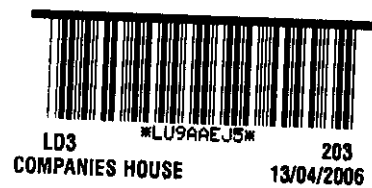


ABF Investments plc

ANNUAL REPORT AND ACCOUNTS 2005

306672



Annual Report and Accounts 2005

Contents

Page	1	Directors' report
	3	Directors' responsibilities
	4	Independent auditors' report to members of ABF Investments plc
	5	Consolidated profit and loss account
	6	Consolidated balance sheet
	7	Consolidated cash flow statement
	8	Consolidated statement of total recognised gains and losses
	8	Consolidated statement of historical cost profits
	8	Reconciliation of movements in shareholders' funds
	9	Company balance sheet
	10	Accounting policies
	12	Notes to the financial statements
	25	Principal subsidiary undertakings
	26	Investments

Directors and advisors 2005

Directors PJ Jackson (resigned 31 March 2005)
JG Bason
PA Russell

Secretary Rosalyn Mendelsohn

Registered office Weston Centre
10 Grosvenor Street
London
W1K 4QY

Auditors KPMG Audit Plc
Chartered Accountants

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

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 17 September 2005.

Profit and dividends

The group profit and loss account is on page 5. Profit for the financial period amounted to £316m and dividends of £150m were declared. Dividends are detailed in note 9.

Review of activities

The activities of the group principally concern the processing and manufacture of food in Europe, Australia, New Zealand, Asia and the US, and textile retailing in the UK 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.

Tangible fixed assets

The group's tangible fixed assets are included in the financial statements at depreciated historic 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 and future outlook

The profit on ordinary activities before tax was £447m, down by £48m compared with the previous year mainly due to the £47m provision made on the acquisition of Littlewoods. A £73m increase in operating profit was offset by a £72m reduction in net investment income.

The significant increase in operating profit from £440m to £513m mainly reflected the acquisition of the international yeast and bakery ingredients business and the US herbs and spices business at the beginning of the year and an outstanding performance from Primark. Good progress was made by many of our businesses, particularly international hot beverages, British Sugar Overseas and agriculture but our overall result was held back by profit declines at British Sugar in the UK and our bakery business in Australia.

In grocery, sales grew by 7% and profit by 18%. These increases were driven by the contribution from acquisitions: the US herbs and spices business, Fleischmann yeast in the US, a full year benefit of Capullo in Mexico and Billington's sugar in the UK. In addition there was strong growth from Twinings and Ovaltine. However, profits were held back by reduced margins in the Australian bakery business which experienced tough competitive pressure.

The primary food business saw sales fall by 8% and operating profit by 1%. The expected decline in profit at British Sugar in the UK was virtually offset by a strong increase in profit from our overseas sugar operations in Poland and in China and from our animal feeds businesses. Sales declined primarily as a result of the sale of the UK arable business to Frontier, the joint venture established with Cargill.

The acquisition of the international bakers' yeast and ingredients business and a strong performance from enzymes led to a doubling of sales and profit from our ingredients business to £603m and £72m respectively.

The results from Primark were again excellent. Despite difficult trading conditions on the UK high street, strong growth in like-for-like sales and the addition of extra selling space following the acquisition of new stores from Alders and Littlewoods produced retail sales which were 17% up on last year. Operating profit was up by 30% on last year, benefitting from an improvement in margins due to better purchasing and favourable currency exchange rates.

Investment income less interest payable reduced by £72m compared to a year ago. This was primarily due to the substantial cash outflow on acquisitions during the period, over £660m of which was incurred at the beginning of the year. Other financial income, which represents the return on the group's defined benefit pension scheme assets less the interest on the scheme liabilities, amounted to £10m.

Profit before tax was also impacted by the £47m provision for the costs of closing the Littlewoods business.

Post Balance Sheet Event

On 1 November 2005 the main warehouse which supplies Primark in the UK was destroyed by fire. The group is fully insured for the consequent stock loss and business interruption. The warehouse was owned by a third party.

Directors and directors' interests

The directors who held office during the period were as follows:

PJ Jackson (resigned 31 March 2005)
JG Bason
PA Russell

JG Bason is also a director of the Company's parent company, Associated British Foods plc, and details of his interests in the shares of Associated British Foods plc appear in that company's 2005 Annual Report including his interests under the Associated British Foods 1994 Share Option Scheme, the Associated British Foods 2000 Executive Share Option Scheme and the Associated British Foods Executive Share Incentive Plan 2003.

PA Russell notified a beneficial interest of 3,000 (2004: Nil) ordinary shares of 515/22p in Associated British Foods plc as at 17 September 2005.

Long-term incentives

Associated British Foods 2000 Executive Share Option Scheme

	At 18.9.04 Number	Exercised during year	At 17.9.05 Number	Exercise price	from which exercisable	Expiry date	Exercise Date
PA Russell	15,000	15,000	-	484.00p	17.1.2004	16.1.2011	1.7.2005

The price on exercise was 834p per share. 12,000 shares were sold and 3,000 retained.

Associated British Foods Executive Share Incentive Plan 2003

For the three year period from 2003-4 to 2005-6 a long-term incentive plan, the Associated British Foods Executive Share Incentive Plan 2003 has been established for executive directors and other key executives. This plan rewards superior growth in profits and cash flow and encourages investment in suitable growth opportunities. The value of this long-term incentive is up to 150% of base salary over three years and is subject to testing at the end of 2005-6 against a pre-determined operating profit target range. This target range is demanding, but in any case payouts will not be made to scheme participants if growth in earnings per share is below RPI + 4% per annum on average over the three year period of the plan.

Awards under this long-term incentive plan are in the form of a conditional allocation of shares which will be released if, and to the extent that, the performance targets described are satisfied over the specified three year period. Shares to a maximum value of 150% of salary were allocated in December 2003 following shareholder approval at the 2003 AGM, and shares to meet these obligations have been acquired on the market. As at 17 September 2005, 18,186 shares had been allocated to Peter Russell.

Directors' report continued

• Employees

Our employees are our most crucial resource, and therefore we abide by the following principles:

• Equal opportunities

We are committed to offering equal opportunities to all people 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.

