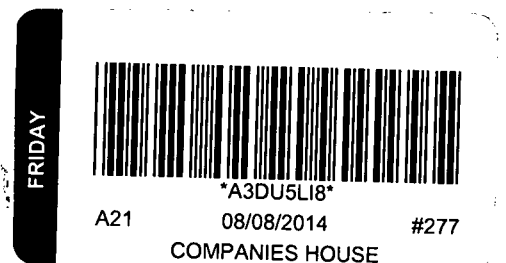


# Financial Statements

## Pauls Malt Limited

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For the year ended 30 June 2013



Registered number: 00088929

## Company Information

<b>Directors</b>	D R Wilkes J-M Dubois (France) J-F Loiseau (France) Y Shaepman (Belgium) P Chandru de Raynal (France)
<b>Company secretary</b>	Goodbody Northern Ireland Secretarial Limited (Northern Ireland)
<b>Registered number</b>	00088929
<b>Registered office</b>	24/25 Eastern Way Bury St Edmunds Suffolk IP32 7AD
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 300 Pavilion Drive Northampton Business Park Northampton NN4 7YE
<b>Bankers</b>	Natwest Bank PLC 15 Bishopsgate London EC2P 2AP  HSBC PLC 69 Pall Mall St James London SW1Y5E

**Pauls Malt Limited**

**Solicitors**

Slaughter and May LLP  
35 Basinghall Street  
London  
EC2V 5DB

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

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# Directors' Report

For the year ended 30 June 2013

The directors present their report and the financial statements for the year ended 30 June 2013.

## **Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Principal activities**

The principal activities of the company are the manufacture and sale of malt to the UK and overseas markets and the provision of barley sourcing and storage services.

## **Business review**

The health of the malting industry is primarily related to the supply and demand of malt. In terms of demand the key driver is beer consumption which accounts for 93% of total global malt demand. Not surprisingly growth in demand varies by region with the mature markets of Europe more or less stagnant or in decline and the emerging economies of South America, Africa and Asia showing annual growth rates in the range of 1-4%. Overall global beer consumption growth was estimated to have risen by 1.3% in 2012 with a similar figure expected for 2013.

In the UK we have seen a sharp fall in beer consumption since the introduction of the controversial Beer Duty Escalator by the Chancellor of the Exchequer in 2008. Since that time duty rates have increased by 42% and beer sales fallen by 17% with the closure of 5,800 public houses. The Duty Escalator has now been overturned which is positive but economic and lifestyle changes continue to weigh heavy on beer consumption. One positive development is the growth in micro-breweries which are estimated to be growing by 7% per year particularly as they have a tendency to use a higher proportion of malt in their grist. Indeed there are now more breweries in the UK at any time in the past.

For the UK a significant and important sector is the Distilling Industry. Latest figures show an increase in Scotch Whisky exports of 9% by volume for the first six months of 2013. Growth is being achieved not only in the emerging markets of South America, Asia and Africa but reassuringly in mature markets such as the USA and France. Consequently Scottish Distillers are expanding distilling capacity and increasing production. This has

## **Directors' Report**

**For the year ended 30 June 2013**

provided a secure underpin for the UK malting industry and it is estimated that industry capacity is close to full utilisation; a fact confirmed by malting barley usage figures. This has resulted in Distillers seeking to secure forward volumes at improved margins.

Boortmalt have a strategy to secure approximately 70% of total sales commitments through Long Term Agreements (LTA's) to give better earnings visibility and predictability. A number of new and important LTA's were signed during the past twelve months in line with this strategy.

Crop 2012 was another difficult one with adverse weather during harvest adversely impacting on the quality of malting barley. This in turn impacted on production processes leading to a reduction in total malt output. Crop 2013 quality is excellent and no such adverse impact is expected during the next year with UK assets once again expected to be working at full capacity.

Working capital is a key consideration and the recent era of high grain prices has adversely impacted the capital employed of the business, although this effect in 2013 was mitigated by reducing malt stocks. Falling grain prices together a number of initiatives that are being implemented to reduce working capital should however have positive effects in the next financial year.

Cost focus remains a key consideration in what is a capital intensive industry particularly around energy usage and consequently energy roadmaps and targeted capital expenditure are expected to bear fruit in the coming years. The UK business is well sold for 2013/14 and with better quality raw material. Improving margins and a close focus on cost control financial results are anticipated to improve in the next financial year.

