditors' remuneration for audit services amounted to £2.0 million (1995 – £1.8 million). Fees paid to the auditors of the parent company for services other than the statutory audit supplied to the company and its United Kingdom subsidiaries during the year ended 14 September 1996 amounted to £0.9 million (1995 – £1.1 million).

3. EMPLOYEES

	1996	1995
Average number of employees:		
European Union, mainly United Kingdom and Ireland	36,864	36,252
Australia and New Zealand	6,876	6,909
North America	1,371	436
	45,111	43,597
	£m	£m
Staff costs:		
Wages and salaries	640	579
Social security costs	51	48
Other pension costs	25	20
	716	647

4. DIRECTORS' REMUNERATION

The aggregate remuneration of the directors was as follows:

	1996 £000	1995 £000
Chairman (highest paid director)	350	330
Other directors	353	345
Pension contributions	7	7
	710	682

Remuneration, excluding pension contributions, of United Kingdom directors was as follows:

£130,001 – £135,000	–	1
£140,001 – £145,000	1	–
£205,001 – £210,000	1	1
£325,001 – £330,000	–	1
£345,001 – £350,000	1	–

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. PENSION COSTS

The group operates pension schemes, the majority of which are of the defined benefit type. The pension cost charge for the year was £25 million (1995 – £20 million).

The two main United Kingdom Schemes provide benefits based on final pensionable earnings. The pension costs in the United Kingdom are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The last actuarial valuations of the two major schemes were carried out as at 5 April 1993 and 1 October 1995. In these valuations it was assumed that the investment return would exceed price inflation by 4%, that salary increases would exceed price inflation by 2% and that increases in dividends would fall behind price inflation by between 0.5% and 0.75%. At the valuation dates the total market value of the two major schemes' assets was £1,068 million and the actuarial value of these assets represented 115% of the benefits that had accrued to members after allowing for expected future increase in earnings.

The group also operates pension schemes in Ireland, Australia and New Zealand and the United States. The charge for the year is based on recommendations by qualified local actuaries.

6. INVESTMENT INCOME

	1996 £m	1995 £m
Dividend income: – current asset equity investments	2	2
– associated undertakings	1	1
Interest from other current asset investments: – listed	5	(1)
– unlisted	42	64
Profit on sale of current asset equity investments	1	1
	<u>51</u>	<u>67</u>

7. INTEREST PAYABLE

	1996 £m	1995 £m
Bank loans and overdrafts	–	1
Other loans	28	22
	<u>28</u>	<u>23</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £m	1995 £m
The charge for the year is as follows:		
United Kingdom: – corporation tax at 33% (1995 – 33%)	93	83
– tax on franked investment income	–	1
Overseas: – tax	50	37
– deferred tax	(3)	–
	<u>140</u>	<u>121</u>

The charge for United Kingdom corporation tax is stated after a deduction of £6 million for double taxation relief (1995 – £36 million) on dividends received from overseas subsidiaries.

9. DIVIDENDS OF ABF INVESTMENTS plc

	1996 £m	1995 £m
Ordinary dividends:		
Dividends to Associated British Foods plc	90	200

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. EARNINGS PER ORDINARY SHARE

The calculation is based on available profit for the financial year of £271 million (1995 – £248 million) and 450 million shares (1995 – 450 million) being the number of ordinary shares in issue during the year.

11. FIXED TANGIBLE ASSETS

	Total £m	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Payments on account £m
Cost or valuation at 16 September 1995	2,459	710	1,333	348	68
Effect of currency changes	13	3	7	3	–
New subsidiaries	13	6	7	–	–
Additions	237	49	133	61	(6)
Disposals	(55)	(11)	(33)	(11)	–
Disposal of subsidiaries	(1)	–	(1)	–	–
Cost or valuation at 14 September 1996	2,666	757	1,446	401	62
Depreciation at 16 September 1995	874	89	601	184	–
Effect of currency changes	7	–	5	2	–
Provided during year	172	21	117	34	–
On disposals	(37)	(1)	(27)	(9)	–
Depreciation at 14 September 1996	1,016	109	696	211	–
Net book value at 14 September 1996	1,650	648	750	190	62
Net book value at 16 September 1995	1,585	621	732	164	68
				1996 £m	1995 £m
Analysis of land and buildings at net book value:					
Freehold				590	566
Long leasehold				47	47
Short leasehold				11	8
				648	621

