

COMPANY No 306672

SIGNED COPY

ABF INVESTMENTS plc

ANNUAL REPORT AND ACCOUNTS 1994



ABF INVESTMENTS GROUP
ANNUAL REPORT AND ACCOUNTS 1994

Contents

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

ABF INVESTMENTS plc
DIRECTORS AND ADVISORS

Directors	Garry H. Weston <i>Chairman</i> Harold W. Bailey Trevor H.M. Shaw
Secretary	T.H.M. Shaw
Registered office	Weston Centre Bowater House 68 Knightsbridge London SW1X 7LR Company registered in England, number 306672
Registrar's and transfer office	Lloyds Bank plc Registrar's Department Goring by Sea Worthing BN99 6DA
Auditors	KPMG Peat Marwick Chartered Accounts
Bankers	Bank of Scotland Barclays Bank plc Girobank plc Lloyds Bank plc National Westminster Bank plc

ABF INVESTMENTS plc

REPORT OF THE DIRECTORS

The directors submit to the members their fifty-ninth annual report together with the financial statements of the company for the 52 weeks ended 17 September 1994.

Group reorganisation

On 9 May 1994 the Boards of Associated British Foods plc and of George Weston Holdings plc announced proposals for the reorganisation of the share capitals of their respective companies. The proposals were recommended to the respective shareholders of both companies in circulars issued on 27 May 1994. They were approved by the members of both companies at extraordinary general meetings each held on 20 June 1994. Prior to the reorganisation, George Weston Holdings plc's principal asset was a 62.7 per cent shareholding in Associated British Foods plc.

The principal element of the reorganisation in relation to this company was the acquisition by George Weston Holdings plc, in exchange for shares, of the 37.3 per cent of the ordinary share capital of the company not already owned by it.

The share capital of the company was also reduced by the cancellation of the preference shares of £1 each, and the payment to the holders of the 955,357 issued preference shares the sum of £1 per share plus the accrued preference dividend thereon.

At the extraordinary general meeting of the company held on 20 June 1994, the name of the company was changed with effect from 29 July 1994 from Associated British Foods plc to ABF Investments plc. On the same day the company's immediate holding company, previously known as George Weston Holdings plc, in turn changed its name to Associated British Foods plc.

Profits and dividends

The group profit and loss account is on page 7. Profit for the financial year amounted to £255 million and the dividends to £146 million. The transfer to reserves totalled £109 million. Dividends are detailed in note 8 on page 14.

Review of activities

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

Changes in assets

Fixed tangible assets have increased by £69 million during the year under review after charging depreciation of £147 million.

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

Development

The profit for the 52 weeks at £324 million was 4 per cent less than that reported for the 53 week period a year ago, and the principal factor in this reduction was the disappointing returns achieved on the investment funds.

An encouraging feature of the results this year is the £33 million or 12 per cent increase in operating profits at a time when heavy competitive pressure continues at home and overseas.

Sales for the year at £4,478 million showed only a marginal increase of 2 per cent on a year ago. Sales values were reduced by some £27 million on adverse currency realignments and by the substantial decrease in sales volumes in our low margin grain trading operations.

This year has seen some repositioning of the group. In May the Bibby agricultural interests were acquired and integrated with Trident Feeds and KW Agriculture to form a new animal feed organisation, Associated

ABF INVESTMENTS plc

REPORT OF THE DIRECTORS

Development — continued

British Nutrition, making it one of the country's top three suppliers. This was followed in June by the sale of substantially all of the bakery retail outlets to Greggs plc which effectively completed our withdrawal from this segment of the bread and confectionery market.

Since the year end the group has acquired the business of Karlshamns U.S.A. Inc. operating from two sites in the United States, manufacturing food ingredients and products for health care. Although Twinings has had a tea blending and packing operation for many years in North Carolina, this is our first food manufacturing operation in North America. Further plant capacity will be added to increase the product range using technology developed by the group in the United Kingdom.

In the year under review the United Kingdom manufacturing divisions increased profits by 11 per cent to £222 million although rationalisation and reorganisation costs, £3 million lower at £13 million, are a contributory factor to this increase.

Despite the continuation of strong competition throughout the bread industry, Allied Bakeries, the wholesale bread division, was able to report some improvement in its performance for the year. The process of developing new products and improving the manufacturing and distribution systems has contributed to this result and will continue to have a major effect in the future.

British Sugar has again contributed excellent results with a 3 per cent profit increase to £167 million on a harvest slightly down on last year's record. Completion of the £50 million modernisation and expansion programme increasing capacity at Wissington from 10,000 to 15,000 tonnes of beet per day, led to the decision to cease operation at the Kings Lynn site.

The other European manufacturing units reported results in line with expectations, with the crispbread, biscuit and frozen food operation experiencing particularly difficult trading conditions.

