Mauri Products Limited

Strategic report, directors' report and financial statements

Registered number 1413180

for the period ended 27 August 2016

Contents

Strategic Report

The directors present their strategic report on the company for the 52 week period ended 27 August 2016.

Development and performance during the period

In the 52 week period ended 27 August 2016, turnover was £22.1 million *(2015: £21.6 million),* an increase of 2% driven by increased sales in the bakery and bioethanol sectors. The operating profit for the period was £0.1m *(2015: loss of £0.3m)* and the profit before tax was £0.1m *(2015: loss of £0.4m).*

In a very competitive bakery sector where some price reductions were necessary to retain existing business, the company successfully grew volumes with existing customers and also won new business in the sector. Increased revenues from higher margin markets such as alcohol and bioethanol, lower energy prices, investment in more energy efficient plant, and other procurement savings all contributed to an improvement in profitability.

Financial position

The financial position at the period end is set out in the balance sheet on page 11. Net assets of £6.2m *(2015:£6.0m)* included a cash balance of £1.7m *(2015:£0.6m).* The directors consider this financial position to be satisfactory.

Principal risks & uncertainties and financial risk management

There remains considerable uncertainty regarding the deregulation of the EU sugar industry in 2017 and the effect that this will have on molasses prices. The directors will take steps to mitigate this risk by improving substrate flexibility.

As a high consumer of energy, the company closely monitors the energy market and enters into forward contracts, when appropriate, to hedge its energy costs.

Foreign currency exchange risk is managed through a policy of hedging sales and purchases in foreign currencies by the use of forward currency contracts.

The company strives to ensure environmental compliance with relevant legislation and that environmental best practice is in place across the site. It takes pride in its environmental record and endeavours to make improvements wherever possible.

Despite an upturn in the economy, bad debts are still considered to be a medium risk and the bad debt provision increased during the period. The company maintains strong relationships with each of its customers, has established detailed credit control parameters and continues to monitor outstanding receivables closely.

European Union membership

The directors have considered the nature and extent of the risk arising from the outcome of the European Union membership referendum.

The company buys a large proportion of its raw materials in foreign currencies and the significant weakening of sterling is expected to have an adverse effect on input costs in the subsequent accounting period.

The directors will continue to monitor developments in this area to ensure that any changes impacting the company are understood and incorporated into its risk management process.

Future developments

The company aims to improve current profit levels by expanding business into more profitable sectors where possible and mitigation of the risks identified above to maintain current margins.

Strategic Report *(continued)*

Financial key performance indicators (KPIs)

The following KPIs, based on the period end position, are used by management to monitor business performance:

	2016	*2015*
Return on average capital employed	**2%**	(5%)
Inventory days	**24**	27
Debtor days	**43**	38
Creditor days	**63**	62

By order of the board

Andrew Pollard
Director

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

22 May 2017

Directors' Report

The directors present their report and the audited financial statements of the company for the 52 week period ended 27 August 2016.

In preparing these financial statements the directors have adopted Financial Reporting Standard 101 (FRS 101). The impact of the adoption of FRS 101 is shown in note 22 of these financial statements.

Principal activity

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

Future developments

The future developments disclosure can be found in the Strategic Report.

Going concern

At 27 August 2016 the company had net current liabilities of £3,112,000 which included £5,074,000 payable to the parent company. The parent company has indicated that it will not seek repayment of this loan for at least twelve months from the date of these accounts and has provided a letter of support in respect of these financial statements.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

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 continued availability of its current banking arrangements or the ability of the company to continue as a going concern .

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

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the 52 week period ended 27 August 2016 (2015: Nil).

Directors

The directors who held office during the period and up to the date of signing the financial statements were as follows:

A Pollard
I Smith
N Holmes
M Devenuto (appointed 1 December 2015)

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.

United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £2,100 *(2015: £1,520)*. No contributions were made to political organisations *(2015: £nil)*.

Directors' Report *(continued)*

Independent auditor

KPMG LLP resigned as auditor of the company on 16 December 2015. In accordance with section 485 of the Companies Act 2006, Ernst & Young LLP were appointed as auditor of the company with effect from 16 December 2015. A resolution to reappoint Ernst & Young LLP as auditor will be presented at the AGM.

By order of the board

Andrew Pollard
Director

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

22 May 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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/period. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101 "Reduced Disclosure Framework").

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Ernst & Young LLP
24 Marina Court
Hull
HU1 1TJ

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

We have audited the financial statements of Mauri Products Limited for the period ended 27 August 2016 which comprise the Strategic Report, Directors' Report, the Profit and loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 7, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 27 August 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Mauri Products Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

Richard Frostick (Audit Executive Director)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Chartered Accountants
24 Marina Court
Hull
HU1 1TJ

23 May 2017

Profit and loss account
for the 52 week period ended 27 August 2016

	Note	2016 £000	2015 £000
Turnover	4	**22,109**	21,586
Cost of sales		**(16,864)**	(16,597)
Gross profit		**5,245**	4,989
Distribution costs		**(2,424)**	(2,202)
Administration expenses		**(2,679)**	(3,100)
Operating profit/(loss)	5	**142**	(313)
Other interest payable and similar expense	9	**(57)**	(47)
Profit/(loss) on ordinary activities before taxation		**85**	(360)
Tax on profit/(loss) on ordinary activities	10	**66**	102
Profit/(loss) for the financial period		**151**	(258)

The notes on pages 13 to 24 form part of these financial statements.

Statement of comprehensive income
for the 52 week period ended 27 August 2016

	Note	2016 £000	2015 £000
Profit/(loss) for the financial period		**151**	(258)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Gains arising during the period	16	**75**	-
Less: Deferred taxation relating to cash flow hedges	17	**(13)**	-
Other comprehensive income for the period net of tax		**62**	-
Total comprehensive income/(expense) for the period		**213**	(258)

Balance sheet
at 27 August 2016

	Note	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*11*		**10,045**		10,181
Current assets					
Stocks	*13*	**1,180**		1,249	
Debtors	*14*	**3,400**		3,253	
Cash at bank and in hand		**1,699**		615	
		6,279		5,117	
Creditors: amounts falling due within one year	*15*	**(9,391)**		(8,449)	
Net current liabilities			**(3,112)**		(3,332)
Total assets less current liabilities			**6,933**		6,849
Deferred tax	*17*		**(716)**		(845)
Net assets			**6,217**		6,004
Capital and reserves					
Called up share capital	*18*		**1,375**		1,375
Hedging reserve			**62**		-
Profit and loss account			**4,780**		4,629
Total equity			**6,217**		6,004

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 22 May 2017 and were signed on its behalf by:

Andrew Pollard
Director

Statement of changes in equity
at 27 August 2016

	Called up share capital £'000	**Hedging reserve £'000**	**Profit and loss account £'000**	**Total equity £'000**
At 30 August 2014	1,375	-	4,887	6,262
Loss for the financial period	-	-	(258)	(258)
At 29 August 2015	1,375	-	4,629	6,004
Profit for the financial period	-	-	151	151
Other comprehensive income for the period	-	62	-	62
At 27 August 2016	**1,375**	**62**	**4,780**	**6,217**

Notes
(forming part of the financial statements)

1 General information

Mauri Products Limited is a subsidiary of Associated British Foods plc and its principal activity is the manufacture and sale of yeast.

The company is a private company limited by shares and is incorporated in England.

The financial statements of Mauri Products Ltd (the "company") for the year ended 27 August 2016 were authorised for issue by the board of directors on 22 May 2017 and the balance sheet was signed on the board's behalf by A. Pollard. Mauri Products Ltd is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group Accounts as it is a wholly owned subsidiary of Associated British Foods plc. The group's consolidated financial statements may be obtained from Associated British Foods plc. The group's consolidated financial statements may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London W1K 4QY and are available to download at www.abf.co.uk

2 Accounting policies

The company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 22.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures,

(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

(e) the requirements of IAS 7 Statement of Cash Flows;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and

(i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes *(continued)*

2 Accounting policies *(continued)*

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules, except for the revaluation of financial instruments.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly in the period ended 27 August 2016 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101 "Reduced Disclosure Framework") as issued by the Financial Reporting Council. This transition is not considered to have a material effect on the financial statements.

As permitted under FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, standards not yet effective and related party transactions.

Accounting reference date

The accounting reference date of the company is the last Saturday in August. Accordingly, these financial statements have been prepared for the 52 week period ended 27 August 2016.

Going concern

At 27 August 2016 the company had net current liabilities of £3,112,000 which included £5,074,000 payable to the parent company. The parent company has indicated that it will not seek repayment of this loan for at least twelve months from the date of these accounts and has provided a letter of support in respect of these financial statements.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.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 continued availability of its current banking arrangements or the ability of the company to continue as a going concern.

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rebates are given to a number of key customers based on a percentage of turnover sold to those customers. These rebates are paid to customers by way of sales credit notes and/or free goods. Provisions are made for these rebates at fair value and are deducted from turnover.

Notes *(continued)*

2 Accounting policies *(continued)*

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

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 gains or losses on translation are included in the profit and loss account in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

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 IAS 19, 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.

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 any 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 IAS 12.

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

Notes *(continued)*

2 Accounting policies *(continued)*

Derivative financial instruments

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

The company has entered into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 16.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the hedging reserve until such time as the derivative matures. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

A derivative with a positive fair value is recognised as a financial asset and is presented as a current asset if the contractual maturity date of the instrument is within twelve months of the balance sheet date.

3 Critical accounting estimates and judgements

a) *Stock provisions*

The company manufactures yeast using molasses. The calculation of the value of molasses at the period end involves estimating the amount of molasses stock which remains in the bottom of the storage tanks which cannot be used. See note 13 for the net carrying amount of the stock and the associated provision.

b) *Impairment of trade receivables*

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 14 for the net carrying amount of the receivables and the associated impairment provision.

4 Turnover

Turnover is derived from the principal activity of the company, being the manufacture and sale of yeast.

The geographical analysis of turnover by destination is as follows:

	2016	2015
	£000	£000
United Kingdom	**20,111**	20,300
Rest of Europe	**1,854**	1,126
Rest of the World	**144**	160
	22,109	21,586

Notes *(continued)*

5 Operating profit/(loss)

	2016	2015
	£000	£000
Operating profit/(loss) is stated after charging:		
Staff costs (note 6)	**2,974**	2,782
Depreciation of tangible fixed assets	**1,543**	1,398
Operating lease rentals	**395**	392
Audit fees payable to the company's auditor	**16**	15
(Profit)/loss on disposal of tangible fixed assets	**(22)**	103
Inventory recognised as a expense	**8,538**	8,497
Impairment of inventory (included in 'cost of sales')	**38**	(10)
Foreign exchange (gains)/losses	**(154)**	36

6 Employees

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	**2,384**	2,211
Social security costs	**253**	224
Other pension costs	**337**	347
	2,974	2,782

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

	Number of employees	
	2016	2015
	Number	Number
Production	**15**	15
Administration and sales	**47**	45
	62	60

Notes *(continued)*

7 Pensions

The company is a member of the Associated British Foods plc pension scheme (the 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 and reasonable basis, as permitted by IAS 19 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 £183,000 (2015: £201,000).

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 which amounted to £154,000 (2015: £146,000).

The most recent actuarial valuation of the defined benefit scheme was carried out as at 5 April 2014 and revealed a surplus of £79m. At the valuation date the total market value of the assets of the scheme was £3,085m representing 103% of the benefits that had accrued to members after allowing for expected future salary increases.

The Scheme was valued at 17 September 2016 on the basis of IAS19: Employee Benefits ("IAS19") by an independent qualified actuary for inclusion in the Associated British Foods plc group financial statements. The valuation of the Scheme at that date showed a deficit of £96m (2015: surplus £120m). There are no material differences in the valuation methodologies under IAS 19. Full IAS 19 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.

8 Directors' remuneration

The directors' emoluments are paid by other group companies in respect of their roles as directors of this entity. The company did not pay any remuneration to directors in respect of their services *(2015: £nil).*

9 Interest payable and similar charges

	2016	2015
	£000	£000
Payable to group undertakings	**57**	47

Notes *(continued)*

10 Tax on profit/(loss) on ordinary activities

	2016	2015
	£000	£000
Corporation Tax		
UK corporation tax – current period	**82**	-
UK corporation tax – prior period adjustment	**(6)**	(30)
Total current tax charge/(credit)	**76**	(30)
Deferred Tax		
Origination and reversal of timing difference	**(227)**	(74)
Effect of change in tax rate	**84**	2
Adjustment in respect of previous periods	**(1)**	-
Total deferred tax (note 17)	**(142)**	(72)
Total tax credit in the period	**(66)**	(102)

Factors affecting tax credit for the period
The tax assessed for the period is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.5%). The differences are explained below:

	2016	2015
	£000	£000
Profit/(loss) on ordinary activities before tax	**85**	(360)
Profit/(loss) on ordinary activities at standard rate or corporation tax in the UK of 20% *(2015: 20.5%)*	**17**	(74)
Effect of change in tax rate	**(78)**	2
Adjustment in respect of previous periods	**(5)**	(30)
Total tax credit for the period	**(66)**	(102)

The UK corporation tax rate was reduced to 20% with effect from 1 April 2015, and further reductions to 19% and 17% have also now been enacted which take effect in April 2017 and April 2020 respectively. Accordingly, UK deferred tax has been calculated using these rates as appropriate

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Payments on account and assets in course of construction £000	Total £000
Cost				
At beginning of the period	2,329	24,634	1,240	28,203
Additions	-	34	1,480	1,514
Disposals	-	(825)	(107)	(932)
Transfers	186	1,323	(1,509)	-
At end of the period	2,515	25,166	1,104	28,785
Depreciation				
At beginning of the period	1,174	16,848	-	18,022
Charge for period	65	1,478	-	1,543
Disposals	-	(825)	-	(825)
At end of the period	1,239	17,501	-	18,740
Net book value				
At 27 August 2016	**1,276**	**7,665**	**1,104**	**10,045**
At 29 August 2015	1,155	7,786	1,240	10,181

Land and buildings comprise freehold property, including land at a cost of £399,701 *(2015: £399,701)* which is not depreciated.

12 Capital commitments

At the period end the company had capital expenditure commitments of approximately £141,000 *(2015: £538,000)* for which no provision has been made in these financial statements.

Notes *(continued)*

13 Stocks

	2016 £000	2015 £000
Raw materials and consumables	**973**	1,123
Finished goods and goods for resale	**207**	126
	1,180	1,249

There is no significant difference between the replacement cost of raw materials and consumables, and finished goods and goods for resale and their carrying amount.

At the period end a provision for raw materials and consumables of £56,000 existed (2015:£94,000)

14 Debtors

	2016 £000	2015 £000
Trade debtors	**2,308**	2,220
Amounts owed by group undertakings	**637**	639
Derivative financial instruments (note 16)	**75**	-
VAT recoverable	**166**	232
Prepayments and accrued income	**214**	162
	3,400	3,253

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

At the period end a provision for doubtful debtors existed for £37,000 (2015:£5,000)

15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**2,907**	2,805
Amounts owed to group undertakings	**6,159**	5,476
Corporation tax	**76**	-
Accruals and deferred income	**249**	168
	9,391	8,449

The company has a bank overdraft facility of £300,000 which expires on 31 December 2016 as part of the facility extended to the parent company by the group's bankers. Details of this facility are available in the financial statements of the parent company.

Notes *(continued)*

16 Derivative financial instruments

	2016	2015
	£000	£000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Forward foreign currency contracts	**75**	-

In June, the company entered into a contract to purchase US $927,000 at a rate of $1.4795 (£627,000). This contract matures on 25 November 2016.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy.

17 Deferred tax

	Deferred tax
	£000
At beginning of the period	845
Credit to the profit and loss account in the period	(142)
Deferred tax on hedging reserve	13
At end of the period	**716**

The deferred tax asset is made up as follows:

	2016	2015
	£000	£000
Difference between accumulated depreciation and capital allowances	**703**	845
Deferred tax on hedging reserve	**13**	-
Deferred tax liability	**716**	845

Notes *(continued)*

18 Called up share capital

	2016 Number	2016 £	2015 Number	2015 £
Allotted, called up and fully paid				
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
	1,375,001	**1,375,001**	1,375,001	1,375,001

The A, B and C shares rank pari passu, except that the C shares do not confer the right to receive notice of, or to be present at, or to vote either in person or by proxy at, any general meeting of the company.

19 Commitments under operating leases

At 27 August 2016 the minimum lease payments under operating leases were:

	2016 **£000**	2015 £000 *restated*
Within one year	**168**	347
Between one and five years	**446**	145

20 Related parties

As a wholly owned subsidiary the company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

21 Controlling party

The ultimate holding company and controlling party 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.

Notes *(continued)*

22 First time adoption of FRS 101

This is the first period that the company has presented its results under FRS 101 "Reduced Disclosure Framework". The last financial statements prepared under UK GAAP were for the period ended 29 August 2015. The date of transition to FRS 101 was 30 August 2014.

The policies applied under the company's previous accounting framework are not materially different to those under FRS 101 and the change has no impact on equity or profit or loss.