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ABF INVESTMENTS plc

ANNUAL REPORT AND ACCOUNTS 2001



ABF INVESTMENTS plc
ANNUAL REPORT AND ACCOUNTS 2001

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ABF INVESTMENTS plc
DIRECTORS AND ADVISORS

Directors

Harold W Bailey *Chairman*
Garry H Weston (resigned 13 December 2000)
Peter J Jackson
John G Bason
Peter A Russell

Secretary

Rosalyn Schofield

Registered office

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

Auditors

KPMG Audit Plc
Chartered Accountants

Bankers

Bank of Scotland
Barclays Bank plc
Lloyds TSB plc
The Royal Bank of Scotland plc

ABF INVESTMENTS plc

DIRECTORS' REPORT

The directors submit to the members their sixty-sixth annual report together with the financial statements of the company for the 52 weeks ended 15 September 2001.

Profits and dividends

The group profit and loss account is on page 12. Profit for the financial year amounted to £221 million and the dividends to £95 million. Dividends are detailed in note 8 on page 22.

Review of activities

The activities of the group principally concern the processing and manufacture of food in Europe, Australia, the US and Asia, and textile retailing in the UK and the Republic of Ireland. Comments on the development of the business during the year and on the future outlook are given below.

Tangible fixed assets

The group's tangible fixed assets are included in the financial statements at cost less depreciation. 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 and future outlook

Against a background of growing political and economic turbulence and weakening consumer confidence, the group operating profit, before amortisation of goodwill and exceptional charges, increased by 4% to £343 million in the year ended 15 September 2001.

Adjusting for the impact of disposals, operating profit increased by £26 million or 8% over last year against a background of significant improvement in the level of performance of most companies in the group.

Primary food and agriculture increased operating profit despite unprecedented adverse weather conditions and the continuing impact of foot and mouth disease and swine fever in the UK. British Sugar, although subject to a quota cut and the abolition of its storage rebate, achieved virtually maintained profits in the UK as a result of operational efficiencies arising from further factory rationalisation. The outstanding results in this sector were delivered by our overseas sugar operations in China and Poland, justifying the policy of patiently developing our investments in these countries.

Ingredients and oils demonstrated strong growth. ACH in the US not only achieved a satisfactory resolution of the operational problems experienced in the prior year, but successfully integrated the acquisition of the Procter & Gamble branded foodservice oils business into its restructured operations. The food business of SPI Polyols had an unsatisfactory year suffering from severe market competition, increased input costs and problems within operational management. As with ACH last year, these problems are being addressed by a programme of cost reduction, management restructuring and strategic reappraisal. Abitec produced an outstanding performance in all areas of its business. Of particular note has been the continuing growth in sales and profit at AB Enzymes since its acquisition some two years ago. Towards the end of the financial year, we agreed to acquire from Kerry Foods their UK bakery ingredient activities which, combined with our existing business, will give us market leadership in UK bakery ingredients.

Our grocery companies also achieved a strong increase in their profit contribution. After a prolonged period of retrenchment in a declining market for crispbread, Ryvita produced excellent results based on a broader product range and sharply improved operational efficiency. Twinings continued to grow share both in its home and overseas markets and a particularly pleasing feature of this success has been the growth in its share of the green tea and the herbal and fruit tea infusion markets.

Primark maintained its strong growth in sales and profit. We continue to invest heavily in new stores and the associated pre-opening costs have been charged in these results. Primark has now achieved national recognition as one of the leading chains in UK and Irish textile retailing.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Development and future outlook - continued

Against this background of improvement in nearly every area of our business, it is disappointing to have to record a significant fall in the contribution from our Australian subsidiary, George Weston Foods. Despite a strong performance by milling and baking in Australia, other divisions of this group recorded sharply lower profits. This result, following the unsatisfactory performance of the last few years, is unacceptable. Major changes have already taken place at the senior management level which, combined with a closely monitored cost reduction programme, lead us to expect an improved profit performance as the current year progresses.

The process of concentrating our activities and investment into more focused areas has generated additional profit and cash. The sale of surplus properties generated a profit of £20 million and the disposal of Burton's and a number of smaller businesses resulted in a net exceptional profit of £17 million. At the same time we have reviewed the carrying value of the intangible fixed assets in SPI and have written down the goodwill arising on this investment by an additional £62 million in the accounts.

During a difficult investment climate and a period of declining interest rates, investment income at £63 million was down 7%, whilst interest payable increased by £3 million to £45 million. Group profit before tax, adjusted to exclude exceptional items, property profits and amortisation of goodwill increased 1% to £361 million from £357 million. Adjusted earnings per share were ahead by 3% to 57.1p.

Treasury policy and controls

The group's cash and current asset investments totalled £1,044 million at the year end including some £896 million placed with professional investment managers who have full discretion to act within closely monitored and agreed guidelines.

The investment objective is to preserve the underlying assets, whilst achieving a satisfactory return. The investment guidelines are kept under constant review with the objective of monitoring and controlling risk levels. The guidelines require that investments must carry a minimum credit rating of AA- and also set down conditions relating to sovereign risk, length of maturity, exchange rate exposure and type of investment instrument. Aggregate limits for each category of investment and risk exposure are set for each manager.

The group's UK working cash balances are managed by a central treasury department operating under strictly controlled guidelines, which also arranges term bank finance, as and when necessary, to finance short-term working capital requirements particularly for the sugar beet and wheat harvests.

Futures contracts used as hedges in commodity trading operations are tightly controlled within set limits and transactions of a speculative nature are not undertaken.

Foreign currency

The businesses operate mainly in their local currency and as a result the group's transaction exposure to exchange rate movements is minimal. Significant cross-border transactions are covered by forward purchases and sales of foreign currency or foreign currency options as appropriate.

The group does not hedge the translation effect of exchange rate movements on the profit and loss account. The group regards its interest in its overseas subsidiary undertakings as long-term investments and does not hedge the translation effect of exchange rate movements on them.

Research and Development

Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the group.

The group has major technical centres in the UK at Weston Research Laboratories, British Sugar, and the animal feed Central Laboratories. Facilities also exist at ACH Food Companies in the US, Weston Technologies in Australia and AB Enzymes in Germany. These centres support the technical resources of the trading divisions in the search for new technology and in monitoring and maintaining high standards of quality and food safety.

