

A.H. Worth & Co. Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2003

Company Registration No. 451065



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COMPANIES HOUSE 27/03/04

A.H. Worth & Co. Limited

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31 May 2003

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A.H. Worth & Co. Limited

DIRECTORS AND OFFICERS

DIRECTORS

A. J. L. Worth Chairman

W.B. Carter

M.J. O'Driscoll

D.R. Worth

S.T. Worth

SECRETARY

C.W. Rimmer

REGISTERED OFFICE

Manor Farm
Holbeach Hurn
Holbeach
Lincs
PE12 8LR

AUDITORS

Baker Tilly
Welland House
High Street
Spalding
Lincs
PE 11 1UB

A.H. Worth & Co. Limited

DIRECTORS' REPORT

The directors present their report and the consolidated financial statements of A H Worth & Co Limited for the year ended 31 May 2003.

PRINCIPAL ACTIVITIES

The group's principal activities consist of a parent company engaged in farming activities and a wholly owned subsidiary engaged in the procurement, packing, marketing and distribution of potatoes.

REVIEW OF THE BUSINESS

Despite higher yielding crops, harvest conditions resulted in high levels of damage in the crop, for most of the year this was not reflected in the market price for potatoes which remained low, hence the farming operation's poor performance. QV Foods continued to deliver increasing volumes and consistently high product quality and service levels to its customers but suffered from the low price season. Margins were also adversely affected by commissioning costs in the retail operation and a poor wholesale performance. The processing business is now up to full capacity, operating successfully and seeking to develop the existing customer base. The year saw more non-recurring costs as rationalisation of senior management and administration continued.

With the operational benefits expected from the retail investment and an enlarged and more efficient farming operation the directors are confident that the current year will show a profit improvement in the farming operation.

Good performances continued in associated interests and interest charges reflect debt repayments made during the year plus lower interest rates. The tax charge relates principally to the associate, accordingly profit after taxation is significantly lower than the previous year.

Capital investment focused on productive capacity and efficiency in retail packing and in expanding the farming operation. The benefits from both will be delivered in the following year.

The Group's principal activities have continued to expand their operations in the following year, supported by an ongoing and fully financed capital investment programme.

DIVIDENDS

The results for the year are shown in the profit and loss account on page 4.

An ordinary dividend amounting to £47,266 (70p per share) is proposed by the directors.

FIXED ASSETS

Changes in fixed assets are shown in notes 9 and 10 to the accounts.

DISABLED PERSONS

The company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the company. During the year the company introduced a progressive system for career development and progression which is available to all employees.

EMPLOYEE INVOLVEMENT

The company encourages the involvement of its employees in its management through regular meetings of the site consultative teams which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy. The company also holds a series of formal briefings on company performance including half yearly company reviews to which all employees are invited.

OFFICERS' INSURANCE

The company has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the group.

A.H. Worth & Co. Limited

DIRECTORS' REPORT

CHARITABLE DONATIONS

The group paid £14,560 charitable donations during the year including £7,960 game conservation, £2,740 to Lincoln Cathedral and Diocese, £1,300 to Mencap and £675 to MacMillan Cancer Relief.

DIRECTORS

The following directors have held office since 31 May 2002:

A.J.L. Worth
D.R. Worth
S.T. Worth
W.B. Carter
M J O'Driscoll

In accordance with the articles of association A.J.L. Worth Esq and D.R. Worth Esq retire by rotation and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following directors have held office since 31 May 2002:-

	31 May 2003		31 May 2002	
	Ordinary shares		Ordinary shares	
	'A'	'B'	'A'	'B'
A.J.L. Worth	5,000	1,699	5,000	1,699
D. R. Worth	313	3,688	313	3,688
S.T. Worth	313	3,688	313	3,688
W.B. Carter	-	-	-	-
M.J. O'Driscoll	-	-	-	-
Interest as Trustee :-				
A.J.L. Worth	2,500	19,987	2,500	19,987

None of the director's have an interest in the issued "C" shares of the company.

