

COMPANY NUMBER

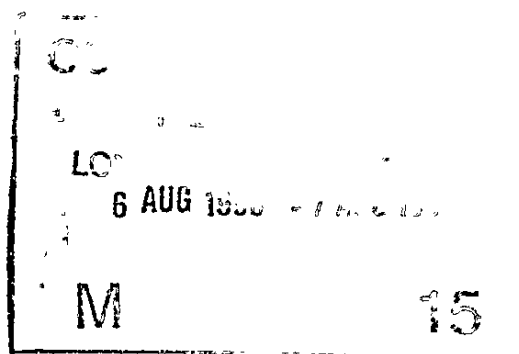
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Associated British Foods Group

ANNUAL REPORT AND ACCOUNTS 1990

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Associated British Foods Group
DIRECTORS AND ADVISORS

Directors

Garry H. Weston *Chairman*
Patrick L. Donovan CBE
Harold W. Bailey
Trevor H. M. Shaw
Henry J. Jackson
Donald J. Tidey†
W. G. Galen Weston*

Secretary

T. H. M. Shaw

Registered office

Weston Centre Bowater House
68 Knightsbridge London SW1X 7LR

Registrar's and Transfer office

Lloyds Bank Plc Registrar's Department
Goring by Sea Worthing BN12 6DA

Auditors

KPMG Peat Marwick McLintock
Chartered Accountants

Bankers

Bank of Scotland
Girobank Plc
Lloyds Bank Plc
National Westminster Bank PLC

*Non-executive Director

Mr W. G. Galen Weston has been a director since 1965.
He is President of George Weston Limited, Canada
and a Director of Canadian Imperial Bank of Commerce.

Mr D. J. Tidey was appointed to the Board
on 20 April 1978

THE CHAIRMAN'S STATEMENT



Gerry Weston

The pressure on trading margins in a static home market during the year has made profit growth difficult in the basic areas of food manufacture in which we operate.

Lower margins in the UK however have been more than compensated for by the excellent results achieved by our companies overseas which once again made good gains, and by the increased earnings from the group's cash balances as a result of the high interest rates that have been available throughout the period.

The strength of the company can be judged by the growth in the earnings per share of 17 per cent. and also by the further significant increase in the asset backing to our shares. As a result, dividends are increased by 18 per cent. which is in line with my forecast made earlier in the year.

These results continue to reflect the heavy programme of capital investment that has been maintained at home and overseas whilst our trading results, once again, have carried heavy closure and redundancy costs associated with the rationalisation of the company's business.

Profits and finance

For the year, sales to customers have increased by 11.1 per cent. to £2,775 million whilst profits before taxation from these trading operations together with investment income have increased by 19.7 per cent. to £283.8 million. Currency realignments with the countries with which we trade have had a net effect of increasing our sales by £54 million and our profits by £1.9 million.

Earnings at £187.6 million represent an increase of 17 per cent. per ordinary share. This was after providing £90.7 million taxation at an effective rate of 31.9 per cent., up by 1.4 per cent., and minority interests of £5.5 million.

Our United Kingdom manufacturing divisions increased sales for the year by 7.5 per cent. to £1,412 million although improving profits only marginally from £78.2 million to £80.9 million. Our retail companies in Northern Ireland faced severe competition during the second half of the year and whilst good sales increases were achieved, operating margins were heavily reduced leading to a substantial drop on the record earnings of the preceding year.

Our overseas companies produced excellent results. Turnover increased by 18 per cent. to £1,045 million and profits by over 23 per cent. to £60.8 million. Currency movements increased the returns from all our overseas companies with the exception of George Weston Foods in Australia, where profits in local currency rose by over 20 per cent.

Investment income rose to a figure of £131.5 million due to the higher rate of investment returns available and the income earned following the sale of our investment in The Gateway Corporation. This increase in income amounted to over 40 per cent., and was the major factor in the increase of our effective rate of taxation.

Reorganisation costs of our continuing businesses increased substantially this year but, after property profits, have not materially affected the results for the year.

Included in extraordinary items is the £89.1 million surplus that arose on the realisation of our investment in The Gateway Corporation. A sum of £14 million, less taxation, has been set aside in extraordinary items to meet future costs of withdrawing from certain of our non-core trading activities.

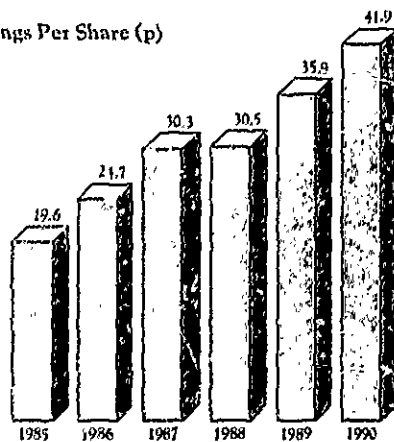
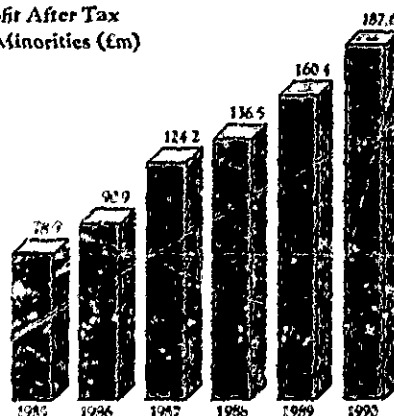
Once again the group has generated a strong cash flow from its trading operations. Our heavy programme of capital expenditure and maintenance has continued as we seek to reduce manufacturing and distribution costs and widen the range of products offered to the public.

Capital investment at £146 million was 10 per cent. greater than our expenditure last year. This programme, together with acquisitions of several smaller companies, has been achieved within our cash flow.

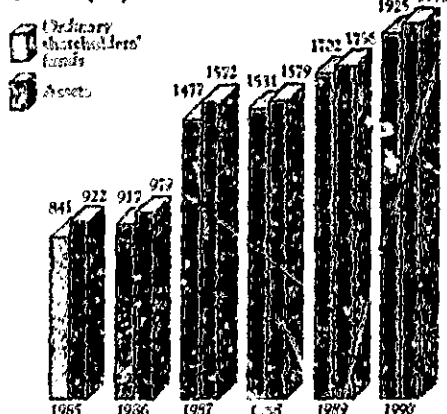
THE CHAIRMAN'S STATEMENT

continued

Earnings Per Share (p)

Profit After Tax
& Minorities (£m)

Growth (£m)



Bakeries

The pressures referred to last year in the context of our wholesale bread division have remained throughout the year under review. There continues to remain production over-capacity in the industry whilst manufacturers seek to compensate for decreasing margins through extra production to cover fixed costs. The final quarter of the year saw a further fall in bread consumption by the public whilst the repositioning of the retail trade with fewer more powerful retail groups has led to further pressure for discounts.

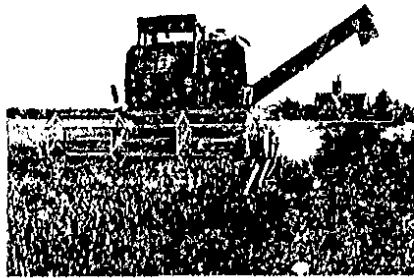
Despite these pressures, Allied Bakeries maintained its market share and gross margins although the division's overall profitability was once again affected by considerable rationalisation and redundancy costs associated with the closure of two bakeries during the year.

The launch of the "King's Mill Top Grade" loaf at the end of last summer was an outstanding success and this has given Allied Bakeries market leadership at the premium end of the wrapped bread market and has reinforced the company's position as brand leader in the British baking industry.

The retail division of Allied Bakeries suffered through lack of sales growth in the warm summer months of last year and has been slow in recovering from this position. This has led to a review and closure of many of the company's smaller and less profitable outlets and at the same time accelerated our programme for the refurbishing of bakers' shops and catering outlets positioned to improve margins and increase turnover.

The Speedibake frozen baked goods company has again made good progress during the year. Our Northampton factory is operating at near capacity whilst our second site at Wakefield is now fully commissioned. Speedibake's Bake-at-Home range of Crusty Bread and Rolls are now widely accepted and enjoyed by the public, whilst the increased range of frozen breads, pastries and cake batters are finding increasing favour in the catering trade as well as through the instore bake-off activities of the supermarket industry.

1



2



3

The pictures on the following pages relate to our companies supplying and manufacturing cereal based products.

The Fishers group (1) provides an advisory and technical service to farmers.