United Kingdom charitable and political contributions

Contributions to charitable organisations by the group during the year totalled £0.2 million (2000 - £0.3 million). No political contributions were made during the year (2000 - Nil).

Payments to suppliers

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

ABF Investments plc has no trade creditors.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

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.

The group is committed to a policy to offer 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.

ABF INVESTMENTS plc

DIRECTORS' REPORT *continued*

Directors

The names of the persons who were directors of the Company as at 6 November 2001 appear on page 2.

In accordance with the Articles of Association, Mr JG Bason 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.

Directors' remuneration report

Remuneration levels are set by reference to individual performance, experience and market conditions with a view to providing a package which is appropriate for the responsibilities involved. Under the terms of the group's existing arrangements:

- i) performance-related bonuses are payable to executive directors. Payment of such bonuses is dependent upon the achievement of demanding preset targets relating to operating profit and return on capital employed. Performance related bonuses are not pensionable other than in the case of Peter J Jackson for whom there is a contractual obligation.
- ii) subject to the rules of the company's Share Option Scheme, Peter J Jackson and John G Bason are both entitled to receive an allocation of share options for each of the five years and three years respectively, commencing December 1999.

The group operates an executive pension scheme for senior executives, which is incorporated in the main group scheme. The scheme is a defined benefit scheme whereby retirement benefits based on final remuneration and length of service are funded through a trustee administered scheme. The company pays contributions to the scheme on behalf of executives, based on the recommendations of the independent actuary who carries out a valuation every three years.

No director has a contract of service with the company which is determinable after one year.

The remuneration of the directors was as follows:

	Salary or fees £'000	Bonus £'000	Benefits £'000	2001 Total £'000	2000 Total £'000
Garry H Weston (resigned 13 December 2000)	-	-	-	-	219
Harold W Bailey	160	-	13	173	167
Peter J Jackson	412	114	42	568	390
Trevor HM Shaw (resigned 31 May 2000)	-	-	-	-	141
John G Bason	313	86	16	415	301
Peter A Russell (appointed 27 July 2000)	119	12	7	138	16
Lee Rendall (resigned 26 July 2000)	-	-	-	-	87
	1,004	212	78	1,294	1,321

Remuneration reflects details for the year or, if later, since the date of appointment as a director within the Associated British Foods group.

ABF INVESTMENTS plc
DIRECTORS' REPORT *continued*

Directors' remuneration report - continued

Benefits include the value attributed to benefits such as company cars, fuel and medical insurance.
Pension benefits earned by the directors (1):

	Age at year end	Normal retirement age	Directors' contributions in the year (2)		Increase in accrued pension entitlement during the year (3)		Accumulated total accrued pension at year end (4)	
			2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Peter J Jackson	54	60	-	-	32	29	189	150
John G Bason	44	62	14	14	15	-	15	-
Peter A Russell	44	65	2	1	-	-	-	-

- (1) The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year, or date of retirement if earlier.
- (2) Contributions paid or payable in the year by the directors under the terms of the scheme.
- (3) The increase in accrued pension during the year excludes any increase for inflation.
- (4) Peter A Russell is accruing pension but does not have an entitlement to that pension until he has completed two years' service with the company.
- (5) John Bason and Peter Russell accrue pensions in the Associated British Foods Scheme on their earnings up to the Earnings Cap. In order to provide a pension on their earnings above this level, the company has established an unfunded unapproved retirements benefits scheme.

The company has also established a funded unapproved life assurance scheme to provide cover for the excess over that provided by the Pension Scheme.

Dependants' pensions - A 50% pension is payable on death in service or after retirement. In respect of Peter J Jackson, the spouse's pension is 66.66%.

Early retirement rights - The directors may retire before their normal retirement age, subject to a reduction for early payment.

Pension increases - Pensions are guaranteed to increase in line with the increases in RPI, restricted each year to 5%. Additional discretionary increases have been granted in the past.

At 15 September 2001, the following directors had outstanding options to acquire ordinary shares of Associated British Foods plc

	At 16.9.00 Number	Granted	At 15.9.01 Number	Exercise price	Date from which exercisable	Expiry date
Peter J Jackson	100,000	-	100,000	561.50p	28.4.2003	27.4.2008
Peter J Jackson	100,000	-	100,000	345.25p	10.12.2004	9.12.2009
Peter J Jackson	-	100,000	100,000	484.00p	17.1.2004	16.1.2011
John G Bason	100,000	-	100,000	467.00p	11.5.2004	10.5.2009
John G Bason	-	50,000	50,000	484.00p	17.1.2004	16.1.2011
Peter A Russell	-	15,000	15,000	484.00p	17.1.2004	16.1.2011

No other directors had any options during the year and no options granted to directors lapsed or were exercised during the year.

The mid-market price of the shares at 15 September 2001 was 451.75p. The highest mid-market price during the year was 521.25p and the lowest mid-market price was 398.00p.

ABF INVESTMENTS plc
DIRECTORS' REPORT *continued*

Directors' beneficial interests

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

	15 September 2001	16 September 2000
Harold W Bailey		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	140,800	140,800
Fortnum & Mason PLC, ordinary shares of 5p	1,000	1,000
Peter J Jackson		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	17,600	17,600
John G Bason		
Associated British Foods plc, ordinary shares of 5 ¹⁵ / ₂₂ p	1,500	1,500

Controlling interest

The ultimate holding company of ABF Investments plc is Wittington Investments Limited, which together with its subsidiary undertaking, Howard Investments Limited, held 54.5% 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 Harold W Bailey is a trustee of a trust, in which he has no beneficial interest, which at 15 September 2001 held 38,665 ordinary shares of 5¹⁵/₂₂p (2000 - 38,665) in Associated British Foods plc.

Subsequent changes

The interests shown above remained the same at 6 November 2001.

ABF INVESTMENTS plc
DIRECTORS' REPORT *continued*

Corporate governance

ABF Investments plc is a wholly owned subsidiary of Associated British Foods plc. With the exception of Peter Russell, the directors of ABF Investments plc at the year end are also directors of Associated British Foods plc.

Full details of Associated British Foods plc's compliance with the provisions of the Combined Code are set out in that company's accounts for the year ended 15 September 2001.