No director has been granted or exercised any right to subscribe for shares in the company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



Secretary

A.H. Worth & Co. Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 and loss of the company for that period. In preparing those financial statements, the directors are required to:

- A. select suitable accounting policies and then apply them consistently;
 - b. make judgement and estimates that are reasonable and prudent;
 - c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- A. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
A. H. WORTH & CO. LIMITED

We have audited the financial statements on pages 6 to 24

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 THE DIRECTOR AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 affairs of the company and the group at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Registered Auditor
Chartered Accountants
Welland House
High Street
Spalding
Lincs
PE11 1UB



17 October 2003

A.H. Worth & Co. Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2003

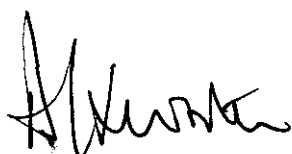
	<i>Notes</i>	2003 £	2002 (restated) £
TURNOVER	1	36,229,729	41,764,001
Cost of sales		<u>(25,229,199)</u>	<u>(31,154,722)</u>
Gross profit		11,000,530	10,609,279
Net operating expenses			
- Distribution costs		(2,132,504)	(2,036,965)
- Administration expenses		(4,752,218)	(4,500,530)
- Other operating charges		(5,056,864)	(4,734,429)
- Other operating income		<u>1,049,372</u>	<u>970,065</u>
OPERATING PROFIT		108,316	307,420
Share of operating profit in associate		474,750	458,000
Profit on sale of assets		-	-
Amortisation of profit on sale to associate		31,115	31,115
Investment income	2	29,283	55,884
Interest payable	3	<u>(340,123)</u>	<u>(329,123)</u>
GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	303,341	523,296
Taxation	6	<u>(113,912)</u>	<u>25,121</u>
GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		189,429	548,417
Dividends	7	<u>(47,266)</u>	<u>(47,266)</u>
GROUP RETAINED PROFIT FOR THE YEAR	17	<u>142,163</u>	<u>501,151</u>
		2003 £	2002 (restated) £
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit for the financial year		<u>142,163</u>	<u>501,151</u>
Total recognised gains relating to the year		142,163	<u>501,151</u>
Prior year adjustment (note 17)		<u>81,716</u>	
Total gains recognised since last annual report		<u>223,879</u>	

All activities are continuing during the above financial periods.

A.H. Worth & Co. Limited
CONSOLIDATED BALANCE SHEET
For the year ended 31 May 2003

	<i>Notes</i>	Group 2003 £	Group 2002 (restated) £
FIXED ASSETS			
Tangible assets	8	13,724,178	12,663,715
Investments	9	<u>339,371</u>	<u>580,893</u>
		<u>14,063,549</u>	<u>13,244,608</u>
CURRENT ASSETS			
Investments	10	76,000	38,000
Stocks	11	1,766,902	1,906,080
Debtors	12	3,891,747	3,106,590
Cash at bank and in hand		<u>11,029</u>	<u>289,458</u>
		5,745,678	5,340,128
CREDITORS			
Amounts falling due within one year	13	<u>(7,862,023)</u>	<u>(6,357,904)</u>
NET CURRENT LIABILITIES		<u>(2,116,345)</u>	<u>(1,017,776)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,947,204	12,226,832
CREDITORS			
Amounts falling due after more than one year	14	<u>(4,261,994)</u>	<u>(4,683,785)</u>
		<u>7,685,210</u>	<u>7,543,047</u>
CAPITAL AND RESERVES			
Called up share capital	15	67,748	67,748
Capital redemption reserve	16	22,492	22,492
Revaluation reserve	16	2,936,983	2,936,983
Profit and loss account	17	<u>4,657,987</u>	<u>4,515,824</u>
SHAREHOLDERS' FUNDS	18	<u>7,685,210</u>	<u>7,543,047</u>

Approved by the board on 17 October 2003.




Chairman

A.H. Worth & Co. Limited
COMPANY BALANCE SHEET
For the year ended 31 May 2003

	<i>Notes</i>	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	4,231,161	4,073,423
Investments	9	<u>2,910,873</u>	<u>2,923,680</u>
		<u>7,142,034</u>	<u>6,997,103</u>
CURRENT ASSETS			
Stocks	11	847,918	486,546
Debtors	12	556,038	808,668
Cash at bank and in hand		<u>4,897</u>	<u>119,428</u>
		1,408,853	1,414,642
CREDITORS			
Amounts falling due within one year	13	<u>(1,400,546)</u>	<u>(1,268,077)</u>
NET CURRENT ASSETS			
		<u>8,307</u>	<u>146,565</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		7,150,341	7,143,668
CREDITORS			
Amounts falling due after more than one year	14	<u>(644,911)</u>	<u>(707,473)</u>
		<u>6,505,430</u>	<u>6,436,195</u>
CAPITAL AND RESERVES			
Called up share capital	15	67,748	67,748
Capital redemption reserve	16	22,492	22,492
Revaluation reserve	16	2,936,983	2,936,983
Profit and loss account	17	<u>3,478,207</u>	<u>3,408,972</u>
SHAREHOLDERS' FUNDS			
		<u>6,505,430</u>	<u>6,436,195</u>

Approved by the board on 17 October 2003.