• Health and safety

We consider health and safety as equal in importance to that of any other function of the company and its business objectives. The chief executive/managing director of each operating company has responsibility for health and safety. We seek to provide a safe and healthy workplace and system of work in line with local regulations, to protect all employees, visitors and the public, insofar as they come into contact with foreseeable work hazards. Our employees are expected to adopt a proactive attitude towards this end. We will continue to develop safety awareness amongst all employees, and we will measure and manage health and safety performance.

• Harassment

We will not tolerate sexual, mental or physical harassment in the workplace. We expect incidents of harassment to be reported to the appropriate human resources director.

• Human rights

Managers must take account of the core International Labour Organisation labour conventions and strive to observe the UN Declaration on Human Rights, by respecting the dignity and human rights of our employees and in particular as stated below:-

"Universal respect for an observance of human rights and fundamental freedoms for all without discrimination as to race, sex, language or religion."

We remunerate fairly with respect to skills, performance, our peers and local conditions.

• Communication

We will brief employees and their representatives on all relevant matters on a regular basis.

Suppliers

We will carry out our business honestly, ethically and with respect for the rights and interests of our suppliers. We will settle our bills promptly, being a signatory to the Better Payment Practice Code and we will co-operate with suppliers to improve quality and efficiency. We seek to develop relationships with supplier companies consistent with these basic principles and specifically with respect to human rights and conditions of employment. Where supplier audits show shortcomings in any of these areas, we will strive to encourage a programme of improvement leading to compliance. Responsibility for specific supply codes and agreements rests with individual companies. ABF Investments plc has no trade creditors.

Political and charitable contributions

Contributions to charitable organisations by the group during the year totalled £0.3m (2004 - £0.4m). Political donations were made during the year by Food Investments Pty in Australia to the Liberal Party of Australia of £4,132 (2004 - £49,453), to the Australian Labour Party of £1,446 (2004 - £4,150) and to the National Party of Australia of £207 (2004 - £8,186).

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.

Going concern

After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing the financial statements on pages 5 to 26.

By order of the board


RS Mendelsohn
Secretary

11 April 2006

WESTON CENTRE
10 GROSVENOR STREET
LONDON
W1K 4QY

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the 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.

Independent auditors' report to the members of ABF Investments plc

We have audited the financial statements on pages 5 to 26.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and our terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board 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 regarding directors' remuneration and transactions with the company is not disclosed.

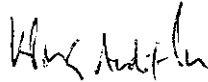
Basis of audit opinion

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 17 September 2005 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
8 Salisbury Square
London
EC4Y 8BB

11 April 2006

Consolidated profit and loss account

for the year ended 17 September 2005

	Note	Continuing			2004 £m
		Ongoing 2005 £m	Acquisitions 2005 £m	Total 2005 £m	
Turnover of the group including its share of joint ventures		5,341	433	5,774	5,181
Less share of turnover of joint ventures		(140)	(12)	(152)	(16)
Group turnover	1	5,201	421	5,622	5,165
Operating costs	2	(4,723)	(396)	(5,119)	(4,736)
Group operating profit		478	25	503	429
Share of operating results - joint ventures		2	2	4	8
- associates		6	-	6	3
Total operating profit	1	486	27	513	440
Operating profit before amortisation of goodwill		527	59	586	481
Amortisation of goodwill		(41)	(32)	(73)	(41)
Profit less losses on sale of fixed assets				20	8
Profit less losses on sale of businesses				(6)	7
Provision for loss on termination of an operation				(47)	-
Investment income	6			91	54
Profit on ordinary activities before interest				571	509
Interest payable	7			(134)	(25)
Other financial income				10	11
Profit on ordinary activities before taxation				447	495
Adjusted profit before taxation				553	521
Profits less losses on sale of fixed assets				20	8
Profit less losses on sale of businesses				(6)	7
Provision for loss on termination of an operation				(47)	-
Amortisation of goodwill				(73)	(41)
Tax on profit on ordinary activities	8			(124)	(145)
Profit on ordinary activities after taxation				323	350
Minority interests - equity				(7)	(6)
Profit for the financial period				316	344
Dividends - interim	9			(150)	(120)
Transfer to reserves				166	224

The results of the acquisitions shown separately above are those of both the US herbs & spices business (sales and operating profit: £97m and £12m) and the international yeast and bakery ingredients business (sales and operating profit: £324m and £47m) which were acquired from Burns Philp and which were negotiated concurrently. The acquisition of herbs & spices completed on 3 September 2004. The acquisition of yeast and bakery ingredients completed on 30 September 2004.

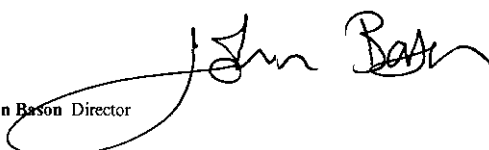
The group has no discontinued operations within the meaning of the Financial Reporting Standards during either 2005 or 2004.

Consolidated balance sheet

at 17 September 2005

		2005	2004
	Note	£m	£m
Fixed assets			
Intangible assets - goodwill	10	978	531
Tangible assets	11	2,252	1,459
		3,230	1,990
Interest in net assets of - joint ventures	13	36	12
- associates	13	15	11
Other investments	13	-	1
Total fixed asset investments		51	24
		3,281	2,014
Current assets			
Stocks	14	558	496
Debtors	15	700	680
Investments	16	752	1,187
Cash at bank and in hand		294	130
		2,304	2,493
Creditors amounts falling due within one year			
Short-term borrowings	17	(83)	(68)
Other creditors	18	(1,556)	(733)
		(1,639)	(801)
Net current assets		665	1,692
Total assets less current liabilities		3,946	3,706
Creditors amounts falling due after one year			
Loans	17	(162)	(156)
Other creditors	18	(4)	(8)
		(166)	(164)
Provision for liabilities and charges	19	(203)	(154)
Net assets excluding pension assets and liabilities		3,577	3,388
Pension asset	4	72	60
Pension liability	4	(17)	-
Net assets		3,632	3,448
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	3,385	3,203
Equity shareholders' funds		3,603	3,421
Minority interests in subsidiary undertakings - equity		29	27
		3,632	3,448

