

**Mauri Products Limited**

**Directors' report and financial  
statements**

Registered number 1413180

27 August 2011

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 27 August 2011

### **Principal activities**

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

### **Business review**

The Directors are reporting a 13.1% reduction in turnover on the previous year to £16.99 million

The company has been under considerable pressure to reduce prices this year due to increased competition in the UK yeast market, as such volume supplied to bakeries had dropped substantially. The company has benefited from favourable molasses prices during the year, however towards the end of the financial year prices have started to rise considerably, they are expected to remain high for the next few years. 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 high molasses prices, however the company should benefit from a number of new initiatives.

### **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 £1,200,000 (2010: £486,000) in respect of the year ended 27 August 2011.

### **Directors**

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

C Simmonds  
M Bonzo  
J McKenna

### **Disclosure of information to auditors**

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 auditors are 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 auditors are 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 on pages 1 to 3.

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 56 days *(2010 78 days)*

**United Kingdom charitable and political contributions**

Contributions to charitable organisations during the period totalled £245 *(2010 £nil)* No contributions were made to political organisations *(2010 £nil)*

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors 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

16 December 2011

## **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 27 August 2011 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 (APB'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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **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 2011 and of its profit for the year 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 C Harding (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 The Embankment  
Leeds  
LS1 4DW  
Leeds

16 December 2011

**Profit and loss account**  
*for the year ended 27 August 2011*

	<i>Note</i>	<b>2011</b> <b>£000</b>	2010 £000
<b>Turnover</b>	3	<b>16,989</b>	19,552
<b>Operating profit</b>	4-6	<b>106</b>	2,095
Other interest receivable and similar income	7	<b>61</b>	44
<b>Profit on ordinary activities before taxation</b>		<b>167</b>	2,139
Tax on profit on ordinary activities	8	<b>211</b>	(646)
<b>Profit for the financial period</b>	17	<b>378</b>	1,493

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 27 August 2011*

	<i>Note</i>	2011 £000	£000	2010 £000	£000
<b>Fixed assets</b>					
Tangible assets	9		10,855		11,146
<b>Current assets</b>					
Stocks	11	567		605	
Debtors	12	7,436		8,655	
Cash at bank and in hand		95		184	
		<u>8,098</u>		<u>9,444</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,766)</u>		<u>(4,488)</u>	
<b>Net current assets</b>			4,332		4,956
<b>Total assets less current liabilities</b>			<u>15,187</u>		<u>16,102</u>
Provisions for liabilities and charges	14		(1,238)		(1,331)
<b>Net assets</b>			<u>13,949</u>		<u>14,771</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,375		1,375
Profit and loss account	16		12,574		13,396
<b>Total equity shareholders' funds</b>			<u>13,949</u>		<u>14,771</u>

These financial statements were approved by the board of directors on 16 December 2011 and were signed on its behalf by



Colin Simmonds  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting reference date

These financial statements have been prepared for the year ended 27 August 2011

### 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.

**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:

	2011 £000	2010 £000
United Kingdom	16,225	18,316
Europe	643	1,140
Rest of the World	121	96
	<u>16,989</u>	<u>19,552</u>

**Notes (continued)**

**4 Operating profit**

	2011 £000	2010 £000
Turnover	16,989	19,552
Cost of sales	(12,534)	(13,288)
	4,455	6,264
Gross profit		
Distribution costs	(1,862)	(1,639)
Administrative expenses	(2,487)	(2,530)
	106	2,095
<b>Operating profit</b>		
<i>Operating profit is stated after charging</i>		
Staff costs (note 5)	2,194	2,008
Depreciation and other amounts written off fixed tangible assets		
Owned	1,302	1,219
Operating leases in respect of		
Plant and Machinery	19	18
Buildings	9	-
Auditors' remuneration		
Audit services pursuant to legislation	15	15
	2,194	2,008

**5 Staff numbers and costs**

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

	Number of employees	
	2011 Number	2010 Number
Production and administration	51	52
	51	52

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	1,829	1,675
Social security costs	173	155
Other pension costs	192	178
	2,194	2,008

**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 £144,000 (2010 £50,000).

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 £48,000 (2010 £128,000).

The last actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2008. At the valuation date the total market value of the assets of the schemes was £2,223m and represented 93% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Following completion of the actuarial valuation, the group agreed to make five annual payments of £30m in order to eliminate the deficit at 5 April 2008. The first of these payments was made in March 2009.

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](http://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 (2010 £nil).