Chairman

A.H. Worth & Co. Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 May 2003

	<i>Notes</i>	2003 £	2002 (restated) £
Cash inflow from operating activities	19a	1,901,955	1,836,819
Dividends received from associate		450,000	162,450
Returns on investments and servicing of finance	19b	(317,140)	(305,401)
Taxation		(8,652)	(133,996)
Capital expenditure and financial investment	19b	<u>(2,276,809)</u>	<u>(1,866,740)</u>
		(250,646)	(306,868)
Equity dividends paid		<u>(47,266)</u>	<u>(47,266)</u>
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(297,912)	(354,134)
Management of liquid resources	19b	(38,000)	-
Financing	19b	<u>(318,317)</u>	<u>(86,269)</u>
DECREASE IN CASH IN THE PERIOD		<u>(654,229)</u>	<u>(440,403)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the period		(654,229)	(440,403)
Change in net debt resulting from cash flows		318,326	296,344
New hire purchase		<u>(177,324)</u>	<u>(1,331,385)</u>
MOVEMENT IN NET DEBT IN THE PERIOD		(513,227)	(1,475,444)
NET DEBT AT 1.6.02		<u>(5,921,602)</u>	<u>(4,446,158)</u>
NET DEBT AT 31.5.03		<u>(6,434,829)</u>	<u>(5,921,602)</u>

A.H. Worth & Co. Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of freehold properties. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and sales proceeds. No separate profit and loss account is presented for the company as provided by Section 230 of the Companies Act 1985.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of A H Worth & Co Limited, its wholly owned trading subsidiary QV Foods Limited and its dormant subsidiary QV Limited. Intra-group profits are eliminated on consolidation. All financial statements are made up to 31 May 2003.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2003 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group and would be misleading.

ASSOCIATED UNDERTAKINGS

The group's associated undertakings are all undertakings in which the group has a participating interest of not less than 20% in voting capital and over which it exerts significant influence. The group's share of profits less losses is included in the group profit and loss account. The group's share of net assets is included in the group balance sheet within investments. The group's share of profits arising on trading between the group and associated undertakings has been eliminated.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Freehold buildings	3, 5, 10, 20, 25 and 40 years
Plant and machinery	3, 5, 8 and 10 years
Motor vehicles	5 years
Farm improvements, drainage etc.	10 years

GOVERNMENT GRANTS

Government Grants on capital expenditure are credited to a deferral account and are released to reserves over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to income in the period to which they relate.

GOODWILL

Purchased goodwill, including goodwill relating to the acquisition of subsidiary undertakings is set off directly against reserves.

A.H. Worth & Co. Limited

ACCOUNTING POLICIES

STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost and net realisable value, with the exception of potato stocks owned by A H Worth & Co Limited. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation, and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

The potato stock of A H Worth & Co Limited has been valued in accordance with BEN 19 at 75% of its market value at the year end.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods and services provided to customers.

EMPLOYEE BENEFIT TRUST

Assets held in the employee benefit trust are recognised as assets of the group until they vest unconditionally in identified beneficiaries.

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

1	TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2003	2002
		£	£
	The groups turnover of profit before taxation were derived from its principle activities as follows:		
	Farming activities	1,217,658	1,255,219
	Procurement, packing, marketing and distribution of potatoes	<u>35,012,071</u>	<u>40,508,782</u>
		<u>36,229,729</u>	<u>41,764,001</u>
	All of the group's turnover is attributable to the UK.		
		2003	2002
		£	£
2	INVESTMENT INCOME		
	Fixed asset investment income	17,224	6,141
	Other interest receivable (group)	<u>12,059</u>	<u>49,743</u>
		<u>29,283</u>	<u>55,884</u>
3	INTEREST PAYABLE		
	Bank loans and overdrafts	264,392	243,363
	Finance leases and hire purchase contracts	<u>75,731</u>	<u>85,760</u>
		<u>340,123</u>	<u>329,123</u>
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	owned assets	1,188,774	1,035,842
	assets held under finance leases and hire purchase contracts	313,242	283,271
	Profit on disposals	(95,548)	(8,813)
	Operating lease rentals:		
	Plant and machinery	16,297	52,419
	Leasing charges	152,974	174,827
	Auditors' remuneration		
	audit	21,000	22,000
	non audit services	15,860	12,536
	Grant amortisation	(79,445)	(57,422)
	The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>508,183</u>	<u>369,031</u>
	(of which part is shown as depreciation and the balance is shown as interest payable in note 6)		