The retail companies produced profits sharply higher at £47 million, and this after an adverse currency effect of £2 million. This increase consolidates the profit recovery beginning in the second half of last year and is the result of an excellent sales performance in a very competitive environment.

George Weston Foods, the group's Australian operating company, increased sales by 4 per cent but due to the extremely difficult trading conditions profits fell by 13 per cent in terms of local currency. The profit reduction was partially mitigated by the currency realignment this year. The bakery division was particularly hard hit with heavy price discounting to protect market share, and the costs associated with the restructuring of its distribution network.

Group investment income fell from £83 million last year to £21 million on investment funds which were little changed. Of this reduction of £62 million, approximately £34 million is attributable to the fall out of the exceptionally high returns achieved in 1993, and to the lower average interest rates applicable in 1994. The balance of the reduction is a consequence of the financial uncertainties and fall in international bond prices from January of this year. Our investment in Berisford International plc has been revalued to market prices, and the increase, together with the profit on sale of some of the recent rights issue, amounts to some £23 million.

Our net cash resources at the year end of £602 million shows an increase of £101 million over a year ago, and is after financing the continued high level of capital expenditure in equipping the group to meet its future needs.

Share capital

See group reorganisation above for changes to the issued preference share capital.

The company's share option scheme has now been wound up but during the year options on 370,000 were granted, options on 83,700 shares have lapsed and 886,478 ordinary shares of 5p each were allotted in accordance with the rules of the scheme.

In addition, as part of the group reorganisation, options on 1,160,600 shares were cancelled and the holders received compensation from George Weston Holdings plc.

ABF INVESTMENTS plc REPORT OF THE DIRECTORS

Substantial shareholdings

Details of a controlling interest in the shares of the company are given in note 24 on page 20.

Employees

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

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

It is policy within the group to offer equal opportunity to disabled persons in their recruitment, training and career development, having due regard to their aptitudes and abilities in relation to jobs available.

Research and development

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

United Kingdom charitable and political contributions

Contributions to charitable organisations in the group during the year totalled £0.3 million (1993—£0.3 million). No contributions were made to political organisations (1993 Nil).

Close company status

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

Corporate governance

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

Directors

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

Mr D.J. Tidey, Mr P.J. Jackson and Mr W.G.G. Weston, who were all directors of the company at the beginning of the year, and Mr D.N.C. Garman, who was appointed to the board on 3 November 1993, resigned on 5 August 1994.

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

In accordance with the Articles of Association, Mr T.H.M. Shaw 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.

By order of the board

T.H.M. Shaw Secretary

7 November 1994

ABF INVESTMENTS plc

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They safeguard the assets of the group and have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF ABF INVESTMENTS plc

We have audited the financial statements on pages 7 to 24.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 17 September 1994 and of the profit of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Pent Marwick
Chartered Accountants
Registered Auditors
London

KPMG Pent Marwick

7 November 1994

ABF INVESTMENTS GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the 52 weeks ended 17 September 1994 £million	For the 53 weeks ended 18 September 1993 £million
	Note		
Turnover	1	4,478	4,386
Operating profit	2	306	273
Profit on sale of properties		4	4
Investment income	5	21	83
Profit on investment in Berisford International plc		23	12
Interest payable	6	(30)	(34)
Profit on ordinary activities before taxation		324	338
Tax on profit on ordinary activities	7	(63)	(104)
Profit on ordinary activities after taxation		261	234
Minority interests — equity		(6)	(6)
Profit for the financial year		255	228
Dividends	8	(146)	(67)
Retained profits	20	109	161
Earnings per ordinary share	9	56.7p	50.7p

The group has made no material acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during either 1993 or 1994. Therefore turnover and operating profit derive entirely from continuing operations.

**ABF INVESTMENTS GROUP
CONSOLIDATED BALANCE SHEET**

	Note	As at 17 September 1994 £million	As at 18 September 1993 £million
Fixed assets			
Tangible assets	10	1,444	1,375
Investments	12	5	7
		<u>1,449</u>	<u>1,382</u>
Current assets			
Stocks	13	466	412
Debtors	14	388	351
Investments	15	811	740
Cash at bank and in hand		39	61
		<u>1,704</u>	<u>1,564</u>
Creditors amounts falling due within one year			
Short term borrowings	16	90	136
Other creditors	17	830	705
		<u>920</u>	<u>841</u>
Net current assets		<u>784</u>	<u>723</u>
Total assets less current liabilities		<u>2,233</u>	<u>2,105</u>
Creditors amounts falling due after one year			
Loans	16	158	164
Other creditors	17	8	18
Provision for liabilities and charges	18	-	1
		<u>166</u>	<u>183</u>
		<u>2,067</u>	<u>1,922</u>
Capital and reserves			
Called up share capital	19	22	23
Share premium account	20	192	189
Revaluation reserve	20	4	4
Other reserves	20	1	1
Profit and loss account	20	1,795	1,662
		<u>2,014</u>	<u>1,879</u>
Minority interests in subsidiary undertakings - equity		<u>53</u>	<u>43</u>
		<u>2,067</u>	<u>1,922</u>

