

Mauri Products Limited

**Directors' report and financial
statements**

Registered number 1413180

25 August 2012

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 25 August 2012

Principal activities

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

Business review

The Directors are reporting an 11.6% increase in turnover on the previous period to £18.9 million (2011 17.0 million)

As anticipated the company has had another tough year. The bakers market has stabilised somewhat over the last 12 months, competition in the market is still strong, however prices have remained comparable to the prior year. Molasses prices during the year have increased around 30% on last year, which may explain the reduction in downward pressure on sales prices in the market. Energy and transport costs have also been high this year. Other raw material prices have remained consistent.

The Directors anticipate another tough year ahead with molasses prices remaining high, however the company should benefit from entering new markets and anticipated increased production efficiencies.

Principle risks and uncertainties

The company's risk management process seeks to enable early identification, evaluation and effective management of the key risks facing the business. The key risks currently include changing input costs alongside competitive pricing in the market as well as compliance with food safety, environmental and competition rules.

Proposed dividend

The directors declared a dividend of £Nil (2011 £1,200,000) in respect of the period ended 25 August 2012.

Directors

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

C Simmonds
M Bonzo (resigned 30 September 2011)
J McKenna (resigned 19 January 2012)
A Pollard (appointed 19 January 2012)
T Strain (appointed 19 January 2012)

Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The Group'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 above.

The directors, having completed cash flow projections and reviewed the Company's banking facilities, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, 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.

Directors' report *(continued)*

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

The number of days of purchases outstanding at the year end was 62 days *(2011 56 days)*

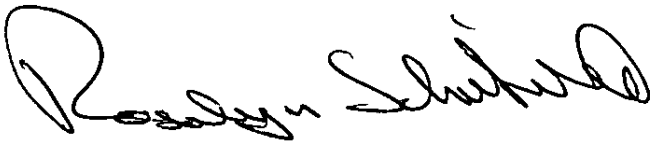
United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £1,488 *(2011 £245)* No contributions were made to political organisations *(2011 £nil)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore remain in office

By order of the board



RS Schofield
Secretary

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

7 May 2013

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 judgements 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

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Mauri Products Limited

We have audited the financial statements of Mauri Products Limited for the year ended 25 August 2012 set out on pages 6 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 of 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 APB'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 25 August 2012 and of its loss for the period 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 Mauri Products 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

Malcolm C Harding

Malcolm Harding (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Leeds
LS1 4DW
Leeds

7 May 2013

Profit and loss account
for the period ended 25 August 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	3	18,954	16,989
Operating (loss) / profit	4-6	(696)	106
Other interest receivable and similar income	8	50	61
(Loss) / Profit on ordinary activities before taxation		(646)	167
Tax on (loss) / profit on ordinary activities	9	242	211
(Loss) / Profit for the financial period	17	(404)	378

There were no gains or losses other than those recognised in the profit and loss account above

A statement of movement on reserves is contained in note 17

The above activities relate to continuing operations

The historical cost profit equates to the profit shown above

Balance sheet
at 25 August 2012

	<i>Note</i>	2012	2011
		£000	£000
Fixed assets			
Tangible assets	10	11,232	10,855
Current assets			
Stocks	12	576	567
Debtors	13	6,337	7,436
Cash at bank and in hand		173	95
		<u>7,086</u>	<u>8,098</u>
Creditors amounts falling due within one year	14	<u>(3,616)</u>	<u>(3,766)</u>
Net current assets		<u>3,470</u>	<u>4,332</u>
Total assets less current liabilities		<u>14,702</u>	<u>15,187</u>
Provisions for liabilities and charges	15	(1,157)	(1,238)
Net assets		<u>13,545</u>	<u>13,949</u>
Capital and reserves			
Called up share capital	16	1,375	1,375
Profit and loss account	17	12,170	12,574
Total equity shareholders' funds		<u>13,545</u>	<u>13,949</u>

These financial statements were approved by the board of directors on 7 May 2013 and were signed on its behalf by



Andrew Pollard
 Director

Notes

(forming part of the financial statements)

1 Accounting reference date

These financial statements have been prepared for the period ended 25 August 2012

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 UK accounting standards and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

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	-	3 to 13 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

Post-retirement benefits

The Company 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.

The Company is also a member of the Associated British Foods plc pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Because the Company is unable to identify its share of the scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17, the scheme has been accounted for as if it were a defined contribution scheme. The pension charge for the period represents the contributions payable by the Company to the scheme.

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

Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. The benefit of lease incentives is recognised in the income statement on a straight-line basis over the life of the lease. The company has no finance leases.

Taxation

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.

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

3 Turnover

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

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

The geographical analysis of turnover by destination is as follows:

	2012 £000	2011 £000
United Kingdom	17,447	16,225
Europe	1,383	643
Rest of the World	124	121
	18,954	16,989

Notes (continued)

4 Operating profit

	2012 £000	2011 £000
Turnover	18,954	16,989
Cost of sales	(14,824)	(12,534)
Gross profit	4,130	4,455
Distribution costs	(2,303)	(1,862)
Administrative expenses	(2,523)	(2,487)
Operating (Loss) / Profit	(696)	106
<i>Operating profit is stated after charging</i>		
Staff costs (note 5)	2,232	2,194
Depreciation and other amounts written off fixed tangible assets		
Owned	1,452	1,302
Operating lease rentals in respect of		
Plant and Machinery	20	19
Buildings	36	9
Auditor's remuneration		
Audit services pursuant to legislation	15	15

5 Staff numbers and costs

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

	Number of employees	
	2012 Number	2011 Number
Production and administration	52	51

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	1,838	1,829
Social security costs	181	173
Other pension costs	213	192
	2,232	2,194

Notes *(continued)*

6 Pensions

The group's final salary 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 plc pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the schemes assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 the scheme has been accounted for by the company as if the scheme is a defined contribution scheme. The pension charge for the period represents the contributions payable by the company to the scheme and amounted to £159,000 (2011 £144,000).