These financial statements were approved by the board of directors on 11 April 2006 and were signed on its behalf by:


John Bason Director

Consolidated cash flow statement

for the year ended 17 September 2005

	Note	2005 £m	2004 £m
Cash flow from operating activities	25	1,464	679
Dividends from joint ventures		2	4
Dividends from associates		2	2
Return on investments and servicing of finance			
Investment income		95	52
Interest paid		(133)	(25)
Dividends paid to minorities		(4)	(1)
		(42)	26
Taxation		(128)	(126)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(403)	(223)
Sale of tangible fixed assets		39	29
Loan repayment from joint ventures		51	-
		(313)	(194)
Acquisitions and disposals			
Purchase of subsidiary undertakings	26	(1,130)	(229)
(Purchase) / sale of joint ventures and associates		(18)	1
Sale of subsidiary undertakings	26	8	22
		(1,140)	(206)
Equity dividends paid		(150)	(120)
Net cash (outflow) / inflow before use of liquid funds and financing		(305)	65
Management of liquid resources	27	438	(50)
Financing			
Borrowings due within one year - repayment of loans		(111)	(97)
- increase in loans		112	81
Borrowings due after one year - repayment of loans		(4)	(6)
- increase in loans		10	2
Increase/(decrease) in bank borrowings		9	(6)
		16	(26)
Increase / (decrease) in cash	27	149	(11)

Consolidated statement of total recognised gains and losses

for the year ended 17 September 2005

	2005 £m	2004 £m
Profit for the financial period	316	344
Actuarial (losses) / gains on net pension assets	(5)	43
Deferred tax associated with net pension assets	(1)	(13)
Currency translation differences on foreign currency net assets	16	(75)
Tax on currency translation differences	(1)	-
Total recognised gains and losses relating to the period	325	299

Consolidated statement of historical cost profits

for the year ended 17 September 2005

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 17 September 2005

	Company		Group	
	2005 £m	2004 £m	2005 £m	2004 £m
Opening shareholders' funds	1,906	1,852	3,421	3,245
Profit for the financial period	375	174	316	344
Dividends	(150)	(120)	(150)	(120)
Goodwill written back	-	-	7	(3)
Other recognised gains and losses relating to the period	-	-	9	(45)
Closing shareholders' funds	2,131	1,906	3,603	3,421

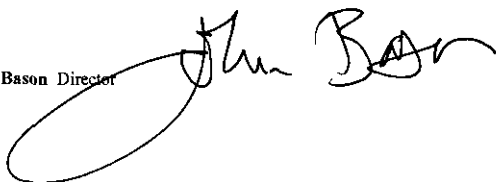
Company balance sheet

at 17 September 2005

	Note	2005 £m	2004 £m
Fixed assets			
Shares in subsidiary undertakings	24	2,554	1,322
Current assets			
Debtors	15	12	793
Creditors amounts falling due within one year			
Other creditors	18	(435)	(209)
		(435)	(209)
Net current assets		(423)	584
		2,131	1,906
Capital and reserves			
Called up share capital	20	22	22
Share premium account	21	192	192
Profit and loss account	21	1,917	1,692
Equity shareholders' funds		2,131	1,906

These financial statements were approved by the board of directors on 11 April 2006 and were signed on its behalf by:

John Bason Director



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 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 17 September 2005, except that, to avoid delay in the preparation of the consolidated financial statements, those of Australia, New Zealand, China, Poland and the North and South American subsidiary undertakings are made up to 31 August 2005.

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 capitalised 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. Goodwill arising on the acquisition of joint ventures and associates is included in the carrying value of the investments.

Tangible fixed assets

Tangible 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 impairment.

Accounting policies continued

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

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

Foreign currencies

Monetary 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.

Group turnover

Turnover represents the net invoiced value of goods and services delivered to customers excluding sales taxes. Revenue is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer.

Pensions

In accordance with 'FRS 17 - Retirement Benefits', the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

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 and currency options 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 that are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

Deferred tax

Provision for deferred tax is made on all timing differences that have originated, but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when it is regarded as more likely than not that there will be sufficient future taxable profits. *Deferred tax is not discounted.*

Notes forming part of the financial statements

for the year ended 17 September 2005

1. Segmental analysis

	Group turnover		Operating Profit		Capital Employed	
	2005	2004	2005	2004	2005	2004
	£m	£m	£m	£m	£m	£m
Analysis by business						
Grocery	2,608	2,446	188	160	835	765
Primary food & agriculture	1,541	1,672	187	189	672	686
Ingredients	603	294	72	36	335	125
Retail	1,006	858	140	108	515	338
Inter company sales	(147)	(165)	-	-	-	-
Central costs/capital employed	-	-	(1)	(16)	(381)	63
	5,611	5,105	586	477	1,976	1,977
Businesses disposed:						
Grocery	-	22	-	1	-	2
Primary food & agriculture	11	38	-	3	-	4
	5,622	5,165	586	481	1,976	1,983
Amortisation of goodwill	-	-	(73)	(41)	-	-
	5,622	5,165	513	440	1,976	1,983
Analysis by geography (by origin and destination)						
United Kingdom	2,979	2,942	337	301	984	1,252
Rest of Europe	652	526	71	59	268	191
The Americas	1,104	865	108	66	328	255
Australia, Asia & Rest of World	959	834	70	51	396	279
Inter company sales	(83)	(62)	-	-	-	-
	5,611	5,105	586	477	1,976	1,977
Businesses disposed:						
United Kingdom	11	41	-	-	-	4
Rest of Europe	-	5	-	-	-	2
Australia, Asia and Rest of World	-	14	-	4	-	-
	5,622	5,165	586	481	1,976	1,983
Amortisation of goodwill	-	-	(73)	(41)	-	-
	5,622	5,165	513	440	1,976	1,983

Turnover and operating profit of the businesses acquired from Burns Philp are included in the grocery and ingredients segments and amount to £114m and £319m respectively in sales and £22m and £37m respectively in operating profit.

Turnover for primary food & agriculture in 2005 includes sales of £171m by the Allied Grain business up to the point of its disposal to Frontier Agriculture Limited, a joint venture in which the group has a 50% interest. Sales made by the joint venture thereafter are not consolidated.

