

**ABF Ingredients Limited**

**Directors' report and financial  
statements**

**Registered number 482099**

**31 August 2013**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2013

### Principal activities

In the course of the year the principal activities were the provision of management services to companies within the ABF Ingredients group forming part of Associated British Foods plc and it is anticipated that this will continue to be the case

### Business review

The company is a wholly owned subsidiary of Associated British Foods plc

### Trading results and reserves

The loss on ordinary activities before taxation was £1,396,000 (2012 £744,000) After providing a tax credit of £124,000 (2012 £113,000) the company has reported a loss for the financial year of £1,272,000 (2012 £631,000) The directors do not propose a dividend for the period (2012 £nil)

### Directors

The directors who held office during the year were as follows

SJ Catling

RP Emmins (resigned 11<sup>th</sup> March 2013)

Paul Frampton (appointed 11<sup>th</sup> March 2013)

### United Kingdom charitable and political contributions

Contributions were made to charitable organisations during the year of £355 (2012 £1100)

### Creditor payment policy

It is the company's policy to agree terms of business with suppliers prior to the supply of goods and services In the absence of any dispute, the company pays in accordance with these terms

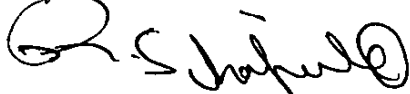
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office However, our auditors, KPMG Audit Plc, have instigated an orderly transfer of business to its parent company, KPMG LLP Therefore, during the 2013/14 year the board of ABF Ingredients Limited will appoint KPMG LLP as auditors

By order of the board



R Schofield  
Secretary

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

15 Canada Square  
London  
E14 5GL

**Independent auditor's report to the members of ABF Ingredients Limited**

We have audited the financial statements of ABF Ingredients Limited for the year ended 31 August 2013 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of ABF Ingredients Limited**  
*(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Nigel Harker (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

**15 Canada Square**  
**London**  
**E14 5GL**

**18 December 2013**

**Profit and loss account**  
*for the year ended 31 August 2013*

	<i>Note</i>	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Turnover	2	2,478	2,681
Cost of sales		(3,838)	(3,386)
<b>Gross (loss)</b>		<b>(1,360)</b>	<b>(705)</b>
Administrative expenses		-	-
<b>Operating (loss)</b>		<b>(1,360)</b>	<b>(705)</b>
Interest payable	3	(36)	(39)
<b>(Loss) on ordinary activities before taxation</b>	4	<b>(1,396)</b>	<b>(744)</b>
Tax on (loss) on ordinary activities	8	124	113
<b>(Loss) for the financial year</b>	<b>14,15</b>	<b>(1,272)</b>	<b>(631)</b>

The profit and loss account activities relate solely to continuing operations in the year

The notes on pages 7 to 17 form an integral part of these financial statements

There are no recognised gains and losses other than the result for the year. Accordingly, no statement of total recognised gains and losses has been prepared.

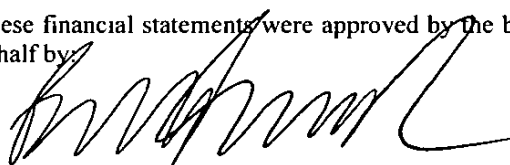
A reconciliation of movements in shareholders' funds is given in note 15

**Balance sheet**  
*as at 31 August 2013*

	<i>Note</i>	<b>31 August 2013</b>		<b>31 August 2012</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Fixed assets</b>					
Intangible assets	9		59		44
Tangible assets	10		60		153
			<u>119</u>		<u>197</u>
<b>Current assets</b>					
Debtors	11	1,379		935	
		<u>1,379</u>		<u>935</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(6,275)</u>		<u>(4,804)</u>	
<b>Net current (liabilities)</b>			<u>(4,896)</u>		<u>(3,869)</u>
<b>Total assets less current liabilities</b>			<u>(4,777)</u>		<u>(3,672)</u>
<b>Net (liabilities)</b>			<u>(4,777)</u>		<u>(3,672)</u>
<b>Capital and reserves</b>					
Called up share capital	13		87		87
Profit and loss account	14		<u>(4,864)</u>		<u>(3,759)</u>
<b>Shareholders' (deficit)</b>	15		<u>(4,777)</u>		<u>(3,672)</u>

The notes on pages 7 to 17 form an integral part of these financial statements

These financial statements were approved by the board of directors on 18<sup>th</sup> December 2013 and were signed on its behalf by:



**P. Frampton**  
*Director*  
Company number 482099



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom which have been applied consistently

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

As all of the company's voting rights are controlled within the group headed by ABF Investments plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Associated British Foods plc, within which this company is included, can be obtained from the address given in note 18.

#### *Preparation on a going concern basis*

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1.

The company is expected to continue to generate negative cash flows and hence to remain reliant on support from other group entities. These entities have committed to continuing to provide support for the foreseeable future. As a result, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of services to group companies during the year.

#### *Fixed assets and depreciation*

Depreciation, calculated on cost, is provided on a straight line basis over the anticipated life of the asset. The anticipated life of other assets is set out below.