On 30 September 2002 the scheme was closed to new members, with defined contribution arrangements introduced for new members. For the defined contribution scheme, the pension costs are the contributions payable by the Company to the scheme and amounted to £54,000 (2011 £48,000).

The last actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2011. At the valuation date the total market value of the assets of the schemes was £2,559m and represented 101% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the trustees, the Company agreed to eliminate the deficit identified at the time of the triennial actuarial valuation of the scheme in 2008 with five annual payments of £30m. The fourth of these payments was made in March 2012, and although the fund was in surplus at the time of the most recent valuation, the Company has agreed to make the final payment in March 2013.

Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may 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.

7 Directors remuneration

The directors' emoluments are paid by other group companies for their roles as directors of this entities. The company did not pay any remuneration to directors in respect of their services (2011 £nil).

8 Other interest receivable and similar income

	2012 £000	2011 £000
Receivable from group undertakings	50	61

Notes (continued)

9 Taxation on profit on ordinary activities

	2012 £000	2011 £000
UK corporation tax	(161)	40
Total current tax	(161)	40
Timing differences	20	6
Effect of write-off of IBA's	21	-
Effect of decrease in tax rate	(122)	(99)
Total deferred tax (note 15)	(81)	(93)
Prior year credit	-	(158)
	(242)	(211)

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 25 August 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

The differences are explained below

	2012 £000	2011 £000
(Loss) / Profit on ordinary activities before tax	(646)	167
Profit on ordinary activities at standard rate or corporation tax in the UK of 25.1% (2011 27.2%)	(162)	46
Timing differences	1	(6)
Total current tax	(161)	40

Notes *(continued)*

10 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Payments on account and assets in course of construction £000	Total £000
<i>Cost</i>				
At beginning of period	2,115	20,466	1,201	23,782
Additions	-	102	1,745	1,847
Disposals	-	(103)	(1)	(104)
Transfers	30	831	(861)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	2,145	21,296	2,084	25,525
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of period	889	12,038	-	12,927
Charge for period	83	1,369	-	1,452
Disposals	-	(86)	-	(86)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	972	13,321	-	14,293
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 25 August 2011	<u>1,173</u>	<u>7,975</u>	<u>2,084</u>	<u>11,232</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 August 2011	<u>1,226</u>	<u>8,428</u>	<u>1,201</u>	<u>10,855</u>
	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings comprise freehold property, including land at a cost of £399,701 (2011 £399,701) which is not depreciated

11 Capital commitments

There are commitments for capital expenditure by the company of approximately £155,000 (2011 £70,000) for which no provision has been made in these financial statements

Notes *(continued)*

12 Stocks

	2012 £000	2011 £000
Raw materials and consumables	410	436
Finished goods and goods for resale	166	131
	576	567
	576	567

13 Debtors

	2012 £000	2011 £000
Trade debtors	2,401	1,809
Amounts owed by group companies	3,250	5,089
Corporation Tax	161	-
VAT recoverable	212	156
Prepayments and accrued income	313	382
	6,337	7,436
	6,337	7,436

14 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	2,356	2,406
Amounts owed to group companies	891	622
Corporation tax	-	40
Accruals and deferred income	369	698
	3,616	3,766
	3,616	3,766

Notes (continued)

15 Provisions for liabilities and charges

	Deferred tax £000
At beginning of the period	1,238
Credited in the period	(81)
At end of period	<u>1,157</u>

The elements of deferred taxation are as follows

	2012 £000	2011 £000
Difference between accumulated depreciation and capital allowances	<u>1,157</u>	<u>1,238</u>
Deferred tax liability	<u>1,157</u>	<u>1,238</u>

16 Called up share capital

	2012		2011	
	Number	£	Number	£
<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>

All classes of shares rank pari passu except that the holders of Class A and B shares can appoint 4 and 3 directors respectively and class C shareholders have no right of appointment

17 Profit and loss account

	2012 £000
At beginning of period	12,574
Retained loss for the financial period	(404)
At end of period	<u>12,170</u>

18 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the financial period	(404)	378
Dividend paid	-	(1,200)
	(404)	(822)
Net decrease to shareholders funds during the period	(404)	(822)
Opening shareholders funds	13,949	14,771
	13,545	13,949

19 Lease Commitments

At 25 August 2012 the minimum lease payments under operating leases are as follows

	2012 £000	2011 £000
Within one year	49	45
Between one and five years	37	94
After 5 years	-	-
	86	139

20 Related Parties

In accordance with Financial Reporting Standard Number 8, Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of Wittington Investments Limited, or investees of Wittington Investments Limited qualifying as related parties as it is a wholly owned subsidiary of a parent publishing consolidated accounts which include the company's results and transactions

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

The ultimate holding company and controlling party as defined by FRS 8 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. 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. The consolidated accounts of these groups are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London W1K 4QY. The consolidated accounts of Associated British Foods plc are available for download on the group's website at www.abf.co.uk