**8 Other interest receivable and similar income**

	2011 £000	2010 £000
Receivable from group undertakings	61	44

**Notes (continued)**

**9 Taxation on profit on ordinary activities**

	<b>2011</b> <b>£000</b>	2010 £000
UK corporation tax	<b>40</b>	627
Total current tax	<b>40</b>	627
Timing differences	<b>6</b>	68
Effect of decrease in tax rate	<b>(99)</b>	(49)
Total deferred tax (note 14)	<b>(93)</b>	19
Prior year credit	<b>(158)</b>	-
	<b>(211)</b>	646

Effective 1 April 2011 the corporation tax rate was reduced from 28% to 26%. A further decrease to 25% is due to take effect on 1 April 2012 and the impact on deferred tax has been included within these accounts. It has also been announced that the UK tax rate will drop a further 1% per annum over the following years reaching 23% effective from 1 April 2014. However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

The differences are explained below

	<b>2011</b> <b>£000</b>	2010 £000
Profit on ordinary activities before tax	<b>168</b>	2,139
Profit on ordinary activities at standard rate or corporation tax in the UK of 27.2% (2010 28%)	<b>46</b>	599
Timing differences	<b>(6)</b>	(68)
Permanent differences	<b>-</b>	96
Total current tax	<b>40</b>	627

**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
<b>Cost</b>				
At beginning of period	2,115	18,364	2,522	23,001
Additions	-	-	1,069	1,069
Disposals	-	(288)	-	(288)
Transfers	-	2,390	(2,390)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	2,115	20,466	1,201	23,782
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of period	815	11,040	-	11,855
Charge for period	74	1,228	-	1,302
Disposals	-	(230)	-	(230)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	889	12,038	-	12,927
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 27 August 2011	<u>1,226</u>	<u>8,428</u>	<u>1,201</u>	<u>10,855</u>
At 28 August 2010	<u>1,300</u>	<u>7,324</u>	<u>2,522</u>	<u>11,146</u>

Land and buildings comprise freehold property, including land at a cost of £399,701 (2010 £399,701) which is not depreciated

**11 Capital commitments**

There are commitments for capital expenditure by the company of approximately £70,000 (2010 £245,000) for which no provision has been made in these financial statements

**Notes (continued)**

**12 Stocks**

	2011 £000	2010 £000
Raw materials and consumables	436	498
Finished goods and goods for resale	131	107
	567	605
	567	605

**13 Debtors**

	2011 £000	2010 £000
Trade debtors	1,809	1,762
Amounts owed by group companies	5,089	6,576
VAT recoverable	156	151
Prepayments and accrued income	382	166
	7,436	8,655
	7,436	8,655

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

	2011 £000	2010 £000
Trade creditors	2,406	2,158
Amounts owed to group companies	622	844
Corporation tax	40	828
Accruals and deferred income	698	658
	3,766	4,488
	3,766	4,488



**Notes (continued)**

**15 Provisions for liabilities and charges**

	<b>Deferred tax</b> £000
At beginning of the period	1,331
Charged in the period	(93)
	1,238
At end of period	1,238

The elements of deferred taxation are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and capital allowances	1,238	1,331
Deferred tax liability	1,238	1,331

**16 Called up share capital**

	2011		2010	
	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
	3,000,000	3,000,000	3,000,000	3,000,000
	3,000,000	3,000,000	3,000,000	3,000,000
<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
	1,375,001	1,375,001	1,375,001	1,375,001
	1,375,001	1,375,001	1,375,001	1,375,001

The holders of Class A and B shares can appoint 4 and 3 directors respectively. Class C shareholders have no right of appointment.

**Notes** *(continued)*

**17 Profit and loss account**

	<b>2011</b>
	<b>£000</b>
At beginning of period	13,396
Retained profit for the financial period	378
Dividend paid	(1,200)
	12,574
At end of period	12,574

**18 Reconciliation of movements in shareholders' funds**

	<b>2011</b>	2010
	<b>£000</b>	£000
Profit for the financial period	378	1,493
Dividend paid	(1,200)	(486)
	(822)	1,007
Net increase/ (decrease) to shareholders funds during the period	(822)	1,007
Opening shareholders funds	14,771	13,764
	13,949	14,771

**19 Lease Commitments**

At 27 August 2011 the minimum lease payments under operating leases are as follows

	<b>2011</b>	2010
	<b>£000</b>	£000
Within one year	45	11
Between one and five years	94	38
After 5 years	-	-
	139	49

**19 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

## 20 Notes *(continued)*

### **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](http://www.abf.co.uk)