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

	2003 No.	2002 No.
5 EMPLOYEES		
The average monthly number of persons (including directors) employed by the group during the year was:		
Administration	69	70
Production and sales staff	<u>265</u>	<u>248</u>
	<u>334</u>	<u>318</u>
	2003	2002 (restated)
	£	£
Staff costs for the above persons:		
Wages and salaries	6,264,701	5,785,882
Social security costs	568,211	523,490
Other pension costs	<u>310,684</u>	<u>309,935</u>
	<u>7,143,596</u>	<u>6,619,307</u>

PRIOR YEAR ADJUSTMENT

Previously payments by the group to the Employee benefit trust were treated as a staff cost. The group now recognises the assets of the Employee benefit trust in the balance sheet and therefore recognises the revenue expense when the Employee benefit trust makes payment to beneficiaries.

DIRECTORS' REMUNERATION

Parent company directors		
Emoluments:		
As directors	445,224	443,289
As non-executive directors	<u>19,930</u>	<u>19,136</u>
	<u>465,154</u>	<u>462,425</u>
Emoluments excluding pension scheme contributions		
Highest paid director	<u>122,083</u>	<u>126,444</u>
	2003	2002
	No.	No.
The number of directors to whom relevant benefits are accruing under:		
Defined contribution scheme was:	2	2
Group personal pension plan was:	1	1

A.H. Worth & Co. Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 May 2003

	2003	2002
	£	£
6		
TAXATION		
Corporation tax (credit)/charge on profit on ordinary activities at 30% (2001 30%)	(45,568)	(41,348)
Over provision in prior year	-	(118,773)
Associated undertaking	<u>159,480</u>	<u>135,000</u>
	<u>113,912</u>	<u>(25,121)</u>
Factors affecting tax charge for year		
Profit on ordinary activities multiplied by standard rate of 30% (2002 21.65%)	94,844	113,294
Unutilised trading losses	24,208	-
Group undertaking taxation	(10,905)	(10,905)
Prior year adjustment	-	(17,692)
Excess of capital allowances over eligible depreciation	-	(122,813)
Fixed asset ineligible depreciation	-	79,050
Disallowable expenditure	-	19,805
Associated undertaking taxation	5,765	32,913
Over provision in prior years	<u>-</u>	<u>(118,773)</u>
	<u>113,912</u>	<u>(25,121)</u>
7		
DIVIDENDS		
Ordinary dividend proposed		
- 'A' ordinary shares of £1 each	7,000	7,000
- 'B' ordinary shares of £1 each	<u>40,266</u>	<u>40,266</u>
	<u>47,266</u>	<u>47,266</u>

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

8 TANGIBLE FIXED ASSETS

	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Group					
Cost or valuation 31 May 2002	3,298,402	8,669,333	9,830,288	104,989	21,903,012
Additions	-	1,513,230	1,057,883	-	2,571,113
Disposals	-	(24,409)	(1,223,980)	-	(1,248,389)
31 May 2003	<u>3,298,402</u>	<u>10,158,154</u>	<u>9,664,191</u>	<u>104,989</u>	<u>23,225,736</u>
Depreciation 31 May 2002	-	3,234,673	5,943,152	61,472	9,239,297
Charge for year	-	425,353	1,061,838	14,825	1,502,016
Disposals	-	(24,409)	(1,215,346)	-	(1,239,755)
31 May 2003	-	<u>3,635,617</u>	<u>5,789,644</u>	<u>76,297</u>	<u>9,501,558</u>
Net book amount					
31 May 2003	<u>3,298,402</u>	<u>6,522,537</u>	<u>3,874,547</u>	<u>28,692</u>	<u>13,724,178</u>
31 May 2002	<u>3,298,402</u>	<u>5,434,660</u>	<u>3,887,136</u>	<u>43,517</u>	<u>12,663,715</u>

The net book amount of fixed assets includes £1,492,770 (2002 £1,651,253) in respect of assets held under finance lease and hire purchase contracts.