Land and buildings stated at valuation had a net book value at 14 September 1996 of £23 million (1995 – £21 million) based on valuations carried out principally in 1981/82. On a historical cost basis the net book value of these assets at 14 September 1996 would have been £17 million (1995 – £13 million).

The book value of land as at 14 September 1996 not amortised in the financial statements was £87 million.

12. CAPITAL COMMITMENTS

There are commitments for capital expenditure by the group of approximately £72 million (1995 – £69 million) for which no provision has been made in these financial statements.

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. FIXED ASSET INVESTMENTS

	Total £m	Associated under- takings £m	Other invest- ments £m
At 16 September 1995	5	3	2
Additions	2	2	—
Transfers	1	1	—
At 14 September 1996	8	6	2

Investments are stated at cost.

Details of the principal associated undertakings and other investments are given on page 24.

14. STOCKS

	1996 £m	1995 £m
Raw materials and consumables	169	164
Finished goods and goods for resale	313	316
	482	480

15. DEBTORS

	Company		Group	
	1996 £m	1995 £m	1996 £m	1995 £m
Trade debtors	—	—	422	390
Amounts owed by subsidiary undertakings	323	273	—	—
Amounts owed by holding company	36	—	—	—
Other debtors	—	5	39	37
Prepayments and accrued income	—	—	42	49
	359	278	503	476

16. CURRENT ASSET INVESTMENTS

	Company		Group	
	1996 £m	1995 £m	1996 £m	1995 £m
Listed on a recognised stock exchange:				
Equity investments	5	6	22	32
Other listed investments	—	—	157	103
Unlisted investments	—	—	602	616
	5	6	781	751

The market value of the groups equity investments was £28 million (1995 – £38 million). Other listed and unlisted investments comprise interest bearing instruments and deposits. Listed investments include £1 million (1995 – £1 million) quoted on overseas stock exchanges.

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. LOANS AND SHORT TERM BORROWINGS

	Company		Group	
	1996 £m	1995 £m	1996 £m	1995 £m
Bank loans and overdrafts	-	-	27	31
Other loans				
Wholly repayable within five years				
Unsecured loans	-	-	7	8
Secured loans	-	-	5	-
Wholly repayable after five years				
5½% unsecured loan stock 1987/2002	2	2	2	2
7½% unsecured loan stock 1987/2002	5	5	5	5
10¼% redeemable debenture stock 2013 (secured)	-	-	150	150
	7	7	196	196
Creditor analysis				
Repayable:				
in one year or less: - bank loans and overdrafts	-	-	27	30
- other loans	-	-	6	7
	-	-	33	37
beyond one year: - between one and two years	-	-	1	1
- between two and five years	-	-	1	1
- in more than five years	7	7	161	157
	7	7	163	159

The secured loans are secured by floating charges over the assets of subsidiary undertakings.

18. CREDITORS

	Company		Group	
	1996 £m	1995 £m	1996 £m	1995 £m
Amounts falling due within one year				
Trade creditors	-	-	374	330
Taxation on profits	-	-	151	113
Other taxation and social security	-	-	29	24
Accruals and deferred income	-	-	279	275
Amounts owed to subsidiary undertakings	498	293	-	-
Amounts owed to holding company	-	76	105	204
	498	369	938	946
Amounts falling due after one year				
Taxation on profits	-	-	12	12

Taxation falling due after one year of £12 million includes £6 million payable on or before 16 June 1998 and £6 million on or before 16 June 1999.