The amortisation of goodwill arises in primary food and agriculture £1m (2004 - £2m), ingredients £35m (2004 - £6m), and grocery £37m (2004 - £33m). By geography, the charge arises in the United Kingdom £6m (2004 £6m), Rest of Europe £21m (2004 - £8m), the Americas £37m (2004 - £23m), Australia, Asia & Rest of World £10m (2004 - £4m).

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

A reconciliation of capital employed to net assets together with an analysis of goodwill by segment is shown below:

Reconciliation to net assets

	2005	2004
	£m	£m
Capital employed	1,976	1,983
Goodwill	978	531
Other investments	-	1
Current asset investments	752	1,187
Cash	294	130
Borrowings	(245)	(224)
Tax	(106)	(114)
Deferred Tax	(72)	(106)
Pension asset	55	60
Net assets	3,632	3,448

Goodwill shown in the above reconciliation arises in primary food & agriculture £26m (2004 - 19m), ingredients £517m (2004 - £50m) and grocery £435m (2004 - £462m). By geography, the goodwill arises in the United Kingdom £36m (2004 - £21m), Rest of Europe £321m (2004 - £152m), the Americas £470m (2004 - £346m) and Australia, Asia & Rest of World £151m (2004 - £12m).

Notes forming part of the financial statements continued

2. Operating costs

	Ongoing 2005 £m	Acquisition 2005 £m	Total 2005 £m	2004 £m
Cost of sales (including amortisation of goodwill)	3,793	301	4,094	3,879
Distribution costs	663	59	722	623
Administration expenses	267	36	303	234
Operating costs	4,723	396	5,119	4,736

Operating costs are stated after charging:

Staff costs	769	651
Amortisation of goodwill	73	41
Depreciation of tangible fixed assets	161	139
Hire of plant and machinery	6	8
Rentals payable under property leases	31	31
Research and development	11	8

The remuneration of the auditors in respect of audit services provided to the group during the year was £2.8m (2004 - £2.4m) and £10,000 (2004 - respect of audit services provided to the company. The remuneration of auditors and their associates in respect of non-audit services provided to the company and its UK subsidiaries was £2.8m (2004 - £1.9m), including tax - £1.0m (2004 - £0.7m), transaction due diligence - £0.7m (2004 - £0.5m) assurance related activity - £1.1m (2004 - £0.7m). In addition, £0.6m (2004 - £0.7m) was paid to the group auditors for non-audit services to subsidiaries relating to tax.

3. Employees

	2005	2004
Average number of employees:		
United Kingdom	20,835	19,234
Rest of Europe	4,830	4,148
The Americas	4,196	1,964
Australia, Asia & Rest of World	12,420	10,158
	42,281	35,504
	£m	£m
Staff costs - wages and salaries	659	553
- social security costs	50	45
- other pension costs	60	53
	769	651

Notes forming part of the financial statements continued

4. Pension costs

The group operates pension schemes, the majority of which are of the defined benefit type. The group's principal UK defined benefit schemes are closed to new members, with defined contribution arrangements in place for these members. The pension costs in the UK for the defined benefit sections are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. For the defined contribution schemes, the pension costs are the contributions paid.

The last actuarial valuations of the British Sugar Pension Scheme and the Associated British Foods Pension Scheme were carried out as at 1 October 2004 and 5 April 2005 respectively. Both valuations were carried out using a market related approach, under which the actuarial values of the assets were taken as their market values at the valuation date. The valuation assumptions also reflected market conditions at the respective valuation date. For the British Sugar Pension Scheme, it was assumed that the investment return would exceed price inflation by 3.75% per annum prior to retirement and by 2.0% per annum, post retirement. Salary increases were assumed to exceed price inflation by 2% per annum in addition to promotional salary increases. For the Associated British Foods Pension Scheme, the investment return assumption prior to retirement exceeded the price inflation assumption by 2.5% per annum and post retirement by 1.75% per annum. Salary increases were assumed to exceed price inflation by 1.75% per annum. Both schemes' mortality assumptions were also amended to reflect expected future increases in longevity.

At the valuation dates the total market value of the two major schemes' assets was £1,869m and the value of these assets for actuarial valuation purposes represented 97% of the benefits that had accrued to members after allowing for expected future increases in earnings. Following the respective valuations, the group has paid additional contributions (in addition to regular monthly contributions) totalling almost £15m into its UK pension schemes to address the funding deficits.

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

The most recent actuarial valuations referred to above have been updated to 17 September 2005 by an independent qualified actuary.

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

	2005 %	2004 %	2003 %
Rate of general increase in salaries	4.50	4.80	4.50
Rate of increase in pensions in payment	2.50	2.80	2.50
Rate of increase of deferred pensions	2.80	2.80	2.50
Discount rate of scheme liabilities	5.00	5.60	5.25
Inflation	2.80	2.80	2.50

For some of the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries.

Because the group's principal UK defined benefit schemes are closed to new members, they have an ageing population. In accordance with FRS 17, the valuation of the schemes has been determined using the projected unit method. In these circumstances the use of this method can lead to the contribution rate implicit in the current service cost increasing in future years.

The expected rates of return and market values of the assets of the principal schemes were as follows:

UK Schemes

	AT YEAR END 17 SEPTEMBER 2005 %	AT YEAR END 17 SEPTEMBER 2005 £m	AT YEAR END 18 SEPTEMBER 2004 %	AT YEAR END 18 SEPTEMBER 2004 £m	AT YEAR END 13 SEPTEMBER 2003 %	AT YEAR END 13 SEPTEMBER 2003 £m
Equities	6.50	777	7.00	669	7.00	631
Government bonds	4.30	693	4.80	592	4.75	589
Non-government bonds	5.00	449	5.60	443	5.25	407
Property	5.80	68	6.30	67	6.25	57
Other	4.50	57	4.80	40	3.50	77
Total market value of assets		2,044		1,811		1,761
Present value of scheme liabilities		(1,941)		(1,729)		(1,706)
Surplus in the schemes		103		82		55
Deferred tax		(31)		(25)		(16)
Net pension assets		72		57		39