### **Results**

The profit for the year, after taxation, amounted to £1,610,000 (2012 - £2,096,000).

### **Directors**

The directors who served during the year were:

D R Wilkes  
J-M Dubois (France)  
J-F Loiseau (France)  
Y Shaepman (Belgium)  
P Chandru de Raynal (France)

The directors and their spouses and minor children have no interest in the shares of the company. D.Bamas, J-M Dubois, J-F Loiseau and Y.Shaepman were also directors of the company's ultimate parent undertaking, Axereal Union de Cooperatives Credit Agricoles, at 30 June 2013, and their interests are disclosed in that company's financial statements for the period ended 30 June 2013. There are no other interests requiring disclosure under the Companies Act 2006.

### **Political and charitable contributions**

The company made charitable donations in the financial period of £793 (2012 - £275). The company made no political donations in the financial period (2012 - £nil).

## **Directors' Report**

**For the year ended 30 June 2013**

### **Key performance indicators**

The company considers as part of its management accounting process the following measures to be indicators of the underlying performance of the business:

Operational efficiency is key to the business succeeding and two measures of this are tonnes of malt produced per employee and capacity utilisation. Malt produced per employee was 2,939 tonnes in the financial period (2012 - 2,664 tonnes) and capacity utilisation was 85% in the financial period (2012 - 91%).

The increase in growth of the distilling sector continued, reflected in improved margins. There were increased deliveries to the brewing sector although at a reduced margin. The increase in UK deliveries was at the expense of low margin export deliveries, which improved the average export margin. The proportion of sales tonnes to the three main sectors were - distilling 37% (2012 - 34%), brewing 34% (2012 - 31%), export 28% (2012 - 35%).

Free cash flow is an important indicator of the company's performance in maximising cash generation. The net cash inflow from operations in the financial period was £4,902,000 (2012 - outflow of £2,525,000).

Return on investment is measured using the company's operating profit, excluding property sales, against the average total of shareholders' funds invested in the business. The return in the financial period was 3% (2012 - 9%).

### **Financial risk management objectives and policies**

The company is exposed to a variety of financial risks including interest rate, foreign currency, liquidity and credit risk. These financial risks are managed under policies approved by the ultimate holding company. The company uses forward currency contracts to manage the financial risk associated with selling and buying in currencies other than sterling. The company does not use derivative financial instruments for trading and speculative purposes.

#### **Interest rate risk**

Funding is provided by the ultimate holding company, which has policies in place to optimise the interest cost and reduce volatility in reporting earnings. This is managed by reviewing the debt profile regularly and by selectively using interest rate swaps to limit the level of floating interest rate exposure.

#### **Foreign currency risk**

The company trades internationally and uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and payments in foreign currencies.

#### **Liquidity risk**

Funding is provided by the ultimate holding company, which has a policy to ensure that there is always sufficient long term and committed bank facilities in place to meet foreseeable peak borrowing requirements. There is also a prudent approach to liquidity risk management by spreading the maturities of debt from short-term to long-term

#### **Credit risk**

The company derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact on the company's results. The company manages the risk by regularly reviewing the credit history and rating of all significant customers.

# Directors' Report

For the year ended 30 June 2013

## **Company's policy for payment of creditors**

The company's current policy concerning the payment of its creditors is to:

1. settle the terms of payments with suppliers when agreeing the terms of each transaction;
2. ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
3. pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments for revenue and capital items without exception.

## **Employees**

During the financial period, the company gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available.

Company policy provides that existing employees who become disabled shall continue employment with the company if at all possible, subject to any appropriate retraining.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.

Matters of interest and concern are regularly circulated to employees. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest and the views of employees are taken into account when making decisions that are likely to affect their interests.

## **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Auditors**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## **Principal risks and uncertainties**

Risks and mitigating controls are managed and reviewed by the senior management team on a regular basis. Also, being part of a larger group (Axereal Union or "Group"), these are also subject to review by the Group's financial audit programmes. Accreditation under various quality, environmental, and health and safety standards ensures these areas are regularly reviewed for compliance to these standards.