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring and other provisions £m
At 16 September 1995	37
Profit and loss account	3
Utilised	(2)
At 14 September 1996	38

No provision for deferred tax is required (1995 - £nil). The full potential liability in respect of accelerated capital allowances at 14 September 1996 was £100 million (1995 - £96 million). No deferred tax provision has been made in these financial statements for the additional tax which may be payable on the remittance to this country of the group's share of profits retained by overseas subsidiary undertakings.

20. SHARE CAPITAL OF ABF INVESTMENTS plc

	1996 £m	1995 £m
Authorised		
Ordinary shares of 5p	30	30
Allotted and fully paid		
Ordinary shares of 5p	22	22

21. RESERVES

GROUP	Share premium account £m	Reval- uation reserve £m	Other reserves £m	Profit and loss account £m
At 16 September 1995	192	5	2	1,838
Effect of currency changes	-	-	1	9
From profits of the year	-	-	-	181
Goodwill written off	-	-	-	(8)
Transfers	-	-	(2)	2
At 14 September 1996	192	5	1	2,022
COMPANY				
At 16 September 1995	192	-	-	323
From profits of the year	-	-	-	51
At 14 September 1996	192	-	-	374

As permitted by section 230 of the Companies Act 1985, no profit and loss account has been presented for the company.

22. ACQUISITIONS

During the year the group acquired several small businesses for cash consideration of £16 million. The book value of the net tangible assets acquired amounted to £9 million.

The cumulative amount of goodwill written off as a result of acquisitions made in the current and earlier financial periods is £518 million (1995 - £511 million).

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23. CONTINGENT LIABILITIES

The company and four UK subsidiary undertakings are party to cross guarantee and letter of charge arrangements in respect of their bank accounts with one of the group's bankers. Under these arrangements the company guarantees the payment of, or discharge to the bank, all monies and liabilities incurred by the other companies to the bank and all monies standing to the credit of any of the company's accounts in the bank's books shall stand charged, by way of fixed and specific charge, with the payment of all monies due by the other companies to the bank.

24. LEASES

The group has minimum annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Within one year £m	Two to five years £m	Over five years £m	Total £m
Land and buildings	1	4	8	13
Others	1	2	—	3
At 14 September 1996	2	6	8	16
Land and buildings	3	2	10	15
Others	3	5	—	8
At 16 September 1995	6	7	10	23

25. SHARES IN SUBSIDIARY UNDERTAKINGS

	£m
At 16 September 1995	629
Additions	100
At 14 September 1996	729

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on page 23. Except where noted, none of the companies shown on page 23 is a direct subsidiary undertaking of ABF Investments plc.

The entire share capitals of the companies listed are held within the group except where percentages are shown. These percentages give the group's ultimate interest and therefore allow for the position where subsidiaries are owned by partly owned intermediate subsidiaries.

26. NET CASH FLOW FROM OPERATING ACTIVITIES

	1996 £m	1995 £m
Operating profit	390	331
Depreciation	172	154
Movement with holding company	(93)	90
(Increase)/decrease in working capital:		
Stocks	5	32
Debtors	(23)	(37)
Creditors	32	37
Provisions	1	—
	484	607

ABF INVESTMENTS GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27. PURCHASE AND DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	Purchases		Disposals	
	1996 £m	1995 £m	1996 £m	1995 £m
Net assets				
Tangible fixed assets	13	96	(1)	(3)
Stocks	4	45	-	(3)
Debtors	5	35	-	(2)
Cash at bank and in hand	1	2	-	-
Creditors	(7)	(31)	-	2
Loans and finance leases	(7)	(5)	1	-
Minority interests	-	(6)	-	-
	9	136	-	(6)
Goodwill	7	23	-	-
Profit/(loss) on disposal	-	-	-	-
	16	159	-	(6)
Satisfied by				
Cash	16	159	-	(6)
Net cash and cash equivalents				
Cash consideration	16	159	-	(6)
Cash and borrowings acquired	1	(2)	-	-
	17	157	-	(6)

28. ANALYSIS OF CHANGES IN FINANCING

Details regarding changes in loans are set out in note 17. Details regarding changes in share capital are set out in note 20.