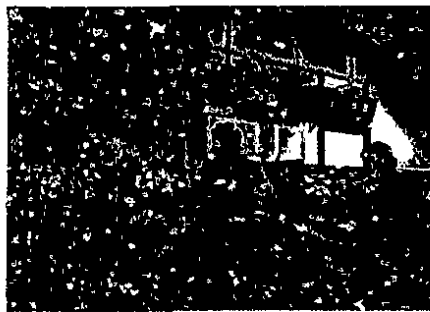
Two other groups of companies, Allied Grain and Mardorf Peach (2), are involved in the import, export and trading of grain.

This newly commissioned flour mill is at Leith, Scotland (3).

As well as supplying our own bakeries, retail customers' flour is packed into retail bags (4). ABR Foods, at Corby, (5), produces starch and gluten products from wheat.



4



5

THE CHAIRMAN'S STATEMENT

continued

Milling

The better cereal harvest in the country last summer contributed to a further improvement in profits for our milling division. Allied Mills, for the first time, was able to use in excess of 80 per cent. home grown wheats in the flour sold to customers in this country.

Ever mindful of the need to control costs and the changing nature of our markets, our milling division has maintained its accelerated programme of rationalisation and development. During the year we ceased making flour at three of our sixteen mills, E.J. Coombe, Yorkshire's Ideal at Selby, and King's Mills, Knottingley, whilst Allied Mills computer services office in Birmingham and Head Office in the City were consolidated at new offices at Brentwood to take advantage of lower rented space outside London.

Major redevelopment at Chancelot Mill in Scotland has been successfully completed. This is now considered to be one of the finest in international milling terms with sophisticated process controls and nil shifting. Progress has started with the building of our new mill at Knottingley and a major mill remodel at Rankins flour mill at Rochford. This programme to achieve production improvement and demanning will increase the group's efficiency and help meet the demands of a competitive flour market. Three of our division's mills have so far been accredited to the British Standard B.S. 5750 (130.9002) and starch makers will be interested to know that James Neil in Belfast was the first ever flour mill to receive this accreditation.

Allied Grain and Fishers groups both achieved commendable results. The meagre margin available to grain trading during the year has led to the collapse or withdrawal of smaller companies in the agricultural merchanting trade. Whilst margins are likely to remain tight our companies have benefited through increased turnover as farmers seek the financial safety of trading with larger and more securely established groups.

ABR Foods Limited, our starch and gluten operation at Corby achieved a small but satisfactory profit improvement in a difficult year in which there were great fluctuations in the price of gluten; this company managed, in some measure, to compensate for the lower prices achieved for this

product through further improvement in manufacturing process. ABR Foods has also started to benefit from the strong demand for its new range of glucose syrups and its constant development of added value starch and protein based derivatives.

Biscuits and Ryvita

In a year of little overall growth in the biscuit market of this country, Burton's achieved a moderate increase in sales and marginally improved its market share. Although the year finished strongly and profits recovered over last year, the results still fell short of those planned at the time of our budgets.

Delays in commissioning manufacturing and distribution investment were experienced, and the company suffered a damaging industrial dispute. With that behind us, the prospects for further growth in the coming year look good.

The Ryvita company has had another successful year reporting overall sales increases in spite of a small volume loss in home trade resulting from *greatly increased competition in the market for health orientated food products*. Exports increased by 20 per cent. with particularly gratifying results from the company's increased performance in the United States market.

New plant has been installed at Stockport to produce crisprolls under the Allinson and Sunblest labels, and we are successfully challenging the almost exclusive advantage enjoyed to date by Scandinavian manufacturers.

The bulky nature of the Ryvita range of cereals and crispbread, together with the new products planned for this year have justified the building of a second warehouse and distribution centre at Stockport, and already the benefits in savings and service are coming through.

Teas and coffee

During the year both the weather and economic factors in tea growing countries resulted in a substantial increase in tea prices from countries of origin. In line with other packers Twinings were unable to increase prices to absorb these costs quickly and margins therefore came under pressure. By the last quarter of the year prices at new and more adequate levels had been achieved and margins improved.

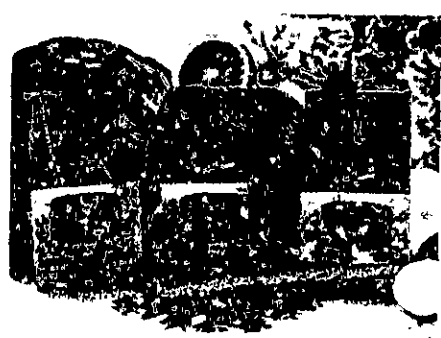
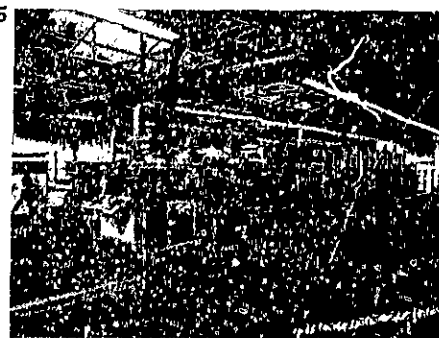
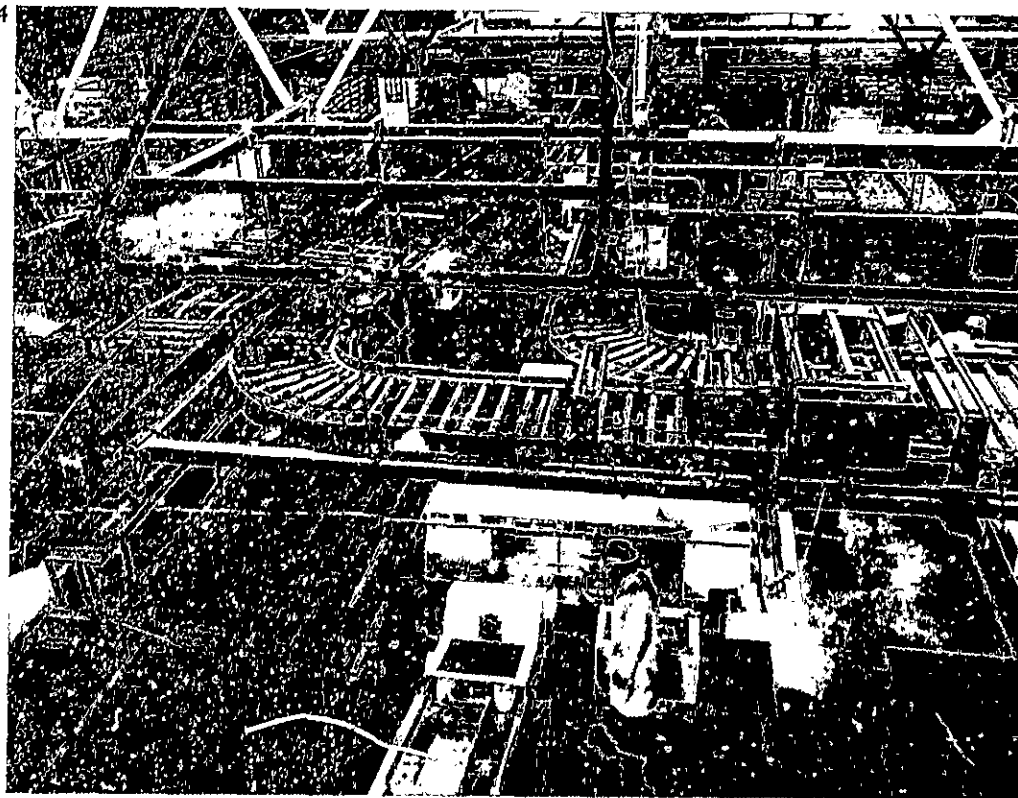
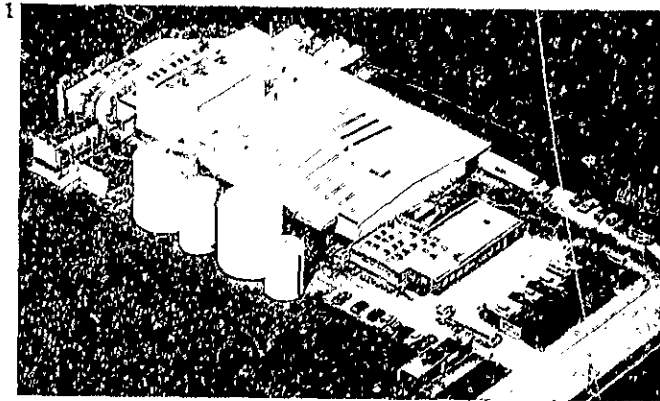


Ingredients for bread and confectionery are produced by our companies. Yeast (1) from this factory and shortenings from Rowallan (2).