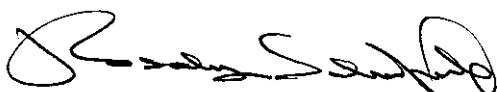
The company's affairs are controlled by Associated British Foods plc and, with the exception of a statement affirming the company as a going concern, it is not considered appropriate or necessary for the company to comply with the recommendations of the Combined Code.

The Listing Rules exempt the company from including a statement on Corporate Governance in these accounts on the basis that it only has 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.

By order of the board



Rosalyn Schofield
Secretary
6 November 2001

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 and at any time, the financial position of the company and 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.

ABF INVESTMENTS plc
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF ABF INVESTMENTS plc

We have audited the financial statements on pages 12 to 32.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 10 this includes responsibility for preparing the financial statements in accordance with applicable UK law and accounting standards. Our responsibilities, as independent auditors, are established in the UK by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 15 September 2001 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 Audit Plc

Chartered Accountants
Registered Auditor
London
6 November 2001

ABF INVESTMENTS plc
CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 15 September 2001

	Note	Continuing operations before exceptional items £m	Exceptional items £m	Total 2001 £m	Continuing operations before exceptional items £m	Exceptional items £m	Total 2000 £m
Turnover of the group including its share of joint ventures							
		4,434	-	4,434	4,414	-	4,414
Less share of turnover of joint ventures		(16)	-	(16)	(8)	-	(8)
Group turnover	1	4,418	-	4,418	4,406	-	4,406
Operating costs	2	(4,093)	(62)	(4,155)	(4,088)	(130)	(4,218)
Group operating profit		325	(62)	263	318	(130)	188
Share of operating results of - joint ventures		3	-	3	3	-	3
- associates		4	-	4	4	-	4
Total operating profit	1	332	(62)	270	325	(130)	195
Operating profit before exceptional items and amortisation of goodwill							
	1	343	-	343	331	-	331
Exceptional items	1	-	-	-	-	(130)	(130)
Amortisation of goodwill		(11)	(62)	(73)	(6)	-	(6)
Profit less losses on sale of properties		20	-	20	8	-	8
Profit less losses on sale of businesses		-	17	17	-	-	-
Investment income	5	63	-	63	68	-	68
Profit on ordinary activities before interest		415	(45)	370	401	(130)	271
Interest payable	6	(45)	-	(45)	(42)	-	(42)
Profit on ordinary activities before taxation		370	(45)	325	359	(130)	229
Adjusted profit before taxation							
		361	-	361	357	-	357
Profit less losses on sale of properties		20	-	20	8	-	8
Exceptional items		-	17	17	-	(130)	(130)
Amortisation of goodwill		(11)	(62)	(73)	(6)	-	(6)
Tax on profit on ordinary activities	7	(96)	-	(96)	(104)	-	(104)
Profit on ordinary activities after taxation		274	(45)	229	255	(130)	125
Minority interest - equity		(8)	-	(8)	(3)	5	2
Profit for the financial year		266	(45)	221	252	(125)	127
Dividends	8	(95)	-	(95)	(90)	-	(90)
Transfer to/(from) reserves	21	171	(45)	126	162	(125)	37
Basic and diluted earnings per ordinary share	9			49.1p			28.2p
Adjusted earnings per ordinary share	9			57.1p			55.6p

The group has made no material acquisitions nor discontinued any operations within the meaning of the Financial Reporting Standards during either 2001 or 2000.

ABF INVESTMENTS plc

CONSOLIDATED BALANCE SHEET

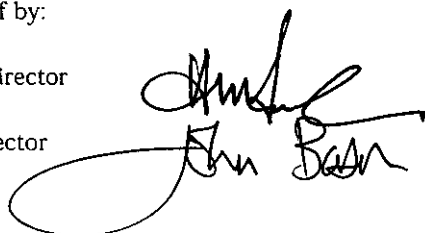
at 15 September 2001

	Note	2001 £m	2000 £m
Fixed assets			
Intangible assets - goodwill	10	179	151
Tangible assets	11	1,397	1,459
		1,576	1,610
Interest in net assets of - joint ventures	13	10	12
- associates	13	9	11
Other investments	13	2	4
Total fixed asset investments		21	27
		1,597	1,637
Current assets			
Stocks	14	469	496
Debtors	15	655	630
Investments	16	968	937
Cash at bank and in hand		76	55
		2,168	2,118
Creditors amounts falling due within one year			
Short term borrowings	17	(77)	(62)
Other creditors	18	(609)	(658)
		(686)	(720)
Net current assets		1,482	1,398
Total assets less current liabilities		3,079	3,035
Creditors amounts falling due after one year			
Loans	17	(157)	(160)
Other creditors	18	(10)	(11)
		(167)	(171)
Provision for liabilities and charges	19	(39)	(63)
		2,873	2,801
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Revaluation reserve	21	3	3
Other reserves	21	1	1
Profit and loss account	21	2,580	2,505
Equity shareholders' funds		2,798	2,723
Minority interests in subsidiary undertakings - equity		75	78
		2,873	2,801

These financial statements were approved by the board of directors on 6 November 2001 and were signed on its behalf by:

Harry Bailey Director

John Bason Director



ABF INVESTMENTS plc
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 15 September 2001

	Note	2001 £m	2000 £m
Cash flow from operating activities	25	424	320
Dividends from joint ventures		3	2
Dividends from associates		1	1
Return on investments and servicing of finance			
Dividends and other investment income		61	68
Interest paid		(45)	(42)
Dividends paid to minorities		(10)	(2)
		6	24
Taxation		(110)	(86)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(212)	(182)
Sale of tangible fixed assets		39	32
Purchase of equity investments		(1)	(7)
Sale of equity investments		7	17
		(167)	(140)
Acquisitions and disposals			
Purchase of new subsidiary undertakings	26	(121)	(73)
Purchase of joint ventures and associates		-	(5)
Sale of subsidiary undertakings	26	142	54
		21	(24)
Equity dividends paid		(95)	(90)
Net cash inflow before use of liquid funds and financing		83	7
Management of liquid funds	28	(56)	10
Financing			
Borrowings due within one year - repayment of loans		(28)	(54)
- increase in loans		32	47
Borrowings due after one year - repayment of loans		(13)	-
- increase in loans		5	1
Increase in bank borrowings		-	4
Increase in cash		23	15

ABF INVESTMENTS plc
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 15 September 2001

	2001 £m	2000 £m
Profit for the financial year	221	127
Currency translation differences on foreign currency net assets	(56)	15
Total recognised gains and losses	165	142

ABF INVESTMENTS plc
CONSOLIDATED STATEMENT OF HISTORICAL COST PROFITS

for the year ended 15 September 2001

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.