29. NET CASH

	Total £m	Invest- ments £m	Cash at bank £m	Short term borrow- ings £m	Loans over one year £m
At 17 September 1994	602	811	39	(90)	(158)
Purchase of short term investments	1,827	1,827	-	-	-
Sale of short term investments	(1,622)	(1,622)	-	-	-
Purchase of equity investments	1	1	-	-	-
Sale of equity investments	(24)	(24)	-	-	-
Increase/(decrease) in cash and cash equivalents	(201)	(235)	(24)	58	-
Changes in market value	(8)	(8)	-	-	-
Effect of currency changes	(2)	1	3	(5)	(1)
At 16 September 1995	573	751	18	(37)	(159)
Purchase of short term investments	2,629	2,629	-	-	-
Sale of short term investments	(2,557)	(2,557)	-	-	-
Sale of equity investments	(2)	(2)	-	-	-
Issue of short term loans	(3)	-	-	(3)	-
Repayment of short term loans	4	-	-	4	-
Increase/(decrease) in cash and cash equivalents	27	(34)	58	3	-
Changes in market value	(8)	(8)	-	-	-
New subsidiary undertakings	(5)	-	-	-	(5)
Effect of currency changes	2	2	(1)	-	1
At 14 September 1996	660	781	75	(33)	(163)

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

30. HOLDING COMPANY INFORMATION

The ultimate parent undertaking is Wittington Investments Limited which is incorporated in Great Britain and registered in England. The company is a wholly owned subsidiary of Associated British Foods plc. The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by Associated British Foods plc which is incorporated in Great Britain and registered in England. The consolidated financial statements of Associated British Foods plc are available to the public at 3-5 Rickmansworth Road, Watford, Hertfordshire, WD1 7HG.

31. RELATED PARTY TRANSACTIONS

The ABF Investments plc group's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them are summarised below:

	Sub note	1996 £m
Sales to fellow subsidiaries on normal trading terms	1	7
Purchases from fellow subsidiaries on normal trading terms	1	-
Amounts due from fellow subsidiary undertakings	1	1
Sales to George Weston Limited on normal trading terms	2	1
Sales to associated undertakings on normal trading terms	3	39
Purchases from associated undertakings on normal trading terms	3	(4)
Amounts due from associated undertakings	3	5
Amounts due to associated undertakings	3	(1)

Sub notes

1. Fellow subsidiary companies are Aughton Limited, which was disposed of during the year, and Fortnum & Mason plc.
2. George Weston Limited is a Canadian listed company in which Mr WG Galen Weston, a director of Associated British Foods plc, the holding company of ABF Investments plc, has a controlling interest.
3. Details of the group's principal associated undertakings are set out on page 24.

ABF INVESTMENTS GROUP

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Food manufacturing activities