These financial statements were approved by the board of directors on 7 November 1994 and were signed on its behalf by:

Garry H. Weston Director



ABF INVESTMENTS GROUP
CONSOLIDATED CASH FLOW STATEMENT

		For the 52 weeks ended 17 September 1994 £million	For the 53 weeks ended 18 September 1993 £million
	Note		
Operating activities			
Net cash flow from operating activities	26	429	414
Returns on investments and servicing of finance			
Dividends and other investment income		29	81
Profit on sale of current asset equity investments		-	4
Interest paid		(30)	(30)
Dividends of ABF Investments plc		(67)	(63)
Dividends paid to minorities		(2)	(2)
		(70)	(10)
Taxation		(85)	(128)
Investing activities			
Purchase of tangible fixed assets		(184)	(191)
Sale of tangible fixed assets		13	14
Purchase of new subsidiary undertakings	27	(45)	(8)
Sale of subsidiary undertakings	27	17	-
Purchase of short term investments		(1,839)	(1,451)
Sale of short term investments		1,915	1,343
Purchase of equity investments		(7)	(2)
Sale of equity investments		7	6
		(123)	(289)
Net cash inflow/(outflow) before financing		151	(13)
Financing			
Issue of ordinary shares		3	1
Cancellation of preference shares		(1)	-
Issue of short term loans		2	-
Repayment of short term loans		(1)	(2)
Repayment of loans over one year		(7)	-
		(4)	(1)
(Increase)/decrease in cash and cash equivalents	28	(147)	14
		(151)	13

ABF INVESTMENTS GROUP
CONSOLIDATED STATEMENT OF TOTAL
RECOGNISED GAINS AND LOSSES

	For the 52 weeks ended 17 September 1994 £million	For the 53 weeks ended 18 September 1993 £million
Profit for the financial year	255	228
Currency translation differences on foreign currency net assets	23	20
Total recognised gains and losses	278	248

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

RECONCILIATION OF MOVEMENTS IN
CONSOLIDATED SHAREHOLDERS' FUNDS

	For the 52 weeks ended 17 September 1994 £million	For the 53 weeks ended 18 September 1993 £million
Profit for the financial year	255	228
Dividends	(146)	(67)
Retained profits	109	161
Other recognised gains and losses relating to the year	23	20
Issue of ordinary shares	3	1
Goodwill acquired and written off during the year	1	(11)
Cancellation of preference shares	(1)	-
Increase in shareholders' funds	135	171
Opening shareholders' funds	1,879	1,708
Closing shareholders' funds	2,014	1,879

ABF INVESTMENTS GROUP ACCOUNTING POLICIES

Basis of consolidation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Companies Act 1985 ("the Act"). The consolidated profit and loss account includes the results of new subsidiary undertakings attributable to the period since acquisition. The excess of the purchase price of new subsidiary undertakings over the fair value of net tangible assets achieved is written off against reserves in the year of acquisition.

The financial statements of the company and its subsidiary undertakings are made up for the 52 weeks ended 17 September 1994 except for those of the Australian and New Zealand Subsidiary undertakings which are made up to 31 July 1994 to avoid delay in the preparation of the consolidated financial statements.

Foreign currencies

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

Pensions

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

Research and development

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

Associated undertakings

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

Depreciation

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

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

Leases

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

Stock

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

Current asset investments

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

Deferred tax

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

ABF INVESTMENTS GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ANALYSIS OF TURNOVER, PROFITS AND ASSETS

	Turnover		Profits	
	1994 £million	1993 £million	1994 £million	1993 £million
Geographical analysis (by origin and destination)				
European Community, mainly United Kingdom and Ireland	3,965	3,908	269	234
Australia and New Zealand	493	458	34	36
North America	20	20	3	3
	<u>4,478</u>	<u>4,386</u>	<u>306</u>	<u>273</u>
Business sector				
Manufacturing	3,190	3,143	259	239
Retail	1,288	1,243	47	34
	<u>4,478</u>	<u>4,386</u>	<u>306</u>	<u>273</u>
Other net income			18	65
Profit on ordinary activities before taxation			<u>324</u>	<u>338</u>
			Net assets	
			1994 £million	1993 £million
Geographical analysis				
European Community			1,377	1,302
Australia and New Zealand			193	162
North America			7	7
			<u>1,577</u>	<u>1,471</u>
Business sector				
Manufacturing			1,313	1,203
Retail			264	268
			<u>1,577</u>	<u>1,471</u>
Net financial assets			490	451
Total net assets			<u>2,067</u>	<u>1,922</u>

2. OPERATING PROFIT

	1994 £million	1993 £million
Turnover	4,478	4,386
Cost of sales	<u>3,345</u>	<u>3,305</u>
Gross profit	1,133	1,081
Distribution costs	631	627
Administrative expenses	196	181
Operating profit	<u>306</u>	<u>273</u>
Operating profit is stated after charging:		
Staff costs	628	628
Depreciation of fixed tangible assets	147	138
Hire of plant and machinery	8	9
Rentals payable under property leases	23	22
Research and development	<u>7</u>	<u>8</u>

Auditors' remuneration for audit services amounted to £2.3 million (1993 - £2.2 million).