Weston Research Laboratories Ltd. (3) provide continuous monitoring of quality at our test bakery.

The bakery shown (4) is one of the four serving the London area wholesale trade.

Bags for bread are produced at this print factory in Liverpool (5), whilst packaging is also manufactured for other group companies (6) such as Jacksons of Piccadilly.



THE CHAIRMAN'S STATEMENT

continued

During a year when unusually warm temperatures affected hot beverage consumption in Europe, Twinings increased its market share in most European countries as well as in the important North American and Australasian markets. Continued investment in brand advertising, combined with good U.S. manufacturing efficiencies, lifted profits in North America whilst our European distribution companies, assisted by weakening levels of sterling, also reported increased earnings.

In the home market Twinings launched further new products into the speciality tea market and achieved increases of 30 per cent. in the sale of herbal tea products, a rapidly developing market sector.

In Northern Ireland a programme to completely re-equip our factory was commenced.

In January the acquisition was made of "Jackson's of Piccadilly". This old established tea company operates in many of the same markets as Twinings but with an emphasis on specialised and gift-packed products. The company is now being re-organised and integrated into the Twining group and will be developed as a complementary brand to Twinings on an international basis.

Canning

Our factories at King's Lynn and Brechin experienced a difficult trading year combining a margin squeeze in key product areas with a fall off in consumer demand for canned vegetables due to continuing mild weather.

At both sites major capital expenditure programmes have been maintained to further reduce manufacturing cost at King's Lynn and support new product development. At Brechin major developments were also completed including the transfer of the company's enlarged range of "Ready Meals" to a new purpose-built factory on an adjacent site.

Fats

Rowallan, our company producing margarine and shortenings, suffered for most of the year from pressure on margins both in bakery fats and retail products as others in the industry attempted to increase market share through lower prices. Although our company was unable to meet budgeted levels of profitability sales volumes were

well maintained and our position as a speciality producer in the industry further enhanced. Raw material prices during the year caused some concern and were difficult to predict. At present these are being led by foreign exchange considerations which add to the difficulties of forward buying.

Ice cream

The summer of 1989 was the best for many years with ice cream sales showing an 8 per cent. increase for the year. In spite of this growth in volume, the excess capacity in the industry remained and during a period of continually rising costs, price cutting destroyed slender margins as manufacturers sought, through increases in sales volumes, to improve their position.

Our company, enjoying as it does a larger percentage of trade than most in the sale of specialty products, suffered less than others, but with profits well below budgeted levels.

Since the new year very determined efforts have been made to re-establish industry profitability and price increase implemented by many manufacturers which hopefully will put the industry ahead of cost inflation for the first time in several years.

Yeast and food products

Mauri Products on Humberside reported good sales and profit growth for the year and widened its customer range in the baking and distilling industries. New strains of yeast continue to be developed for specialty use whilst already over 70 per cent. of yeast sales to Allied Bakeries are now in bulk liquid form. Through the use of yeast in liquid form savings both in the costs of manufacture and at bakery level can be achieved.

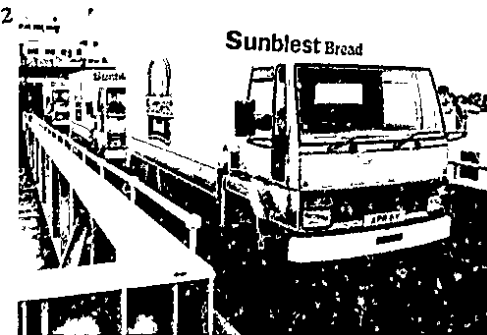
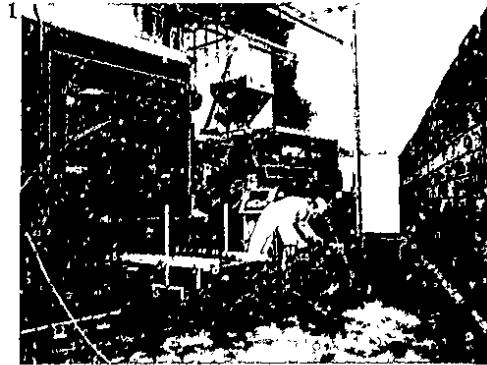
AB Technology and AB Ingredients, now known collectively as the Abitec group, have enjoyed a good year with improved profitability and expansion of sales both in this country and overseas. AB Technology is now the leader in the manufacture of bakery emulsifiers in this country and enjoys substantial export business to food manufacturing companies in other EEC countries.

Retail

Stewarts and Crazy Prices, the largest food retailers in Northern Ireland, have for many years consistently produced impressive sales and profit



4



AB Technology at Northampton (1) not only manufactures plastic bread trays, but also recycles damaged trays.

Wilsdons of Solihull (2) manufacture lorry bodies for Allied Bakeries, as well as for a wide range of other customers.

Our leading bread brands (4 and 5) are distributed to the wholesale supermarket trade, whilst many of our own bakery shops (3) bake their own requirements on site.



THE CHAIRMAN'S STATEMENT

continued

growth, whilst increasing market share. Profits in 1988/89 were outstandingly good. Early in 1989/90 it was apparent that sales volumes, in a static marketplace, were not going to be sufficient to maintain this level of profitability or contain unavoidable rising wage and cost inflation.

With in-store scanning programmes virtually complete and producing tangible operating benefits and administrative cost savings from technological investment emerging, the group was well placed to strategically re-position its trading profile. An aggressive Lower Price Campaign was launched to achieve long-term sales gains. This has been successful with sales exceeding budget, and continuing to grow. The cost of this activity resulted in profits being some 50 per cent. below the previous record year, but it is confidently anticipated that a significant increase in earnings growth will be resumed this year and trading so far indicates this will be achieved.

During the year a major chilled foods distribution centre was opened and work has commenced on a meat processing and fruit and vegetable packing factory.

Stewarts now operate 38 off-licences in Ulster and is clear leader in sales of wine and spirits in the province, six having been opened during the year.

Quinnsworth, in the Republic of Ireland, once again achieved record sales and profits. Market share was gained in a highly competitive environment and the prospects for the coming year remain good.

Capital expenditure throughout the year has been largely confined to upgrading our existing assets to higher specifications and standards although one major new store was opened in Limerick. Work continues on a large new development at Tallaght close to Dublin, and on the introduction of scanning equipment to all stores by the summer of 1990.

Several initiatives have been taken on environmental issues and the company strongly supports national can reclamation programmes and bottle recycling projects. All new refrigeration installations use R22 gases which are environmentally friendly and pioneering work using computer based programmes to reduce all levels of refrigerant needed in plant rooms is progressing.

Penneys, our company's retail textile operation operating under the Primark name in this country, has produced an excellent increase in profits in contrast to other High Street retailers. Furthermore, it is anticipated that the next year will see further major growth in Eire.

A major refit was completed in Cork, and the store at Dun Laoghaire was rebuilt following a serious fire.

Primark, in the United Kingdom, produced comparable results with a particularly fine result from our new store in Cardiff.

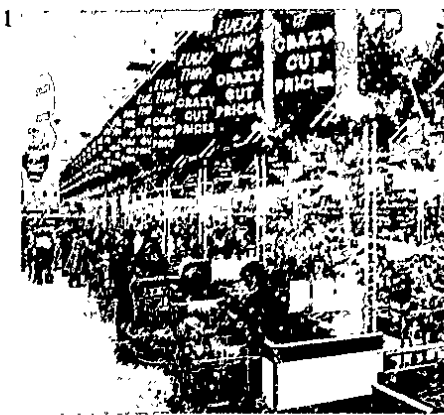
Australia and New Zealand

Satisfactory sales growth and good profit improvement have both been achieved by George Weston Foods, our Australian subsidiary company. Sales turnover in local currencies increased by 7.7 per cent. to over A\$862 million, whilst operating profit before abnormal items rose by 14.2 per cent. Earnings per share showed an improvement of 13.6 per cent. over last year.

These very satisfactory results from our Australian and New Zealand companies disguise some of the difficulties encountered during the year, in particular those resulting from the impact of Government action affecting our operations in the milling and baking industries.

After decades of close regulation on baking hours in New South Wales, complete deregulation was achieved during the year. This has resulted in the closure of two of our companies, four bakeries in the Sydney metropolitan area and a move to two-shift operations in remaining plants. The long term effect of this improved use of assets will undoubtedly benefit the industry and customers alike – but such a radical change in our industry's method of operation brought with it, not only assets write-off and redundancy payments, but re-organisation costs which continue to be felt in the current year.

