

Registered number 06495190

Agricoat Natureseal Limited

Directors' report and financial statements

For the year ended 31 May 2013

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Agricoat Natureseal Limited

Company Information

Directors

W J Barrie
M Boyte
S Matthews
G Weiss (appointed 19 August 2013)

Company secretary

S Matthews

Registered number

06495190

Registered office

37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Independent auditor

Reeves & Co LLP
Statutory Auditors & Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Agricoat Natureseal Limited

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AgriCoat Natureseal Limited

Directors' report

For the year ended 31 May 2013

The directors present their report and the financial statements for the year ended 31 May 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,
- 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 main business of AgriCoat NatureSeal Ltd is supplying speciality formulations designed to maintain the quality and shelf life of fresh cut fruit and vegetables under the NatureSeal brand name.

Review of business

AgriCoat NatureSeal Ltd with sales of a little over £4.1m is able to report another year of increased sales of its NatureSeal products developed to maintain quality and shelf life in fresh cut fruits and vegetables.

During the year, the company has continued to diversify its business with sales expanding not only for the "first step" produce washes, used as a more consumer and environmentally friendly alternative to chlorine, but also from novel applications for its NatureSeal products. The company now offers shelf life solutions, based on patented vitamin and mineral pre-mixes for around 20 different types of prepared fruits and vegetables.

Whilst the UK market remains the single most important sector for the NatureSeal products, international markets are assuming greater importance. NatureSeal is now sold in nineteen countries across the EU, notwithstanding the more difficult economic conditions in Southern Europe in particular. During the past twelve months, the company also has added customers in more distant markets in Australasia, the Middle East and Africa.

AgriCoat NatureSeal continues to invest considerable time and money to protect its intellectual property and during 2012/13 has been enforcing these rights against infringers of the patent. This is reflected in increased legal and professional overheads.

R&D continues to drive new business and the company has strengthened its scientific team whilst collaborations with Universities and research organisations continue.

The directors are pleased to report 2013 as another year when the company can report strong operating profits and the board are confident of continuing growth going forward.

Agricoat Natureseal Limited

**Directors' report
For the year ended 31 May 2013
Results**

The profit for the year, after taxation, amounted to £1,401,937 (2012 - £907,093)

Directors

The directors who served during the year were

W J Barrie
M Boyte
S Matthews

Disclosure of information to auditor

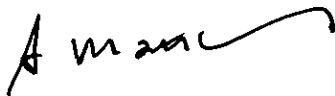
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

Auditor

The auditor, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 23rd September 2013 and signed on its behalf



S Matthews
Director

Agricoat Natureseal Limited

Independent auditor's report to the shareholders of Agricoat Natureseal Limited

We have audited the financial statements of Agricoat Natureseal Limited for the year ended 31 May 2013, set out on pages 5 to 13. 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 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 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.

Agricoat Natureseal Limited

Independent auditor's report to the shareholders of Agricoat Natureseal Limited

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

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


Rodney Sutton BA ACA FCCA CA(SA) (Senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Statutory Auditors
Chartered Accountants

37 St Margaret's Street
Canterbury
Kent
CT1 2TU
Date

26. September 2013.

Agricoat Natureseal Limited

**Profit and loss account
For the year ended 31 May 2013**

	Note	2013 £	2012 £
Turnover	1,2	4,151,839	3,968,366
Cost of sales		(1,271,883)	(1,700,600)
		<hr/>	<hr/>
Gross profit		2,879,956	2,267,766
Distribution costs		(83,064)	(87,565)
Administrative expenses		(954,907)	(961,438)
		<hr/>	<hr/>
Operating profit	3	1,841,985	1,218,763
Interest receivable and similar income		3,130	2,813
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,845,115	1,221,576
Tax on profit on ordinary activities	5	(443,178)	(314,483)
		<hr/>	<hr/>
Profit for the financial year	11	1,401,937	907,093
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 8 to 13 form part of these financial statements

Agricoat Natureseal Limited
Registered number 06495190

Balance sheet
As at 31 May 2013

	Note	£	2013 £	£	2012 £
Current assets					
Stocks	6	407,591		642,794	
Debtors	7	634,088		574,877	
Cash at bank		1,323,448		1,152,011	
		<u>2,365,127</u>		<u>2,369,682</u>	
Creditors amounts falling due within one year	8	(1,054,985)		(1,171,501)	
Net current assets			<u>1,310,142</u>		<u>1,198,181</u>
Net assets			<u>1,310,142</u>		<u>1,198,181</u>
Capital and reserves					
Called up share capital	10		10		10
Profit and loss account	11		<u>1,310,132</u>		<u>1,198,171</u>
Shareholders' funds	12		<u>1,310,142</u>		<u>1,198,181</u>

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

23 September 2013
S Matthews

S Matthews
Director

The notes on pages 8 to 13 form part of these financial statements

Agricoat Natureseal Limited

**Cash flow statement
For the year ended 31 May 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	14	1,872,977	1,523,914
Returns on investments and servicing of finance	15	3,130	2,813
Taxation		(414,694)	(392,356)
Equity dividends paid		(1,289,976)	(1,029,140)
Increase in cash in the year		171,437	105,231

**Reconciliation of net cash flow to movement in net funds/debt
For the year ended 31 May 2013**

	2013 £	2012 £
Increase in cash in the year	171,437	105,231
Change in net debt resulting from cash flows	171,437	105,231
Other non-cash changes	-	(2)
Movement in net debt in the year	171,437	105,229
Net funds at 1 June 2012	1,152,011	1,046,782
Net funds at 31 May 2013	1,323,448	1,152,011