Fees paid to the auditors of the parent company for services other than the statutory audit supplied to the company and its United Kingdom subsidiaries during the year ended 17 September 1994 amounted to £0.7 million (1993 - £0.5 million).

ABF INVESTMENTS GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. DIRECTORS AND EMPLOYEES

	1994	1993
Average number of employees:		
European Community, mainly United Kingdom and Ireland	42,752	43,027
Australia and New Zealand	6,916	6,824
North America	125	117
	<u>49,793</u>	<u>49,968</u>
	£million	£million
Staff costs:		
Wages and salaries	573	580
Social security costs	43	37
Other pension costs	12	11
	<u>628</u>	<u>628</u>
	£000	£000
Directors' emoluments: - chairman	192	185
- highest paid director	307	188
- other directors	909	477
- pension contributions	55	16
- past directors' pensions	17	17
	<u>1,480</u>	<u>883</u>

The emoluments of the highest paid director include a performance bonus of £25,000 (1993: £20,000) — and a pension contribution of £49,000 (1993: £15,000) was paid on his behalf. No pension contributions are payable on behalf of the chairman.

Emoluments of United Kingdom directors		
Those earning between: £130,001 - £135,000	-	1
£150,001 - £155,000	-	1
£180,001 - £185,000	1	1
£185,001 - £190,000	-	1
£190,001 - £195,000	2	-
£245,001 - £250,000	1	-
£305,001 - £310,000	1	-

In addition, £461,000 was paid to directors on the cancellation of their share options in ABF Investments plc consequential upon the group reorganisation.

4. PENSION COSTS

The group operates pension schemes, the majority of which are of the defined benefit type. The pension cost charge for the period was £12 million (1993: £11 million) and this relates principally to schemes outside the United Kingdom.

The two main United Kingdom Schemes provide benefits based on final pensionable earnings. The pension costs in the United Kingdom are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The last actuarial valuations of the two major schemes were carried out as at 1 October 1992 and 5 April 1993. In these valuations it was assumed that the investment return would exceed price inflation by 4 per cent, that salary increases would exceed price inflation by 2 per cent and that increased in dividend would fall behind price inflation by between 0.5 per cent and 0.75 per cent. At the valuation dates the total market value of the two major schemes' assets was £940 million and the actuarial value of these assets represented 114 per cent of the benefits that had accrued to members after allowing for expected future increase in earnings.

The group also operates pension schemes in Ireland, Australia and New Zealand. The charge in the accounts is based on recommendations by a qualified local actuary.

ABF INVESTMENTS GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. INVESTMENT INCOME

	1994 £million	1993 £million
Dividend income: - current asset equity investments	2	2
- associated undertakings	1	1
Interest from other current asset investments: - listed	(7)	44
unlisted	22	34
Profit on sale of current asset equity investments	3	2
	<u>21</u>	<u>83</u>

6. INTEREST PAYABLE

	1994 £million	1993 £million
Loans not wholly repayable within five years	17	17
Other loans	13	17
	<u>30</u>	<u>34</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £million	1993 £million
The charge for the year is as follows:		
United Kingdom: - corporation tax at 33% (1993 - 33%)	74	70
- adjustment in respect of prior years	(35)	-
- tax on franked investment income	1	1
- deferred tax	-	(1)
Overseas: income tax	23	33
- deferred tax	-	1
	<u>63</u>	<u>104</u>

The charge for United Kingdom corporation tax is stated after no deduction for double taxation relief (1993 - £1 million) on dividends received from overseas subsidiaries.

During 1994 agreement was reached with the Inland Revenue on the treatment for taxation purposes of various outstanding matters. The net effect of this agreement has been to reduce the tax charge for the period by £35 million.

8. DIVIDENDS OF ABF INVESTMENTS plc

	1994 £million	1993 £million
Ordinary dividends:		
First interim	-	38
Second interim	-	29
Dividends to Associated British Foods plc	146	-
	<u>146</u>	<u>67</u>

9. EARNINGS PER ORDINARY SHARE

The calculation is based on available profit for the financial year of £225 million (1993 - £228 million) and 450 million shares (1993 - 449 million) being the average number of ordinary shares in issue during the year.