In South Australia a major new bakery was opened in Adelaide to replace three existing manufacturing locations, and we look forward to the contribution that this most modern and cost efficient operation will make to our bakery division.



Our group is completed by our overseas interests.

Quinnsworth and Crazy Prices (1 and 2) are the leading supermarket chains in Ireland; Tip Top bread (3 and 4) is the market leader in many areas of Australia – this bakery is in New South Wales; whilst Penneys and Primark (5) sell textiles in the Republic of Ireland and the United Kingdom respectively.



THE CHAIRMAN'S STATEMENT

continued

Our mills, during the year, increased sales and improved the division's profit contribution. Work commenced to modernise and enlarge our flour mill at Northam in Western Australia that will enable our company to consolidate production on one site and reduce production costs in some six months' time.

The Australia Government's deregulation of the wheat industry has, for the first time in many years, allowed millers to purchase grain direct from farmers. This change has been welcomed by the industry as allowing more flexibility and choice, although as the majority of wheat storage facilities are owned by the Wheat Board, we see that organisation continuing to serve as our major supplier.

The company's Stockford operation performed satisfactorily although operations in Western Australia were adversely affected by the decline of live sheep exports to the Middle East.

Cereform, our company's ingredient business, continued its growth during the year both in Australia and in export markets, as did New Food Coatings, our company manufacturing bread and specialised bread crumb and batter coatings for the food industry.

Our Biscuit, Cake and Pastry division again improved performance. This division's programme of continued investment to reduce cost was maintained during the year resulting in further productivity gains. Sales of Gartrell White Tip Top Cake, the market leader in Australia, continued to grow, consolidating the position following the company's return to profitability the previous year. Our company's meat and dairy division performed

well during the year achieving record sales and profit figures. Watsonian continues to maintain its strong position in Western Australia, whilst our Chapmans brand, in South Australia and Huttons in Victoria also continued to improve their sales penetration of those markets.

The Adhesive and Starch divisions also achieved budgets with improved sales penetration into new market segments in both home and export markets; these include the use of epoxy resins, hot melt adhesives and more conventional starch based products for use in widely diverse industries such as engineering, labelling, laminating and the motor industry.

Profits for New Zealand showed satisfactory growth in a competitive environment. In our bakeries, costs have been contained, bread awareness improved, whilst success has also been achieved through the launch of new multigrain and whole grain breads to the health conscious consumer market.

Both our Auckland and Wellington flour mills performed well despite some attempt at penetration of the New Zealand market by Australian millers.

Interest rates fell in New Zealand during the year and our company's level of debt has been substantially reduced.

Appreciation

Once again it gives me great pleasure to thank those who serve this company at home and overseas, and who by their dedication and skill made these results possible. In particular, I would like to express my appreciation to our management at every level for the support and the application of their skills and energies.

Associated British Foods Group
REPORT OF THE DIRECTORS

The directors submit to the members their fifty fifth annual report together with the accounts of the company for the year ended 31 March 1990.

Profits and dividends

The group profit and loss account for the year is on page 16. Profit on ordinary activities attributable to the company amounted to £187.6 million and the dividends to £49.3 million. The transfer to reserves, after an extraordinary credit of £79.6 million, totalled £217.9 million. Details of dividends are shown in note 9 on page 20.

Review of Activities

There has been no significant change to the activities of the group which principally concern the manufacture of food in the United Kingdom, Australia and other European countries. A review of the development of the business during the year and comments on the future outlook are contained within the Chairman's statement on pages 3 to 12.

Changes in Assets

£146 million has been invested in fixed tangible assets during the year. After charging depreciation of £71 million the net increase in fixed tangible assets is £73 million.

There has been no recent independent valuation of the group's properties. The properties are employed in the business and many of them were acquired when the pound had considerably greater value than at present and market values were substantially lower. The directors consider that a surplus over book value exists but they are unable to quantify the excess.

Share and Loan Capital

At the annual general meeting held on 23 June 1989 power was given to the directors to issue shares in the company for cash. This power expires on the day of the annual general meeting of the company to be held in 1990. No such shares have been issued to date.

A resolution to renew this power will be placed before the annual general meeting to be held on 22 June 1990, and the full legal notice is set out in the Notice of Meeting on page 30.

Under the company's Share Option Scheme established in 1984, options have been granted over 855,000 shares during the year. At 31 March 1990 the total number of shares outstanding under option is 1,841,500. During the year 1,295,500 ordinary shares of 5p each were allotted in accordance with the rules of the Scheme.

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 company is committed to employee involvement and participation.

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 the 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

Weston Research Laboratories Limited, in partnership with the trading companies, continuously provide a service in developing existing products, researching new products and maintaining standards. Similar facilities also exist overseas.

United Kingdom Charitable and Political Contributions

Contributions to charitable organisations totalled £0.1 million (1989 - £0.1 million). No contributions were made to political organisations (1989 - nil).

Directors

A list of the directors of the company appears on page 2 and a schedule of their interests in the shares and loan stocks of the group appears on page 32.

Mr W. Monaghan retired from the board on 31 March 1990.

Mr D.J. Tidey was appointed to the board on 20 April 1990. In accordance with the Articles of Association he now retires and, being eligible, offers himself for re-election.

In accordance with the Articles of Association, Mr H.W. Bailey and Mr P. L. Donovan retire from the board by rotation and, being eligible, offer themselves for re-election.

Other than as disclosed in the accounts 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 the company's business.

By order of the board
T. H. M. Shaw Secretary

21 May 1990

Associated British Foods Group

ACCOUNTING POLICIES

Basis of consolidation

These accounts have been prepared in accordance with Sections 228 and 230 of, and Schedule 4 to, the Companies Act 1985, and under the historical cost convention as modified by the revaluation of certain assets.

The consolidated profit and loss account includes the results of new subsidiaries attributable to the period since acquisition. The excess of the purchase price of new subsidiaries over the value of net tangible assets acquired is written off against reserves in the year of acquisition. Properties owned by new subsidiaries are included at the cost to the group based on valuations at the dates of acquisition and were included in the purchase considerations at those valuations. The accounts of the company and its subsidiaries are made up for the 52 week period ended on the Saturday nearest 31 March except for the accounts of the Australian and New Zealand subsidiaries which are made up to 31 January to avoid delay in the preparation of the consolidated accounts.

Associated companies

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

Depreciation

Depreciation, calculated on cost or on valuation, is provided on a straight line basis 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	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.

Stocks

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

Current asset investments

Equity investments are stated in the balance sheet at the lower of cost and market value. Other current asset investments are stated at market value including accrued income.

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.

Foreign currencies

The results of overseas subsidiaries and assets and liabilities overseas are converted into sterling at the rates of exchange ruling at 31 March 1990. Exchange differences arising on consolidation are taken direct to reserves. Other exchange differences are dealt with as part of trading profits.

Pensions

The group has established separately funded pension 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 service lives of employees. Any difference between the charge for pensions and total contributions is included within pension provisions or debtors as appropriate.

Associated British Foods Group

SOURCE AND APPLICATION OF FUNDS

5 Years 1986- 1990 £ million		1986 £ million	1987 £ million	1988 £ million	1989 £ million	1990 £ million
	Source of funds					
1,085	Profit before tax	163	191	210	237	284
299	Depreciation	62	51	55	60	71
76	Sale of fixed assets	21	10	16	14	15
552	Disposal of subsidiaries	—	552	—	—	—
385	Equity Investments	3	—	12	57	313
150	New shares - Associated British Foods plc	—	148	—	—	2
2,547		<u>249</u>	<u>952</u>	<u>293</u>	<u>368</u>	<u>685</u>
	Application of funds					
	Increase/(decrease) in working capital					
65	Stocks	32	(13)	36	(12)	22
57	Debtors	16	(2)	11	13	19
(62)	Creditors	(9)	(11)	(32)	(5)	(5)
60		<u>39</u>	<u>(26)</u>	<u>15</u>	<u>(4)</u>	<u>36</u>
658	Purchase of fixed assets	137	123	120	132	146
28	New subsidiaries	—	—	17	5	6
509	Equity Investments	—	326	159	24	—
314	Tax payments	46	54	64	70	80
7	Dividends paid to minorities	1	1	2	1	2
164	Dividends of Associated British Foods plc	22	25	34	39	44
1,740		<u>245</u>	<u>503</u>	<u>411</u>	<u>267</u>	<u>314</u>
	Increase/(decrease) in liquid funds less borrowings					
	Cash and non equity current asset					
782	Investments less short term borrowings	—	442	(129)	98	371
25	Long and medium term borrowings	4	7	11	3	—
807		<u>4</u>	<u>449</u>	<u>(118)</u>	<u>101</u>	<u>371</u>