Overseas Schemes

	AT YEAR END 17 SEPTEMBER 2005 %	AT YEAR END 17 SEPTEMBER 2005 £m	AT YEAR END 18 SEPTEMBER 2004 %	AT YEAR END 18 SEPTEMBER 2004 £m	AT YEAR END 13 SEPTEMBER 2003 %	AT YEAR END 13 SEPTEMBER 2003 £m
Equities	6.95	68	6.90	58	7.00	48
Government bonds	4.85	17	4.10	40	4.75	30
Non-government bonds	7.00	5	5.80	-	5.25	1
Property	6.00	5	6.40	4	6.25	4
Other	6.15	10	3.60	5	3.50	4
Total market value of assets		105		107		87
Present value of scheme liabilities		(123)		(102)		(95)
Surplus/(deficit) in the schemes		(18)		5		(8)
Deferred tax		1		(2)		2
Net pension assets/(liabilities)		(17)		3		(6)

The amounts included in the performance statements are as follows:

	2005 £m	2004 £m
Current service cost of defined benefit schemes	(40)	(41)
Past service cost	(1)	(1)
Total operating charge	(41)	(42)

Notes forming part of the financial statements continued

4. Pension costs continued

	2005 £m	2004 £m
Past service cost in relation to the sale of businesses	(4)	-
Gain on curtailment	4	2
Net credit in relation to the sale of businesses	-	2
Expected return on pension schemes assets	113	105
Interest on pension scheme liabilities	(103)	(94)
Net return included in other financial income	10	11
Actual return less expected return on pension scheme assets	155	(5)
Experience gains and losses arising on the scheme liabilities	77	22
Changes in assumptions underlying the present value of the scheme liabilities	(239)	26
Actuarial loss included in the statement of total recognised gains and losses	(7)	43

The movement in the surplus during the year arose as follows:

	UK 2005 £m	Overseas 2005 £m	UK 2004 £m	Overseas 2004 £m
Surplus/ (deficit) at beginning of year	82	5	55	(8)
Current service cost	(32)	(8)	(35)	(6)
Acquisition deficit	-	(16)	(3)	(1)
Contributions	43	7	22	8
Past service costs	(5)	-	(1)	-
Gain on curtailments	4	-	2	-
Other financial income	9	1	10	1
Actuarial gain/(loss)	2	(7)	32	11
Surplus/ (deficit) at end of year	103	(18)	82	5

The experience gains and losses were as follows:

	2005	2004	2003	2002
Difference between the expected and actual return in scheme assets				
- amount (£m)	155	(5)	45	(39)
- percentage of scheme assets	7.2%	0.3%	2.4%	2.8%
Experience gains and losses on scheme liabilities				
- amount (£m)	77	22	(3)	(53)
- percentage of the present value of scheme liabilities	3.7%	1.2%	0.1%	3.4%
Total amount included in the statement of total recognised gains and losses				
- amount (£m)	(7)	43	(95)	(222)
- percentage of the present value of scheme liabilities	0.3%	2.3%	5.3%	14.1%

Notes forming part of the financial statements continued

5. Remuneration of directors

	2005 £'000	2004 £'000
Directors emoluments	1,295	1,662

The aggregate of emoluments paid to the highest paid director was £670,000 (2004: £848,000)

	Number of directors	
	2005	2004
Retirement benefits are accruing to the following number of directors under:-		
Defined benefit schemes	2	3

6. Investment income

	2005 £m	2004 £m
Interest from other current asset investments	91	54

7. Interest payable

	2005 £m	2004 £m
Parent company loans	112	6
Bank loans	6	3
Other loans	16	16
	134	25

8. Tax on profit on ordinary activities

	2005 £m	2004 £m
The charge for the year comprises:		
UK - corporation tax at 30% (2004: 30%)	69	93
Overseas - income and corporation tax	48	30
Joint ventures and associates	3	2
Current tax charge	120	125
UK deferred taxation	(5)	7
Overseas deferred taxation	9	13
Total tax charge	124	145
Add back:		
Tax credit on goodwill amortisation	14	8
Exceptional charge on property and business disposals	11	(4)
Underlying tax charge	149	149
Tax reconciliation		
Profit on ordinary activities before taxation	447	495
Nominal tax charge at UK corporation tax rate 30% (2004: 30%)	134	149
Lower tax rates on overseas earnings	(23)	(11)
Expenses not deductible for tax purposes (primarily goodwill and non-cash pension costs)	12	10
Utilisation of losses	(1)	(3)
Timing differences	(1)	(22)
Adjustments to tax charge in respect of previous periods	(1)	2
Current tax charge	120	125

In the absence of any unforeseen circumstances the underlying tax rate is expected to be close to 30%, although this may be affected by changes in the proportion of profit earned in different tax jurisdictions.

9. Dividends

	2005 £m	2004 £m
Interim dividend	150	120

The first interim dividend of £90m was paid on 12 January 2005. The second interim dividend of £60m was paid on 17 June 2005. No final dividend is proposed.

Notes forming part of the financial statements continued

10. Intangible fixed assets - goodwill

	£m
Cost at 18 September 2004	700
Effect of currency changes	1
Goodwill arising on acquisitions	520
Cost at 17 September 2005	1,221
Amortisation at 18 September 2004	169
Effect of currency changes	1
Provided during year	73
Amortisation at 17 September 2005	243
Net book value at 17 September 2005	978
Net book value at 18 September 2004	531

11. Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Payments on account £m	Total £m
Cost at 18 September 2004	771	1,478	307	48	2,604
Effect of currency changes	9	29	-	3	41
Businesses acquired	467	96	1	1	565
Businesses disposed	(8)	(24)	(2)	-	(34)
Additions	156	141	98	12	407
Disposals	(15)	(52)	(18)	-	(85)
Cost at 17 September 2005	1,380	1,668	386	64	3,498
Depreciation at 18 September 2004	173	843	129	-	1,145
Effect of currency changes	2	18	-	-	20
Provided during year	19	107	35	-	161
Businesses disposed	(1)	(16)	(2)	-	(19)
On disposals	(7)	(37)	(17)	-	(61)
Depreciation at 17 September 2005	186	915	145	-	1,246
Net book value at 17 September 2005	1,194	753	241	64	2,252
Net book value at 18 September 2004	598	635	178	48	1,459
				2005 £m	2004 £m
Analysis of land and buildings at net book value					
Freehold				955	509
Long leasehold				169	58
Short leasehold				70	31
				1,194	598

The book value of land not amortised in the financial statements was £77m (2004 - £70m).