ABF INVESTMENT'S GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. FIXED TANGIBLE ASSETS

	Total £million	Land and buildings £million	Plant and machinery £million	Fixtures and fittings £million	Payments on account £million
Cost or valuation at 18 September 1993	2,085	639	1,073	322	51
Effect of currency changes	36	12	16	7	1
New subsidiaries	34	11	23	-	-
Additions	187	32	115	32	8
Disposals	(106)	(21)	(64)	(21)	-
Disposal of subsidiaries	(42)	(4)	(8)	(30)	-
Cost or valuation at 17 September 1994	2,194	669	1,155	310	60
Depreciation at 18 September 1993	710	75	482	153	-
Effect of currency changes	13	1	8	4	-
Provided during year	147	18	94	35	-
On disposals	(97)	(19)	(57)	(21)	-
On disposal of subsidiaries	(23)	(1)	(4)	(18)	-
Depreciation at 17 September 1994	750	74	523	153	-
Net book value at 17 September 1994	1,444	595	632	157	60
Net book value at 18 September 1993	1,375	564	591	169	51

	1994 £million	1993 £million
Analysis of land and buildings at net book value:		
Freehold	547	518
Long leasehold	42	44
Short leasehold	6	2
	595	564

Land and buildings stated at valuation had a net book value at 17 September 1994 of £22 million (1993 - £20 million) based on valuations carried out principally in 1981/82. On a historical cost basis the net book value of these assets at 17 September 1994 would have been £16 million (1993 - £15 million).

Certain of the group's properties in Australia and New Zealand were valued by the directors during the year at an open market value based on independent advice received from registered valuers.

11. CAPITAL COMMITMENTS

There are commitments for capital expenditure by the group of approximately £49 million (1993 - £38 million) for which no provision has been made in these financial statements. The directors have approved further capital expenditure of approximately £92 million (1993 - £64 million) on which there are no commitments.

ABF INVESTMENTS GROUP **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

12. FIXED ASSET INVESTMENTS

	Total £million	Associated under- takings £million	Other invest- ments £million
At 18 September 1993	7	1	6
Additions	1		1
Transfers	(3)	-	(3)
At 17 September 1994	5	1	4

Investments are stated at cost. Details of the principal undertakings and other investments are given on page 23 and page 24.

13. STOCKS

	1994 £million	1993 £million
Raw materials and consumables	155	129
Finished goods and goods for resale	311	283
	466	412

14. DEBTORS

	Company		Group	
	1994 £million	1993 £million	1994 £million	1993 £million
Trade debtors	-	-	322	275
Amounts owed by subsidiary undertakings	244	232	-	-
Other debtors	3	2	38	42
Prepayments and accrued income	2	2	28	34
Tax recoverable from subsidiary undertakings	39	36	-	-
	288	272	388	351

15. CURRENT ASSET INVESTMENTS

	Company		Group	
	1994 £million	1993 £million	1994 £million	1993 £million
Listed on a recognised stock exchange:				
equity investments	18	6	66	44
- other listed investments	-	-	262	316
Unlisted investments	-	-	483	380
	18	6	811	740

The market value of the groups equity investments was £74 million (1993 - £52 million). Other listed and unlisted investments comprise interest bearing instruments and deposits. Listed investments include £1 million (1993 - £1 million) quoted on overseas stock exchanges.

ABF INVESTMENT'S GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. LOANS AND SHORT TERM BORROWINGS

	Company		Group	
	1994 £million	1993 £million	1994 £million	1993 £million
Bank loans and overdrafts	56	80	88	134
Other loans				
Wholly repayable within five years				
Unsecured loans	-	-	3	9
Wholly repayable after five years				
5½% unsecured loan stock 1987/2002	2	2	2	2
7½% unsecured loan stock 1987/2002	5	5	5	5
Repayable by instalments wholly or partly after five years				
10½% redeemable debenture stock 2013	-	-	150	150
	<u>63</u>	<u>87</u>	<u>248</u>	<u>300</u>
Creditor analysis				
Repayable:				
in one year or less: - bank loans and overdrafts	56	80	88	134
- other loans	-	-	2	2
	<u>56</u>	<u>80</u>	<u>90</u>	<u>136</u>
beyond one year: - between one and two years	-	-	-	-
- between two and five years	-	-	1	7
- in more than five years	7	7	157	157
	<u>7</u>	<u>7</u>	<u>158</u>	<u>164</u>

The secured loan is secured by a floating charge over the assets of a subsidiary undertaking.

17. CREDITORS

	Company		Group	
	1994 £million	1993 £million	1994 £million	1993 £million
Amounts falling due within one year				
Trade creditors	-	-	289	270
Taxation on profits	23	12	121	137
Other taxation and social security	1	-	22	19
Accruals and deferred income	2	1	290	250
Dividends	-	29	-	29
Amounts owed to subsidiary undertakings	178	151	-	-
Amounts owed to holding company	108	-	108	-
	<u>312</u>	<u>193</u>	<u>830</u>	<u>496</u>
Amounts falling due after one year				
Taxation on profits	-	-	8	18

ABF INVESTMENTS GROUP **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension accrual £million
At 18 September 1993	1
Utilised	(1)
At 17 September 1994	—

No provision for deferred tax is required (1993 – nil). The full potential liability in respect of accelerated capital allowances at 17 September 1994 was £92 million (1993 – £92 million). No 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.

