

A H Worth & Co Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 May 2007

Company Registration No 451065

TUESDAY



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A H Worth & Co Limited

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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 Hum
Holbeach
Lincs
PE12 8LR

AUDITORS

Duncan & Toplis
Welland House
High Street
Spalding
Lincs
PE11 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 2007

PRINCIPAL ACTIVITIES

The group's principal activities consist of a parent company with subsidiaries engaged in farming activities and the procurement, packing, marketing and distribution of fresh produce

REVIEW OF THE BUSINESS

The financial results for the year ended 31 May 2007 were pleasing in the context of Group restructuring and the trading environment of the main businesses

Worth Farms Limited generated a profit due to favourable crop realizations despite adverse harvest conditions in its first year of trading as a separate company

The financial results for the year ended 31 May 2007 for QV Foods Limited were a good performance in a difficult supply year

The year saw the withdrawal from the Sainsbury volume fresh pack business following the purchase of the Hoche International Limited business by Albert Bartlett & Sons (Airdrie) Limited. The continuing business operated largely within committed raw material supplies which mitigated seasonal risk. During the year the business commenced trading with a range of new customers in fresh potatoes and continued to expand the product range, volume and customer base of the added value fresh prepared business. QV also launched a brand 'Inspire' into the fresh and prepared business with the aim of delivering a premium product across a range of sectors. QV's alliance with Branston in the Tesco business performed well on static volume. Non-retail activities continued to expand with the successful launch of a bulk processing business.

Post the year end the business continues to develop and deliver compelling service and value in the fresh business with retail customers. QV continue to launch innovative products into the Fresh Prepared business and are working with an increasing range of customers to drive forward their sales and margins in the category. QV are also progressively increasing the range and penetration of the Inspire brand across the foodservice and retail sectors.

In direct contrast to the previous year, the summer rain has caused uncertainty over supply quality. The directors have confidence that QV's committed supply base will mitigate this risk.

QV remain focused on developing existing and new customer relationships through both innovation and value in fresh and fresh prepared opportunities. QV welcome the challenge of delivering our points of difference, the Board remains confident that the enhanced value delivered to QV customers will enable us to sustain and grow this business.

The Group has commenced a number of initiatives to increase the value of the asset base of the business as part of the strategy to develop a robust Group structure that will accommodate growth.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6.

The directors recommend a dividend of £47,266 (2006 £47,266).

FIXED ASSETS

Changes in fixed assets are shown in notes 8 and 9 to the accounts.

A H Worth & Co Limited

DIRECTORS' REPORT

DISABLED PERSONS

The group 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 group. The group operates a progressive system for career development and progression which is available to all employees.

EMPLOYEE INVOLVEMENT

The group 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.

CHARITABLE DONATIONS

The group paid £3,142 charitable donations during the year including £2,000 to Lincoln Cathedral and Diocese, £500 to Lincs Rural Stress Network and £426 Spalding District Scouts.

DIRECTORS

The following directors have held office since 31 May 2006

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

In accordance with the articles of association Messrs W B Carter and M J O'Driscoll retire by rotation and being eligible, offer themselves for re-election.

AUDITORS

A resolution to reappoint Duncan & Toplis, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above, each confirm, so far as we are aware, that

- there is no relevant audit information of which the company's auditors are unaware, and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Secretary

9 November 2007

A H Worth & Co Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

- b select suitable accounting policies and then apply them consistently,
- c make judgement and estimates that are reasonable and prudent,
- d state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- e 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

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF A H WORTH & CO LIMITED

We have audited the financial statements of A H Worth & Co Limited for the year ended 31 May 2007 on pages six to twenty five. These financial statements have been prepared under the accounting policies set out therein.

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 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 described on page four the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

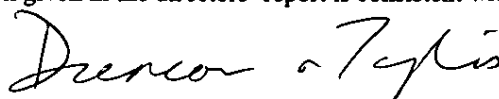
OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and the group at 31 May 2007 and of its profit and cash flow for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the directors' report is consistent with the financial statements.