12. Capital commitments

There are commitments for capital expenditure by the group of approximately £100m (2004 - £100m) for which no provision has been made in these financial statements.

Notes forming part of the financial statements continued

13. Fixed asset investments

	Joint ventures undertakings £m	Goodwill on joint ventures £m	Joint ventures total £m	Associates £m	Other investments £m	Total £m
At 18 September 2004	12	-	12	11	1	24
Additions	24	-	24	2	-	26
Goodwill arising on acquisition of new joint ventures	-	6	6	-	-	6
Share of profit for the year	1	-	1	1	-	2
Other movements	(6)	-	(6)	-	-	(6)
Effect of currency changes	-	-	-	1	-	1
Disposals	(1)	-	(1)	-	(1)	(2)
At 17 September 2005	30	6	36	15	-	51

Details of the principal joint ventures and associates are given on page 26. Interests in the net assets of joint ventures include the group's share of their gross assets of £98m (2004 - £16m) and the group's share of their gross liabilities of £68m (2004 - £4m).

Other investments are stated at cost.

14. Stocks

	2005 £m	2004 £m
Raw materials and consumables	193	195
Finished goods and goods for resale	365	301
	558	496

15. Debtors

	Company		Group	
	2005 £m	2004 £m	2005 £m	2004 £m
Trade debtors	-	-	513	477
Amounts owed by subsidiary undertakings	6	80	-	-
Amounts owed by holding company	-	713	-	87
Other debtors	6	-	90	51
Prepayments and accrued income	-	-	56	57
Deferred tax	-	-	41	8
	12	793	700	680

Other debtors of the group at 17 September 2005 include £2m (2004 - £1m) receivable after more than one year.

16. Current asset investments

	Company		Group	
	2005 £m	2004 £m	2005 £m	2004 £m
Cost	-	-	-	-
Investments listed on a recognised stock exchange	-	-	43	24
Unlisted investments	-	-	709	1,163
	-	-	752	1,187

Current asset investments comprise interest bearing instruments and deposits. Listed investments include £30m (2004 - £22m) quoted on overseas stock exchanges.

	Company		Group	
	2005 £m	2004 £m	2005 £m	2004 £m
Market & redemption value	-	-	-	-
Investments listed on a recognised stock exchange	-	-	43	24
Unlisted investments	-	-	712	1,164
	-	-	755	1,188

Listed investments include £30m (2004 - £22m) quoted on overseas stock exchanges.

Notes forming part of the financial statements continued

17. Loans and short term borrowings

	Company		Group	
	2005	2004	2005	2004
	£m	£m	£m	£m
Amounts falling due within one year				
Bank loans and overdrafts				
- unsecured	-	-	55	45
- secured	-	-	28	23
	-	-	83	68
Amounts falling due after one year				
Bank loans and overdrafts				
- unsecured	-	-	12	6
Other loans				
- 10 % redeemable debenture stock 2013 (secured)	-	-	150	150
	-	-	162	156
	-	-	245	224
Creditor analysis				
Repayable:				
- less than one year	-	-	83	68
- between one and two years	-	-	8	6
- between two and five years	-	-	4	-
- after five years	-	-	150	150
	-	-	245	224

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

18. Other creditors

	Company		Group	
	2005	2004	2005	2004
	£m	£m	£m	£m
Amounts falling due within one year				
Trade creditors	-	-	365	349
Taxation on profits	-	5	102	106
Other taxation and social security	-	-	23	20
Accruals and deferred income	-	-	353	258
Amounts owed to subsidiary undertakings	5	204	-	-
Amounts owed to holding company	430	-	710	-
Amounts owed to joint ventures	-	-	3	-
	435	209	1,556	733
Amounts falling due after one year				
Taxation on profits	-	-	4	8

Notes forming part of the financial statements continued

19. Provision for liabilities and charges

	Deferred tax £m	Restructuring £m	Other £m	Total £m
At 18 September 2004	115	14	25	154
Profit and loss account - charged or released	(3)	55	7	59
Utilised	-	(9)	(6)	(15)
Acquisitions	1	-	3	4
Disposals	-	-	-	-
Effect of currency changes	-	1	-	1
At 17 September 2005	113	61	29	203

Restructuring provisions relate to the cash costs, including redundancy, associated with the group's announced reorganisation plans, including provision for the termination of the Littlewoods operations, the majority of which will be utilised in 2005/6. Other provisions mainly comprise potential warranty claims arising from the disposal of businesses. The extent and timing of the utilisation of these provisions is more uncertain given the period of the relevant warranties.

The group's overall deferred tax position is as follows:

	2005 £m	2004 £m
Fixed asset timing differences	121	132
Other timing differences	(20)	2
	101	134
Included in:		
Provisions	113	115
Debtors	(41)	(8)
Pension asset	29	27
	101	134

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. There are other deferred tax assets totalling £6m (2004 - £4m) that have not been recognised on the basis that their future economic benefit is uncertain.

No deferred tax provision has been made in these financial statements for the additional tax that 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 5p each £'000	Nominal value £m
Authorised		
At 17 September 2005 and 18 September 2004	600,000	30
Issued and fully paid		
At 17 September 2005 and 18 September 2004	449,815	22

Notes forming part of the financial statements continued

21. Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m
Group				
At 18 September 2004	192	3	1	3,203
Actuarial gains on net pension assets	-	-	-	(5)
Deferred tax associated with net pension assets	-	-	-	(1)
Effect of currency changes	-	-	-	16
Tax on effect of currency changes	-	-	-	(1)
Goodwill written back on disposal of businesses	-	-	-	7
Profit for the year	-	-	-	166
At 17 September 2005	192	3	1	3,385
Company				
At 18 September 2004	192	-	-	1,692
Profit for the year	-	-	-	225
At 17 September 2005	192	-	-	1,917

As permitted by Section 230(4) of the Companies Act 1985, no profit and loss account has been presented for the company.