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

8 TANGIBLE FIXED ASSETS (continued)

	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Company					
Cost or valuation	3,298,402	687,413	1,975,830	27,789	5,989,434
31 May 2002					
Additions		30,495	395,916		426,411
Disposals			(301,638)		(301,638)
Transfer	-	-	(16,789)	-	(16,789)
31 May 2003	<u>3,298,402</u>	<u>717,908</u>	<u>2,053,319</u>	<u>27,789</u>	<u>6,097,418</u>
Depreciation					
31 May 2002	-	311,036	1,586,538	18,437	1,916,011
Charge for year	-	21,264	229,308	3,287	253,859
Disposals	-	-	(297,083)	-	(297,083)
Transfer	-	-	(6,530)	-	(6,530)
31 May 2003	<u>-</u>	<u>332,300</u>	<u>1,512,233</u>	<u>21,724</u>	<u>1,866,257</u>
Net book amount					
31 May 2003	<u>3,298,402</u>	<u>385,608</u>	<u>541,086</u>	<u>6,065</u>	<u>4,231,161</u>
31 May 2002	<u>3,298,402</u>	<u>376,377</u>	<u>389,292</u>	<u>9,352</u>	<u>4,073,423</u>

The net book amount of fixed assets includes £214,153 (2002 £187,036) in respect of assets held under finance leases and hire purchase contracts.

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Freehold land at valuation				
Revaluation by the board of directors in November 1996 at open market value with vacant possession	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>
Historical cost information				
Historical cost of revalued land	150,175	150,175	150,175	150,175
Depreciation based on historical cost	-	-	-	-
Net historical cost	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>

The transitional provisions of FRS15 are being followed and freehold land is included in the balance sheet at brought forward valuation which is not being updated.

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	2003	2002	
	£	£	
9			
FIXED ASSET INVESTMENTS			
Group			
Shares at basis of valuation			
31 May 2002	439,770	231,105	
Share of profit after tax	321,570	340,000	
Dividend received	(581,400)	(162,450)	
Amortisation of unrealised profit on sale of assets to associated undertaking	<u>31,115</u>	<u>31,115</u>	
31 May 2003	<u>211,055</u>	<u>439,770</u>	
Shares in dormant undertakings			
Directors valuation of these companies	256,702	256,702	
Less: Indebtedness to subsidiary companies	<u>(256,543)</u>	<u>(256,543)</u>	
31 May 2002 and 31 May 2003	<u>159</u>	<u>159</u>	
Other investments and loans			
31 May 2002 and 31 May 2003	<u>128,157</u>	<u>140,964</u>	
Total Investments	<u>339,371</u>	<u>580,893</u>	
	Shares in subsidiary undertakings	Other investments and loans	Total
Company	£	£	£
Cost or valuation			
31 May 2002	2,827,723	95,957	2,923,680
Disposals	-	<u>(12,807)</u>	<u>(12,807)</u>
31 May 2003	<u>2,827,723</u>	<u>83,150</u>	<u>2,910,873</u>

The parent company holds more than 20% of the equity share capital of the following:

	Country of incorporation and operation	Class of share	Proportion held	Nature of business
QV Foods Limited	England	Ordinary	100%	Potato Prepacking
A H Worth (Fleet)	England	Ordinary	100%	Dormant
A H Worth (Farms)	England	Ordinary	100%	Dormant

A H Worth (Fleet) and A H Worth (Farms) have not been included within the consolidated accounts as they are both dormant and not material to the group.

QV Foods Limited owns 100% of the 'B' Ordinary shares of Geest QV Limited, a company incorporated in England. The company holds no 'A' ordinary shares. Geest QV Limited is engaged in potato trading and prepares accounts to 31 December each year. The group accounts incorporate Geest QV Limited transactions and balances to 31 May 2003 as an associated undertaking based on statutory accounts to 31 December 2002 and management accounts for the period to 31 May 2003. QV Foods Limited's 45% share of Geest QV Limited 31 May 2003 balances are as follows:-

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

9	FIXED ASSET INVESTMENTS (continued)	£000
	Turnover	8,748
	Profit before tax	481
	Taxation	159
	Profit after tax	322
	Fixed assets	811
	Current assets	1,363
	Liabilities due within one year	1,932
	Net assets	242

The other associated undertaking Pseedco Limited, is a company incorporated in England engaged in the procurement and sale of seed potatoes. Q V Foods Limited owns 33% of the share capital. Due to the immateriality of the transactions to the group the equity accounting treatment has not been adopted for this investment. The aggregate capital and reserves at 30 June 2003 was £ 616,467.