19. SHARE CAPITAL OF ABF INVESTMENTS plc

	1994 £million	1993 £million
Authorised		
4.2% cumulative preference shares of £1	2	2
Ordinary share of 5p	30	30
	<u>32</u>	<u>32</u>
Allotted and fully paid		
4.2% cumulative preference shares of £1	—	1
Ordinary shares of 5p	22	22
	<u>22</u>	<u>23</u>

Details of shares issued during the year are given in the Report of the directors on pages 3 to 5.

20. RESERVES

	Share premium account £million	Reval- uation reserve £million	Other reserves £million	Profit and loss account £million
At 18 September 1993	189	4	1	1,662
Effect of currency changes	—	—	—	23
From profits of the year: company	—	—	—	(72)
— subsidiary undertakings	—	—	—	181
Goodwill written off	—	—	—	1
Issue of ordinary shares	3	—	—	—
At 17 September 1994	<u>192</u>	<u>4</u>	<u>1</u>	<u>1,795</u>
Which have been dealt with as follows:				
- in Associated British Foods plc	192	—	—	362
- in subsidiary undertakings	—	4	1	1,433
	<u>192</u>	<u>4</u>	<u>1</u>	<u>1,795</u>

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

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. GOODWILL

On 7 May 1994 the group acquired the entire issued share capital of J. Bibby Agriculture Limited. Set out below is a table showing the book value of J. Bibby Agriculture's net assets at the date of acquisition and the fair value adjustments required to reflect their value:

	Book value at acqui- sition £million	Fair value adjust- ments £million	Fair value at acqui- sition £million
Tangible fixed assets	32	(5)	27
Stocks and debtors	41	(1)	40
Creditors	(19)	(5)	(24)
Borrowings	(40)		(40)
	<u>14</u>	<u>(11)</u>	<u>3</u>
Capital reserve arising on acquisition			(1)
Consideration and costs of acquisition of share capital			<u>2</u>

The fair value adjustments arise for two main reasons. The first is to reflect the costs of integrating the operations of J. Bibby Agriculture into the Group, including provisions for reorganisation and the write down of fixed assets to estimated realisable value. The second is to reflect the estimated realisable value of the current assets, principally stock. £5 million of the fair value adjustments have been utilised to write down fixed assets at 17 September 1994.

The trading profit before interest of J. Bibby Agriculture for the period from 8 May 1994 to 17 September 1994 was nil. The trading profit before interest for the period from 25 September 1993 to 7 May 1994 was £2 million and for its previous financial year £4 million.

During the year the group acquired several small businesses for £1 million (1993 - £16 million). The book value of the net tangible assets acquired amounted to £1 million (1993 - £5 million).

The total consideration for the acquisition of J. Bibby Agriculture Limited and several other small businesses was £3 million. Together with borrowings totalling £12 million at the dates of acquisition the impact on group liquid funds and borrowings was £45 million.

The cumulative amount of goodwill written off as a result of acquisitions made in the current and earlier financial periods is £446 million (1993 - £447 million).

22. CONTINGENT LIABILITIES

ABF Investments plc has guaranteed overdrafts and other liabilities of certain subsidiary undertakings, the amount outstanding at 17 September 1994 being £14 million (1993 - £29 million).

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

23. LEASES

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

Operating leases which expire:	Within one year £million	Two to five years £million	Over five years £million	Total £million
Land and buildings	3	4	8	15
Others	1	2	2	5
At 17 September 1994	<u>4</u>	<u>6</u>	<u>10</u>	<u>20</u>
Land and buildings	4	6	14	24
Others	2	1	-	3
At 18 September 1993	<u>6</u>	<u>7</u>	<u>14</u>	<u>27</u>

ABF INVESTMENTS GROUP

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. HOLDING COMPANY AND RELATED INFORMATION

The ultimate parent undertaking is Wittington Investments Limited which is incorporated in Great Britain and registered in England. The company is a wholly owned subsidiary of Associated British Foods plc. The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by Associated British Foods plc which is incorporated in Great Britain and registered in England. The consolidated financial statements of Associated British Foods plc are available to the public at 35 Rickmansworth Road, Watford, Hertfordshire WD1 7HG.

Associated British Foods plc made a management charge of £0.5 million (1993 - £0.4 million) principally in respect of directors and staff paid by them. Charges made by the company and its subsidiaries for services provided to Associated British Foods plc amounted to £0.1 million (1993 - £0.1 million). Sales on normal trading terms of £0.4 million (1993 - £0.4 million) were made to subsidiaries of George Weston Limited, a Canadian listed company in which Mr W. G. Galen Weston has a controlling interest.