The cumulative amount of goodwill written off directly to reserves as a result of acquisitions made in earlier financial periods is £436m (2004 - £443m).

22. Contingent liabilities

Litigation and other proceedings against companies in the group are not considered material in the context of these financial statements.

Group companies have provided guarantees in the ordinary course of business amounting to £31m (2004 - £4m)

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	3	5	63	71
Other	1	6	2	9
At 17 September 2005	4	11	65	80
Land and buildings	6	3	23	32
Other	1	3	1	5
At 18 September 2004	7	6	24	37

24. Shares in subsidiary undertakings

	£m
At 18 September 2004	1,322
Additions	1,232
At 17 September 2005	2,554

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on page 25. 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 is 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.

25. Reconciliation of operating profit to cash flow from operating activities

	2005 £m	2004 £m
Group operating profit	503	429
Amortisation of goodwill	73	41
Depreciation	161	139
Movement with holding company	791	44
(Increase)/decrease in working capital		
- stocks	(33)	30
- debtors	(9)	(38)
- creditors	(13)	18
Other provisions	-	2
Pension cost less contributions	(9)	14
Net cash from operating activities	1,464	679

Notes forming part of the financial statements continued

26. Acquisitions and disposals

Acquisitions	Littlewoods 2005 £m	Yeast 2005 £m	Other 2005 £m	Total 2005 £m	2004 £m
Net assets					
Goodwill	-	-	-	-	-
Tangible fixed assets	407	147	11	565	32
Investment in joint ventures and associates	-	8	18	26	-
Stocks	19	29	4	52	33
Debtors	19	62	8	89	38
Cash at bank and in hand	6	33	4	43	1
Creditors	(44)	(54)	(13)	(111)	(23)
Loans and finance leases	-	(3)	(1)	(4)	(9)
Provisions	(3)	-	-	(3)	(1)
Taxation	3	26	1	30	-
Minority interests	-	(7)	9	2	1
Pension liability acquired	-	(13)	-	(13)	(2)
Net assets acquired	407	228	41	676	70
Goodwill on acquisitions	-	466	54	520	164
Goodwill on acquisition of joint ventures	-	-	6	6	-
Provisions made	-	-	-	-	-
Profit on sale	-	-	-	-	-
Total consideration	407	694	101	1,202	234
Satisfied by					
Cash consideration	413	690	88	1,191	230
Deferred consideration	(6)	-	13	7	3
Shares in subsidiary undertakings	-	4	-	4	1
Interest in joint ventures	-	-	6	6	-
Net cash					
Cash consideration	413	690	88	1,191	230
Deferred consideration brought forward received in the year	-	-	-	-	-
Cash acquired	(6)	(33)	(4)	(43)	(1)
	407	657	84	1,148	229

Disposals	Grain 2005 £m	Other 2005 £m	Total 2005 £m	2004 £m
Net assets				
Goodwill	-	-	-	-
Tangible fixed assets	11	4	15	13
Investment in joint ventures and associates	-	1	1	-
Stocks	28	-	28	7
Debtors	40	-	40	-
Cash at bank and in hand	(5)	-	(5)	-
Creditors	(74)	-	(74)	-
Loans and finance leases	-	-	-	-
Provisions	-	-	-	(4)
Minority interests	-	-	-	-
Pension liability disposed	-	-	-	(2)
Net assets disposed	-	5	5	14
Goodwill written back	2	5	7	(3)
Provisions made	1	(1)	-	(1)
Profit on sale	-	(6)	(6)	7
Total consideration	3	3	6	17
Satisfied by				
Cash consideration	(1)	3	2	15
Deferred consideration	-	-	-	2
Shares in subsidiary undertakings	-	-	-	-
Interest in joint ventures	4	-	4	-
Net cash				
Cash consideration	(1)	3	2	17
Deferred consideration brought forward received in the year	-	1	1	6
Overdraft disposed	5	-	5	-
	4	4	8	23

On 4 April 2005, the group contributed its Allied Grain and John K King business to a newly formed joint venture, Frontier Agriculture Limited, in exchange for a 50% interest in the joint venture. Cargill PLC contributed its UK grain trading business in exchange for the remaining 50% in the joint venture.

There were no material differences between the book values and provisional fair values of the assets and liabilities acquired in the year with the exception of a deferred tax asset of £34m which was recognised on acquisition of the international yeast and bakery ingredients business acquired from Burns Philp and a £65m increase in the value of Littlewoods' fixed assets.

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

Notes forming part of the financial statements continued

26. Acquisitions and disposals continued

Acquisition of yeast and bakery ingredients group and herbs & spices business

The company acquired the Tone's herbs & spices business and the yeast and bakery ingredients business from Burns Philp on 3 September and 30 September 2004 respectively. The Tone's acquisition was accounted for in the group's financial statements for the year ended 18 September 2004. Although the two acquisitions were the subject of separate contracts they were negotiated concurrently and the group has therefore sought to provide the disclosures required by FRS6 (Acquisitions and Mergers) for substantial acquisitions in respect of both transactions. These disclosures are set out below in Australian dollars and in accordance with Australian GAAP. It has not been practical to provide a statement of total recognised gains and losses.

AS million

	Yeast & bakery ingredients		Herbs & spices	
	2005	2004	2005	2004
Financial performance information for the year ended 30 June				
Revenue from ordinary activities	195.8	808.0	50.9	263.6
Expenses from ordinary activities	(167.7)	(654.4)	(46.2)	(226.0)
Segment results (EBIT)	28.1	153.6	4.7	37.6
Net interest (expense) / revenue	(1.2)	(7.4)	-	-
Profit from ordinary activities before income tax	26.9	146.2	4.7	37.6
Income (expense) / benefit	(2.5)	(22.8)	-	0.6
Net profit before outside equity interests	24.4	123.4	4.7	38.2
Outside equity interests	(0.8)	(3.7)	-	-
Net profit before gain on disposal	23.6	119.7	4.7	38.2
Cash flow information for the year ended 30 June				
Net cash provided by operating activities	21.4	148.6	5.3	39.7
Net cash (used in) investing activities	(13.3)	(11.5)	(0.2)	(3.0)
Net increase / (decrease) in cash held	8.1	137.1	5.1	36.7

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

	2005	2004
	£m	£m
Increase / (decrease) in cash	149	(11)
Management of liquid resources	(438)	50
Net (increase) / decrease in borrowings	(16)	26
Change in net funds resulting from cash flows	(305)	65
Effect of currency changes	11	(16)
On acquisition of subsidiary undertakings	(4)	(9)
Movement in net funds	(298)	40
Opening net funds	1,093	1,053
Closing net funds	795	1,093

28. Analysis of net funds

	At 18 September 2004	Cash flow	Acquisition of subsidiary undertakings	Exchange adjustments	At 17 September 2005
	£m	£m	£m	£m	£m
Cash at bank and in hand	130	155	-	9	294
Short-term borrowings	(68)	(10)	(4)	(1)	(83)
Investments	1,187	(438)	1	2	752
Loans over one year	(156)	(6)	(1)	1	(162)
	1,093	(299)	(4)	11	801

29. 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, CF14 3UZ.

