ABF Ingredients Limited

Directors' report and financial statements

Registered number 482099

31 August 2014

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2014.

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 £776,000 (2013: £1,396,000). After providing a tax credit of £115,000 (2013: £124,000) the company has reported a loss for the financial year of £661,000 (2013: £1,272,000). The directors do not propose a divided for the period (2013: £nil).

Directors

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

SJ Catling (resigned 29th August 2014)
P Frampton
A Wells (appointed 21st August 2014)

United Kingdom charitable and political contributions

Contributions were made to charitable organisations during the year of £360 (2013: £355)

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

KPMG LLP was appointed by the board of directors as the Company's auditor for the financial year ended 31 August 2014 and the board intends to re-appoint KPMG LLP as auditor for the financial year ended 31 August 2015.

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 LLP
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 2014 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.

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 2014 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Nigel Harker

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

15 Canada Square
London
E14 5GL

19th December 2014

Profit and loss account
for the year ended 31 August 2014

	Note	**Year ended 31 August 2014 £'000**	Year ended 31 August 2013 £'000
Turnover	*2*	**2,847**	2,478
Cost of sales		**(3,577)**	(3,838)
Gross loss		**(730)**	(1,360)
Administrative expenses		**-**	-
Operating loss		**(730)**	(1,360)
Interest payable	*3*	**(46)**	(36)
Loss on ordinary activities before taxation	*4*	**(776)**	(1,396)
Tax on loss on ordinary activities	*8*	**115**	124
Loss for the financial year	*14,15*	**(661)**	(1,272)

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 2014

	Note	31 August 2014		31 August 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		45		59
Tangible assets	10		20		60
			65		119
Current assets					
Debtors	11	3,028		1,379	
		3,028		1,379	
Creditors: amounts falling due within one year	12	(8,302)		(6,275)	
Net current liabilities			(5,274)		(4,896)
Total assets less current liabilities			(5,209)		(4,777)
Net liabilities			(5,209)		(4,777)
Capital and reserves					
Called up share capital	13		87		87
Profit and loss account	14		(5,296)		(4,864)
Shareholders' deficit	15		(5,209)		(4,777)

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 19th December 2014 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 22.08% (2013: 23.58%) of taxable profits.

The UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014, with a further reduction to 20% due to take effect on 1 April 2015. The legislation to effect these rate changes had been enacted before the balance sheet date. As deferred tax is measured at the rates that are expected to apply in the periods when the underlying timing differences reverse, opening and closing deferred tax balances have been calculated using a rate of 20%.

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 2014	Year ended 31 August 2013
	£'000	£'000
Europe	**1,375**	1,173
Rest of World	**1,472**	1,305
	2,847	2,478

3 Interest payable and similar charges

	Year ended 31 August 2014 £'000	Year ended 31August 2013 £'000
Amounts payable on loans from group undertakings	**46**	36

4 Loss on ordinary activities before taxation

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off fixed tangible assets:		
Owned	**35**	68
Amortisation	**14**	13
Operating lease rentals	**2**	2
Net exchange gains / (losses)	**-**	-
Auditors' remuneration:		
Audit of these financial statements	**9**	9

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 2014	Year ended 31 August 2013
Average number of employees	**18**	19

The aggregate staff costs of these persons were as follows:

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Wages and salaries	**2,216**	1,968
Share based payments (see note 6)	**229**	167
Social security costs	**279**	261
Other pension costs (see note 7)	**262**	246
	2,986	2,642

Remuneration of directors

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Directors' emoluments:		
Remuneration	**789**	734
Amounts receivable under long term incentive schemes	**165**	143
Company contributions to money purchase pension schemes	**69**	75
	1,023	952

The number of directors employed by ABF Ingredients Limited during the year was 3 (2013: 2). During the year neither director participated in the company's defined benefit pension scheme.

The highest paid director received emoluments of £591,144 (2013: £513,737)in the year and pension contributions of £27,446 (2013: £41,441) were made on his behalf to the defined contribution pension scheme. He is not a member of a defined benefit scheme. During the year, the highest paid director exercised share options and received shares under a long term incentive 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:

	2014 Number of Shares	2013 Number of Shares
Balance at the start of the year	**124,506**	130,939
Granted in year	**29,303**	51,076
Transferred out during year	-	(14,461)
Lapsed or vested during year	**(84,736)**	(43,048)
Balance outstanding at the end of the year	**69,073**	124,506

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 2,226 pence (2013: 1,345 pence) and the weighted average share price was 2,393 pence (2013: 1,446 pence).

The company has recognised a charge of £229,000 (2013: charge of £167,000) in relation to total equity-settled share-based payment expense.