The company faces a number of risks and uncertainties that can be summarised into four categories, as follows:



## **Directors' Report**

**For the year ended 30 June 2013**

### **Commercial**

The loss of a manufacturing site through fire, natural catastrophe, act of vandalism or critical plant failure could potentially have a material impact.

These risks are mitigated through robust security and comprehensive disaster recovery plans. In addition external insurance and risk management experts review all sites and discuss findings with senior management.

A shortage of raw material supply could result in increased costs and loss of production.

The commercial team monitors exposures weekly and the senior management team reviews exposures on a monthly basis.

Fluctuating energy prices can have a significant impact on profitability.

There is a strong commercial focus on purchasing energy and diversifying risk.

### **Operational**

As part of the food and drink industry the company is subject to market related risks associated with food products.

The company has a strong technical function dealing with product quality and traceability. There are systems in place for hygiene, health and safety and environmental controls. The systems are reviewed regularly by the senior management team who also review customer audits.

### **Financial**

Through the group's treasury function, the company uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and purchases in foreign currencies.

The company policy is for all sales and purchase contracts to be hedged at the time the contract is made and therefore avoid the risks of speculation.

The company's defined benefit pension fund is exposed to the risk of changes in interest rates and the market values of investments as well as inflation and the increasing longevity of scheme members.

The risk is mitigated by paying appropriate contributions into the fund and through a balanced investment strategy to avoid a material worsening of the current deficit. The defined benefit scheme is closed to new members.

### **Systems**

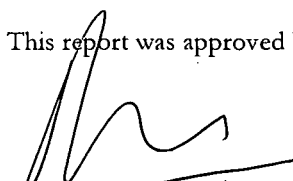
A significant IT failure could adversely impact on the business.

Robust IT disaster recovery plans and system backup processes are in place.

This report was approved by the board on

31<sup>st</sup> July 2014

and signed on its behalf.



**D R Wilkes**  
Director

## Independent Auditors' Report to the Members of Pauls Malt Limited

We have audited the financial statements of Pauls Malt Limited for the year ended 30 June 2013, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. 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).

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 Auditors' 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 auditors**

As explained more fully in the Directors' responsibilities statement, 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 Financial Reporting Council'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 30 June 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinions on other matters 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.

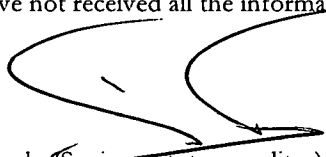


## Independent Auditors' Report to the Members of Pauls Malt Limited

### **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.



Timothy Lincoln (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Northampton

Date:

1 August 2014.

# Profit and Loss Account

For the year ended 30 June 2013

	Note	2013 £000	2012 £000
<b>Turnover</b>	1,2	<b>129,692</b>	112,893
Cost of sales		<b>(120,549)</b>	(102,967)
<b>Gross profit</b>		<b>9,143</b>	9,926
Distribution costs		<b>(5,552)</b>	(5,254)
Administrative expenses		<b>(2,664)</b>	(2,012)
<b>Operating profit</b>	3	<b>927</b>	2,660
Income from other participating interests		<b>1,624</b>	-
Interest receivable and similar income	8	<b>30</b>	41
Interest payable and similar charges	9	<b>(751)</b>	(683)
Other finance expense	10	<b>(69)</b>	(31)
<b>Profit on ordinary activities before taxation</b>		<b>1,761</b>	1,987
Tax on profit on ordinary activities	11	<b>(151)</b>	109
<b>Profit for the financial year</b>	20	<b>1,610</b>	2,096

All amounts relate to continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

# Statement of Total Recognised Gains and Losses

For the year ended 30 June 2013

	Note	2013 £000	2012 £000
<b>Profit for the financial year</b>		<b>1,610</b>	<b>2,096</b>
Actuarial gain related to pension scheme	24	(905)	(897)
Deferred tax attributable to actuarial gain	24	(173)	(171)
Current tax attributable to pension scheme deficit reduction contributions		368	-
<b>Total recognised gains and losses relating to the year</b>		<b>900</b>	<b>1,028</b>

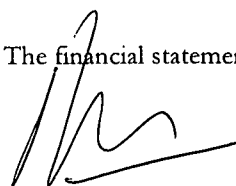
The notes on pages 11 to 25 form part of these financial statements.