Duncan & Toplis
Registered Auditor
Chartered Accountants
Welland House
High Street
Spalding
Lincs
PE11 1UB



19 November 2007

A H Worth & Co Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2007

	<i>Notes</i>	2007	2006
		£	£
TURNOVER	1	43,488,260	44,570,205
Cost of sales		<u>(30,196,132)</u>	<u>(29,210,019)</u>
Gross profit		13,292,128	15,360,186
Net operating expenses			
- Distribution costs		(2,344,645)	(3,283,779)
- Administration expenses		(5,192,676)	(4,939,842)
- Other operating charges		(5,383,611)	(5,760,752)
- Other operating income		<u>845,949</u>	<u>900,394</u>
OPERATING PROFIT		1,217,145	2,276,207
Share of operating profit in associates		336,843	497,338
Amortisation of investment in associates		(71,153)	-
Profit/(loss) on sale of tangible assets		44,112	(35,915)
Amortisation of negative goodwill		21,441	21,441
Investment income	2	31,995	42,572
Interest payable	3	<u>(285,818)</u>	<u>(371,642)</u>
GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,294,565	2,430,001
Taxation	6	<u>(499,346)</u>	<u>(733,111)</u>
GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	<u>795,219</u>	<u>1,696,890</u>
		2007	2006
		£	£
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit for the financial year		795,219	1,696,890
Gain on transfer of associate into a joint venture		-	<u>1,423,058</u>
Total gains relating to the year		<u>795,219</u>	<u>3,119,948</u>

All activities are continuing during the above financial periods

A H Worth & Co Limited
CONSOLIDATED BALANCE SHEET
For the year ended 31 May 2007

	<i>Notes</i>	Group 2007	Group 2006
		£	£
FIXED ASSETS			
Tangible assets	8	12,280,589	12,916,844
Investments	9	2,200,373	2,426,280
Negative goodwill	10	<u>(171,532)</u>	<u>(192,973)</u>
		<u>14,309,430</u>	<u>15,150,151</u>
CURRENT ASSETS			
Investments	11	75,855	78,001
Stocks	12	2,668,073	2,060,003
Debtors	13	6,519,812	4,366,658
Cash at bank and in hand		<u>1,929,713</u>	<u>1,231,679</u>
		11,193,453	7,736,341
CREDITORS			
Amounts falling due within one year	14	<u>(10,719,674)</u>	<u>(8,261,471)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>473,779</u>	<u>(525,130)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,783,209	14,625,021
CREDITORS			
Amounts falling due after more than one year	15	(2,733,908)	(3,286,321)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(76,648)</u>	<u>(114,000)</u>
		<u>11,972,653</u>	<u>11,224,700</u>
CAPITAL AND RESERVES			
Called up share capital	17	67,523	67,523
Capital redemption reserve	18	22,717	22,717
Revaluation reserve	18	2,936,983	2,936,983
Profit and loss account	19	<u>8,945,430</u>	<u>8,197,477</u>
SHAREHOLDERS' FUNDS	20	<u>11,972,653</u>	<u>11,224,700</u>