ABF INVESTMENTS plc
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 15 September 2001

	2001 £m	Company 2000 £m	2001 £m	Group 2000 £m
Profit for the financial year	601	101	221	127
Dividends	(95)	(90)	(95)	(90)
Transfer to reserves	506	11	126	37
Goodwill written back	-	-	5	2
Other recognised gains and losses relating to the year	-	-	(56)	15
Net increase in shareholders' funds	506	11	75	54
Opening shareholders' funds	1,277	1,266	2,723	2,669
Closing shareholders' funds	1,783	1,277	2,798	2,723

ABF INVESTMENTS plc
COMPANY BALANCE SHEET

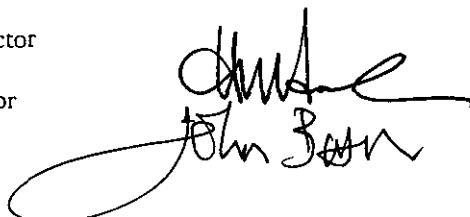
at 15 September 2001

	Note	2001 £m	2000 £m
Fixed assets			
Shares in subsidiary undertakings	24	1,025	979
Current assets			
Debtors	15	778	320
Investments	16	-	1
		778	321
Creditors amounts falling due within one year			
Loans	17	(7)	(7)
Other creditors	18	(13)	(16)
		(20)	(23)
Net current assets		758	298
		1,783	1,277
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Profit and loss account	21	1,569	1,063
Equity shareholders' funds		1,783	1,277

These financial statements were approved by the board of directors on 6 November 2001 and were signed on its behalf by:

Harry Bailey Director

John Bason Director



ABF INVESTMENTS plc

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.

Basis of consolidation

The group accounts comprise a consolidation of the accounts of the Company and all its subsidiary undertakings, together with the Group's share of the results and net assets of its joint ventures and associates. The financial statements of the company and its subsidiary undertakings are made up for the 52 weeks ended 15 September 2001, except that, to avoid delay in the preparation of the consolidated financial statements, those of the Australian and New Zealand group and China and Poland are made up to 31 July 2001, and the North American subsidiary undertakings are made up to 31 August 2001.

Acquisitions

The consolidated profit and loss account includes the results of new subsidiary undertakings, joint ventures and associates attributable to the period since change of control.

Disposals

The results of subsidiary undertakings, joint ventures and associates sold are included up to the dates of change of control. The profit or loss on the disposal of an acquired business takes into account the amount of any related goodwill previously written off directly to reserves, or the net amount of goodwill remaining unamortised, as appropriate.

Intangible fixed assets

Intangible fixed assets consist of goodwill arising on acquisitions since 13 September 1998, being the excess of the fair value of the purchase consideration of new subsidiary undertakings, joint ventures and associates over the fair value of net assets acquired. Goodwill is capitalised in accordance with FRS 10 and amortised over its useful economic life, not exceeding 20 years. Goodwill previously written off against reserves has not been reinstated.

Tangible fixed assets

Fixed assets are carried at their original cost less accumulated depreciation.

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 or payments on account. 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

Fixed asset investments

Joint ventures and associates are accounted for in the financial statements of the group under the equity method of accounting. Other fixed asset investments in the group's accounts, and all fixed asset investments in the accounts of the company, are stated at cost less amounts written off in respect of any permanent diminution in value.

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.

ABF INVESTMENTS plc

ACCOUNTING POLICIES *continued*

Current asset investments

Current asset investments are stated at the lower of cost or market value.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or at the contracted rate as appropriate. The assets and liabilities of overseas operations are translated 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 directly 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 differences between the charge for pensions and total contributions are 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.

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.

Financial instruments

Forward foreign exchange contracts are used to hedge forecast transactional cash flows and accordingly, any gains or losses on these contracts are recognised in the profit and loss account when the underlying transaction is settled. Derivative commodity contracts are used to hedge committed purchases or sales of commodities and accordingly, any gains or losses on these contracts are recognised in the profit and loss account in the same accounting period as the underlying purchase or sale. Gains or losses arising on hedging instruments which are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

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 plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 15 September 2001

1. Segmental analysis

	Group turnover		Operating profit		Capital employed	
	2001 £m	2000 £m	2001 £m	2000 £m	2001 £m	2000 £m
Analysis by business						
Primary food and agriculture	1,867	1,802	172	157	769	746
Ingredients and oils	711	640	42	32	266	260
Grocery	858	847	37	29	319	295
Retail and packaging	574	484	63	53	339	249
Australia and New Zealand	583	608	19	31	230	246
Inter company sales	(255)	(279)	-	-	-	-
Central costs/capital employed	-	-	(18)	(13)	76	98
Pension credit	-	-	27	27	-	-
	4,338	4,102	342	316	1,999	1,894
Businesses disposed:						
Grocery	33	251	2	13	-	83
Ingredients and oils	47	53	(1)	2	-	29
Exceptional items	-	-	-	(130)	-	-
Amortisation of goodwill	-	-	(73)	(6)	-	-
	4,418	4,406	270	195	1,999	2,006

Analysis by geography (by origin and destination)

European Union (mainly UK and Ireland)	2,913	2,782	244	226	1,430	1,337
Australia and New Zealand	583	608	19	31	230	246
North America	651	578	32	26	234	225
Elsewhere	191	134	20	6	105	86
Pension credit	-	-	27	27	-	-
	4,338	4,102	342	316	1,999	1,894
Businesses disposed:						
European Union	50	255	3	14	-	90
North America	30	49	(2)	1	-	22
Exceptional items:						
European Union	-	-	-	(72)	-	-
North America	-	-	-	(45)	-	-
Elsewhere	-	-	-	(13)	-	-
Amortisation of goodwill	-	-	(73)	(6)	-	-
	4,418	4,406	270	195	1,999	2,006

Business segment operating profits include a pension charge that reflects the regular cost. The difference between this charge and that required under SSAP 24 is shown as a credit held centrally. Virtually all of the credit arises in the European Union.