Associated British Foods Group

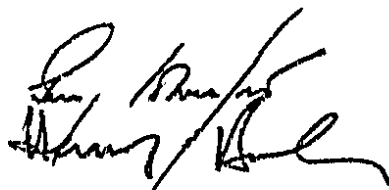
CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	For the year ended 31 March 1990 £ million	For the year ended 1 April 1989 £ million
Turnover	1	2,774.7	2,496.4
Trading surplus	2	159.3	151.8
Interest payable	3	7.0	6.9
Group profit		152.3	144.9
Investment income	6	131.5	92.2
Profit on ordinary activities before taxation		283.8	237.1
Taxation on profit on ordinary activities	7	90.7	72.2
Profit on ordinary activities after taxation		193.1	164.9
Minority interests		5.5	4.5
Profit on ordinary activities attributable to the company		187.6	160.4
Extraordinary items	8	79.6	35.8
Profit for the financial year		267.2	196.2
Dividends of Associated British Foods plc	9	49.3	41.6
Retained profits	21	217.9	154.6
Earnings per share	10	41.9p	35.9p
Reserves	21		
Previous balances		1,679.1	1,508.3
Retained profits		217.9	154.6
Other movements on reserves		4.6	16.2
Balances		1,901.6	1,679.1

Associated British Foods Group
CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 1990 £ million	As at 1 April 1989 £ million
Fixed assets			
Tangible assets	11	729.3	655.8
Investments	13	134.6	135.2
		<u>863.9</u>	<u>791.0</u>
Current assets			
Stocks	14	242.7	214.6
Debtors	15	244.9	225.1
Investments	16	1,066.3	931.0
Cash at bank and in hand		67.7	55.2
		<u>1,621.6</u>	<u>1,425.9</u>
Creditors amounts falling due within one year	17	487.9	460.6
Net current assets		<u>1,133.7</u>	<u>965.3</u>
Total assets less current liabilities		<u>1,957.6</u>	<u>1,756.3</u>
Creditors amounts falling due after one year	17	18.6	15.9
Provision for liabilities and charges	19	21.8	7.1
		<u>1,957.2</u>	<u>1,733.3</u>
Capital and reserves			
Called up share capital	20	23.4	23.3
Share premium account	21	187.4	185.2
Revaluation reserve	21	13.9	14.6
Other reserves	21	1.9	1.6
Profit and loss account	21	1,698.4	1,477.7
		<u>1,925.0</u>	<u>1,702.4</u>
Minority interests in subsidiaries		32.2	30.9
		<u>1,957.2</u>	<u>1,733.3</u>

Garry H. Weston Director
Harold W. Bailey Director
21 May 1990



Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS

		1990 £ million	1989 £ million
1	Analysis of turnover and profit on ordinary activities		
	Turnover		
	United Kingdom - Manufacturing	1,412	1,314
	Retail	318	296
		<u>1,730</u>	<u>1,610</u>
	Overseas - Australia and New Zealand	397	388
	Others, mainly Europe	648	498
		<u>1,045</u>	<u>886</u>
		<u>2,775</u>	<u>2,496</u>
	Profit on Ordinary Activities		
	United Kingdom - Manufacturing	80.9	78.2
	Retail	8.5	15.8
		<u>89.4</u>	<u>94.0</u>
	Overseas - Australia and New Zealand	34.5	29.9
	Others, mainly Europe	32.9	23.1
	Investment income net of interest payable	(6.6)	(3.8)
		<u>60.8</u>	<u>49.2</u>
	Investment income less interest payable and central charges	133.6	93.9
		<u>283.8</u>	<u>237.1</u>
2	Trading surplus	1990 £ million	1989 £ million
	Sales to customers	2,774.7	2,496.4
	Cost of sales	2,031.4	1,816.9
	Gross profit	<u>743.3</u>	<u>679.5</u>
	Distribution costs	450.6	408.0
	Administrative expenses	133.4	119.7
	Trading surplus	<u>159.3</u>	<u>151.8</u>
	Trading surplus is stated after charging:		
	Staff costs	500.9	462.4
	Depreciation of fixed tangible assets	70.6	60.3
	Hire of plant and machinery	1.4	1.5
	Rentals payable under property leases	18.0	17.1
	Auditors' remuneration	1.7	1.5
3	Interest payable	1990 £ million	1989 £ million
	Loans not wholly repayable within five years	0.5	0.7
	Other loans	6.5	6.2
		<u>7.0</u>	<u>6.9</u>

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

4 Directors and employees

Average number of employees		1990	1989
United Kingdom	Manufacturing	32,571	33,349
	Retail	6,172	5,907
Overseas -	Australia and New Zealand	6,970	7,018
	Others, mainly Europe	6,632	6,750
		<u>52,345</u>	<u>53,024</u>

Staff costs		1990 £ million	1989 £ million
wages and salaries social security costs other pension costs		463.5	429.2
		33.4	29.5
		4.6	3.7
		<u>500.9</u>	<u>462.4</u>

Directors' emoluments		1990 £000	1989 £000
Chairman, Highest paid director (1989 - Chairman) Other directors Past directors' pensions		129	103
		135	—
		374	346
		16	23
		<u>654</u>	<u>472</u>

Emoluments of United Kingdom directors and employees

	Directors		Employees over £30,000	
	1990	1989	1990	1989
Those earning between — £20,001-£25,000	—	1	—	—
£30,001-£35,000	—	—	89	53
£35,001-£40,000	—	—	43	25
£40,001-£45,000	—	—	23	14
£45,001-£50,000	—	—	11	9
£50,001-£55,000	—	—	14	9
£55,001-£60,000	—	—	9	4
£60,001-£65,000	—	—	2	1
£65,001-£70,000	—	—	3	—
£75,001-£80,000	—	3	—	—
£85,001-£90,000	1	1	—	—
£90,001-£95,000	2	—	—	—
£100,001-£105,000	1	1	—	—
£125,001-£130,000	1	—	—	—
£135,000-£140,000	1	—	—	—

5 Pension costs

The group operates pension schemes throughout the world, the majority of which are of the defined benefit type. The pension cost charge for the period was £4.0 million (1989 £3.7 million) and this relates principally to schemes outside the UK.

The main UK Scheme provides benefits based on final pensionable earnings. Any pension cost in the United Kingdom is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. At 5 April 1987, the date of the last actuarial valuation, it was assumed that the investment return would be 8.5 per cent. per annum, that salary increases would average 7 per cent. per annum and dividends would increase by 3.5 per cent. per annum.

At 5 April 1987 the market value of this Scheme's assets was £470 million and the actuarial value of these assets represented 132 per cent. of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The group also operates pension schemes in Ireland, Australia and New Zealand. The charge in the accounts is that which has been recommended by a qualified local actuary.

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

	1990 £ million	1989 £ million
6 Investment income		
Dividend income		
Berisford International plc	9.2	9.4
The Gateway Corporation PLC	-	16.2
Other current asset equity investments	3.5	2.7
- Associated companies	1.3	0.3
Interest and appreciation in market value from current asset investments		
- listed	5.3	6.9
- unlisted	111.9	51.0
Profit on sale of current asset equity investments	0.3	5.7
	<u>131.5</u>	<u>92.2</u>
7 Tax on profit on ordinary activities		
The charge for the year is as follows:		
United Kingdom - Corporation tax at 35 per cent.	47.8	39.0
Tax on franked investment income	3.2	7.0
Deferred tax	3.1	(1.3)
Overseas		
Income tax	35.1	26.8
Deferred tax	1.5	0.7
	<u>90.7</u>	<u>72.2</u>
8 Extraordinary items		
Profit - less losses on sales of investments	0.6	52.1
Surplus on sale (1989: adjustment to valuation) of investment in The Gateway Corporation PLC	89.1	(9.5)
Provision for closure and disposal costs associated with planned withdrawal from certain non-core activities	(14.0)	-
	<u>75.7</u>	<u>42.6</u>
Tax on extraordinary items	3.9	(6.8)
	<u>79.6</u>	<u>35.8</u>

No tax arises on the surplus on the sale of the investment in The Gateway Corporation PLC. The investment was written down to the market value at 1 April 1989.