## Balance Sheet

As at 30 June 2013

	Note	£000	2013 £000	2012 £000
<b>Fixed assets</b>				
Tangible assets	12		33,059	33,826
<b>Current assets</b>				
Stocks	14	8,819		12,338
Debtors	15	23,841		24,027
Cash at bank		3,728		1,525
		<u>36,388</u>		<u>37,890</u>
<b>Creditors: amounts falling due within one year</b>	16	(27,667)		(30,341)
<b>Net current assets</b>			<u>8,721</u>	<u>7,549</u>
<b>Total assets less current liabilities</b>			<u>41,780</u>	<u>41,375</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(7,178)	(6,756)
<b>Provisions for liabilities</b>				
Deferred tax	18		(2,076)	(2,523)
<b>Net assets excluding pension scheme liabilities</b>			<u>32,526</u>	<u>32,096</u>
Defined benefit pension scheme liability	24		(1,424)	(1,894)
<b>Net assets including pension scheme liabilities</b>			<u><u>31,102</u></u>	<u><u>30,202</u></u>
<b>Capital and reserves</b>				
Called up share capital	19		1,081	1,081
Share premium account	20		988	988
Profit and loss account	20		<u>29,033</u>	<u>28,133</u>
<b>Shareholders' funds</b>	21		<u><u>31,102</u></u>	<u><u>30,202</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/7/14



**D R Wilkes**  
Director

The notes on pages 11 to 25 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 30 June 2013

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.2 Going concern

The company is part of the financial arrangements of the Axereal Union de Cooperative Agricoles. The group manages its finance centrally and provides its trading subsidiaries with the necessary funds to meet its operational/business needs. The directors of the company have received confirmation from the group that it will provide them with the necessary funds to meet its operational/business needs for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

### 1.3 Cash flow

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### 1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum on cost
Plant & machinery	-	3.33%-25% per annum on cost

Freehold land and assets under construction are not depreciated. The company does not capitalise finance costs.

### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

# Notes to the Financial Statements

For the year ended 30 June 2013

## **1. Accounting Policies (continued)**

### **1.7 Leasing and hire purchase**

Assets held under sale and finance leaseback agreements, in which the commercial substance of the underlying agreement is considered to be a secured loan, and that confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over their useful economic lives. The capital element of the leasing commitment is recorded as a liability and is shown as an interest element. The capital element is applied to reduce the outstanding obligations under the leasing commitments and the interest element is charged on a reducing balance basis to the profit and loss account over the period of the agreement.

### **1.8 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **1.9 Stocks**

Stocks are valued at the lower of cost and net realisable value. Where appropriate, costs include raw materials, freight and direct labour expenses, along with related production and other overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

The company acts as a disclosed purchasing agent on behalf of Utexam Logistics Limited, a company that operates in the commodity supply industry. The company recognises raw material costs and the related liabilities in its accounts when the title to the raw materials passes to it from Utexam Logistics Limited.

### **1.10 Current taxation**

The current tax charge is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

### **1.11 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.



# Notes to the Financial Statements

For the year ended 30 June 2013

## **1. Accounting Policies (continued)**

### **1.12 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or where appropriate, the forward contract rate (the company uses forward contracts to hedge its foreign exchange exposure in respect of foreign customers). Legal responsibility for the forward contracts lies with Boortmalt NV, a fellow subsidiary company of the ultimate holding company, who arranges the contracts on the company's behalf.

Exchange gains and losses are recognised in the Profit and loss account.

### **1.13 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 June 2012.

For the defined benefit plan, the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the period plus any benefit improvements granted to members by the company during the period. Other finance charges/income in the profit and loss account includes a credit equivalent to the company's expected return on the pension plan assets over the period, offset by a charge equal to the expected increase in the plans' liabilities over the period. The difference between the market value of the plan assets and the present value of the plan liabilities is disclosed as an asset/liability on the balance sheet, net of deferred tax (to the extent that it is recoverable). Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the period due to changes in assumptions or experience within the plan, are recognised in the statement of total recognised gains and losses.

### **1.14 Dividends**

Dividend distributions payable to equity shareholders are included in current liabilities when the dividends are approved by the board prior to the balance sheet date.