The amortisation of goodwill arises in primary food & agriculture £1 million (2000 - £1 million), ingredients & oils £71 million including an exceptional charge of £62 million (2000 - £5 million), and grocery £1 million (2000 - nil). By geography, the charge arises in the European Union £1 million (2000 - £1 million), North America £71 million (2000 - £4 million) and elsewhere £1 million (2000 - £1 million).

The exceptional write down of goodwill relates to a FRS 11 impairment charge based on the projected cash flows of SPI's food business discounted at 12.5%. The exceptional charge of £130 million in 2000 related to primary food & agriculture - £72 million, ingredients & oils - £48 million and grocery - £10 million.

Capital employed comprises tangible fixed assets, interests in joint ventures and associates, current assets (excluding cash and investments), creditors (excluding borrowings, tax and dividends) and provisions for liabilities & charges.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

2. Operating costs

	2001 £m	2000 £m
Cost of sales (including exceptional items and amortisation of goodwill)	3,321	3,348
Distribution costs	513	546
Administration expenses	321	324
Operating costs	4,155	4,218

Operating costs are stated after charging:

Staff costs	558	578
Impairment of intangible fixed assets	62	-
Amortisation of goodwill	11	6
Impairment of tangible fixed assets	-	32
Depreciation of tangible fixed assets	149	206
Hire of plant and machinery	7	7
Rentals payable under property leases	21	19
Research and development	7	8

The remuneration of the auditors in respect of audit services provided to the group during the year was £2.0 million (2000 - £1.7 million).

The remuneration of the auditors and its associates in respect of non-audit services to the company and its UK subsidiaries was £0.6 million (2000 - £0.6 million).

3. Employees

	2001	2000
Average number of employees:		
European Union, mainly United Kingdom and Ireland	20,481	21,430
Australia and New Zealand	7,045	7,578
North America	2,154	2,222
Elsewhere	4,233	3,082
	33,913	34,312

		£m	£m
Staff costs	- wages and salaries	516	536
	- social security costs	29	29
	- other pension costs	13	13
		558	578

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

4. Pension costs

The group has continued to account for pensions in accordance with SSAP 24 and the disclosure given in (a) are those required by that standard. FRS 17 Retirement Benefits was issued in November 2000 but will not be mandatory for the group until the year ended 13 September 2003. Prior to this, phased transitional disclosures are required and are set out in (b).

(a) Associated British Foods pension schemes

The group operates pension schemes, the majority of which are of the defined benefit type. The pension cost charge for the year was £13 million (2000 - £13 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 valuation of the British Sugar Pension Scheme was carried out at 1 October 1998. This valuation used a traditional actuarial approach in which it was assumed that the investment return would exceed price inflation by 4% per annum, that salary increases would exceed price inflation by 2% per annum and that increases in dividends would lag price inflation by 0.5% per annum. The last valuation for the Associated British Foods Pension Scheme was carried out using a market related approach, as at 5 April 1999. Under this approach the actuarial valuation of the assets was taken as their market value at the valuation date. It was assumed that the investment return prior to retirement would exceed price inflation by 2.5% per annum and post retirement by 2% per annum. Salary increases were assumed to exceed price inflation by 2% per annum.

At the valuation dates the total market value of the two major schemes' assets was £1,857 million and the value of these assets for actuarial valuation purposes represented 130% of the benefits that had accrued to members after allowing for expected future increases in earnings.

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

(b) FRS 17 Retirement Benefits

For the purposes of FRS 17 disclosures, the most recent actuarial valuations referred to above have been updated to 15 September 2001 by an independent qualified actuary.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	UK %	Overseas %
Rate of general increases in salaries	4.5	4.5
Rate of increase in pensions in payment	2.5	2.5
Rate of increase of deferred pensions	2.5	2.5
Discount rate of scheme liabilities	6.0	6.0
Inflation	2.5	2.5

The expected rates of return and market values of the assets of the principal funds at 15 September 2001 were as follows:

	UK		Overseas	
	Expected long-term rate of return %	Market value £m	Expected long-term rate of return %	Market value £m
Equities	7.25	1,150	7.25	35
Government bonds	5.00	66	5.00	10
Non-government bonds	6.00	343	6.00	-
Property	6.50	105	6.50	4
Other	5.00	18	5.00	-
		1,682		49
Present value of scheme liabilities		(1,326)		(40)
Surplus in the scheme		356		9
Deferred tax		(107)		(2)
Net pension asset		249		7

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

5. Investment income

	2001 £m	2000 £m
Dividends from current asset equity investments	1	1
Interest from other current asset investments	56	59
Profit on sale of current asset equity investments	6	8
	63	68

6. Interest payable

	2001 £m	2000 £m
Parent company loans	21	17
Other loans	24	25
	45	42

7. Tax on profit on ordinary activities

	2001 £m	2000 £m
The charge for the year is as follows:		
United Kingdom - corporation tax at 30% (2000 - 30%)	66	73
Overseas - income and corporation tax	28	29
Joint ventures and associates	2	2
	96	104

8. Dividends

	2001 £m	2000 £m
Ordinary dividends	95	90

9. Earnings per ordinary share

	2001 £m	2000 £m
Adjusted profit for the financial year	257	250
Profit less losses on sale of properties	20	8
Exceptional items	(45)	(125)
Amortisation of goodwill	(11)	(6)
Profit for the financial year attributable to shareholders	221	127
Adjusted earnings per ordinary share	57.1p	55.6p
Earnings per ordinary share on:		
sale of properties	4.4p	1.7p
exceptional items	(10.0)p	(27.8)p
amortisation of goodwill	(2.4)p	(1.3)p
Earnings per ordinary share	49.1p	28.2p

The weighted average number of ordinary shares in issue during the year, used in the calculation of both basic and diluted earnings per share was 450 million (2000 - 450 million).