Notes *(continued)*

7 Pensions

The company is a member of the Associated British Foods pension scheme which provides benefits based on final pensionable pay. As the company is unable to identify its share of the scheme's assets and liabilities on a consistent basis, as permitted by FRS17 the scheme is accounted for by the company as if it were a defined contribution scheme. On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. Employer's contributions to the defined benefit scheme for the year totalled £111,988 (2013: £103,382) and are recorded as a cost in the profit and loss account. For the defined contribution scheme, contributions for the year amounted to £146,461 (2013:£142,375), also recorded as a cost in the profit and loss account. No pension contributions were accrued or prepaid at the period end (2013: £nil).

The scheme was valued at 13 September 2014 on the basis of IAS 19: Employee Benefits ("IAS19") by an independent qualified actuary for inclusion in the Associated British Foods plc group financial statements. The valuation of the scheme showed a surplus of £87m (2013: surplus £77m). There are no material differences in the valuation methodologies under IAS 19 and FRS 17. Full IAS disclosures can be found within the annual report and accounts of the group, which are available for download from the group's website at www.abf.co.uk. The most recent triennial funding valuation of the scheme, using the current unit method, was carried out as at 5 April 2014, was agreed by the trustees after the group's year end and revealed a surplus of £78m.

Notes *(continued)*

8 Taxation on loss on ordinary activities

a) Analysis of credit in year

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
UK corporation tax		
Current tax on income for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	**(115)**	(124)
Tax on loss on ordinary activities	**(115)**	(124)

Deferred taxation is analysed as follows:

	31 August 2014 £'000	31 August 2013 £'000
Tax (charge) / losses carried forward	**242**	265
Accelerated capital allowances	**30**	31
Deferred tax asset	**272**	296

	31 August 2014 £'000	31 August 2013 £'000
Deferred tax brought forward	**296**	218
Tax losses for the year	**116**	125
Tax losses group relieved	**(139)**	(46)
Prior Year Adjustment	**(1)**	(1)
Deferred tax asset	**272**	296

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 (2013: higher than) the effective standard rate of corporation tax in the UK 22.16% (2013: 23.58%). The differences are explained below:

	Year ended 31 August 2014 £'000	Period ended 31 August 2013 £'000
Loss on ordinary activities before tax	**(776)**	(1,396)
Corporation tax at 22.16% (2013: 23.58%)	**(172)**	(329)
Effects of:		
Depreciation for year in excess of capital allowances	**1**	3
Tax losses carried forward	**116**	125
Permanently disallowable expenses	**5**	162
Share based payments	**50**	39
Total current tax	**-**	-

9 Intangible fixed assets

Group	**Goodwill £'000**	**Software £'000**	**Total £'000**
Cost			
At beginning of year	1,804	72	1,876
Additions	-	-	-
At end of year	1,804	72	1,876
Amortisation and impairment			
At beginning of year	1,804	13	1,817
Amortisation	-	14	14
At end of year	1,804	27	1,831
Net book value			
At 31 August 2014	**-**	**45**	**45**
At 31 August 2013	-	59	59

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

	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At beginning of year	375	73	448
Additions	-	-	-
Transfer from other group company	-	-	-
Disposals	-	(36)	(36)
Transfer to other group company	-	-	-
At end of year	375	37	412
Depreciation			
At beginning of year	344	44	388
Charge for year	19	16	35
Transfer from other group company	-	-	-
On disposals	-	(31)	(31)
Transfer to other group company	-	-	-
At end of year	363	29	392
Net book value			
At 31 August 2014	**12**	**8**	**20**
At 31 August 2013	31	29	60

Notes *(continued)*

11 Debtors

	31 August 2014 £'000	31 August 2013 £'000
Amounts owed by group undertakings	**2,500**	783
Other debtors	**93**	98
Called up share capital not paid	**87**	87
Deferred tax (note 8)	**272**	296
Prepayments and accrued income	**76**	115
	3,028	1,379

12 Creditors: amounts falling due within one year

	31 August 2014 £'000	31 August 2013 £'000
Trade creditors	**157**	78
Amounts owed to group undertakings	**6,755**	5,262
Other taxes and social security	**41**	60
Accruals and deferred income	**1,349**	875
	8,302	6,275

13 Called up share capital

	31 August 2014		31 August 2013	
	Number	**£**	Number	£
Allotted and called up				
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
	86,558	**86,558**	86,558	86,558

Notes *(continued)*

14 Reserves

	Profit and loss Account £'000
At beginning of year	(4,864)
Loss for the year	(661)
Share based payment expense	229
At end of year	(5,296)

15 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Loss for financial year	(661)	(1,272)
Share based payment expense	229	167
Net reduction in shareholders' funds	(432)	(1,105)
Opening shareholders funds	(4,777)	(3,672)
Closing shareholders' deficit	(5,209)	(4,777)

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 (2013: nil) for capital expenditure at year end by the company.

There are other operating lease commitments expiring within three years of £3,000 (2013: £5,000).

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.