25. SHARES IN GROUP COMPANIES

	£million
At 18 September 1993	619
Additions	2
At 17 September 1994	621

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on page 23. Except where noted, none of the companies shown on those pages is a direct subsidiary undertaking of ABF Investments plc. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

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 sub-subsidiaries are owned by partly owned intermediate subsidiaries.

26. NET CASH FLOW FROM OPERATING ACTIVITIES

	1994 £million	1993 £million
Operating profit	306	273
Depreciation	147	138
(Increase)/decrease in working capital:		
Stocks	(37)	(33)
Debtors	(17)	12
Creditors	30	24
	429	414

27. PURCHASE AND DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	Purchases		Disposals	
	1994 £million	1993 £million	1994 £million	1993 £million
Net assets acquired				
Tangible fixed assets	34	2	(19)	-
Stocks	11	1	-	-
Debtors	29	4	-	-
Cash at bank and in hand	-	2	-	-
Creditors	(28)	(1)	2	-
Loans and finance leases	(42)	-	-	-
	4	5	(17)	-
Goodwill	(1)	11	-	-
	3	16	(17)	-
Satisfied by				
Issue of loans over one year	-	6	-	-
Cash	3	10	(17)	-
	3	16	(17)	-
Net outflow of cash and cash equivalents				
Cash consideration	3	10	(17)	-
Cash and borrowings acquired	42	(2)	-	-
	45	8	(17)	-

ABF INVESTMENTS GROUP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28. NET CASH

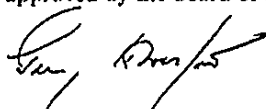
	Total £million	Invest- ments £million	Cash at bank £million	Short term borrow- ings £million	Loans over one year £million
At 12 September 1992	398	652	49	(144)	(159)
Purchase of short term investments	1,451	1,451	-	-	-
Sale of short term investments	(1,343)	(1,343)	-	-	-
Sale of equity investments	(6)	(6)	-	-	-
Repayment of short term loans	2	-	-	2	-
Issue of loans over one year	(6)	-	-	-	(6)
Increase/(decrease) in cash and cash equivalents	(14)	(32)	11	7	-
Changes in market value	13	13	-	-	-
Transfers	-	-	-	(1)	1
Effect of currency changes	6	5	1	-	-
At 18 September 1993	501	740	61	(136)	(164)
Purchase of short term investments	1,839	1,839	-	-	-
Sale of short term investments	(1,915)	(1,915)	-	-	-
Purchase of equity investments	6	6	-	-	-
Sale of equity investments	(1)	(1)	-	-	-
Issue of short term loans	(2)	-	-	(2)	-
Repayment of short term loans	1	-	-	1	-
Repayment of loans over one year	7	-	-	1	6
Increase/(decrease) in cash and cash equivalents	147	124	(24)	47	-
Changes in market value	15	15	-	-	-
Effect of currency changes	4	3	2	(1)	-
At 17 September 1994	602	811	39	(90)	(158)

ABF INVESTMENTS plc
BALANCE SHEET OF THE COMPANY

	Note	As at 17 September 1994 £million	As at 18 September 1993 £million
Fixed assets			
Shares in group companies	25	621	619
Current assets			
Debtors	14	288	272
Investments	15	18	6
Cash at bank and in hand		24	29
Net current assets		330	307
Creditors amounts falling due within one year			
Short term borrowings	16	56	80
Other creditors	17	312	193
Net current (liabilities)/assets		(38)	34
Total assets less current liabilities		583	653
Creditors amounts falling due after one year			
Loans	16	7	7
		576	646
Capital and reserves			
Called up share capital	19	22	23
Share premium account	20	192	189
Profit and loss account	20	362	434
		576	646

These financial statements were approved by the board of directors on 7 November 1994 and were signed on its behalf by:

Garry H. Weston Director



RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	For the 52 weeks ended 17 September 1994 £million	For the 53 weeks ended 18 September 1993 £million
Profit for the financial year	74	54
Dividends	(146)	(67)
Profit for the year retained	(72)	(13)
Issue of ordinary shares	3	1
Cancellation of shares	(1)	-
	(70)	(12)
Opening shareholders' funds	646	658
Closing shareholders' funds	576	646