# Notes to the Financial Statements

For the year ended 30 June 2013

## 1. Accounting Policies (continued)

### 1.15 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 2. Turnover

The analysis of turnover by activity is as follows:

	2013 £000	2012 £000
Malt - manufacture and sale	123,839	107,545
Barley drying and storage services	5,853	5,348
	<u>129,692</u>	<u>112,893</u>

A geographical analysis of turnover is as follows:

	2013 £000	2012 £000
United Kingdom	91,327	73,127
Rest of European Union	8,445	9,674
Rest of world	1,342	2,115
Africa	923	422
Asia	27,655	27,555
	<u>129,692</u>	<u>112,893</u>

# Notes to the Financial Statements

For the year ended 30 June 2013

## 3. Operating profit

The operating profit is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	2,148	2,063
- held under finance leases	452	510
- motor vehicles		
- plant and machinery	43	21
- other operating leases	64	74
	<u>2,667</u>	<u>2,668</u>

## 4. Auditors' remuneration

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	48	40
Fees payable to the company's auditor and its associates in respect of:		
Interim group review	-	10
	<u>-</u>	<u>10</u>

## 5. Staff Costs

	2013 £000	2012 £000
Wages and Salaries	3,614	3,838
Social security costs	364	399
Other pension costs - defined benefit schemes	103	172
Other pension costs - defined contribution scheme	233	100
	<u>4,314</u>	<u>4,509</u>

## 6. Average number of employees

The average monthly number of employees, including directors, during the year was as follows:

	2013 No	2012 No
Number of production staff	75	75
Number of sales and administrative staff	40	41
	<u>115</u>	<u>116</u>

# Notes to the Financial Statements

For the year ended 30 June 2013

## 7. Directors' remuneration

	2013 £000	2012 £000
Remuneration	288	278

The highest paid director received remuneration of £288,029 (2012 - £278,267).

## 8. Interest receivable

	2013 £000	2012 £000
Interest receivable from group companies	9	19
Other interest receivable	21	22
	30	41

## 9. Interest payable

	2013 £000	2012 £000
On bank loans and overdrafts	213	65
On loans from group undertakings	538	618
	751	683

## 10. Other finance expense

	2013 £000	2012 £000
Expected return on pension scheme assets	531	633
Interest on pension scheme liabilities	(600)	(664)
	(69)	(31)

## Notes to the Financial Statements

For the year ended 30 June 2013

**11. Taxation**

	2013 £000	2012 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	598	727
<b>Deferred tax</b>		
Current period charge	(608)	(836)
Adjustment in respect of prior year	161	-
<b>Total deferred tax</b> (see note 18)	(447)	(836)
<b>Tax on profit on ordinary activities</b>	151	(109)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.75% (2012 - 25.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	1,761	1,987
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012 - 25.5%)	418	507
<b>Effects of:</b>		
Depreciation for year/period in excess of capital allowances	512	572
Adjustments to tax charge in respect of prior periods	2	(56)
Non-taxable income	(386)	-
Expenses not deductible for tax purposes	52	(296)
<b>Current tax charge for the year</b> (see note above)	598	727

In addition to the above current tax charge for the year recorded within the profit and loss account, a credit of £368,000 (2012 - £nil) has been recorded in the profit and loss reserve in respect of tax relief on pension scheme deficit repayment contributions.

## Notes to the Financial Statements

For the year ended 30 June 2013

**12. Tangible fixed assets**

	Freehold property £000	Plant & machinery £000	Construction in progress £000	Total £000
<b>Cost</b>				
At 1 July 2012	6,982	76,762	167	83,911
Additions	-	348	1,733	2,081
Disposals	-	(414)	-	(414)
Transfer between classes	11	1,455	(1,466)	-
At 30 June 2013	<u>6,993</u>	<u>78,151</u>	<u>434</u>	<u>85,578</u>
<b>Depreciation</b>				
At 1 July 2012	2,161	47,924	-	50,085
Charge for the year	113	2,487	-	2,600
On disposals	-	(166)	-	(166)
At 30 June 2013	<u>2,274</u>	<u>50,245</u>	<u>-</u>	<u>52,519</u>
<b>Net book value</b>				
At 30 June 2013	<u>4,719</u>	<u>27,906</u>	<u>434</u>	<u>33,059</u>
At 30 June 2012	<u>4,821</u>	<u>28,838</u>	<u>167</u>	<u>33,826</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £000	2012 £000
Plant and machinery	<u>3,858</u>	<u>4,310</u>