10 CURRENT ASSET INVESTMENTS - GROUP

The current asset investment is £76,000 (2002 £38,000) held by the Employee benefit trust in Sun Life Global Management Limited Funds. These assets are for the benefit of qualifying employees only.

PRIOR YEAR ADJUSTMENT

The accounting policy for the Employee benefit trust has been changed to comply with UITF Abstract 32. Previously payments by the company to the Employee benefit trust were treated as a staff cost and the assets of the trust were not recognised in the company balance sheet. The company now recognised the assets of the Employee benefit trust in its balance sheet and there has been a prior year adjustment to bring into the balance sheet the £38,000 Employee benefit trust investments at 31 May 2002.

		Group		Company	
		2003	2002	2003	2002
		£	£	£	£
11	STOCKS				
	Stores	949,882	1,004,620	30,898	20,611
	Produce and cultivations	<u>817,020</u>	<u>901,460</u>	<u>817,020</u>	<u>465,935</u>
		<u>1,766,902</u>	<u>1,906,080</u>	<u>847,918</u>	<u>486,546</u>
		Group		Company	
		2003	2002	2003	2002
		£	£	£	£
12	DEBTORS				
	Due within one year:				
	Trade debtors	2,017,882	1,525,907	15,675	110,554
	Other debtors	1,055,202	855,780	245,016	66,920
	Prepayments and accrued income	70,955	331,194	70,955	331,194
	Corporation tax	95,568	50,000	-	-
	Dividend receivable	-	-	210,000	300,000
	Amounts owed by associated undertaking	652,140	343,709	-	-
	Amounts owed by subsidiary undertakings	-	-	<u>14,392</u>	-
		<u>3,891,747</u>	<u>3,106,590</u>	<u>556,038</u>	<u>808,668</u>

A.H. Worth & Co. Limited
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For the year ended 31 May 2003

	Group		Company	
	2003	2002 (restated)	2003	2002 (restated)
13 CREDITORS: Amounts falling due within one year	£	£	£	£
Bank overdraft	1,010,401	634,601	827,812	634,601
Bank loans	1,110,714	910,714	200,000	200,000
Trade creditors	2,693,634	2,579,855	205,171	184,469
Amount owed to subsidiary undertakings	-	-	-	116,634
Corporation tax	-	8,652	-	8,652
Other taxation and social security	173,706	154,979	15,566	12,677
Proposed dividends	47,266	47,266	47,266	47,266
Other creditors	2,321,853	1,518,732	48,792	51,058
Finance leases and hire purchase contracts	439,875	423,660	55,939	12,720
Unamortised capital grants	64,574	79,445	-	-
	<u>7,862,023</u>	<u>6,357,904</u>	<u>1,400,546</u>	<u>1,268,077</u>

	Group		Company	
	2003	2002	2003	2002
14 CREDITORS: Amounts falling due in more than one year	£	£	£	£
Bank loan	3,062,010	3,123,478	518,564	669,313
Finance leases and hire purchase contracts	822,858	1,118,607	126,347	38,160
Unamortised grants	377,126	441,700	-	-
	<u>4,261,994</u>	<u>4,683,785</u>	<u>644,911</u>	<u>707,473</u>
Amounts fall due on the bank loan as follows:				
In one year or less	1,110,714	910,714	200,000	200,000
Between one and two years	1,110,714	910,714	200,000	200,000
Between two and five years	1,951,296	2,212,764	318,564	469,313
Over five years	-	-	-	-
	<u>4,172,724</u>	<u>4,034,192</u>	<u>718,564</u>	<u>869,313</u>

The National Westminster Bank Plc has a mortgage debenture including a specific equitable charge over all properties owned by the company, together with a specific charge over debtors and a floating charge over all other assets. It also has a legal mortgage over land and buildings known as Manor Farm.

	Group 2003 £	Group 2002 £
Obligations under finance leases and hire purchase contracts are repayable (by monthly or annual) instalments as follows		
In one year or less	439,875	423,660
Between one and five years	<u>822,858</u>	<u>1,118,607</u>
	<u>1,262,733</u>	<u>1,542,267</u>

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

		2003	2002
		£	£
15	SHARE CAPITAL		
	Authorised		
	10,000 'A' ordinary shares of £1 each	10,000	10,000
	90,000 'B' ordinary shares of £1 each	90,000	90,000
	90,000 'C' ordinary shares of 1p each	<u>900</u>	<u>900</u>
		<u>100,900</u>	<u>100,900</u>
	Allotted, called up and fully paid		
	10,000 'A' ordinary shares of £1 each	10,000	10,000
	57,523 'B' ordinary shares of £1 each	57,523	57,523
	22,492 'C' ordinary shares of 1p each	<u>225</u>	<u>225</u>
		<u>67,748</u>	<u>67,748</u>

RIGHTS OF SHARES IN ISSUE

The 'A' ordinary shares have 10 votes to 1 vote for 1 'B' ordinary share. They rank equally with 'B' ordinary shares for dividends.