Earnings per ordinary share before exceptional items and amortisation of goodwill has been provided so that the effects of exceptional items and the amortisation of goodwill on reported earnings can be fully appreciated.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

10. Intangible fixed assets - goodwill

	£m
Cost at 16 September 2000	162
Effect of currency changes	(3)
Goodwill arising on acquisitions	105
Disposals	(1)
Cost at 15 September 2001	263
Amortisation at 16 September 2000	11
Provided during year (including £62 million exceptional charges)	73
Amortisation at 15 September 2001	84
Net book value at 15 September 2001	179
Net book value at 16 September 2000	151

11. Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Payments on account £m	Total £m
Cost at 16 September 2000	705	1,802	220	44	2,771
Effect of currency changes	(11)	(37)	-	(2)	(50)
Businesses acquired	6	9	1	1	17
Businesses disposed	(21)	(162)	(14)	(2)	(199)
Additions	48	127	44	(5)	214
Disposals	(16)	(174)	(11)	-	(201)
Cost at 15 September 2001	711	1,565	240	36	2,552
Depreciation at 16 September 2000	161	1,035	116	-	1,312
Effect of currency changes	(2)	(21)	-	-	(23)
Provided during year	13	118	18	-	149
Businesses disposed	(4)	(95)	(7)	-	(106)
On disposals	(3)	(163)	(11)	-	(177)
Depreciation at 15 September 2001	165	874	116	-	1,155
Net book value at 15 September 2001	546	691	124	36	1,397
Net book value at 16 September 2000	544	767	104	44	1,459

	2001 £m	2000 £m
Analysis of land and buildings at net book value		
Freehold	460	466
Long leasehold	46	48
Short leasehold	40	30
	546	544

The book value of land as at 15 September 2001 not amortised in the financial statements was £64 million (2000 - £69 million).

12. Capital commitments

There are commitments for capital expenditure by the group of approximately £37 million (2000 - £27 million) for which no provision has been made in these financial statements.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

13. Fixed asset investments

	Joint ventures £m	Associates £m	Other investments £m	Total £m
At 16 September 2000	12	11	4	27
Effect of currency changes	-	(2)	-	(2)
Additions	-	-	1	1
Disposals	(2)	-	(3)	(5)
At 15 September 2001	10	9	2	21

Details of the principal joint ventures, associates and other investments are given on page 34. Interests in the net assets of joint ventures include the group's share of their gross assets of £18 million (2000 - £20 million) and the group's share of their gross liabilities of £8 million (2000 - £8 million).

Other investments are stated at cost.

14. Stocks

	2001 £m	2000 £m
Raw materials and consumables	174	188
Finished goods and goods for resale	295	308
	469	496

15. Debtors

	2001 £m	Company 2000 £m	2001 £m	Group 2000 £m
Trade debtors	-	-	423	439
Amounts owed by subsidiary undertakings	86	5	-	-
Amounts owed by holding company	691	315	119	107
Other debtors	1	-	59	44
Prepayments and accrued income	-	-	54	40
	778	320	655	630

16. Current asset investments

	2001 £m	Company 2000 £m	2001 £m	Group 2000 £m
Listed on a recognised stock exchange				
- equity investments	-	1	4	14
- other listed investments	-	-	41	32
Unlisted investments	-	-	923	891
	-	1	968	937

The market value of the group's listed equity investments was £4 million (2000 - £20 million). Other listed and unlisted investments comprise interest bearing instruments and deposits. Listed investments include £nil (2000 - £1 million) quoted on overseas stock exchanges.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

17. Loans and short term borrowings

	2001 £m	Company 2000 £m	2001 £m	Group 2000 £m
Bank loans and overdrafts	-	-	27	22
Other loans				
Wholly repayable within five years				
5 ½% unsecured loan stock 1987/2002	2	2	2	2
7 ½% unsecured loan stock 1987/2002	5	5	5	5
Other unsecured loans	-	-	4	4
Secured loans	-	-	46	35
Wholly or partly repayable after five years				
10 ¾% redeemable debenture stock 2013 (secured)	-	-	150	150
Other unsecured loans	-	-	-	4
	7	7	234	222

Creditor analysis

Repayable:

in one year or less - bank loans and overdrafts	-	-	27	22
- other loans	7	7	50	40
	7	7	77	62
beyond one year - between one and two years	-	-	2	5
- between two and five years	-	-	5	1
- in more than five years	-	-	150	154
	-	-	157	160

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

18. Creditors

	2001 £m	Company 2000 £m	2001 £m	Group 2000 £m
Amounts falling due within one year				
Trade creditors	-	-	255	217
Taxation on profits	6	5	107	119
Other taxation and social security	-	-	14	15
Accruals and deferred income	2	3	233	304
Amounts owed to subsidiary undertakings	5	5	-	-
Amounts owed to joint ventures	-	3	-	3
	13	16	609	658
Amounts falling due after one year				
Taxation on profits	-	-	10	11

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

19. Provisions for liabilities and charges

	European Commission fine £m	Restructuring £m	Other £m	Total £m
At 16 September 2000	26	14	23	63
Profit and loss account - charged	-	9	11	20
Utilised	(26)	(11)	(7)	(44)
At 15 September 2001	-	12	27	39

The European Commission ("EC") fine was imposed by the EC on British Sugar plc pursuant to Article 85 of the European treaty in respect of matters which occurred between 1986 and 1990, prior to Associated British Foods plc acquiring British Sugar.

Restructuring provisions relate to the cash costs, including redundancy, associated with the group's announced reorganisation plans.

Other provisions mainly comprise potential warranty claims arising from the disposal of businesses.

No provision for deferred tax is required (2000 - £nil). The full potential liability in respect of accelerated capital allowances and other timing differences at 15 September 2001 was £86 million (2000 - £86 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 since there is no intention to repatriate these reserves to the UK in the foreseeable future.

20. Share capital

	Ordinary shares of 5 p each 000	Nominal value £m
Authorised		
At 15 September 2001 and at 16 September 2000	600,000	30
Issued		
At 16 September 2001 and at 16 September 2000	449,815	22

21. Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m
Group				
At 16 September 2000	192	3	1	2,505
Effect of currency changes	-	-	-	(56)
Goodwill written back on disposal of businesses	-	-	-	5
Retained profits for the year	-	-	-	126
At 15 September 2001	192	3	1	2,580
Company				
At 16 September 2000	192	-	-	1,063
Retained profits for the year	-	-	-	506
At 15 September 2001	192	-	-	1,569

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

The cumulative amount of goodwill written off as a result of acquisitions made in earlier financial periods is £457 million (2000 - £462 million).