	1990 £ million	1989 £ million
9 Dividends of Associated British Foods plc		
Ordinary dividends		
First interim dividend of 3.3p per share (1989 = 2.8p) which together with the associated tax credit is equivalent to 4.4p per share (1989 = 3.73p)	14.7	12.5
Second interim dividend of 7.7p per share (1989 = 6.5p) which together with the associated tax credit is equivalent to 10.27p per share (1989 = 8.67p)	34.6	29.1
	<u>49.3</u>	<u>41.6</u>

The first interim dividend was paid in March 1990

The second interim dividend will be paid in September 1990

In addition, preference dividends of £40,000 (1989 £40,000) were paid in the year.

10 Earnings per ordinary share

The calculation is based on available profit of £187.6 million (1989 £160.4 million) before extraordinary items and 447.3 million shares (1989 446.9 million) being the average number of ordinary shares in issue during the year.

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

	Total £ million	Land & buildings £ million	Plant & machinery £ million	Fixtures & fittings £ million	Payments on account £ million
11 Fixed tangible assets					
Cost or valuation at 1 April 1989	1,046.7	259.6	556.9	163.5	66.7
Effect of currency changes	14.5	8.9	(5.1)	10.7	—
Amounts added on acquisition of subsidiaries	1.6	0.3	1.2	0.1	—
Additions at cost	145.9	34.1	101.8	36.8	(26.8)
Disposals at cost or valuation	(36.2)	(6.1)	(22.3)	(7.8)	—
Cost or valuation at 31 March 1990	1,172.5	296.8	632.5	203.3	39.9
Depreciation at 1 April 1989	390.9	33.7	282.7	74.5	—
Effect of currency changes	2.2	0.7	(2.7)	4.2	—
Amounts added on acquisition of subsidiaries	0.7	—	0.6	0.1	—
Provided during year	70.6	4.8	47.5	18.3	—
On disposals	(21.2)	(0.7)	(15.6)	(4.9)	—
Depreciation at 31 March 1990	443.2	38.5	312.5	92.2	—
Net book values at 31 March 1990	729.3	258.3	320.0	111.1	39.9
1 April 1989	655.8	225.9	274.2	89.0	66.7

	1990 £ million	1989 £ million
Analysis of land and buildings at net book value		
Freehold	220.0	192.6
Long leasehold	32.3	29.5
Short leasehold	6.0	3.8
	258.3	225.9
Details of revalued land and buildings		
Valuation in 1956-57	3.7	3.8
1981-82	21.4	22.8
	25.1	26.6
Depreciation to date	4.4	4.2
Net book value	20.7	22.4
Historical cost	14.0	14.8
Depreciation to date based on cost	4.7	4.7
Historical cost net book value	9.3	10.1

12 Commitments

There are commitments for capital expenditure by the group of approximately £27 million (1989 - £27 million) for which no provision has been made in these accounts. The directors have approved further capital expenditure of approximately £35 million (1989 - £29 million) on which there are no commitments.

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

	Total £ million	Associated companies £ million	Other investments £ million
13 Fixed asset investment			
Shares at 1 April 1989	134.2	1.2	133.0
Effect of currency changes	(0.1)	(0.1)	—
Additions	0.1	—	0.1
	134.2	1.1	133.1
Disposals	(0.9)	(0.1)	(0.8)
at 31 March 1990	133.3	1.0	132.3
Loans at 1 April 1989	1.0	0.8	0.2
Advances	0.4	0.4	—
Repayments	(0.1)	(0.1)	—
at 31 March 1990	1.3	1.1	0.2
Total shares and loans			
Net book value — Group	2.4	2.1	0.3
Company	132.2	—	132.2
31 March 1990	134.6	2.1	132.5
Group	2.3	2.0	0.3
Company	132.9	—	132.9
1 April 1989	135.2	2.0	133.2

All investments are stated at cost. Of the other investments, £132.2 million (1989 - £132.9 million) represents the investment in Berisford International plc, the market value of which was £154.9 million (1989 - £173.7 million).

Details of the principal associated companies and other investments are given on page 28.

	1990 £ million	1989 £ million
14 Stocks		
Raw materials and consumables	104.5	106.2
Finished goods and goods for resale	138.2	108.4
	242.7	214.6

	Company		Group	
	1990 £ million	1989 £ million	1990 £ million	1989 £ million
15 Debtors				
Trade debtors	—	—	199.7	186.3
Amounts owed by subsidiaries	363.2	332.3	—	—
Other debtors	3.2	4.4	23.6	20.2
Prepayments and accrued income	5.1	5.2	21.6	18.6
	371.5	341.9	244.9	225.1

	Company		Group	
	1990 £ million	1989 £ million	1990 £ million	1989 £ million
16 Current asset investments				
Listed on a recognised stock exchange				
Ordinary shares of The Gateway Corporation PLC	—	221.4	—	221.4
Other equity investments	—	—	58.6	60.0
Other listed investments	5.1	—	123.2	138.4
Unlisted investments	352.4	36.1	884.5	511.2
	357.5	257.5	1,066.3	931.0

The shares in The Gateway Corporation PLC were disposed of in June 1989. The market value of the group's other equity investments was £63.4 million (1989 - £67.5 million). Other listed and unlisted investments comprise interest bearing instruments and deposits.

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

	Company		Group	
	1990 £ million	1989 £ million	1990 £ million	1989 £ million
17 Creditors				
Amounts falling due within one year				
Loans (see note 18)	15.3	25.8	41.7	41.2
Trade creditors	—	—	195.2	175.3
Taxation on profits	10.7	7.3	96.5	92.6
Other taxation and social security	0.4	0.3	13.9	13.6
Accruals and deferred income	0.3	1.1	106.0	108.8
Dividends	34.6	29.1	34.6	29.1
Amounts owed to subsidiaries	97.4	56.2	—	—
	<u>158.7</u>	<u>119.8</u>	<u>487.9</u>	<u>460.6</u>
Amounts falling due after one year				
Loans (see note 18)	7.4	7.4	9.2	9.3
Taxation on profits	—	—	9.4	6.6
	<u>7.4</u>	<u>7.4</u>	<u>18.6</u>	<u>15.9</u>
18 Loans				
Bank loans and overdrafts	15.3	25.8	40.8	33.2
Other loans				
Wholly repayable within five years	—	—	2.7	7.9
Secured loans	—	—	2.7	7.9
Wholly repayable after five years				
5½% unsecured loan stock 1987/2002	2.3	2.3	2.3	2.3
7½% unsecured loan stock 1987/2002	5.1	5.1	5.1	5.1
	<u>7.4</u>	<u>7.4</u>	<u>7.4</u>	<u>7.4</u>
Repayable by instalments wholly or partly after five years				
Secured loans	—	—	—	2.0
Total loans	<u>22.7</u>	<u>33.2</u>	<u>50.9</u>	<u>50.5</u>
Creditors analysis (see note 17)				
Repayable:				
in one year or less	15.3	25.8	40.8	33.2
bank loans and overdrafts	—	—	0.9	8.0
other loans	15.3	25.8	41.7	41.2
beyond one year				
between one and two years	—	—	0.2	0.2
between two and five years	—	—	1.6	0.4
in more than five years	7.4	7.4	7.4	8.7
	<u>7.4</u>	<u>7.4</u>	<u>9.2</u>	<u>9.3</u>

Associated British Foods Group

NOTES FORMING PART OF THE ACCOUNTS
continued

19 Provisions for liabilities and charges

	Total £ million	Deferred tax £ million	Other Provisions £ million
At 1 April 1989	7.1	7.1	—
Charge (credit) : ordinary activities	4.6	4.6	—
extraordinary items	10.1	(3.9)	14.0
At 31 March 1990	21.9	7.8	14.0

The provision for deferred tax is in respect of accelerated capital allowances less other timing differences to the extent that a liability is anticipated. The full potential liability at 31 March 1990 was £63 million (1989 - £60 million). No provision has been made in these accounts for the additional tax which would be payable on the remittance to this country of the group's share of profits retained by overseas subsidiaries.

Other provisions represent provision for closure and disposal costs associated with planned withdrawal from certain non-core trading activities.

The provision in the Company of £5.7 million (1989 - nil) represented deferred tax on short-term timing differences.

20 Share capital of Associated British Foods plc

	1990 £ million	1989 £ million
Authorised		
4.2% cumulative preference shares of £1	2.4	2.4
Ordinary shares of 5p	29.6	29.6
	32.0	32.0
Allocated and fully paid		
4.2% cumulative preference shares of £1	1.0	1.0
Ordinary shares of 5p	22.4	22.3
	23.4	23.3

Details of shares issued during the year are given in the Report of the Directors on page 13.