**13. Fixed asset investments**

	Investments in associates £000
<b>Cost or valuation</b>	
At 1 July 2012 and 30 June 2013	<u>60</u>
<b>Impairment</b>	
At 1 July 2012 and 30 June 2013	<u>60</u>
<b>Net book value</b>	
At 30 June 2013	<u>-</u>
At 30 June 2012	<u>-</u>

## Notes to the Financial Statements

For the year ended 30 June 2013

**13. Fixed asset investments (continued)****Associates**

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Multimalt Limited	Nigeria	Ordinary 1 Naira share	20%	Handling of cereals and other agricultural products for export and import.

**14. Stocks**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Raw materials	736	1,193
Work in progress	1,718	1,727
Finished goods and goods for resale	6,365	9,418
	<u>8,819</u>	<u>12,338</u>

**15. Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	16,562	15,076
Amounts owed by group undertakings	5,759	7,510
Corporation tax	628	628
Other debtors	792	709
Prepayments and accrued income	100	104
	<u>23,841</u>	<u>24,027</u>

**16. Creditors:****Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Tangible fixed asset purchases	354	551
Trade creditors	22,910	25,866
Amounts owed to group undertakings	3,987	3,168
Other taxation and social security	105	97
Accruals and deferred income	311	659
	<u>27,667</u>	<u>30,341</u>

# Notes to the Financial Statements

For the year ended 30 June 2013

## 17. Creditors:

Amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	7,178	6,756

## 18. Deferred taxation

Deferred tax excluding that relating to the pension scheme

	2013 £000	2012 £000
At beginning of year	2,523	3,360
Released during year (P&L)	(608)	(837)
Adjustment in respect of prior year (P&L)	161	-
At end of year	2,076	2,523

The provision for deferred taxation is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	2,076	2,523

The balance of the deferred taxation account consists of the tax effect of timing difference in respect of:

	2013 £000	2012 £000
Deferred tax excluding that relating to the pension disclosure	2,076	2,523
Pension liability	(425)	(598)
Total	1,651	1,925

## 19. Share capital

	2013 £000	2012 £000
Authorised, allotted, called up and fully paid		
1,081,000 Ordinary shares shares of £1 each	1,081	1,081



# Notes to the Financial Statements

For the year ended 30 June 2013

## 20. Reserves

	Share premium account £000	Profit and loss account £000
At 1 July 2012	988	28,133
Profit for the year	-	1,610
Pension reserve movement	-	(1,078)
Current tax adjustment on pension scheme deficit reduction contributions	-	368
At 30 June 2013	<u>988</u>	<u>29,033</u>

The closing balance on the profit and loss account includes a £1,424,000 (2012 - £1,894,000) debit, stated after deferred taxation of £425,000 (2012 - £598,000), in respect of pension scheme liabilities of the company pension scheme.

## 21. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	30,202	29,174
Profit for the financial year	1,610	2,096
Other recognised gains and losses during the year	(710)	(1,068)
Closing shareholders' funds	<u>31,102</u>	<u>30,202</u>

## 22. Contingent liabilities

There were no contingent liabilities at 30 June 2013 or 30 June 2012.

## 23. Capital commitments

At 30 June 2013 the company had capital commitments as follows:

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	<u>256</u>	<u>147</u>

# Notes to the Financial Statements

For the year ended 30 June 2013

## 24. Pension commitments

The company operates a funded, defined benefit scheme in the UK. The scheme is comprised of approximately half office based and half manufacturing based employees, situated at various locations within the UK. The assets of the schemes are held separately from those of the company.

The company operates a Defined benefit pension scheme.

The last full actuarial valuation of this scheme was carried out as at 30 June 2013 by a qualified independent actuary. The service cost has been calculated by using the Projected Unit method.