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

22. Contingent liabilities

ABF Investments plc and various of its subsidiaries have guaranteed overdrafts and other liabilities of certain subsidiary undertakings, the amount outstanding at 15 September 2001 being £39 million (2000 - £42 million). Litigation and other proceedings against companies in the group are not considered material in the context of these financial statements.

The contingent liabilities of the company at 15 September 2001 were £35 million (2000 - £35 million).

23. 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	4	2	19	25
Other	1	4	-	5
At 15 September 2001	5	6	19	30
Land and buildings	5	3	11	19
Other	2	7	-	9
At 16 September 2000	7	10	11	28

24. Shares in subsidiary undertakings

	£m
At 16 September 2000	979
Additions	50
Disposals	(4)
At 15 September 2001	1,025

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on page 33. Except where noted, none of the companies shown is a direct subsidiary undertaking of ABF Investments plc.

The entire share capital 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 subsidiary undertakings are owned by partly owned intermediate subsidiary undertakings.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

25. Cash flow from operating activities

	2001 £m	2000 £m
Operating profit	263	188
Amortisation of goodwill	73	6
Impairment of fixed assets	-	32
Depreciation	149	206
Movement with holding company	(3)	(116)
(Increase)/decrease in working capital		
- stocks	8	(28)
- debtors	(26)	(25)
- creditors	(13)	44
Provisions	(27)	13
Net cash from operating activities	424	320

26. Acquisitions and disposals

	2001 £m	Acquisitions 2000 £m	2001 £m	Disposals 2000 £m
Net assets				
Goodwill	-	-	1	-
Tangible fixed assets	17	26	93	42
Joint ventures	-	-	2	-
Fixed asset investments	-	-	3	-
Stocks	23	12	34	9
Debtors	8	9	38	5
Cash at bank and in hand	4	3	-	-
Creditors	(12)	(7)	(31)	(4)
Bank overdrafts	-	-	(1)	-
Loans and finance leases	(17)	-	-	-
Minority interests	(3)	-	-	-
Net assets acquired/disposed	20	43	139	52
Goodwill	105	33	5	2
Provisions made	-	-	3	-
Profit on sale	-	-	17	-
Total consideration	125	76	164	54
Satisfied by				
Cash	125	76	141	54
Debtors/deferred consideration	-	-	23	-
Net cash				
Cash consideration	125	76	141	54
Cash and borrowings acquired/disposed	(4)	(3)	1	-
	121	73	142	54

There have been no material fair value adjustments on acquisitions.

Costs associated with acquisitions and disposals are included within cash consideration.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

27. Reconciliation of net cash flow to movement in net funds

	2001 £m	2000 £m
Increase in cash	23	15
Management of liquid resources	56	(10)
Net increase in borrowings	4	2
Change in net funds resulting from cash flows	83	7
Effect of currency changes	(17)	(2)
On acquisition of subsidiary undertakings	(17)	-
Other	(9)	(6)
Movement in net funds	40	(1)
Opening net funds	770	771
Closing net funds	810	770

28. Analysis of net funds

	At 16 September 2000 £m	Cash flow £m	Acquisition of subsidiary undertakings £m	Exchange adjustments £m	Other non-cash changes £m	At 15 September 2001 £m
Cash at bank and in hand	55	23	-	(2)	-	76
Short-term borrowings	(62)	(4)	(12)	1	-	(77)
Investments	937	56	-	(16)	(9)	968
Loans over one year	(160)	8	(5)	-	-	(157)
	770	83	(17)	(17)	(9)	810

29. Financial instruments

Disclosures on financial risk management, treasury policies and use of financial instruments are also included in the Directors' Report. Short term debtors and creditors have been excluded from the following disclosures except for the analysis of net currency exposures.

Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the group was:

	Financial assets on which no interest is received £m	Floating rate financial assets £m	Fixed rate financial assets £m	Total £m	Fixed rate financial assets Weighted average interest rate %	Weighted average period for which rate is fixed Months
Currency						
Sterling	5	885	28	918	5.2	46
Australian dollar	1	35	-	36	-	-
US dollar	-	23	-	40	-	-
Euro	-	26	9	35	3.7	78
Other	-	34	-	17	-	-
At 15 September 2001	6	1,003	37	1,046	4.8	53
Currency						
Sterling	14	785	36	835	6.1	44
Australian dollar	-	42	-	42	-	-
US dollar	3	16	-	19	-	-
Euro	-	62	10	72	5.0	18
Other	1	21	-	22	-	-
At 16 September 2000	18	926	46	990	5.9	39

The floating rate financial assets comprise cash, short term deposits and other financial instruments, bearing interest fixed in advance, based on local prevailing rates.

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

29. Financial instruments *(continued)*

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the group was:

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Fixed rate financial liabilities Weighted average interest rate %	Weighted average period for which rate is fixed Months
Currency					
Sterling	13	157	170	10.6	134
Euro	16	-	16	-	-
Other	47	1	48	3.0	15
At 15 September 2001	76	158	234	10.5	134

Currency					
Sterling	14	157	171	10.6	146
US dollar	1	4	5	8.2	160
Euro	1	-	1	-	-
Other	34	6	40	6.9	27
At 16 September 2000	50	167	217	10.4	143

The floating rate financial liabilities comprise short term bank borrowings bearing interest fixed in advance, based on local prevailing rates.

Currency exposure

The analysis below shows the net monetary assets and liabilities of the group that are not denominated in their functional currency and therefore give rise to exchange gains and losses in the profit and loss account. The amounts shown below take into account the effect of forward currency contracts.

Net foreign currency monetary assets/(liabilities)

	Sterling £m	Functional currency of group operation Euro £m	Other £m	Total £m
Sterling	-	(4)	(1)	(5)
US dollar	-	-	12	12
Euro	14	-	-	14
Other	1	(3)	-	(2)
At 15 September 2001	15	(7)	11	19
Sterling	-	10	-	10
US dollar	8	1	4	13
Euro	11	-	-	11
Other	32	(1)	-	31
At 16 September 2000	51	10	4	65

ABF INVESTMENTS plc
NOTES FORMING PART OF THE FINANCIAL STATEMENTS *continued*

29. Financial instruments (continued)

Borrowing facilities

The group has various borrowing facilities available to it. The undrawn committed facilities available at 15 September 2001 in respect of which all conditions precedent have been met were as follows:

	2001 £m	2000 £m
Expiring within one year	20	19
Expiring in years one to two	-	-
Expiring thereafter	-	-
	20	19

Fair value

The estimated fair value of the group's financial instruments are summarised below:

	Carrying amount £m	2001 Estimated fair value £m	Carrying amount £m	2000 Estimated fair value £m
Primary financial instruments held or issued to finance the group's operations				
Cash	76	76	55	55
Fixed asset investments	2	2	4	3
Current asset investments	968	982	937	953
Loans due within one year	(77)	(77)	(62)	(62)
Loans due after one year	(157)	(207)	(160)	(205)

The fair value of current asset investments is based on market value.

