

Mauri Products Limited

Directors' report and financial statements

12 September 1998

Registered number 1413180



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	4
Report of the auditors to the members of Mauri Products Limited	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes	9

Directors' report

The directors present their annual report and the audited financial statements for the period ended 12 September 1998.

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 an interim dividend of £1,375,001 (£1 per share) in respect of the period ended 12 September 1998.

Fixed assets

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

Directors and directors' interests

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

THM Shaw
JCO Miles
C Kop (removed 31 December 1997)
MJ O'Neill
J Lynch
AHE Bykerk (removed 31 December 1997)
J McKenna (appointed 4 January 1998)
D Lamberth (appointed 4 January 1998)

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
THM Shaw	95,710	95,710
JCO Miles	15,200	200

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The other directors notified no interests. The following directors had the following outstanding options to acquire ordinary shares of 5p each in Associated British Foods plc

	At 13 September 1997 £000	Granted in year £000	At 12 September 1998 £000	Exercise price £000	Date from which exercisable	Expiry date
JCO Miles	-	15,000	15,000	561.5p	28.4.2003	28.4.2008
MJ O'Neill	-	40,000	40,000	561.5p	28.4.2003	28.4.2008

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

Payments to suppliers

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 12 September 1998 divided by average purchases including VAT is 18 days *(1997: 28 days)*.

United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £1,601 *(1997: £1,579)*. No contributions were made to political organisations.

Year 2000

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

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

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

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

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

Directors' report *(continued)*

Auditors

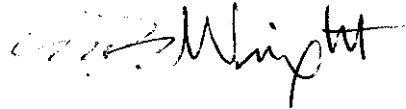
Pursuant to a shareholders resolution the company is not obliged to appoint auditors annually and therefore KPMG Audit Plc will continue in office.

By order of the board

MR Gore



WB Wright
Joint Secretaries



Weston Centre
Bowater House
68 Knightsbridge
LONDON
SW1X 7LQ

13 October 1998

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 6 to 18.

Respective responsibilities of directors and auditors

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

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 12 September 1998 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

11 March 1998

Profit and loss account
for the period ended 12 September 1998

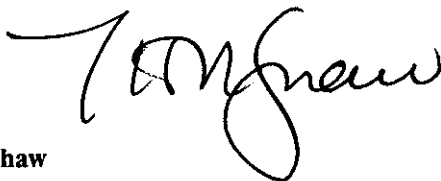
	<i>Note</i>	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Turnover			
Continuing operations	3	16,427,733	15,712,813
		<hr/>	<hr/>
Operating profit			
Continuing operations	4-6	4,203,580	3,578,096
Other interest receivable and similar income	7	171,302	86,402
Interest payable and similar charges	8	(593)	(379)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,374,289	3,664,119
Tax on profit on ordinary activities	9	(1,365,060)	(1,135,684)
		<hr/>	<hr/>
Profit for the financial period		3,009,229	2,528,435
Dividends	10	(1,375,001)	(1,375,001)
		<hr/>	<hr/>
Retained profit for the financial period		1,634,228	1,153,434
Retained profit brought forward		6,815,743	5,662,309
		<hr/>	<hr/>
Retained profit carried forward		8,449,971	6,815,743
		<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 1998

	<i>Note</i>	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	<i>11</i>		6,203,200	-	6,364,351
 Current assets					
Stocks	<i>13</i>	774,484		1,283,916	
Debtors	<i>14</i>	6,054,604		3,987,421	
Cash at bank and in hand		110,763		204,628	
		<hr/>		<hr/>	
		6,939,851		5,475,965	
Creditors: amounts falling due within one year	<i>15</i>	(3,318,079)		(3,649,572)	
		<hr/>		<hr/>	
Net current assets			3,621,772		1,826,393
			<hr/>		<hr/>
Total assets less current liabilities			9,824,972		8,190,744
			<hr/>		<hr/>
Capital and reserves					
Called up share capital - ordinary	<i>16</i>		1,375,001		1,375,001
Profit and loss account			8,449,971		6,815,743
			<hr/>		<hr/>
Total equity shareholders' funds			9,824,972		8,190,744
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13 October 1998 and were signed on its behalf by:



THM Shaw
Director

Cash flow statement
for the period ended 12 September 1998

	<i>Note</i>	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Net cash inflow from operating activities	<i>19</i>	2,979,255	3,771,402
Return on investments and servicing of finance	<i>19</i>	170,709	86,023
Taxation		(1,074,653)	(1,001,634)
Capital expenditure and financial investment	<i>19</i>	(794,175)	(1,103,007)
Equity dividends paid		(1,375,001)	(1,375,001)
		<hr/>	<hr/>
Net cash inflow before use of liquid resources and financing		(93,865)	377,783
Financing		-	-
		<hr/>	<hr/>
(Decrease)/increase in cash	<i>19</i>	(93,865)	377,783
		<hr/>	<hr/>

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 12 September 1998.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

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

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

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds.

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

Research and development expenditure

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

Notes (continued)

Accounting policies (continued)

Stocks

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

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

Taxation

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

Turnover

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

3 Turnover

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

The geographical analysis of turnover is as follows:

	52 week period ended 12 September 1998	52 week period ended 13 September 1997
	£	£
United Kingdom	14,503,197	13,845,394
Europe	1,924,536	1,867,419
	16,427,733	15,712,813

Notes (continued)

4 Operating profit

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Turnover	16,427,733	15,712,813
Cost of sales	(9,850,067)	(9,824,388)
	<hr/>	<hr/>
Gross profit	6,577,666	5,888,425
Distribution costs	(1,801,226)	(1,768,359)
Administrative expenses	(572,860)	(541,970)
	<hr/>	<hr/>
Operating profit	4,203,580	3,578,096
	<hr/>	<hr/>
<i>Operating profit is stated after charging</i>		
Staff costs	1,530,229	1,581,556
Depreciation and other amounts written off fixed tangible assets:		
Owned	930,306	846,785
Loss on sale of tangible fixed assets	25,020	288
Auditors' remuneration:		
Audit	7,800	7,500
Other services	7,738	1,311

5 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 12 September 1998	52 week period ended 13 September 1997
Production and administration	72	75
	<hr/>	<hr/>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Wages and salaries	1,375,844	1,424,203
Social security costs	125,287	130,283
Other pension costs	29,098	27,070
	1,530,229	1,581,556

Pensions

The pension costs of the Associated British Foods plc group of companies are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings. Particulars of the last actuarial valuation of the scheme are contained in the financial statements of Associated British Foods plc.

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

6 Directors remuneration

None of the directors received any emoluments in respect his services to the company (1997: £nil).

7 Other interest receivable and similar income

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Receivable from group undertakings	171,265	86,272
Bank interest receivable	37	130
	171,302	86,402

Notes (continued)

8 Interest payable and similar charges

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Other	593	379
	<u> </u>	<u> </u>

9 Taxation on profit on ordinary activities

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
UK corporation tax at 32% (1997 : 33 %)	1,365,351	1,136,620
Adjustments in respect of previous years Corporation Tax	(291)	(936)
	<u> </u>	<u> </u>
	1,365,060	1,135,684
	<u> </u>	<u> </u>

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

	Accelerated capital allowances £	Total £
At 12 September 1998	791,000	791,000
	<u> </u>	<u> </u>
At 13 September 1997	923,000	923,000
	<u> </u>	<u> </u>

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

10 Dividends

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Ordinary dividends paid	1,375,001	1,375,001
	<u> </u>	<u> </u>

Notes (continued)