Notes forming part of the financial statements continued

30. Related party transactions

The group's 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	2005 £m	2004 £m
Sales to fellow subsidiary undertakings on normal trading terms	1	3	4
Sales to joint ventures and associates on normal trading terms	2	83	60
Purchases from joint ventures and associates on normal trading terms	2	5	4
Amounts due from joint ventures and associates	2	32	3
Amounts due to joint ventures and associates	2	3	1

Sub notes

- 1 The fellow subsidiary undertaking is Fortnum & Mason PLC.
- 2 Details of the group's principal joint ventures and associates are set out on page 26.

31. Indemnity

The company has granted an indemnity to Rosalyn Mendelsohn and Peter Russell, as permitted by section 309B of the Companies Act 1985 (the 'Act'). The indemnity provides that Rosalyn Mendelsohn and Peter Russell shall be indemnified out of the assets of the company against any liability, loss or expenditure incurred by them acting as a director of the company or any of its subsidiaries to the fullest extent permitted by the Act.

32. Post balance sheet event.

On 1 November 2005 the main warehouse which supplies Primark in the UK was destroyed by fire. The group is fully insured for the consequent stock loss and business interruption. The warehouse was owned by a third party.

Principal subsidiary undertakings

Manufacturing activities

AB Brasil Industria e comercio de Alimentos LTDA

AB Enzymes GmbH

AB Enzymes Oy

ABF Grain Products Limited

AB Food & Beverages Australia Pty Ltd

AB Food & Beverages Philippines

AB Food & Beverages (Thailand) Ltd

AB Mauri Food S.A.

AB Mauri India (Private) Limited

Abitec Corporation

Abitec Limited

ABNA Limited

ACH Food Companies Inc

Alimentos Capullo S.de R.L.de C.V.

Anzchem Pty Ltd

British Sugar (Overseas) Limited

British Sugar plc *

Calsa de Colombia S.A.

Cereform Limited

Compania Argentina de Levaduras S.A.I.C.

Cukrownia Gliniojeck SA (98%)

Deutsche Hefewerke GmbH

Food Investments Limited *

Foods International SA

G. Costa and Company Limited

George Weston Foods Limited

George Weston Foods (NZ) Limited

Germain's (Ireland) Limited

Germain's Technology Group Custom Coating and Enhancements, Inc

Germain's Technology Group Polska Sp.zoo

Guangxi Bo hua Food Company (70%)

Guangxi Boqing Food Co. Limited (60%)

Harbin Mauri Yeast Co., Limited

Haugen Gruppen AS

Haugen Gruppen Denmark AS

Haugen Gruppen Sweden AS

Henan Lianhua - BSO Pharmaceutical Co. Limited (57%)

Jacksons of Piccadilly Limited

Jordan Bros (NI) Limited

Liaoning Liaohu Aimin Feed Company Limited

Liaoning Liaohu Yingpeng Feed Company Limited

Mauri Fermentos, SA

Mauri Lanka (Private) Limited

Mauri Maya Sanayi A.S.

Mauri Products Limited

Nambarrie Tea Company Limited

R Twining & Co. Limited

R Twining & Company Limited

Serrol Ingredients Pty Limited

Shanghai AB Food & Beverages Ltd

Shanghai ABN Ainong Feed Company Limited

SPI Pharma

SPI Pharma Inc

SPI Polyols Incorporated

SugarPol (Torun) Sp. zoo (72%)

The Billington Food Group Limited

The Ryvita Company Limited

Tone Brothers, Inc

Twinings North America Inc

Wander AG

Yeast Products Company Limited (60%)

Country of incorporation

Brazil

Germany

Finland

UK

Australia

Philippines

Thailand

Spain

India

US

UK

UK

US

Mexico

Australia

UK

UK

Columbia

UK

Argentina

Poland

Germany

UK

France

UK

Australia

New Zealand

Republic of Ireland

US

Poland

China

China

China

Norway

Denmark

Sweden

China

UK

UK

China

China

Portugal

Sri Lanka

Turkey

UK

UK

US

UK

Australia

China

China

France

US

US

Poland

UK

UK

US

US

Switzerland

Republic of Ireland

Retailing activities

Primark

Primark Stores Limited *

Country of incorporation

Republic of Ireland

UK

Investment and other activities

ABF European Holdings & Co SNC

Talisman (Guernsey) Limited

Country of incorporation

Luxembourg

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.

The group's interest in subsidiary undertakings are all equity investments.

* - Direct subsidiary of ABF Investments plc.

Investments

		Issued ordinary share capital	
	Country of incorporation	Total	Group %
Principal joint ventures and associates			
C Czarnikow Sugar Limited	UK	£1,000,000	42
Chiltern Bakeries Limited	UK	£100	44
Frontier Agriculture Limited	UK	£36,000,000	50
Getec Guanabara Quimica Industrial SA	Brazil	BRR 14,254,370	20
Harper-Love Adhesives Corporation	US	US\$912,200	50
Levaduras Collico S.A.	Chile	CLP28,000	50
Mauri Fermentation (Malaysia) Sdn. Bhd.	Malaysia	RM14,557,920	42
Murray Bridge Bacon Pty Limited	Australia	A\$11,040,210	20
New Food Coatings Pty Limited	Australia	A\$150,000	50
Roal Oy	Finland	€3,195,572	50

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.