**Derivative financial instruments held to manage currency
and commodity exposure**

Forward foreign exchange contracts	-	-	-	1
Currency options	-	(2)	-	10

The values of the group's current asset investments and loans due after one year are their market values.

The value of foreign exchange contracts and currency options are the estimated amounts which the group would expect to pay or receive on the termination of these contracts.

ABF INVESTMENTS plc

29. Financial instruments (continued)

Unrecognised gains and losses on hedges

	Gains £m	Losses £m	Net gains/ (losses) £m
At 16 September 2000	11	-	11
Arising in previous years and recognised during the year	(11)	-	(11)
Arising before 16 September 2000 and not recognised during the year	-	-	-
Arising in the year and not recognised during the year	2	(4)	(2)
At 15 September 2001	2	(4)	(2)
Expected to be recognised			
In one year or less	2	(4)	(2)
In later years	-	-	-
	2	(4)	(2)
At 18 September 1999	2	(1)	1
Arising in previous years and recognised during the year	(2)	1	(1)
Arising before 18 September 1999 and not recognised during the year	-	-	-
Arising in the year and not recognised during the year	11	-	11
At 16 September 2000	11	-	11
Expected to be recognised			
In one year or less	11	-	11
In later years	-	-	-
	11	-	11

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 at Companies House, Crown Way, Cardiff, CF4 3UZ.

31. Related party transactions

The Associated British Foods group's ("ABF") related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of the transactions with them are summarised below :

	Sub note	2001 £'000	2000 £'000
Sales to fellow subsidiary undertakings on normal trading terms	1	7	5
Amounts due from fellow subsidiary undertakings	1	1	-
Sales to joint ventures and associates on normal trading terms	2	55	46
Purchases from joint ventures and associates on normal trading terms	2	9	7
Amounts due from joint ventures and associates	2	6	6
Amounts due to joint ventures and associates	2	-	3

Sub notes

1. The fellow subsidiary undertaking is Fortnum and Mason plc.
2. Details of the group's principal joint ventures and associates are set out on page 34.

ABF INVESTMENTS plc

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Manufacturing activities

AB Enzymes GmbH	Germany
AB Enzymes Oy	Finland
AB Ingredients Limited (95%)	United Kingdom
AB Technology Limited	United Kingdom
ABF Grain Products Limited	United Kingdom
Abitec Corporation	USA
ABNA Limited	United Kingdom
ACH Food Companies Inc	USA
Allied Foods Co Limited (81%)	New Zealand
Allied Glass Containers Limited	United Kingdom
Allied Grain Limited	United Kingdom
Barcroft Company	USA
British Sugar (Overseas) Limited	United Kingdom
British Sugar plc *	United Kingdom
Carl Lange AS	Denmark
Cukrownia Gliniojeck SA (53%)	Poland
Erik Haugen AS	Norway
Fishers Agricultural Holdings Limited	United Kingdom
Food Investments Limited *	United Kingdom
Foods International SA	France
George Weston Foods Limited (81%)	Australia
Germaines (Ireland) Limited	Republic of Ireland
Germaines Sp zoo (65%)	Poland
Grosvenor Marketing Limited	USA
Guangxi Bo Hua Food Company (71%)	China
Guangxi Boqing Food Co. Limited (60%)	China
Henan Lianhua - BSO Pharmaceutical Co. Limited (57%)	China
Jacksons of Piccadilly Limited	United Kingdom
Jordan's (NI) Limited	United Kingdom
Liaoning Liaohe Ai Min Feed Company Limited (55%)	China
Liaoning Liaohe Yingpeng Feed Company Limited (55%)	China
Nambarrie Tea Company Limited	United Kingdom
R Twining & Co. Limited	USA
R Twining & Company Limited	United Kingdom
Seed Systems Incorporated	USA
Shanghai ABN - Huinong Feed Company Limited (60%)	China
SPCA Barcroft SA	France
SPI Polyols Incorporated	USA
Sugarpol (Torun) Sp zoo (72%)	Poland
The Ryvita Company Limited	United Kingdom
Weston Research Laboratories Limited	United Kingdom

Retailing activities

Primark	Republic of Ireland
Primark Stores Limited *	United Kingdom

ABF INVESTMENTS plc
PRINCIPAL SUBSIDIARY UNDERTAKINGS *Continued*

Investment and other activities	Country of incorporation
Beauvallet Investments Limited	Jersey, Channel Islands
Eastbow Securities Limited *	United Kingdom
Serpentine Securities Limited *	United Kingdom
Soublier Investments Limited	Jersey, Channel Islands
Talisman (Guernsey) Limited	Guernsey, Channel Islands

Group interest is 100% except where indicated.

British Sugar (Overseas) Limited operates subsidiary undertakings and joint ventures in Europe and Asia. Other than this company, each subsidiary undertaking operates mainly in its country of incorporation.

* Direct subsidiary of ABF Investments plc

INVESTMENTS

		Issued ordinary share capital	
	Country of incorporation	Total	Group percentage
Principal joint ventures and associates			
C Czarnikow Sugar Limited	United Kingdom	£1,000,000	42
Getec Guanabara Quimica Industrial SA	Brazil	BRR 14,254,370	20
Harper-Love Adhesives Corporation	USA	US\$12,200	50
Mauri Products Limited	United Kingdom	£1,375,001	50
New Food Coatings Pty Limited	Australia	A\$150,000	50
Roal Oy	Finland	€ 3,195,572	50
W A Country Bakers Pty Limited	Australia	A\$1,000,000	50
Yeast Products Company Limited	Republic of Ireland	IEP800,000	30

There is no significant loan capital in any of the joint ventures or associates.

Each joint venture and associate carries out manufacturing and food processing activities and operates mainly in its country of incorporation.