Approved by the board on 9 November 2007



A H Worth & Co Limited
COMPANY BALANCE SHEET
For the year ended 31 May 2007

	<i>Notes</i>	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	3,630,223	4,367,735
Investments	9	<u>3,759,842</u>	<u>3,627,742</u>
		<u>7,390,065</u>	<u>7,995,477</u>
CURRENT ASSETS			
Stocks	12	-	1,221,330
Debtors	13	2,242,509	568,723
Cash at bank and in hand		<u>-</u>	<u>300</u>
		2,242,509	1,790,353
CREDITORS			
Amounts falling due within one year	14	<u>(1,381,688)</u>	<u>(1,912,200)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>860,821</u>	<u>(121,847)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,250,886	7,873,630
CREDITORS			
Amounts falling due after more than one year	15	<u>(460,000)</u>	<u>(645,105)</u>
		<u>7,790,886</u>	<u>7,228,525</u>
CAPITAL AND RESERVES			
Called up share capital	17	67,523	67,523
Capital redemption reserve	18	22,717	22,717
Revaluation reserve	18	2,936,983	2,936,983
Profit and loss account	19	<u>4,763,663</u>	<u>4,201,302</u>
SHAREHOLDERS' FUNDS		<u>7,790,886</u>	<u>7,228,525</u>

Approved by the board on 9 November 2007



A H Worth & Co Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 May 2007

	<i>Notes</i>	2007 £	2006 £
Cash inflow from operating activities	22a	2,557,187	3,308,116
Dividends received from associates		488,432	179,600
Returns on investments and servicing of finance	22b	(253,823)	(329,070)
Taxation		(493,373)	(14,976)
Capital expenditure and financial investment	22b	<u>(733,951)</u>	<u>(785,223)</u>
		1,564,472	2,358,447
Equity dividends paid		<u>(47,266)</u>	<u>(47,266)</u>
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		1,517,206	2,311,181
Financing	22b	<u>(985,736)</u>	<u>(1,930,992)</u>
INCREASE IN CASH IN THE PERIOD		<u>531,470</u>	<u>380,189</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase in cash in the period		531,470	380,189
Change in net debt resulting from cash flows		985,736	1,930,992
New hire purchase		<u>(520,139)</u>	<u>(369,303)</u>
MOVEMENT IN NET DEBT IN THE PERIOD		997,067	1,941,878
NET DEBT AT 1 6 06		<u>(3,471,156)</u>	<u>(5,413,034)</u>
NET DEBT AT 31 5 07		<u>(2,474,089)</u>	<u>(3,471,156)</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 subsidiaries Worth Farms Limited and 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 2007.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2007 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.

TURNOVER

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

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

GOODWILL

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

The surplus of fair value over cost on Pseedco Limited becoming an associated company on 19 August 2004 has been credited to negative goodwill. The negative goodwill will be written off over its expected useful life of ten years starting in the year following becoming an associate.

Goodwill arising on consolidation, in respect of the Manor Fresh Limited joint venture of Bakkavor QV Limited, an associated undertaking of A H Worth & Co Limited, is classified as an asset and written off over its expected useful life of 20 years.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and subsequently if circumstances emerge that the carrying values may not be recoverable.

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 Worth Farms Limited has been valued in accordance with BEN 19 at 75% of its market value at the year end.

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.

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 group'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 group 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.

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 2007

1	TURNOVER	2007 £	2006 £
	The group's turnover was derived from its principal activities as follows		
	Farming activities	3,085,387	3,800,646
	Procurement, packing, marketing and distribution of potatoes	<u>40,402,873</u>	<u>40,769,559</u>
		<u>43,488,260</u>	<u>44,570,205</u>
	All of the group's turnover is attributable to the UK		
		2007 £	2006 £
2	INVESTMENT INCOME		
	Fixed asset investment income	-	-
	Other interest receivable	<u>31,995</u>	<u>42,572</u>
		<u>31,995</u>	<u>42,572</u>
3	INTEREST PAYABLE		
	Bank loans and overdrafts	186,449	242,894
	Finance leases and hire purchase contracts	<u>99,369</u>	<u>128,748</u>
		<u>285,818</u>	<u>371,642</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	1,068,278	1,050,907
	assets held under finance leases and hire purchase contracts	734,079	653,624
	(Profit)/loss on disposals	(44,112)	35,915
	Impairment loss	-	230,000
	Operating lease rentals		
	Plant and machinery	120,764	118,914
	Leasing charges	94,132	138,965
	Auditors' remuneration		
	audit	21,000	18,100
	non audit services	6,838	16,197
	Grant amortisation	(37,598)	(41,720)
	The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>833,448</u>	<u>782,332</u>
	(of which part is shown as depreciation and the balance is shown as interest payable in note 3)		

