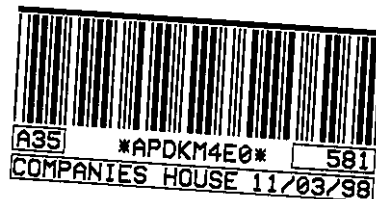


Weston Foods Limited

Directors' report and financial statements

13 September 1997

Registered number 346959



Directors' report and financial statements

Contents

| | |
|---|------|
| Directors' report | 1 |
| Statement of directors' responsibilities | 3 |
| Report of the auditors to the members of Weston Foods Limited | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7-10 |

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 13 September 1997.

Principal activities

In the course of the period the principal activities was the holding of shares in subsidiary companies and the principal activities of the subsidiaries were the manufacture and sale of food.

Business review and future developments

During the period the main activity of the company remained unchanged and the directors anticipate that any future developments will be related to this activity.

Trading results, dividends and transfer to reserves

There was no income for the current or the previous period and no transfer to reserves. Dividends paid and proposed for both periods were £Nil.

Fixed assets

There were no changes in fixed asset investments during the year.

Directors and directors' interests

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

Garry H Weston (Chairman)
P Telford
PE Patchett

Notification of an interest in, or a right to subscribe for, the shares of this company and shares in or debentures of other group companies by Garry H Weston was not required because at the end of the period he was also a director of a company of which this company is a wholly owned subsidiary undertaking.

PE Patchett and P Telford had the following interests in the ordinary shares of 5p each of Associated British Foods plc, as recorded in the register of directors' interests.

| | Interest at 13 September 1997 | Interest at 14 September 1996 |
|-------------|--|--|
| PE Patchett | 28,000 | 28,000 |
| P Telford | 2,000 | 2,000 |


Directors' report *(continued)*

Directors and directors' interests *(continued)*

No director had at any time during the period any material interest in a contract with the company, being a contract of significance to either party, other than his service contract.

By order of the board


WB Wright


MR Gore

Joint Secretaries

Weston Centre
Bowater House
68 Knightsbridge
London
SW1X 7LQ

16 October 1997

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Weston Foods Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 13 September 1997 and of its result for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

11/10/97 1997

Profit and loss account

for the period ended 13 September 1997

| | <i>Note</i> | 52 week period ended 13 September 1997 £ | 52 week period ended 14 September 1996 £ |
|---|-------------|--|--|
| Income from fixed asset investments | 5 | 500,174 | - |
| Retained profit for the financial period | | 500,174 | - |
| Retained profit brought forward | | 1,070,285 | 1,070,285 |
| Retained profit carried forward | | 1,570,459 | 1,070,285 |

There are no recognised gains or losses other than the profit for the period and the previous period.

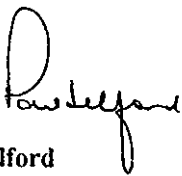
There is no material difference between the company's results as reported and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

Balance sheet

at 13 September 1997

| | Note | 13 September 1997 | | 14 September 1996 | |
|--|------|-------------------|------------------|-------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 6 | | 77,814 | | 188,314 |
| Current assets | | | | | |
| Debtors | 7 | 4,042,645 | | 37,035,796 | |
| Creditors: amounts falling due within one year | 8 | | - | (33,603,825) | |
| Net current assets | | | <u>4,042,645</u> | <u>3,431,971</u> | |
| Net assets | | | <u>4,120,459</u> | <u>3,620,285</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 1,803,595 | | 1,803,595 |
| Capital redemption reserve | | | 746,405 | | 746,405 |
| Profit and loss account | | | 1,570,459 | | 1,070,285 |
| Shareholders' funds - equity and non-equity | | | <u>4,120,459</u> | | <u>3,620,285</u> |

These financial statements were approved by the board of directors on 16th October 1997 and were signed on its behalf by:



P Telford
 Director

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 week period ended 13 September 1997.

2 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.

Under Financial Reporting Standard 1 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 ABF Investments plc.

Profit and loss account

During this financial period and the preceding period the company did not trade and received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss.

