

**Mauri Products Limited**

**Directors' report and financial  
statements**

**Registered number 1413180**

**18 September 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the period ended 18 September 1999.

### Principal activities

The principal activity of the company is the manufacture and sale of yeast.

### Business review

The company is a joint venture of Associated British Foods plc and Burns Philp (UK) plc and the activities of the company are controlled by the board of directors.

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments would be related to these activities.

### Proposed dividend

The directors declared a final dividend of £2,062,502 (£1.50 per share) in respect of the period ended 18 September 1999.

### Fixed assets

The directors do not consider that any difference between the market value of land and buildings and the amounts at which these assets are stated in the financial statements is of any practical significance.

### Directors and directors' interests

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

THM Shaw  
JCO Miles  
MJ O'Neill  
J Lynch  
J McKenna  
D Lamberth

The following directors had the following beneficial interests in the share capital of Associated British Foods plc, as recorded in the register of directors' interests.

	Ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p each at end of period	Ordinary shares of 5p each at beginning of period
THM Shaw	84,224	95,710
JCO Miles	176	200
J Lynch	602	-

The number of shares held has been reduced by a factor of 88/100 as a result of a special dividend and share consolidation. There is no effect on share options.

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

The other directors notified no interests. The following directors had the following outstanding options to acquire ordinary shares in Associated British Foods plc

	At end of period shares of 5 <sup>15</sup> / <sub>22</sub> each number	At beginning of period shares of 5p each number	Exercise price	Date from which exercisable	Expiry date
JCO Miles	15,000	15,000	561.5p	28.4.2003	28.4.2008
MJ O'Neill	40,000	40,000	561.5p	28.4.2003	28.4.2008

No director had at any time during the period any material interest in a contract with the company, other than service contracts.

### Payments to suppliers

The company does not adopt any specific code or standard, however it is the policy of the company to agree terms of payment when the order for goods and services is placed and to adhere to these arrangements when making payment.

Average creditor days, calculated as trade creditors at 18 September 1999 divided by average purchases including VAT is 16 days (1998: 18 days).

### United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £2,282 (1998: £1,601). No contributions were made to political organisations.

### Year 2000

Mauri Products Limited has recognised that the Year 2000 millennium 'computer bug' is an important issue and has established a programme to address this problem.

Mauri Products Limited is following the framework set out by Associated British Foods plc and work has been completed on assessing the impact upon the company and remedial project plans are being implemented.

The cost of implementing the Year 2000 compliance programme is not expected to be significant. The costs will be expensed unless it is appropriate to capitalise it in line with our normal policy.

There can be no absolute guarantee that the problem will have been completely eliminated in advance of the Year 2000. However, the company is taking the steps it considers necessary to mitigate the risks and is well advanced in its preparation for compliance.

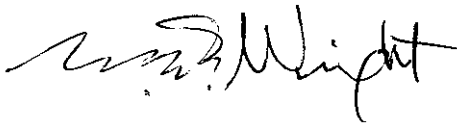
The operation of our business depends not only on our own computer systems, but also on those of our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

**Directors' report** *(continued)*

**Auditors**

Pursuant to a shareholders resolution the company is not obliged to appoint auditors annually and therefore KPMG Audit Plc will continue in office.

By order of the board



**WB Wright**  
*Secretary*

Weston Centre  
Bowater House  
68 Knightsbridge  
LONDON  
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## 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 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

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## Report of the auditors to the members of Mauri Products Limited

We have audited the financial statements on pages 6 to 18.

### Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as at 18 September 1999 and of its profit for the 53 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**

*Chartered Accountants*

*Registered Auditor*

*13 December 1999*

**Profit and loss account**  
*for the period ended 18 September 1999*

	<i>Note</i>	<b>53 week period ended 18 September 1999 £</b>	<b>52 week period ended 12 September 1998 £</b>
<b>Turnover</b>			
Continuing operations	3	<b>16,418,654</b>	16,427,733
		<hr/>	<hr/>
<b>Operating profit</b>			
Continuing operations	4-6	<b>4,812,435</b>	4,203,580
Other interest receivable and similar income	7	<b>235,519</b>	171,302
Interest payable and similar charges	8	-	(593)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>5,047,954</b>	4,374,289
Tax on profit on ordinary activities	9	<b>(1,447,226)</b>	(1,365,060)
		<hr/>	<hr/>
<b>Profit for the financial period</b>		<b>3,600,728</b>	3,009,229
Dividends	10	<b>(2,062,502)</b>	(1,375,001)
		<hr/>	<hr/>
<b>Retained profit for the financial period</b>		<b>1,538,226</b>	1,634,228
Retained profit brought forward		<b>8,449,971</b>	6,815,743
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		<b>9,988,197</b>	8,449,971
		<hr/>	<hr/>