The following share options granted to executives are outstanding:

	Date granted	No. of shares	Price per share	Date exercisable
	1984/85	399,500	£1.74p	1989/94
	1986/87	127,000	£2.91p	1991/96
	1987/88	225,000	£3.73p	1992/97
	1987/88	235,000	£3.03p	1992/97
	1989/90	855,000	£3.50p	1994/99
	Share premium account £ million	Revaluation reserve £ million	Other reserves £ million	Profit & loss account £ million
21 Reserves				
At 1 April 1989	185.2	14.6	1.6	1477.7
Effect of currency changes	—	(0.7)	0.3	7.8
From profits of the year : company	—	—	—	78.9
subsidiaries	—	—	—	139.0
(Goodwill written off	—	—	—	(5.0)
Ordinary share issue	2.2	—	—	—
At 31 March 1990	187.4	13.9	1.9	1,698.4
Which have been dealt with as follows : -				
in Associated British Foods plc	187.4	—	—	518.9
in subsidiaries	—	13.9	1.9	1,179.5
	187.4	13.9	1.9	1,698.4

Under Section 228(7) of the Companies Act, 1985, no profit and loss account has been presented for the company.

NOTES FORMING PART OF THE ACCOUNTS

continued

- 22 Goodwill**
During the year the group acquired several small businesses for £6.0 million. The book value of the net tangible assets acquired and their fair value was minimal. Consequently £5.0 million representing goodwill on acquisition has been written off to reserves.

- 23 Contingent liabilities**
Associated British Foods plc has guaranteed overdrafts and other liabilities of certain subsidiaries, the amount outstanding at 31 March 1990 being £12.9 million (1989 - £11.8 million).
Litigation and other proceedings against companies in the group are not considered material in the context of these accounts.
Subsidiaries have guarantees outstanding amounting to £0.3 million (1989 - £1.1 million).

- 24 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	2.4	6.9	11.0	20.3
Other	0.4	0.9	0.1	1.4
at 31 March 1990	2.8	7.8	11.1	21.7
Land and buildings	2.2	6.0	11.3	19.5
Other	0.8	0.8	0.1	1.7
at 1 April 1989	3.0	6.8	11.4	21.2

25 Holding company and related information

The ultimate holding company of Associated British Foods plc is Wittington Investments Limited, which is incorporated in Great Britain and registered in England. At 31 March 1990 Wittington Investments Limited held through subsidiary companies 281,998,889 ordinary shares representing in aggregate 63% of the total issued ordinary share capital of Associated British Foods plc. These shares are held through George Weston Holdings Limited which is the immediate holding company. Details of directors' interests in these companies are given on page 32. The directors are advised that at 31 March 1990 the company was not a close company as defined in the Income and Corporation Taxes Act 1988.

George Weston Holdings Limited made a management charge of £0.3 million (1989 - £0.3 million) principally in respect of directors and staff paid by them. Charges made by the company and its subsidiaries for services provided to George Weston Holdings Limited amounted to £0.1 million (1989 - £0.1 million).

Sales on normal trading terms of £0.4 million (1989 - £0.5 million) were made to subsidiaries of George Weston Limited, a Canadian listed company in which Mr W. G. Galen Weston has a controlling interest.

26 Shares in group companies

£ million

At 31 March 1990 and 1 April 1989

18.0

Investments in subsidiaries are shown at cost less amounts written off. A list of the principal trading subsidiaries is given on pages 27 and 28. Except where noted, none of the companies shown on those pages is a direct subsidiary of Associated British Foods plc. The holding company structure is complicated and does not necessarily reflect the management grouping in which the companies are listed.

The entire share capitals of the companies listed are held within the group except where percentages are shown. These percentages give the group's ultimate interest and therefore allow for the position where sub-subsidiaries are owned by partly owned intermediate subsidiaries. The accounts of subsidiaries representing approximately 40% of the group assets have been audited by firms other than the parent company auditors and their associates.

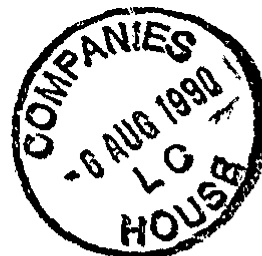
Associated British Foods plc

BALANCE SHEET

	Note	As at 31 March 1990 £ million	As at 1 April 1989 £ million
Fixed assets			
Investments	13	132.2	132.9
Shares in group companies	26	18.0	18.0
		<u>150.2</u>	<u>150.9</u>
Current assets			
Debtors	15	371.5	341.9
Investments	16	357.5	257.5
Cash at bank and in hand		22.3	25.4
		<u>751.3</u>	<u>624.8</u>
Creditors amounts falling due within one year	17	158.7	119.8
Net current assets		<u>592.6</u>	<u>505.0</u>
Total assets less current liabilities		<u>742.8</u>	<u>655.9</u>
Creditors amounts falling due after one year	17	7.4	7.4
Provisions for liabilities and charges	19	5.7	—
		<u>729.7</u>	<u>648.5</u>
Capital and reserves			
Called up share capital	20	23.4	23.3
Share premium account	21	187.4	185.2
Profit and loss account	21	518.9	440.0
		<u>729.7</u>	<u>648.5</u>

Garry H. Weston Director
Harold W. Bailey Director
21 May 1990

Garry H. Weston
Harold W. Bailey



Associated British Foods Group

PRINCIPAL TRADING SUBSIDIARIES

Allied Bakeries Group
Principal trading names include: Sunblest; Vitbe; HiBran; The Bakers Oven; The Harvest Bakery; Speedibake

Allied Bakeries (N.I.) Limited¹
Sunblest Bakeries Limited

Belfast and Coleraine
Aberdeen, Bournemouth, Bradford, Brighton, Bristol,
Cardiff, Chester, Coventry, Dundee, Edinburgh,
Gateshead, Gillingham, Glasgow, Greenwich, Hayes,
Hednesford, Ipswich, Littleborough, Lytham St. Annes,
Newcastle-under-Lyme, Newcastle-upon-Tyne, Netherton,
Northampton, Norwich, Nottingham, Orpington,
Reading, Sheffield, Stevenage, Stockport, Twickenham,
Wakefield, Waltham Forest, West Bromwich

Allied Foods Group

Allied Foods Limited
Allied Frozen Foods
Anglia Canners
Silbury Frozen Foods
Nelsons of Aintree
Rowallan Creamery

Ashford, Bude, Devizes and Ivybridge
King's Lynn and Brechin
Calne
Aintree
Kilmarnock

Cereal Industries Group

ABR Foods Limited
Allied Grain Group

Allied-Love Adhesives Limited (89%)
Allied Mills Limited

Chancelot Mill Limited²
Cranfield Brothers Limited
Fishers Agricultural Holdings Limited
James Neill Limited¹
Mardorf, Peach & Co. Limited
Westmill Foods Limited
Westmill Packing

Corby
Berwick, Chippenham, Gloucester, Ipswich, Lincoln and
Turriff
Knottingley
Bishop's Stortford, Brighouse, Burscough, Corby,
Dartford, Gainsborough, Glasgow, Knottingley,
Liverpool, Rochford, Tewkesbury, Tilbury and Uxbridge
Leith
Ipswich
North Humberside
Belfast
Antwerp and London
London and Bishop's Stortford
Ely

George Weston Foods Group
(in which the group has an interest of 78%)

George Weston Foods Limited³
N. B. Love Industries Pty. Ltd.¹
Allied Foods Co. Limited⁴

Australia
Australia
New Zealand

Twining Crosfield Group

R. Twining and Company Limited
R. Twining & Co. Ltd.⁵
Foods International S.A.⁶
Grosvenor Marketing Limited⁷
Jacksons of Piccadilly Limited
Nameco Limited¹
Walter Williams & Co. (London) Limited (Pref. 56%)

Andover and Newcastle-upon-Tyne
Greensboro, North Carolina, USA
Paris, France
Paramus, New Jersey, USA
Wimborne and Ringwood
Belfast
London

Associated British Foods Group

PRINCIPAL TRADING SUBSIDIARIES

continued

Other Companies

AB Ingredients Limited (95%)
 AB Technology Limited
 Burton's Gold Medal Biscuits Limited
 Crazy Prices¹
 C.W.I.I. Limited⁸
 Eastbow Securities Limited
 Koters (Liverpool) Limited
 Lax and Shaw Limited
 Mauri Products Limited (50%)
 Power Supermarkets Limited⁹
 Primark Limited⁹
 Primark Stores Limited
 Provincial Merchants Limited
 The Ryvita Company Limited
 Stewarts Supermarkets Limited
 Serpentine Securities Limited* (Pref. nil)
 Walmsley Limited
 Weston Research Laboratories Limited
 Wilsdon & Company Limited