Plant, machinery, fixtures and fittings	-	5 years
Vehicles	-	4 years

#### *Foreign currencies*

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

As the Group to which the company belongs has generated taxable profits in previous years, and is expected to generate taxable profits in the current financial year, the deferred tax asset, which relates to tax losses that will be group relieved against those profits, is considered by the directors to be recoverable.

It is the policy of the Group, to which the company belongs, to charge for tax losses surrendered by way of group relief at a rate of 23.58% (2012: 25.2%) of taxable profits.

The UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013, with further reductions to 21% and 20% due to take effect on 1 April 2014 and 1 April 2015 respectively. The legislation to effect these rate changes had been enacted before the balance sheet date.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets) acquired in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil over its estimated useful life.

#### *Pension costs*

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Share-based payments*

The Associated British Foods plc group operates a share incentive plan which allows employees to receive allocations of shares subject to the attainment of certain financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the company, with a corresponding increase in reserves. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

**Notes (continued)**

**2 Segment information**

The company has one class of business which is the supply of services to other entities in the ABF Ingredients division

The table below sets out turnover for each of the company's geographic areas of operation All trading during the year has been with other group companies

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Europe	1,173	1,179
Rest of World	1,305	1,502
	<u>2,478</u>	<u>2,681</u>

**3 Interest payable and similar charges**

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Amounts payable on loans from group undertakings	<u>36</u>	<u>39</u>

**4 (Loss) on ordinary activities before taxation**

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
<i>(Loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off fixed tangible assets		
Owned	68	114
Amortisation	13	-
Operating lease rentals	2	2
Net exchange gains / (losses)	-	-
Auditors' remuneration		
Audit of these financial statements	<u>9</u>	<u>9</u>

**Notes (continued)**

**5 Directors and employees**

The average number of persons employed by the company (including directors) during the year was as follows

	Number of employees	
	Year ended 31 August 2013	Year ended 31 August 2012
Average number of employees	19	18

The aggregate staff costs of these persons were as follows

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
Wages and salaries	1,968	2,097
Share based payments (see note 6)	167	(40)
Social security costs	261	260
Other pension costs (see note 7)	246	244
	<u>2,642</u>	<u>2,561</u>

*Remuneration of directors*

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
<i>Directors' emoluments</i>		
Remuneration	734	754
Pension contributions	75	81
	<u>809</u>	<u>835</u>

The number of directors employed by ABF Ingredients Limited during the year was 2 (2012 2) During the year neither director participated in the company's defined benefit pension scheme

The highest paid director received emoluments of £513,737 (2012 £424,689) in the year and pension contributions of £41,441 (2012 £38,288) were made on his behalf to the defined contribution pension scheme He is not a member of a defined benefit scheme

## Notes (continued)

### 6 Share Based Payments

The company had the following equity-settled share-based payment plan in operation during the period

#### Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan')

The Share Incentive Plan was approved and adopted by Associated British Foods plc at its annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three year performance period.

Details of the shares outstanding under the equity-settled share-based payment plan are as follows

	2013 Number of Shares	2012 Number of Shares
Balance at the start of the year	130,939	181,351
Granted in year	51,076	57,174
Transferred out during year	(14,461)	-
Lapsed or vested during year	(43,048)	(107,586)
	<hr/>	<hr/>
Balance outstanding at the end of the year	<u>124,506</u>	<u>130,939</u>

#### Fair Values

The weighted average fair value of shares awarded was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid on conditionally allocated shares during the vesting period. The dividend yield used was 2.5%.

The weighted average fair value of the shares awarded under the Share Incentive Plan during the year was 1,345 pence (2012: 1,022 pence) and the weighted average share price was 1,446 pence (2012: 1,099 pence).

The company has recognised an increase of £167,000 (2012: reduction of £40,000) in relation to total equity-settled share-based payment expense.

## Notes (continued)

### 7 Pensions

The group's pension costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of Associated British Foods plc.

The company is a member of the Associated British Foods pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme's assets and liabilities on a consistent basis, as permitted by FRS17 'Retirement Benefits' the scheme is accounted for by the company as if the scheme were a defined contribution scheme. The current actuarial valuation indicates a surplus of £28 million (2012 deficit of £4 million). The company is not able to determine its share of this surplus. Employer's contributions to the scheme made in the year totalled £103,382 (2012 £68,987).

The latest full actuarial valuation of the Associated British Foods UK pension scheme was carried out at 5 April 2008 and was updated for FRS 17 purposes to 17 September 2013 by an independent qualified actuary. Further details on the pension schemes are included within the accounts of Associated British Foods plc, which are available from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk).

On 30 September 2002 the scheme was closed to new members, with defined contribution arrangements introduced for these members. For the defined contribution scheme, the pension costs are the contributions paid. Contributions for the period amounted to £142,375 (2012 £175,226).

No pension contributions were accrued or prepaid at the period end (2012 £nil).