The 'B' ordinary shares have 1 vote to the 10 votes for 1 'A' ordinary share. They rank equally with 'A' ordinary shares for dividends.

The 'C' ordinary shares have no vote attached and are not entitled to dividends. However, in the event of a winding up of the company prior to 1st January 2006, they are entitled to a proportion of any surplus cash, thereafter par value only.

		2003	2002
		£	£
16	RESERVES		
	Capital redemption reserve		
	31 May 2002 and 31 May 2003	<u>22,492</u>	<u>22,492</u>
	Revaluation reserve		
	31 May 2002 and 31 May 2003	<u>2,936,983</u>	<u>2,936,983</u>
		Group	Company
		2003	2003
		£	£
17	PROFIT AND LOSS ACCOUNT		
	31 May 2002		
	- as previously stated	4,434,108	3,408,972
	- prior year adjustment	<u>81,716</u>	<u>-</u>
	- as restated	4,515,824	3,408,972
	Retained profit for the year	<u>142,163</u>	<u>69,235</u>
	31 May 2003	<u>4,657,987</u>	<u>3,478,207</u>

Within group reserves is £567,575 relating to goodwill written off to reserves on acquisition of subsidiary undertaking.

A.H. Worth & Co. Limited
NOTES TO THE FINANCIAL STATEMENTS
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17 PROFIT AND LOSS ACCOUNT (continued)

PRIOR YEAR ADJUSTMENT

The accounting policy for the Employee benefit trust has been changed to comply with UITF Abstract 32. Previously payments by the group to the Employee benefit trust were treated as a staff cost and the assets of the trust were not recognised in the group balance sheet. The group now recognised the assets of the Employee benefit trust in its balance sheet and there has been a prior year adjustment to bring into the consolidated balance sheet the £81,716 Employee Benefit Trust assets at 31 May 2002.

	2003	Group 2002
	£	£
18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	202,236	509,417
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
Net addition to shareholders' funds	154,970	462,151
Opening shareholders funds (after prior year adjustment per note 17)	<u>7,543,047</u>	<u>7,080,896</u>
Closing shareholders' funds	<u>7,698,017</u>	<u>7,543,047</u>
19 CASH FLOWS		
a Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	108,316	307,420
Depreciation	1,502,016	1,319,113
Profit on sale of tangible fixed assets	(95,548)	(8,813)
Amortisation of grants	(79,445)	(57,422)
Increase in stocks	139,178	273,676
Decrease/(increase) in debtors	(608,189)	185,234
Increase/(decrease) in creditors	<u>935,627</u>	<u>(182,389)</u>
Net cash flows from operating activities	<u>1,901,955</u>	<u>1,836,819</u>
b Analysis of cash flows for headings netted in the cash flows		
Returns on investments and servicing of finance		
Dividends received	17,224	6,141
Interest received	5,759	32,743
Interest paid	(264,392)	(258,525)
Interest element of finance lease rental payments	<u>(75,731)</u>	<u>(85,760)</u>
Net cash outflow for returns on investment and servicing of finance	<u>(317,140)</u>	<u>(305,401)</u>

A.H. Worth & Co. Limited
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19 CASH FLOWS (continued)

Capital expenditure and financial investment

Purchase of tangible fixed assets	(2,393,798)	(1,910,192)
Sale of tangible fixed assets	104,182	43,452
Sale of investments	<u>12,807</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(2,276,809)</u>	<u>(1,866,740)</u>

Management of liquid resources

EBT investments	<u>(38,000)</u>	<u>-</u>
Net cash outflow from management of liquid resources	<u>(38,000)</u>	<u>-</u>