Northampton
 Northampton
 Blackpool, Cwmbran and Edinburgh
 Northern Ireland
 St. Helier
 London
 Maghull and Bootle
 Leeds
 Hull
 Republic of Ireland
 Republic of Ireland
 Great Britain and Northern Ireland
 London
 Poole and Stockport
 Northern Ireland
 London
 Bootle
 Maidenhead
 Solihull

With the exception of those marked as below all companies listed above on pages 27 and 28 are incorporated in Great Britain and registered in England:

*—direct subsidiary of Associated British Foods plc

¹—incorporated in Northern Ireland

²—registered in Scotland

³—incorporated in Australia

⁴—incorporated in New Zealand

⁵—incorporated in the State of North Carolina

⁶—incorporated in France

⁷—incorporated in the State of Delaware

⁸—incorporated in Jersey

⁹—incorporated in the Republic of Ireland

INVESTMENTS

Principal associated companies and other trade investments

	Total	Issued share capital	Group percentage
In Australia		A\$	
Wesfeeds Pty. Limited (A)	2,000,000		50
Wesmilk Pty. Limited (A)	500,000		50
In England		£	
Berisford International plc	48,369,000		23.2
In United States of America		\$	
Harper-Love Adhesives Corporation (A)	12,200		50

There are no related companies other than associated companies, which are marked (A).

Except where distinction is made the share capital is wholly equity capital.

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

The reserves of Berisford International plc at 30 September 1989 amounted to £386 million, and the profit after tax for the year ended on that date £75 million.

Associated British Foods plc
PROGRESS REPORT

1981 £m	Years ended Saturday nearest to 31 March	1986 £m	1987 £m	1988 £m	1989 £m	1990 £m
2,573.9	Sales	3,129.2	2,201.9	2,272.0	2,496.4	2,774.7
114.9	Profit before tax	163.5	190.5	210.4	237.1	283.8
67.2	Profit after tax and minorities	98.3	124.2	136.5	160.4	187.6
13.6	Ordinary dividends	24.3	31.6	37.1	41.6	49.3
53.4	Retained profits	87.5	419.8	71.8	154.6	217.9
634.4	Capital employed	979.8	1,572.1	1,578.6	1,756.3	1,997.6
460.5	Ordinary shareholders' funds	917.1	1,477.1	1,530.6	1,701.4	1,924.0
17.0p	Earnings per share	24.7p	30.3p	30.5p	35.9p	41.9

The figures above are taken from the published accounts.
The ABF Investments Group (principally Fine Fare) was sold on 27 June 1986.

REPORT OF THE AUDITORS

KPMG Peat Marwick McLintock

PO Box 486
1 Puddle Dock
Blackfriars
London
EC4V 3PD

Report of the Auditors to the members of Associated British Foods plc

We have audited the accounts on pages 14 to 28 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 March 1990 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

21 May 1990

KPMG Peat Marwick McLintock

Chartered Accountants

Associated British Foods plc
NOTICE OF MEETING

Notice is hereby given that the fifty fifth annual general meeting of the members of the company will be held at the Connaught Rooms Great Queen Street London WC2 at 11.00 a.m. on Friday, 22 June 1990.

- 1 To receive and consider the statement of accounts for the year ended 31 March 1990 and the reports of the directors and auditors thereon.
- 2 To re-elect Mr D. J. Tidey as a director.
- 3 To re-elect Mr. H. W. Bailey as a director.
- 4 To re-elect Mr. P. L. Donovan as a director.
- 5 To re-appoint KPMG Peat Marwick McLintock, the retiring auditors and to authorise the directors to fix their remuneration

As special business to consider and, if thought fit, pass the following Resolutions of which number 7 will be proposed as an ordinary resolution and numbers 6 and 8 will be proposed as Special Resolutions.

- 6 That the regulations contained in the printed document laid before this meeting and signed by the Chairman thereof for the purposes of identification, be adopted as the Articles of Association of the Company to the exclusion of the existing Articles of Association thereof.
- 7 That the board be and is hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to a maximum of 143,442,243 ordinary shares of 5p each during the period from the date of the passing of this Resolution up to and including 21 June 1995 on which date such authority will expire, provided that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- 8 That, subject to the passing of the preceding Resolution 7, the board be and is hereby empowered, pursuant to section 95 of the Companies Act 1985, to allot equity securities (within the meaning of section 94 of the said Act) for cash pursuant to the authority conferred by the preceding Resolution 7 as if subsection (1) of section 89 of the said Act did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with an issue in favour of ordinary shareholders where equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as can be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and
 - (b) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate of 22,410,993 ordinary shares of 5p each being approximately 5 per cent. of the number of the Company's ordinary shares in issue as at 31 March 1990.

and shall expire on the day of the annual general meeting of the company held in 1991, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the board

T. H. M. Shaw Secretary
Weston Centre Bowater House
68 Knightsbridge London SW1X 7LR
29 May 1990

Associated British Foods plc
NOTICE OF MEETING
continued

Notes

1. Resolution 5

On 1 January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution to reappoint as auditors KPMG Peat Marwick McLintock is being put to the shareholders at the annual general meeting.

2. Resolutions 6, 7 and 8

These proposals are explained in the accompanying Chairman's letter to shareholders.

3. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote, instead of him. A proxy need not be a member of the company.

4. This notice is sent to preference shareholders and unsecured loan stockholders for information only.

5. A copy of director's service contract which has more than one year unexpired will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the meeting and at the place of the meeting from 10.45 a.m. until the end of the meeting. Other than as stated, no director of the company has a contract of service with the company or with any of its subsidiaries which is not determinable within one year without payment of compensation.

Associated British Foods plc
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, its fellow subsidiaries and subsidiary companies.

	31 March 1990	2 April 1989
Garry H. Weston		
Wittington Investments Limited, ordinary shares of 50p	4,952	5,000
George Weston Holdings Limited, ordinary shares of 50p	56	192
Associated British Foods plc, ordinary shares of 5p	332,365	333,365
George Weston Foods Limited, ordinary shares of 5 cents	1,834	1,922
W. G. Galen Weston		
Wittington Investments Limited, ordinary shares of 50p	37,953	37,953
George Weston Holdings Limited, ordinary shares of 50p	12,498	12,498
Associated British Foods plc, ordinary shares of 5p	548,272	548,272
Patrick L. Donovan		
Associated British Foods plc, ordinary shares of 5p	12,210	12,210
5½% unsecured loan stock 1987/2002 50p units	1,391	1,391
7½% unsecured loan stock 1987/2002 50p units	6,567	6,564
Harold W. Bailey		
Associated British Foods plc, ordinary shares of 5p	68,055	33,055
Trevor H. M. Shaw		
Associated British Foods plc, ordinary shares of 5p	35,605	605

Share options

The following directors have been granted options to subscribe for ordinary shares of Associated British Foods plc under the Share Option Scheme:

	Options exercisable	Number of shares
Patrick L. Donovan	1989-1994	60,000
Harold W. Bailey	1992-1997	33,500
Trevor H. M. Shaw	1992-1997	25,000
Henry J. Jackson	1991-1999	100,000

Controlling interest

As explained in note 25 on page 25 the ultimate holding company of Associated British Foods plc is Wittington Investments Limited, which through George Weston Holdings Limited holds 63% of the total issued ordinary share capital. So far as is known no other person holds or is beneficially interested in more than 5% of the ordinary share or preference share capital.

Garry H. Weston has an interest, as defined in Schedule 13 of the Companies Act 1985, in Wittington Investments Limited which is a controlling interest.

Non-beneficial interests

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

1 Garry H. Weston and W. G. Galen Weston are trustees of a trust, in which they have no beneficial interest, which at 31 March 1990 held 448,775 ordinary shares of 50p (1989 - 448,775) in Wittington Investments Limited and 198,008 ordinary shares of 50p (1989 - 198,008) in George Weston Holdings Limited.

2 Harold W. Bailey and Garry H. Weston are trustees of a trust, in which they have no beneficial interest, which at 31 March 1990 held 750,000 ordinary shares of 5p (1989 - 750,000) in Associated British Foods plc.

Subsequent changes

The interests shown above remained the same at 13 May 1990.