**Notes (continued)**

**8 Taxation on loss on ordinary activities**

*a) Analysis of credit in year*

	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(124)	(113)
	<hr/>	<hr/>
Tax on loss on ordinary activities	(124)	(113)
	<hr/>	<hr/>

Deferred taxation is analysed as follows

	31 August 2013 £'000	31 August 2012 £'000
Tax (charge) / losses carried forward	297	208
Accelerated capital allowances	(1)	10
	<hr/>	<hr/>
Deferred tax asset	296	218
	<hr/>	<hr/>
	31 August 2013 £'000	31 August 2012 £'000
Deferred tax brought forward	218	50
Tax losses for the year	125	113
Tax losses group relieved	(46)	-
Prior Year Adjustment	(1)	55
	<hr/>	<hr/>
Deferred tax asset	296	218
	<hr/>	<hr/>

## Notes (continued)

### Taxation on loss on ordinary activities (continued)

#### b) Factors affecting current tax charge for the period

The tax credit for the year is higher than (2012: higher than) the effective standard rate of corporation tax in the UK 23.58% (2012: 25.2%). The differences are explained below:

	Year ended 31 August 2013 £'000	Period ended 31 August 2012 £'000
(Loss) on ordinary activities before tax	(1,396)	(744)
Corporation tax at 23.58% (2012: 25.2%)	(329)	(187)
<i>Effects of</i>		
Depreciation for year in excess of capital allowances	3	(10)
Tax losses carried forward	125	133
Permanently disallowable expenses	162	74
Share based payments	39	(10)
Total current tax	-	-

## 9 Intangible fixed assets

Group	Goodwill £'000	Software £'000	Total £'000
<i>Cost</i>			
At beginning of year	1,804	44	1,848
Additions	-	28	28
At end of year	1,804	72	1,876
<i>Amortisation and impairment</i>			
At beginning of year	1,804	-	1,804
Amortisation	-	13	13
At end of year	1,804	13	1,817
<i>Net book value</i>			
At 31 August 2013	-	59	59
At 31 August 2012	-	44	44

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.



**Notes (continued)**

**10 Tangible fixed assets**

	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<i><b>Cost</b></i>			
At beginning of year	415	116	531
Additions	-	-	-
Transfer from other group company	-	-	-
Disposals	(40)	(43)	(83)
Transfer to other group company	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	375	73	448
	<hr/>	<hr/>	<hr/>
<i><b>Depreciation</b></i>			
At beginning of year	334	44	378
Charge for year	50	18	68
Transfer from other group company	-	-	-
On disposals	(40)	(18)	(58)
Transfer to other group company	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	344	44	388
	<hr/>	<hr/>	<hr/>
<i><b>Net book value</b></i>			
At 31 August 2013	31	29	60
	<hr/>	<hr/>	<hr/>
At 31 August 2012	81	72	153
	<hr/>	<hr/>	<hr/>

**Notes (continued)**

**11 Debtors**

	31 August 2013 £'000	31 August 2012 £'000
Amounts owed by group undertakings	783	455
Other debtors	98	77
Called up share capital not paid	87	87
Deferred tax (note 8)	296	218
Prepayments and accrued income	115	98
	<u>1,379</u>	<u>935</u>

**12 Creditors: amounts falling due within one year**

	31 August 2013 £'000	31 August 2012 £'000
Trade creditors	78	164
Amounts owed to group undertakings	5,262	3,293
Other taxes and social security	60	48
Accruals and deferred income	875	1,299
	<u>6,275</u>	<u>4,804</u>

**13 Called up share capital**

	31 August 2013		31 August 2012	
	Number	£	Number	£
<i>Allotted and called up</i>				
Ordinary shares of £1 each	57,541	57,541	57,541	57,541
Deferred shares of £1 each	29,017	29,017	29,017	29,017
	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>	<u>86,558</u>

**Notes (continued)**

**14 Reserves**

	<b>Profit and loss Account £'000</b>
At beginning of year	(3,759)
Loss for the year	(1,272)
Share based payment expense	167
	<hr/>
At end of year	(4,864)
	<hr/>

**15 Reconciliation of movements in shareholders' funds**

	<b>2013 £'000</b>	<b>2012 £'000</b>
(Loss) for financial year	(1,272)	(631)
Share based payment expense	167	(40)
	<hr/>	<hr/>
Net (reduction) in shareholders' funds	(1,105)	(671)
Opening shareholders funds	(3,672)	(3,001)
	<hr/>	<hr/>
Closing shareholders' deficit	(4,777)	(3,672)
	<hr/>	<hr/>

**16 Contingent liabilities**

The company, together with Associated British Foods plc and certain fellow UK subsidiary undertakings, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers

**17 Commitments**

There are no commitments (2012 nil) for capital expenditure at year end by the company

There are other operating lease commitments expiring within three years of £5,000 (2012 £2,000)

**18 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The immediate holding company is ABF (No 2) Limited, a company registered in England and Wales. The ultimate parent company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited, incorporated in Great Britain. 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 and Wales. The consolidated accounts of these groups are available to the public and can be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk)