

Mauri Products Limited

Directors' report and financial statements

13 September 1997

Registered number 1413180



Directors' report and financial statements

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Directors' report

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

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 interim dividends of £1,375,001 (£1 per share) in respect of the period ended 13 September 1997.

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 are of any practical significance.

Directors and directors' interests

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

THM Shaw	
JCO Miles	
A Turnbull	(resigned 18 April 1997)
C Kop	
MJ O'Neill	
GW Schaeffer	(resigned 30 September 1996)
J Lynch	(appointed 30 September 1996)
AHE Bykerk	(appointed 20 May 1997)

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 5p each at end of period	Ordinary shares of 5p each at beginning of period or date of appointment
THM Shaw	95,710	95,710
JCO Miles	200	200
AHE Bykerk	200	2,500

Directors' report (continued)

Directors and directors' interests (continued)

The other directors notified no interests. According to the register of directors' interests, no rights to subscribe for shares in this company or shares in or debentures of any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

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

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 13 September 1997 divided by average purchases including VAT is 28 days.


United Kingdom charitable and political contributions

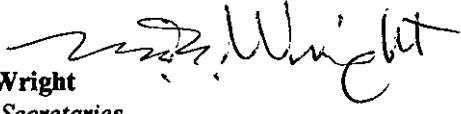
Contributions to charitable organisations during the period totalled £1,579 (1996: £2,112). No contributions were made to political organisations.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

MR Gore 


WB Wright
Joint Secretaries

Weston Centre
Bowater House
68 Knightsbridge
LONDON
SW1X 7LQ

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

The Fountain Precinct
1 Balm Green
Sheffield
S1 3AF

Report of the auditors to the members of Mauri Products Limited

We have audited the financial statements on pages 5 to 17.

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, 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 13 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

20 January 1998

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 £
Turnover			
Continuing operations		15,712,813	14,681,472
		<hr/>	<hr/>
Operating profit			
Continuing operations	3-4	3,578,096	3,184,006
Other interest receivable and similar income	6	86,402	86,696
Interest payable and similar charges	7	(379)	(525)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,664,119	3,270,177
Tax on profit on ordinary activities	8	(1,135,684)	(1,010,157)
		<hr/>	<hr/>
Profit for the financial period		2,528,435	2,260,020
Dividends	9	(1,375,001)	(1,608,751)
		<hr/>	<hr/>
Retained profit for the financial period		1,153,434	651,269
Retained profit brought forward		5,662,309	5,011,040
		<hr/>	<hr/>
Retained profit carried forward		6,815,743	5,662,309
		<hr/>	<hr/>

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

Balance sheet
at 13 September 1997

	<i>Note</i>	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	10		6,364,351		6,108,417
Current assets					
Stocks	12	1,283,916		719,318	
Debtors	13	3,987,421		3,629,184	
Cash at bank and in hand		204,628		138,381	
		<hr/>		<hr/>	
			5,475,965		4,486,883
Creditors: amounts falling due within one year	14	(3,649,572)		(3,557,990)	
		<hr/>		<hr/>	
Net current assets			1,826,393		928,893
			<hr/>		<hr/>
Total assets less current liabilities			8,190,744		7,037,310
			<hr/>		<hr/>
Capital and reserves					
Called up share capital - ordinary	15		1,375,001		1,375,001
Profit and loss account			6,815,743		5,662,309
			<hr/>		<hr/>
Total equity shareholders' funds			8,190,744		7,037,310
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 14.10.97 and were signed on its behalf by:



THM Shaw
Director

Cash flow statement
for the period ended 13 September 1997

	<i>Note</i>	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Net cash inflow from operating activities	<i>18</i>	3,771,402	4,055,270
Return on investments and servicing of finance	<i>18</i>	86,023	86,171
Taxation		(1,001,634)	(825,838)
Capital expenditure and financial investment	<i>18</i>	(1,103,007)	(1,397,371)
Equity dividends paid		(1,375,001)	(1,608,751)
		<hr/>	<hr/>
Net cash inflow before use of liquid resources and financing		377,783	309,481
Financing		-	-
		<hr/>	<hr/>
Increase in cash		377,783	309,481
		<hr/>	<hr/>

Comparative figures for 1996 have been restated in accordance with FRS 1 (revised).

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 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

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 company.

Research and development expenditure

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

Notes (continued)

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 Operating profit

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Turnover	15,712,813	14,681,472
Cost of sales	(9,824,388)	(9,376,554)
	<hr/>	<hr/>
Gross profit	5,888,425	5,304,918
Distribution costs	(1,768,359)	(1,606,241)
Administrative expenses	(541,970)	(514,671)
	<hr/>	<hr/>
Operating profit	3,578,096	3,184,006
	<hr/>	<hr/>

Operating profit is stated after charging

Staff costs	1,581,556	1,430,990
Depreciation and other amounts written off fixed tangible assets:		
Owned	846,785	720,349
Loss on sale of tangible fixed assets	288	1,593
Auditors' remuneration:		
Audit	7,500	7,548
Other services	1,311	4,803

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Production and administration	75	67
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Wages and salaries	1,424,203	1,291,479
Social security costs	130,283	119,551
Other pension costs	27,070	19,960
	<hr/>	<hr/>
	1,581,556	1,430,990
	<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.

Notes (continued)

5 Directors remuneration

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Directors' emoluments	Nil	Nil
	<hr/>	<hr/>

	Number of directors 1997	Number of directors 1996
The number of directors who exercised share options was	Nil	Nil
	<hr/>	<hr/>

6 Other interest receivable and similar income

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Receivable from group undertakings	86,272	86,696
Bank interest receivable	130	-
	<hr/>	<hr/>
	86,402	86,696
	<hr/>	<hr/>

7 Interest payable and similar charges

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Other	379	525
	<hr/>	<hr/>

Notes (continued)

8 Taxation on profit on ordinary activities

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
UK corporation tax at 32% (1996 : 33 %)	1,136,620	1,014,204
Adjustments in respect of previous years Corporation Tax	(936)	(4,047)
	1,135,684	1,010,157

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

	Accelerated capital allowances £	Total £
At 13 September 1997	923,000	923,000
At 14 September 1996	900,000	900,000

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.

9 Dividends

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Ordinary dividends paid	1,375,001	1,608,751

Notes *(continued)*

10 Tangible fixed assets

	Land and buildings	Plant and machinery	Payments on account and assets in course of con- struction	Total
	£	£	£	£
Cost				
At beginning of year	1,645,045	9,104,900	857,765	11,607,710
Additions	4,250	683,476	419,281	1,107,007
Transfers between items	-	680,552	(680,552)	-
Disposals	-	(13,274)	-	(13,274)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,649,295	10,455,654	596,494	12,701,443
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	210,916	5,288,377	-	5,499,293
Charge for year	25,330	821,455	-	846,785
On disposals	-	(8,986)	-	(8,986)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	236,246	6,100,846	-	6,337,092
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 13 September 1997	1,413,049	4,354,808	596,494	6,364,351
	<hr/>	<hr/>	<hr/>	<hr/>
At 14 September 1996	1,434,129	3,816,523	857,765	6,108,417
	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings comprise freehold property, including land at a cost of £399,701 (1996: £399,701) which is not depreciated.

11 Capital commitments

There are commitments for capital expenditure by the company of approximately £224,000 (1996: £205,000) for which no provision has been made in these financial statements.

Notes (continued)

12 Stocks

	13 September 1997 £	14 September 1996 £
Raw materials and consumables	1,136,154	562,707
Finished goods and goods for resale	147,762	156,611
	<hr/>	<hr/>
	1,283,916	719,318
	<hr/>	<hr/>

13 Debtors

	13 September 1997 £	14 September 1996 £
Trade debtors	1,690,029	1,606,352
Amounts owed by group and fellow subsidiary undertakings	2,195,166	1,908,495
VAT recoverable	76,338	74,682
Other debtors	24,442	27,272
Prepayments and accrued income	1,446	12,383
	<hr/>	<hr/>
	3,987,421	3,629,184
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	13 September 1997 £	14 September 1996 £
Bank loans and overdrafts	-	311,536
Trade creditors	537,765	731,940
Amounts owed to group and fellow subsidiary undertakings	1,245,190	791,552
Corporation tax	1,643,254	1,509,204
Taxation and social security	5,613	6,648
Accruals and deferred income	217,750	207,110
	<hr/>	<hr/>
	3,649,572	3,557,990
	<hr/>	<hr/>

Notes (continued)

15 Called up share capital

	13 September 1997		14 September 1996	
	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
	<hr/>	<hr/>	<hr/>	<hr/>
	3,000,000	3,000,000	3,000,000	3,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
<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
	<hr/>	<hr/>	<hr/>	<hr/>
	1,375,001	1,375,001	1,375,001	1,375,001
	<hr/>	<hr/>	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Opening shareholders' funds	7,037,310	6,386,041
Profit for the financial period	2,528,435	2,260,020
Dividends	(1,375,001)	(1,608,751)
	<hr/>	<hr/>
Closing shareholders' funds	8,190,744	7,037,310
	<hr/>	<hr/>

17 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)

18 Notes to cash flow statements

(i) Reconciliation of movements in shareholders' funds

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Operating profit	3,578,096	3,184,006
Depreciation	846,785	720,349
Loss on disposal of tangible fixed assets	288	1,593
Increase in stocks	(564,598)	(64,708)
Increase in debtors	(358,237)	(20,069)
Increase in creditors	269,068	234,099
	<hr/>	<hr/>
Net cash inflow from operating activities	3,771,402	4,055,270
	<hr/>	<hr/>

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

	52 week period ended 13 September 1997 £	52 week period ended 14 September 1996 £
Returns on investments and servicing of finance		
Interest received	86,402	86,696
Interest paid	(379)	(525)
	<hr/>	<hr/>
	86,023	86,171
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,107,007)	(1,402,271)
Proceeds from sales of tangible fixed assets	4,000	4,900
	<hr/>	<hr/>
	(1,103,007)	(1,397,371)
	<hr/>	<hr/>

(iii) Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 16 September 1995	2,665	(485,301)	(482,636)
Net cash inflow	135,716	173,765	309,481
	<hr/>	<hr/>	<hr/>
Balance at 14 September 1996	138,381	(311,536)	(173,155)
Net cash inflow	66,247	311,536	377,783
	<hr/>	<hr/>	<hr/>
Balance at 13 September 1997	204,628	-	204,628
	<hr/>	<hr/>	<hr/>

Notes (continued)

19 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 £5,369,000 and £1,940,000 respectively and paid charges to such companies of £563,000.

Amounts owed to and by Associated British Foods plc group companies are shown in notes 13 and 14 above.

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

20 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.