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



**Balance sheet**  
*at 18 September 1999*

	<i>Note</i>	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	<i>11</i>		7,277,297		6,203,200
<b>Current assets</b>					
Stocks	<i>13</i>	604,185		774,484	
Debtors	<i>14</i>	6,252,664		6,054,604	
Cash at bank and in hand		165,386		110,763	
			<u>7,022,235</u>		<u>6,939,851</u>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<u>(2,936,334)</u>		<u>(3,318,079)</u>	
<b>Net current assets</b>			4,085,901		3,621,772
<b>Total assets less current liabilities</b>			<u>11,363,198</u>		<u>9,824,972</u>
<b>Capital and reserves</b>					
Called up share capital - ordinary	<i>16</i>		1,375,001		1,375,001
Profit and loss account			9,988,197		8,449,971
<b>Total equity shareholders' funds</b>			<u>11,363,198</u>		<u>9,824,972</u>

These financial statements were approved by the board of directors on 19 Oct. 1999 and were signed on its behalf by:



**THM Shaw**  
*Director*

**Cash flow statement**  
*for the period ended 18 September 1999*

	<i>Note</i>	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Net cash inflow from operating activities	19	5,811,384	2,979,255
Return on investments and servicing of finance	19	235,519	170,709
Taxation		(1,982,499)	(1,074,653)
Capital expenditure and financial investment	19	(1,947,279)	(794,175)
Equity dividends paid		(2,062,502)	(1,375,001)
		<hr/>	<hr/>
Net cash inflow/(outflow) before use of liquid resources and financing		54,623	(93,865)
Financing		-	-
		<hr/>	<hr/>
Increase/(decrease) in cash	19	<u>54,623</u>	<u>(93,865)</u>

## 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 53 week period ended 18 September 1999.

### 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 in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Plant and machinery	-	5 to 12 years
Computers	-	3 years

No depreciation is provided on freehold land.

#### *Foreign currencies*

Transactions 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.

#### *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.

#### *Post-retirement benefits*

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 to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the contributing companies.

#### *Research and development expenditure*

Expenditure on research and development is written off against profits in the year in which it is incurred.

**Notes (continued)**

**2 Accounting policies (continued)**

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

In the case of finished goods manufactured by the company the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

**3 Turnover**

Turnover and operating profit are attributable to one activity, the manufacture and sale of yeast.

The geographical analysis of turnover is as follows:

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
United Kingdom	14,649,406	14,503,197
Europe	1,769,248	1,924,536
	<u>16,418,654</u>	<u>16,427,733</u>

**Notes (continued)**

**4 Operating profit**

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
<b>Turnover</b>	16,418,654	16,427,733
Cost of sales	(8,756,578)	(9,850,067)
	<hr/>	<hr/>
<b>Gross profit</b>	7,662,076	6,577,666
Distribution costs	(2,252,509)	(1,801,226)
Administrative expenses	(597,132)	(572,860)
	<hr/>	<hr/>
<b>Operating profit</b>	<u>4,812,435</u>	<u>4,203,580</u>
 <i>Operating profit is stated after charging</i>		
Staff costs	1,625,793	1,530,229
Depreciation and other amounts written off fixed tangible assets:		
Owned	873,182	930,306
Loss on sale of tangible fixed assets	-	25,020
Auditors' remuneration:		
Audit	9,750	7,800
Other services	6,107	7,738

**5 Staff numbers and costs**

The average number of persons employed by the company during the period was as follows:

	Number of employees	
	53 week period ended 18 September 1999	52 week period ended 12 September 1998
Production and administration	74	72
	<hr/>	<hr/>

**Notes (continued)**

**5 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows:

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Wages and salaries	1,463,806	1,375,844
Social security costs	128,606	125,287
Other pension costs	33,381	29,098
	<hr/>	<hr/>
	1,625,793	1,530,229
	<hr/> <hr/>	<hr/> <hr/>

**Pensions**

The pension costs of the Associated British Foods plc group of companies 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 pays a regular amount to Associated British Foods plc which makes contributions to the group scheme on its behalf. Any benefits or costs arising as a result of a scheme surplus or deficit are retained or borne by Associated British Foods plc. From the perspective of the company the scheme operates similarly to a defined benefit scheme; the particular requirements of SSAP 24 concerning accounting for a defined benefit scheme, which would require the surplus or deficit to be recognised in the company, do not apply. In the opinion of the directors this treatment is appropriate in order to reflect the substance of the company's pension arrangements.

**6 Directors remuneration**

None of the directors received any emoluments in respect his services to the company (1998: £nil).

**7 Other interest receivable and similar income**

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Receivable from group undertakings	235,519	171,265
Bank interest receivable	-	37
	<hr/>	<hr/>
	235,519	171,302
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Interest payable and similar charges

	53 week period ended 18 September 1999 £	52 week period ended 13 September 1998 £
Other	-	593

9 Taxation on profit on ordinary activities

	53 week period ended 18 September 1999 £	52 week period ended 13 September 1998 £
UK corporation tax at 30.5% (1998:32%)	1,446,272	1,365,351
Adjustments in respect of previous years Corporation Tax	954	(291)
	<u>1,447,226</u>	<u>1,365,060</u>

The full potential amounts of deferred tax would be as follows:

	Accelerated capital allowances £
At 18 September 1999	<u>865,000</u>
At 12 September 1998	<u>791,000</u>

No provision for deferred taxation has been made in these financial statements as, in the opinion of the directors, on the basis of the company's forecast capital expenditure, a liability is unlikely to crystallise in the foreseeable future.