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Payments on account and assets in course of con- struction	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	1,649,295	10,455,654	596,494	12,701,443
Additions	28,753	461,551	303,249	793,553
Transfers between items	-	560,751	(560,751)	-
Disposals	-	(311,931)	-	(311,931)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,678,048	11,166,025	338,992	13,183,065
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	236,246	6,100,846	-	6,337,092
Charge for year	25,855	904,451	-	930,306
On disposals	-	(287,533)	-	(287,533)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	262,101	6,717,764	-	6,979,865
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 12 September 1998	1,415,947	4,448,261	338,992	6,203,200
	<hr/>	<hr/>	<hr/>	<hr/>
At 13 September 1997	1,413,049	4,354,808	596,494	6,364,351
	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings comprise freehold property, including land at a cost of £399,701 (1997: £399,701) which is not depreciated.

12 Capital commitments

There are commitments for capital expenditure by the company of approximately £283,000 (1997: £224,000) for which no provision has been made in these financial statements.

Notes (continued)

13 Stocks	12 September 1998 £	13 September 1997 £
Raw materials and consumables	625,522	1,136,154
Finished goods and goods for resale	148,962	147,762
	<hr/>	<hr/>
	774,484	1,283,916
	<hr/>	<hr/>
14 Debtors	12 September 1998 £	13 September 1997 £
Trade debtors	1,780,826	1,690,029
Amounts owed by group and fellow subsidiary undertakings	4,111,347	2,195,166
VAT recoverable	129,313	76,338
Other debtors	31,292	24,442
Prepayments and accrued income	1,826	1,446
	<hr/>	<hr/>
	6,054,604	3,987,421
	<hr/>	<hr/>
15 Creditors: amounts falling due within one year	12 September 1998 £	13 September 1997 £
Trade creditors	491,823	537,765
Amounts owed to group and fellow subsidiary undertakings	571,112	1,245,190
Corporation tax	1,933,661	1,643,254
Taxation and social security	5,604	5,613
Accruals and deferred income	315,879	217,750
	<hr/>	<hr/>
	3,318,079	3,649,572
	<hr/>	<hr/>

Notes (continued)

16 Called up share capital

	12 September 1998		13 September 1997	
	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/>

17 Reconciliation of movements in shareholders' funds

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Opening shareholders' funds	8,190,744	7,037,310
Profit for the financial period	3,009,229	2,528,435
Dividends	(1,375,001)	(1,375,001)
	<hr/>	<hr/>
Closing shareholders' funds	9,824,972	8,190,744
	<hr/>	<hr/>

18 Contingent liabilities

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

Notes (continued)

19 Notes to cash flow statements

(i) Reconciliation of movements in shareholders' funds

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Operating profit	4,203,580	3,578,096
Depreciation	930,306	846,785
Loss on disposal of tangible fixed assets	25,020	288
Decrease/(increase) in stocks	509,432	(564,598)
Increase in debtors	(2,067,183)	(358,237)
Decrease/(increase) in creditors	(621,900)	269,068
	2,979,255	3,771,402

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

	52 week period ended 12 September 1998 £	52 week period ended 13 September 1997 £
Returns on investments and servicing of finance		
Interest received	171,302	86,402
Interest paid	(593)	(379)
	170,709	86,023
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(793,553)	(1,107,007)
(Cost of disposal)/proceeds from sales of tangible fixed assets	(622)	4,000
	(794,175)	(1,103,007)

(iii) Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 14 September 1996	138,381	(311,536)	(173,155)
Net cash inflow	66,247	311,536	377,783
	204,628	-	204,628
Balance at 13 September 1997	204,628	-	204,628
Net cash outflow	(93,865)	-	(93,865)
	110,763	-	110,763
Balance at 12 September 1998	110,763	-	110,763

Notes *(continued)*

20 Related party transactions

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

During the year the company had yeast sales to, and raw material purchases from, Associated British Foods plc subsidiary companies of £6,379,000 (1997: £5,369,000) and £2,010,000 (1997: £1,940,000) respectively and paid charges to such companies of £521,000 (1997: £563,000).

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

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

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

The directors consider that the company is a subsidiary undertaking of Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.