3 Directors' emoluments

The directors have received no emoluments in respect of their services as directors of this company in the current or the previous period.

4 Administrative expenses

Administrative costs (including audit fees) have been borne by the holding company in the current and the previous period.

Notes (continued)

5 Income from fixed asset investments

| | 52 week period ended 13 September 1997 £ | 52 week period ended 14 September 1996 £ |
|--|--|--|
| Income from shares in group undertakings | 500,174 | - |

6 Fixed asset investments

| | Subsidiary undertakings £ |
|----------------------|---------------------------------|
| <i>Shares</i> | |
| <i>Cost</i> | |
| At 14 September 1996 | 188,314 |
| Less disposals | (110,500) |
| At 13 September 1997 | 77,814 |

The investments in which the company's interest is more than 10% are as follows:

| | Country of Registration or incorporation | Principal activity | Class of shares held | Percentage of shares held |
|--------------------------------------|---|-----------------------|----------------------------|---------------------------------|
| Subsidiary undertakings | | | | |
| Burtons Gold Medal Biscuits Limited* | England | Trading | Ordinary | 100 |
| Walters Biscuits Limited* | England | Non-trading | Ordinary | 100 |
| The Weston Biscuit Company Limited* | England | Non-trading | Ordinary | 100 |
| Burtons Biscuits Limited | England | Non-trading | Ordinary | 100 |
| Caledonia Biscuits Limited | England | Non-trading | Ordinary | 100 |

* Directly owned by Weston Foods Limited

Walters Biscuits Limited, The Weston Biscuit Company Limited, Burtons Biscuits Limited and Caledonia Biscuits Limited were all sold during the year. There was no profit or loss on disposal.

In the opinion of the directors the investments in and amounts due from, the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of ABF Investments plc and therefore exempt under S228 Companies Act 1985. ABF Investments plc, which is registered in England, prepares group financial statements which include this company.

Notes (continued)

7 Debtors: amounts falling due within one year

| | 13 September 1997 | 14 September 1996 |
|---|----------------------|----------------------|
| | £ | £ |
| Amounts owed by group undertakings: | | |
| Parent and fellow subsidiary undertakings | 4,042,645 | - |
| Subsidiary undertakings | - | 37,035,796 |
| | 4,042,645 | 37,035,796 |
| | 4,042,645 | 37,035,796 |

8 Creditors: amounts falling due within one year

| | 13 September 1997 | 14 September 1996 |
|---|----------------------|----------------------|
| | £ | £ |
| Amounts owed to group undertakings: | | |
| Parent and fellow subsidiary undertakings | - | 32,993,150 |
| Subsidiary undertakings | - | 610,675 |
| | - | 33,603,825 |
| | - | 33,603,825 |

9 Called up share capital

| | Number | £ |
|--|-----------|-----------|
| <i>Authorised</i> | | |
| At 14 September 1996 and 13 September 1997 | | |
| Ordinary shares of 50p each | 3,992,810 | 1,996,405 |
| 6% cumulative preference shares of £1 each | 3,595 | 3,595 |
| | 3,996,405 | 2,000,000 |
| | 3,996,405 | 2,000,000 |
| <i>Allotted, called up and fully paid</i> | | |
| At 14 September 1996 and 13 September 1997 | | |
| Ordinary shares of 50p each | 3,600,000 | 1,800,000 |
| 6% cumulative preference shares of £1 each | 3,595 | 3,595 |
| | 3,603,595 | 1,803,595 |
| | 3,603,595 | 1,803,595 |

The preference shares carry the right to a cumulative preference dividend of 6% per annum on the paid up capital and a preference over the ordinary shares as to a repayment of capital. In the event of a winding up, they are entitled to receive no more than the amount paid up, together with a 5 pence premium per share, plus any arrears of dividends (whether earned or declared or not) up to the date of the return of capital.

The dividends on these preference shares for the 52 weeks ended 13 September 1997 have been waived.

Notes *(continued)*

10 Holding company

The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated financial statements of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London SW1X 7LQ.