AB Ingredients Limited (95%)	United Kingdom
ABR Foods Limited	United Kingdom
AB Technology Limited	United Kingdom
Abitec Corporation	USA
AC Humko Incorporated	USA
Allied Bakeries Limited	United Kingdom
Allied Foods Co. Limited (78%)	New Zealand
Allied Foods Limited	United Kingdom
Allied Grain Limited	United Kingdom
Allied Mills Limited	United Kingdom
J Bibby Agriculture Limited*	United Kingdom
British Sugar plc*	United Kingdom
British Sugar (Overseas) Limited	United Kingdom
Burtons Gold Medal Biscuits Limited	United Kingdom
Erik Haugen AS	Norway
Fishers Agricultural Holdings Limited	United Kingdom
Foods International SA	France
George Weston Foods Limited (78%)	Australia
Germain's (UK) Limited	United Kingdom
Germain's (Ireland) Limited	Republic of Ireland
Gregg & Company Limited	United Kingdom
Grosvenor Marketing Limited	USA
Guangxi Boqing Food Co. (60%)	China
Henan Lianhua – BSO Glucose Co. (51%)	China
Henan Lianhua – BSO Henan Pharmaceutical Co Limited (51%)	China
Jacksons of Piccadilly Limited	United Kingdom
KW Agriculture Limited	United Kingdom
Lax & Shaw Limited	United Kingdom
Mauri Products Limited (50%)	United Kingdom
Namosa Limited	United Kingdom
Provincial Merchants Limited	United Kingdom
R. Twining & Company Limited	United Kingdom
R. Twining & Co. Limited	USA
Seed Systems Incorporated	USA
Sugarpol (Torun) Sp zoo (68%)	Poland
The Ryvita Company Limited	United Kingdom
Trident Feeds	United Kingdom
Westmill Foods Limited	United Kingdom
Weston Research Laboratories Limited	United Kingdom

Retailing activities

Crazy Prices*	United Kingdom
Power Supermarkets Limited	Republic of Ireland
Primark	Republic of Ireland
Primark Stores Limited	United Kingdom
Stewarts Supermarkets Limited*	United Kingdom

Investment holding companies

CWII Limited	Jersey, Channel Islands
Eastbow Securities Limited	United Kingdom
Serpentine Securities Limited*	United Kingdom

Group interest is 100% except where indicated

Each subsidiary operates mainly in its country of incorporation

* Direct subsidiary of ABF Investments plc

ABF INVESTMENTS GROUP INVESTMENTS

		Issued ordinary share capital	
	Country of Incorporation	Total	Group %
PRINCIPAL ASSOCIATED UNDERTAKINGS			
Wesmilk Pty Limited	Australia	A\$500,000	50
C Czarnikow Sugar Limited	United Kingdom	£1,000,000	42

There is no loan capital in any of the associated undertakings.
Each associate operates mainly in its country of incorporation.

OTHER INVESTMENTS

Berisford International plc	United Kingdom	£75,780,333	7
-----------------------------	----------------	-------------	---

ABF INVESTMENTS GROUP DIRECTORS' INTERESTS

Beneficial interests

The directors of the company at the end of the year had the following beneficial interests, including family interests, in the shares and debentures of the company, its holding company and its fellow subsidiary undertakings.

	14 September 1996	16 September 1995
Garry H Weston		
Wittington Investments Limited, ordinary shares of 50p	4,925	4,925
Associated British Foods plc, ordinary shares of 5p	693,324	693,324
George Weston Foods Limited, ordinary shares of 5 cents	2,017	2,017
Harold W Bailey		
Associated British Foods plc, ordinary shares of 5p	160,000	160,000
Trevor HM Shaw		
Associated British Foods plc, ordinary shares of 5p	95,710	95,710

Controlling interest

The ultimate holding company of ABF Investments plc is Wittington Investments Limited, which holds 50.9% of the total issued ordinary share capital of the company's holding company Associated British Foods plc.

Non-beneficial interests

The directors of the company at the end of the year had the following non-beneficial interests:

- 1 Garry H Weston is a trustee of a trust, in which he has no beneficial interest, which at 14 September 1996 held 683,073 ordinary shares of 50p (1995 – 683,073) in Wittington Investments Limited.
- 2 Garry H Weston is a trustee of a trust, in which he has no beneficial interest, which at 14 September 1996 held 400,000 ordinary shares of 5p (1995 – 400,000) in Associated British Foods plc.
- 3 Harold W Bailey and Garry H Weston are trustees of trusts, in which they have no beneficial interest, which at 14 September 1996 held 1,583,938 ordinary shares of 5p (1995 – 1,583,938) in Associated British Foods plc.

Subsequent changes

The interests shown above remained the same at 1 November 1996.

The comparative number of shares in Associated British Foods plc for 1995 has been restated following a one for one bonus issue in that company in December 1995.