The amounts recognised in the Balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(13,904)	(12,800)
Fair value of scheme assets	12,055	10,308
Deficit in scheme	(1,849)	(2,492)
Related deferred tax asset	425	598
Net liability	(1,424)	(1,894)

The amounts recognised in profit or loss are as follows:

	2013 £000	2012 £000
Current service cost	(103)	(172)
Interest on obligation	(600)	(664)
Expected return on scheme assets	531	633
Net return	(172)	(203)
Total pension (expense)/income recognised in the profit and loss account	(172)	(203)

Movements in the present value of the defined benefit obligation were as follows:

	2013 £000	2012 £000
Opening defined benefit obligation	12,800	12,333
Current service cost	103	172
Interest cost	600	664
Actuarial Losses	1,113	306
Benefits paid	(609)	(503)
Expenses and premiums paid	(103)	(172)
Closing defined benefit obligation	13,904	12,800

## Notes to the Financial Statements

For the year ended 30 June 2013

**24. Pension commitments (continued)**

Changes in the fair value of scheme assets were as follows:

	2013 £000	2012 £000
Opening fair value of scheme assets	10,308	9,374
Expected return on assets	531	633
Actuarial gains and (losses)	208	(591)
Contributions by employer	1,720	1,567
Benefits paid	(609)	(503)
Expenses and premiums paid	(103)	(172)
	<u>12,055</u>	<u>10,308</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £15,823,000 (2012 - £14,918,000).

The company expects to contribute £500,000 to its Defined benefit pension scheme in 2014.

In valuing the liabilities of the pension fund at 30 June 2013, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Current pensioner ages 87.9 years (male), 91.2 years (female). The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	21.90 %	20.00 %
Bonds	5.10 %	20.00 %
Cash/other	73.00 %	60.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate at 30 June	4.90 %	4.80 %
Future salary increases	3.40 %	2.90 %
Future pension increases	3.40 %	2.90 %
Inflation assumption	3.40 %	2.90 %
Rate of increase in pension in deferment	2.90 %	2.90 %

## Notes to the Financial Statements

For the year ended 30 June 2013

**24. Pension commitments (continued)**

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset distribution at the start of the period to develop the expected long-term rate of return on assets assumption for the portfolio.

Scheme assets are measured at market value. Pension liabilities are measured using the projected unit method discounted to present value. Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(13,904)	(12,800)	(12,333)	(12,761)	(22,238)
Scheme assets	12,055	10,308	9,374	7,176	13,155
Deficit	(1,849)	(2,492)	(2,959)	(5,585)	(9,083)
Experience adjustments on scheme liabilities	(1,113)	(306)	(225)	-	-
Experience adjustments on scheme assets	208	(591)	48	-	-

**25. Operating lease commitments**

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Expiry date:		
Within 1 year	2	12
Between 2 and 5 years	86	62

**26. Other financial commitments**

Foreign exchange contracts

At 30 June 2013 the company had a commitment to sell €26,667,041 (2012 - €31,621,346) as part of its foreign currency hedging contracts. The fair value of these contracts at 30 June 2013 was £690,447 (in the money) (2012 - £1,632,287 (out of the money)). At 30 June 2013 the company had a commitment to sell US\$6,149,590 (2012 - US\$8,150,000). The fair value of these contracts at 30 June 2013 was £113,809 (in the money) (2012 - £2,252 (out of the money)). At 30 June 2013 the company had a commitment to sell ZAR nil (2012 - ZAR8,533,350). The fair value of these contracts at 30 June 2013 was nil (2013 - £33,327 (out of the money)).

## Notes to the Financial Statements

For the year ended 30 June 2013

### **27. Related party transactions**

As a wholly owned subsidiary, the company is exempt from the requirements of FRS8 to disclose the transactions with other members of the group.

### **28. Ultimate parent undertaking and controlling party**

On 26 March 2010, 100% of the share capital of Pauls Malt Limited was purchased by Boortmalt UK Limited.

The immediate parent undertaking of this company is Boortmalt UK Ltd, a company incorporated in the United Kingdom. This company does not prepare consolidated financial statements.

The ultimate parent undertaking and controlling party is Axereal Union de Cooperatives Agricoles, a co-operative company incorporated in France. Axereal Union de Cooperatives Agricoles is the largest group of undertakings for which group accounts have been drawn up. Copies of the consolidated financial statements of Axereal Union de Cooperatives Agricoles may be obtained from Axereal Union, 5 rue Leonardo de Vinci, 45100 Orleans la Source, France.