A H Worth & Co Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2007

		2007	2006
		No	No
5	EMPLOYEES		
	The average monthly number of persons (including directors) employed by the group during the year was		
	Administration	75	63
	Production and sales staff	<u>277</u>	<u>315</u>
		<u>352</u>	<u>378</u>
		2007	2006
		£	£
	Staff costs for the above persons		
	Wages and salaries	7,073,753	7,599,580
	Social security costs	687,646	739,115
	Other pension costs	<u>343,436</u>	<u>165,173</u>
		<u>8,104,835</u>	<u>8,503,868</u>
	DIRECTORS' REMUNERATION		
	Parent company directors		
	Emoluments		
	As directors	378,767	365,703
	As non-executive directors	<u>54,063</u>	<u>33,020</u>
		<u>432,830</u>	<u>398,723</u>
	Emoluments excluding pension scheme contributions		
	Highest paid director	<u>94,514</u>	<u>173,349</u>
		2007	2006
		No	No
	The number of directors to whom relevant benefits are accruing under		
	Defined contribution scheme	-	-
	Group personal pension plan	2	2

A H Worth & Co Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2007

	2007	2006
	£	£
6		
TAXATION		
Current tax		
UK corporation tax on profit of period	398,552	490,517
Adjustments in respect of previous periods	2,856	(27,024)
Associated undertakings	<u>135,290</u>	<u>155,618</u>
Total current tax	<u>536,698</u>	<u>619,111</u>
Deferred tax		
Origination and reversal of timing differences	(37,352)	114,000
Total deferred tax	<u>(37,352)</u>	<u>114,000</u>
Tax on profit on ordinary activities	<u>499,346</u>	<u>733,111</u>
Factors affecting tax charge for the period		
The tax assessed for the period is lower than the standard rate of corporation tax 30% (2006 30%) as explained below		
Profit/(loss) on ordinary activities before tax	<u>1,294,565</u>	<u>2,430,001</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax 30% (2006 30%)	388,369	729,000
Effects of		
Adjustment to tax rate	(7,454)	(12,514)
Expenses not deductible for tax purposes	46,190	5,910
Depreciation in excess of capital allowances	91,823	120,968
Trading losses	-	(190,797)
Amortisation of investments	21,346	-
Negative goodwill amortisation	(6,432)	(6,432)
Adjustment to tax charge in respect of previous period	<u>2,856</u>	<u>(27,024)</u>
Current tax charge for the period	<u>536,698</u>	<u>619,111</u>
7		
DIVIDENDS		
Equity dividends on ordinary shares		
Prior year final dividend paid		
- '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>

The directors are proposing a final dividend for the year ended 31 May 2007 of £47,266 (2006 £47,266) which has not been recognised in the financial statements

A H Worth & Co Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2007

8 TANGIBLE FIXED ASSETS

Group	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
31 May 2006	3,311,694	10,281,540	10,955,052	165,289	24,713,575
Additions	-	14,185	947,955	222,050	1,184,190
Disposals	-	-	(45,561)	(41,350)	(86,911)
31 May 2007	<u>3,311,694</u>	<u>10,295,725</u>	<u>11,857,446</u>	<u>345,989</u>	<u>25,810,854</u>
Depreciation					
31 May 2006	-	4,922,784	6,777,396	96,551	11,796,731
Charge for year	-	512,654	1,237,851	51,852	1,802,357
Disposals	-	-	(27,473)	(41,350)	(68,823)
31 May 2007	<u>-</u>	<u>5,435,438</u>	<u>7,987,774</u>	<u>107,053</u>	<u>13,530,265</u>
Net book amount					
31 May 2007	<u>3,311,694</u>	<u>4,860,287</u>	<u>3,869,672</u>	<u>238,936</u>	<u>12,280,589</u>
31 May 2006	<u>3,311,694</u>	<u>5,358,756</u>	<u>4,177,656</u>	<u>68,738</u>	<u>12,916,844</u>