Financing

Bank loan received	1,000,000	1,000,000
Bank loan repayments	(861,467)	(774,737)
Capital grants received	-	204,759
Hire purchase contracts	<u>(456,850)</u>	<u>(516,291)</u>
Net cash outflow from financing	<u>(318,317)</u>	<u>(86,269)</u>

c	Analysis of net debt	At	Cash flows	Other non cash changes	At
		31 May 2002			31 May 2003
		£	£	£	£
	Cash in hand and at bank	289,458	(278,429)	-	11,029
	Overdrafts	(634,601)	(375,800)	-	(1,010,401)
	Debt due within one year	(910,714)	572,187	(772,187)	(1,110,714)
	Debt due after one year	(3,123,478)	(710,719)	772,187	(3,062,010)
	Finance leases	<u>(1,542,267)</u>	<u>456,858</u>	<u>(177,324)</u>	<u>(1,262,733)</u>
	Total	<u>(5,921,602)</u>	<u>(335,903)</u>	<u>(177,324)</u>	<u>(6,434,829)</u>

d During the year the group entered into hire purchase arrangements in respect of assets with a total capital value at the inception of the arrangements of £177,324.

	2003	2002
	£	£
20 CAPITAL COMMITMENTS		
<i>Future capital commitments</i>		
Authorised but contracts not placed	<u>1,728,000</u>	<u>1,983,120</u>

A.H. Worth & Co. Limited
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21 PENSION COMMITMENTS

GROUP PERSONAL PENSION PLAN

The company operates a Small Self Administered Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the contributions paid by the group to the fund and amounted to £120,179 (2002 £121,749). Two directors qualified for benefits and contributions paid amounted to £116,850 (2002 £121,749).

With effect from 1 June 1998 the group introduced a grouped personal pension plan as the vehicle for delivering future service pension benefits. Although this is outside the occupational pension regime it is akin in terms of benefit delivery to a defined contribution scheme.

The pension cost charge represents the contributions made to the individual personal pension plans and amounts to £190,505 (2002 £188,186).

One director qualified for benefits, and contributions paid amounted to £41,250 (2002 £33,251).

22 RELATED PARTY TRANSACTIONS

PARENT COMPANY

The company is controlled by A J L Worth by virtue of his shareholding and trusteeships.

The company has taken advantage of the exemptions from disclosure given within Financial Reporting Standard No 8 of the transactions with its subsidiary undertaking QV Foods Limited for the year as these have been consolidated within these accounts.

During the year the company paid rent amounting to £29,253 (2002 £29,253) for the occupation of farmland in the ownership of a family settlement of which Messrs A J L Worth and P H Shepherd are trustees, rent amounting to £11,024 (2002 £11,024) to a discretionary settlement of which Mr A J L Worth is one of two trustees, rent amounting to £12,614 (2002 £12,614) to Mrs A J L Worth and rent amounting to £4,333 (2002 £4,333) to Mrs R E Gardiner.

SUBSIDIARY COMPANY – QV FOODS LIMITED

During the year the company purchased goods from Pseedco Limited amounting to £617,039 (2002 £750,473) and made sales to Pseedco Limited amounting to £nil (2002 £2,370). The company owns 33 % (2002 33%) of the share capital of Pseedco Limited. At the year end the company owed Pseedco Limited £1,964 (2002 £8,084). D R Worth is a director of Pseedco Limited. QV Foods Limited have provided a guarantee for a maximum of £40,000 to HSBC Bank plc to secure Pseedco Limited's liabilities to the bank.

During the year the company provided management services to Holbeach Marsh Co-operative Limited and received fees amounting to £85,707 (2002 £64,720) and purchased goods amounting to £3,697 (2002 £4,650). All these transactions were on normal commercial terms. Messrs. D.J.T. Piccaver and A.J.L. Worth are also directors of Holbeach Marsh Co-operative Limited. At the year end the company was owed £1,216 (2002 £25,959) by and owed £411 (2002 £623) to Holbeach Marsh Co-operative Limited.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2003

22 RELATED PARTY TRANSACTIONS (continued)

During the year the company sold goods and services to Geest QV Limited (an associated undertaking) amounting to £4,741,669 (2002 £5,623,346) and purchased goods amounting to £343,981 (2002 £607,261). All these sales and purchases were on a normal commercial basis. After Geest QV Limited's 31 December 2001 year end the company received a dividend of £131,400 (2002 £162,450). At the year end the company was owed £669,707 (2002 £409,163) and owed £15,604 (2002 £58,922) to Geest QV Limited.

22 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 May 2002.

	Equipment		Vehicles	
	2003 £	2002 £	2003 £	2002 £
Within one year	13,226	9,400	28,570	12,585
Within one to five years		-	163,284	121,467
After five years		-		-
	<u>13,226</u>	<u>9,400</u>	<u>191,854</u>	<u>134,052</u>