ABF INVESTMENTS GROUP PRINCIPAL SUBSIDIARY UNDERTAKINGS

AB Ingredients Limited (95%)	United Kingdom
ABR Foods Limited	United Kingdom
AB Technology Limited	United Kingdom
Allied Bakeries Limited	United Kingdom
Allied Foods Co. Limited ⁽¹⁾	New Zealand
Allied Foods Limited	United Kingdom
Allied Grain Limited	United Kingdom
Allied Mills Limited	United Kingdom
J. Bibby Agriculture Limited	United Kingdom
British Sugar plc	United Kingdom
Burtens Gold Medal Biscuits Limited	United Kingdom
Crazy Prices ⁽²⁾	United Kingdom
C.W.I.L. Limited ⁽³⁾	Jersey, Channel Islands
Eastbow Securities Limited	United Kingdom
Fishers Agricultural Holdings Limited	United Kingdom
Foods International S.A. ⁽⁴⁾	France
George Weston Foods Limited (78%) ⁽⁵⁾	Australia
Germain's (UK) Limited	United Kingdom
Germain's (Ireland) Limited ⁽⁶⁾	Republic of Ireland
Gregg & Company Limited	United Kingdom
Grosvenor Marketing Limited ⁽⁷⁾	U.S.A.
Jackson of Piccadilly Limited	United Kingdom
K.W. Agriculture Limited	United Kingdom
Lax & Shaw Limited	United Kingdom
Mauri Products Limited (50%)	United Kingdom
Namosa Limited ⁽²⁾	United Kingdom
N.B. Love Industries Pty Ltd ⁽⁵⁾	Australia
Power Supermarkets Limited ⁽⁶⁾	Republic of Ireland
Primark ⁽⁶⁾	Republic of Ireland
Primark Stores Limited	United Kingdom
Provincial Merchants Limited	United Kingdom
The Ryvita Company Limited	United Kingdom
Serpentine Securities Limited	United Kingdom
Stewarts Supermarkets Limited	United Kingdom
Sugarpol (51%) ⁽⁸⁾	Poland
Trident Feeds	United Kingdom
R. Twining & Company Limited	United Kingdom
R. Twining & Co. Ltd ⁽⁹⁾	U.S.A.
Walmsley Limited	United Kingdom
Westmill Foods Limited	United Kingdom
Weston Research Laboratories Limited	United Kingdom

Group interest is 100% except where indicated

(1) - Incorporated in New Zealand

(2) - Incorporated in Northern Ireland

(3) - Incorporated in Jersey

(4) - Incorporated in France

(5) - Incorporated in Australia

(6) - Incorporated in the Republic of Ireland

(7) - Incorporated in the state of Delaware

(8) - Incorporated in Poland

(9) - Incorporated in the state of North Carolina

ABF INVESTMENTS GROUP INVESTMENTS

PRINCIPAL ASSOCIATED UNDERTAKINGS

	Issued ordinary share capital	
	Total AU\$000	Group %
In Australia		
Wesfeeds Pty Ltd	2,000	50
Wesmilk Pty Ltd	500	50

There is no loan capital in any of the associated undertakings.

OTHER INVESTMENTS

	Issued ordinary share capital	
	Total £000	Group %
In England		
Berisford International plc	74,661	14
C. Czarnikow Sugar Limited	1,000	20

ABF INVESTMENTS GROUP DIRECTORS' INTERESTS

Beneficial interests

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

	17 September 1994	19 September 1993
Garry H. Weston		
Wittington Investments Limited, ordinary shares of 50p	4,925	4,925
Associated British Foods plc, ordinary shares of 5p	346,662	56
ABF Investments plc	-	335,659
George Weston Foods Limited, ordinary shares of 5 cents	2,017	1,834
Harold W. Bailey		
Associated British Foods plc, ordinary shares of 5p	80,000	-
ABF Investments plc	-	68,055
Trevor H.M. Shaw		
Associated British Foods plc, ordinary shares of 5p	60,605	-
ABF Investments plc	-	35,605

Share options

Directors had the following options to subscribe for ordinary shares of ABF Investments plc under the Share Option Scheme:

	H.W. Bailey	T.H.M. Shaw	D.J. Tidey	P.J. Jackson	D.N.C. Garman
At 19 September 1993	58,500	45,000	50,000	75,000	-
Options granted 11 November 1993	25,000	20,000	-	-	50,000
Options exercised 21 December 1993	(33,500)	-	-	-	-
Options exercised 28 July 1994	-	(25,000)	(50,000)	-	-
Options cancelled on group reorganisation	(50,000)	(40,000)	-	(75,000)	(50,000)
At 17 September 1994	Nil	Nil	Nil	Nil	Nil

Controlling interest

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

Non-beneficial interests

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

- 1 Garry H. Weston is a trustee of a trust, in which he has no beneficial interest, which at 17 September 1994 held 683,073 ordinary shares of 50p (1993 - 448,775) in Wittington Investments Limited.
- 2 Garry H. Weston is a trustee of a trust, in which he has no beneficial interest, which at 17 September 1994 held 200,000 ordinary shares of 5p in Associated British Foods plc.
- 3 Harold W. Bailey and Garry H. Weston are trustees of trusts, in which they have no beneficial interest, which at 17 September 1994 held 791,969 ordinary shares of 5p (1993 - 791,969) in Associated British Foods plc.

Subsequent changes

The interests shown above remained the same at 2 November 1994.