The net book amount of fixed assets includes £2,015,971 (2006 £2,351,477) in respect of assets held under finance lease and hire purchase contracts

Plant and machinery includes £230,000 impairment losses brought forward and carried forward

A H Worth & Co Limited
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For the year ended 31 May 2007

8 TANGIBLE FIXED ASSETS (continued)

	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Company					
Cost or valuation					
31 May 2006	3,311,694	688,551	2,464,443	33,539	6,498,227
Additions	-	11,460	11,844	-	23,304
Transfers	-	(44,265)	(2,433,830)	(21,977)	(2,500,072)
31 May 2007	<u>3,311,694</u>	<u>655,746</u>	<u>42,457</u>	<u>11,562</u>	<u>4,021,459</u>
Depreciation					
31 May 2006	-	353,168	1,748,360	28,964	2,130,492
Charge for year	-	30,792	1,822	-	32,614
Transfer	-	(32,662)	(1,721,806)	(17,402)	(1,771,870)
31 May 2007	<u>-</u>	<u>351,298</u>	<u>28,376</u>	<u>11,562</u>	<u>391,236</u>
Net book amount					
31 May 2007	<u>3,311,694</u>	<u>304,448</u>	<u>14,081</u>	<u>-</u>	<u>3,630,223</u>
31 May 2006	<u>3,311,694</u>	<u>335,383</u>	<u>716,083</u>	<u>4,575</u>	<u>4,367,735</u>

The net book amount of fixed assets includes £Nil (2006 £486,439) in respect of assets held under finance leases and hire purchase contracts

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
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

A H Worth & Co Limited
NOTES TO THE FINANCIAL STATEMENTS
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	2007 Pseedco Ltd £	2007 Bakkavor QV Ltd £	2007 Europa Produce Ltd £	2007 Total £	2006 £	
9	FIXED ASSET INVESTMENTS					
	Group					
	Shares at basis of valuation					
	Share of net assets brought forward	249,602	2,176,493	-	2,426,095	840,917
	Additions	-	-	25	25	-
	Share of net assets – associates					
	Gain on transfer into joint venture	-	-	-	-	1,423,058
	Share of profit after tax	62,403	123,400	15,750	201,553	341,720
	Dividend received	(38,432)	(450,000)	-	(488,432)	(179,600)
		<u>273,573</u>	<u>1,849,893</u>	<u>15,775</u>	<u>2,139,241</u>	<u>2,426,095</u>
	Amounts provided					
	31 May 2006	-	-	-	-	-
	Charge for year	-	<u>71,153</u>	-	<u>71,153</u>	-
	31 May 2007	-	<u>71,153</u>	-	<u>71,153</u>	-
	Net book amount					
	31 May 2007	<u>273,573</u>	<u>1,778,740</u>	<u>15,775</u>	<u>2,068,088</u>	<u>2,426,095</u>
	Shares in dormant undertakings					
	Directors valuation of these companies			256,702	256,702	
	Less Indebtedness to subsidiary companies			(256,543)	(256,543)	
	31 May 2006 and 31 May 2007			<u>159</u>	<u>159</u>	
	Other investments and loans					
	31 May 2006			26	26	
	Additions			<u>132,100</u>	-	
	31 May 2007			<u>132,126</u>	<u>26</u>	
	Total Investments			<u>2,200,373</u>	<u>2,426,280</u>	
		Shares in associated undertaking £	Shares in subsidiary undertakings £	Other investments and loans £	Total £	
	Company					
	Cost or valuation					
	31 May 2006	800,000	2,827,725	17	3,627,742	
	Additions	-	-	<u>132,100</u>	<u>132,100</u>	
	31 May 2007	<u>800,000</u>	<u>2,827,725</u>	<u>132,117</u>	<u>3,759,842</u>	