The notes on pages 8 to 13 form part of these financial statements

**Notes to the financial statements
For the year ended 31 May 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

1.2 Turnover

Turnover comprises revenue due from the normal activities of the business to the extent that the company obtains a right to consideration in exchange for its performance of those activities, exclusive of Value Added Tax

1.3 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.4 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

1.5 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 ruling on the date of the transaction

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

1.6 Research and development

Research and development expenditure is written off in the year in which it is incurred

Agricoat Natureseal Limited

Notes to the financial statements For the year ended 31 May 2013

2 Turnover

A geographical analysis of turnover is as follows

	2013	2012
	£	£
United Kingdom	1,969,069	2,023,437
Rest of European Union	1,523,653	1,554,726
Rest of world	659,117	390,203
	<u>4,151,839</u>	<u>3,968,366</u>

3 Operating profit

The operating profit is stated after charging/(crediting)

	2013	2012
	£	£
Auditor's remuneration	5,300	5,150
Difference on foreign exchange	(51,654)	28,474
	<u>(46,354)</u>	<u>33,624</u>

4. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2012 - £NIL)

Notes to the financial statements
For the year ended 31 May 2013

5. Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	420,465	313,228
Adjustments in respect of prior periods	27,154	(289)
Total current tax	<u>447,619</u>	<u>312,939</u>
Deferred tax		
Origination and reversal of timing differences	19,822	1,544
Effect of increased tax rate on opening liability	820	-
Adjustments in respect of prior periods	(25,083)	-
Total deferred tax (see note 9)	<u>(4,441)</u>	<u>1,544</u>
Tax on profit on ordinary activities	<u><u>443,178</u></u>	<u><u>314,483</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 23.83% (2012 - 25.67%). The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>1,845,115</u>	<u>1,221,576</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.83% (2012 - 25.67%)	439,691	313,579
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	596	256
Adjustments to tax charge in respect of prior periods	27,154	(289)
Short term timing difference leading to an increase (decrease) in taxation	(19,822)	-
Movement in respect of general provisions	-	(607)
Current tax charge for the year (see note above)	<u><u>447,619</u></u>	<u><u>312,939</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	<u><u>407,591</u></u>	<u><u>642,794</u></u>

Agricoat Natureseal Limited

**Notes to the financial statements
For the year ended 31 May 2013**

7 Debtors

	2013 £	2012 £
Trade debtors	615,987	560,524
Other debtors	364	-
Prepayments and accrued income	2,137	3,194
Deferred tax asset (see note 9)	15,600	11,159
	<u>634,088</u>	<u>574,877</u>

**8 Creditors
Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	58,482	25,373
Amounts owed to group undertakings	504,171	469,428
Corporation tax	235,465	202,540
Other taxation and social security	6,321	33,012
Amounts owing to related undertakings	73,817	74,648
Accruals and deferred income	176,729	366,500
	<u>1,054,985</u>	<u>1,171,501</u>

9 Deferred tax asset

	2013 £	2012 £
At beginning of year	11,159	12,703
Accumulated during year	4,441	(1,544)
	<u>15,600</u>	<u>11,159</u>

The deferred tax asset is made up as follows

	2013 £	2012 £
Other timing differences	<u>15,600</u>	<u>11,159</u>

10 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £0.01 each	<u>10</u>	<u>10</u>

Agricoat Natureseal Limited

**Notes to the financial statements
For the year ended 31 May 2013**

11. Reserves

	Profit and loss account £
At 1 June 2012	1,198,171
Profit for the financial year	1,401,937
Dividends Equity capital	(1,289,976)
	<hr/>
At 31 May 2013	1,310,132
	<hr/>

12. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	1,198,181	1,320,228
Profit for the financial year	1,401,937	907,093
Dividends (Note 13)	(1,289,976)	(1,029,140)
	<hr/>	<hr/>
Closing shareholders' funds	1,310,142	1,198,181
	<hr/>	<hr/>

13 Dividends

	2013 £	2012 £
Dividends paid on equity capital	1,289,976	1,029,140
	<hr/>	<hr/>

14. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	1,841,985	1,218,763
Decrease in stocks	235,203	319,323
Increase in debtors	(54,771)	(136,389)
(Decrease)/increase in creditors	(184,183)	144,922
Increase/(decrease) in amounts owed to group undertakings	34,743	(22,705)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,872,977	1,523,914
	<hr/>	<hr/>

Notes to the financial statements
For the year ended 31 May 2013

15 Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	3,130	2,813
	<u>3,130</u>	<u>2,813</u>

16 Analysis of changes in net debt

	1 June 2012 £	Cash flow £	Other non-cash changes £	31 May 2013 £
Cash at bank and in hand	1,152,011	171,437	-	1,323,448
Net funds	<u>1,152,011</u>	<u>171,437</u>	<u>-</u>	<u>1,323,448</u>

17 Related party transactions

The company has received a loan from its immediate parent company, Mantrose UK Limited which at the year end was for £484,003, (2012 £454,461) During the year the company purchased £1,044,285 of goods and services from Mantrose UK Limited

The company owed £20,168 (2012 £14,967) to an associated company, Natureseal US Inc and also made royalty payments to them in the year of £206,986, (2012 £198,307)

The company owed £73,817, (2011 £73,817) to a company, Freshxtend Technologies (Europe) Limited who hold 17% of the ordinary shares in Agricoat Natureseal Limited

Included within other debtors is £353 (2012 other creditors £831) which is non interest bearing and due from S Matthews, a director of the company The amount was fully repaid to the company in August 2013

18 Ultimate parent undertaking and controlling party

The directors regard RPM Incorporated, resident in the United States of America, to be the ultimate parent company Copies of the RPM Inc consolidated financial statements may be obtained from The Secretary, RPM Inc, P O Box 777, Medina, Ohio, USA

The company is a subsidiary of Mantrose UK Limited