10 Dividends

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Ordinary dividends paid	<u>2,062,502</u>	<u>1,375,001</u>

**Notes (continued)**

**11 Tangible fixed assets**

	Land and buildings	Plant and machinery	Payments on account and assets in course of con- struction	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	1,678,048	11,166,025	338,992	13,183,065
Additions	28,538	961,885	956,856	1,947,279
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,706,586	12,127,910	1,295,848	15,130,344
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	262,101	6,717,764	-	6,979,865
Charge for year	27,608	845,574	-	873,182
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	289,709	7,563,338	-	7,853,047
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 18 September 1999	1,416,877	4,564,572	1,295,848	7,277,297
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 12 September 1998	1,415,947	4,448,261	338,992	6,203,200
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Land and buildings comprise freehold property, including land at a cost of £399,701 (1998: £399,701) which is not depreciated.

**12 Capital commitments**

There are commitments for capital expenditure by the company of approximately £2,050,000 (1998: £283,000) for which no provision has been made in these financial statements.



**Notes (continued)**

**13 Stocks**

	18 September 1999 £	12 September 1998 £
Raw materials and consumables	468,083	625,522
Finished goods and goods for resale	136,102	148,962
	604,185	774,484
	604,185	774,484

**14 Debtors**

	18 September 1999 £	12 September 1998 £
Trade debtors	2,221,163	1,780,826
Amounts owed by group and fellow subsidiary undertakings	3,755,498	4,111,347
VAT recoverable	241,978	129,313
Other debtors	34,025	31,292
Prepayments and accrued income	-	1,826
	6,252,664	6,054,604
	6,252,664	6,054,604

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

	18 September 1999 £	12 September 1999 £
Trade creditors	481,189	491,823
Amounts owed to group and fellow subsidiary undertakings	587,644	571,112
Corporation tax	1,398,388	1,933,661
Taxation and social security	-	5,604
Accruals and deferred income	469,113	315,879
	2,936,334	3,318,079
	2,936,334	3,318,079

Notes (continued)

16 Called up share capital

	18 September 1999		12 September 1998	
	Number	£	Number	£
<i>Authorised</i>				
Ordinary shares of £1 each				
Class A	1,499,999	1,499,999	1,499,999	1,499,999
Class B	1,499,999	1,499,999	1,499,999	1,499,999
Class C	2	2	2	2
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each				
Class A	687,500	687,500	687,500	687,500
Class B	687,500	687,500	687,500	687,500
Class C	1	1	1	1
	<u>1,375,001</u>	<u>1,375,001</u>	<u>1,375,001</u>	<u>1,375,001</u>

17 Reconciliation of movements in shareholders' funds

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Opening shareholders' funds	9,824,972	8,190,744
Profit for the financial period	3,600,728	3,009,229
Dividends	(2,062,502)	(1,375,001)
	<u>11,363,198</u>	<u>9,824,972</u>

18 Contingent liabilities

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

**Notes (continued)**

**19 Notes to cash flow statements**

(i) Reconciliation of movements in shareholders' funds

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Operating profit	4,812,435	4,203,580
Depreciation	873,182	930,306
Loss on disposal of tangible fixed assets	-	25,020
Decrease in stocks	170,299	509,432
Increase in debtors	(198,060)	(2,067,183)
Decrease/(increase) in creditors	153,528	(621,900)
	<u>5,811,384</u>	<u>2,979,255</u>

(ii) Analysis of cash flows for headings netted in the cash flow statement and other information

	53 week period ended 18 September 1999 £	52 week period ended 12 September 1998 £
Returns on investments and servicing of finance		
Interest received	235,519	171,302
Interest paid	-	(593)
	<u>235,519</u>	<u>170,709</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,947,279)	(793,553)
(Cost of disposal)proceeds from sales of tangible fixed assets	-	(622)
	<u>(1,947,279)</u>	<u>(794,175)</u>

(iii) Analysis of changes in cash and cash equivalents

	Cash £
Balance at 13 September 1997	204,628
Net cash outflow	(93,865)
	<u>110,763</u>
Balance at 12 September 1998	110,763
Net cash inflow	54,623
	<u>165,386</u>
Balance at 18 September 1999	165,386

**Notes (continued)**

**20 Related party transactions**

The issued share capital of the company is owned by Associated British Foods plc and Burns, Philp and Company Limited as to 687,501 and 687,500 shares respectively. The directors consider that the company is a subsidiary undertaking of Associated British Foods plc and that the ultimate parent undertaking is Wittington Investments Limited.

During the year the company had yeast sales to, and raw material purchases from, Associated British Foods plc subsidiary companies of £5,580,000 (1998: £6,379,000) and £1,752,000 (1998: £1,949,000) respectively and paid charges, excluding recharged costs, to such companies of £50,000 (1998: £62,000).

Amounts owed to and by Associated British Foods plc group companies are shown in notes 14 and 15 above.

No amounts are owed to or by Burns, Philp and Company Limited group companies, nor were there any material transactions with those companies.

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

The directors consider that the company is a subsidiary undertaking of 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 accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.