A H Worth & Co Limited
NOTES TO THE FINANCIAL STATEMENTS
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9 **FIXED ASSET INVESTMENTS (continued)**

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
Bakkavor QV Limited	England	'B' ordinary	100%	Potato prepacking
Worth Farms Limited	England	Ordinary	100%	Farming

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

A H Worth & Co Limited hold 4,500 ordinary B shares representing 45% of the total equity share capital of Bakkavor QV Limited, a company incorporated in England

Bakkavor QV Limited owns 50% of the issued ordinary share capital of Manor Fresh Limited, a joint venture marketing company that runs the former trades of both DGM Growers Limited and Bakkavor QV Limited

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2007 as an associated undertaking based on statutory accounts to 31 December 2006 and management accounts for the period to 31 May 2007 together with the £1,423,058 goodwill arising on the acquisition of 50% of Manor Fresh Limited

The wholly owned subsidiary undertaking of QV Foods Limited is QV Limited, a company incorporated in England, which has been dormant since 31 January 1994. The capital and reserves of QV Limited at 31 May 2007 were £2,020,370

QV Foods Limited own 50% of the share capital of Pseedco Limited a company incorporated in England engaged in the procurement and sale of seed potatoes. The group accounts incorporate Pseedco Limited transactions and balances to 31 May 2007 as an associated undertaking based on statutory accounts to 30 June 2006 and management accounts to 31 May 2007

QV Foods Limited acquired 25% of the issued share capital of Europa Produce Limited during the year for £25. Europa Produce Limited is a company incorporated in England, engaging in the international procurement and sale of potatoes. The group accounts incorporate Europa Produce Limited transactions and balances based on management accounts to 31 May 2007

A H Worth & Co Limited's 45% share of Bakkavor QV Limited, 50% share of Pseedco Limited and 25% share of Europa Produce Limited 31 May 2007 balances are as follows -

	Bakkavor QV Ltd	Pseedco Ltd	Europa Produce Ltd
	£'000	£'000	£'000
Turnover	-	1,913	393
Profit before tax	59	81	23
Taxation	38	24	7
Profit after tax	21	57	16
Fixed assets	67	9	4
Current assets	519	411	170
Liabilities due within one year	261	158	158
Net assets	325	262	16

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NOTES TO THE FINANCIAL STATEMENTS
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	2007	2006
	£	£
10	NEGATIVE GOODWILL - GROUP	
Cost or valuation		
31 May 2006	214,414	214,414
Addition	<u>-</u>	<u>-</u>
31 May 2007	<u>214,414</u>	<u>214,414</u>
Amortisation		
31 May 2006	21,441	-
Charge for year	<u>21,441</u>	<u>21,441</u>
31 May 2007	<u>42,882</u>	<u>21,441</u>
Net book value		
31 May 2007	<u>171,532</u>	<u>192,973</u>

11 **CURRENT ASSET INVESTMENTS - GROUP**

The current asset investment is £75,855 (2006 £78,001) held by the Employee Benefit Trust for the benefit of qualifying employees only. The investment comprises of 9,994 £1 'B' ordinary shares (2006 Nil) in A H Worth & Co Limited. This investment has been disposed of after the year-end.

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
12	STOCKS			
Stores	1,362,542	868,320	-	29,647
Produce and cultivations	<u>1,305,531</u>	<u>1,191,683</u>	<u>-</u>	<u>1,191,683</u>
	<u>2,668,073</u>	<u>2,060,003</u>	<u>-</u>	<u>1,221,330</u>

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
13	DEBTORS			
Due within one year				
Trade debtors	2,456,149	2,911,869	2,646	54,548
Other debtors	3,907,835	842,894	257,516	88,997
Prepayments and accrued income	3,054	425,178	3,054	425,178
Corporation tax	64,637	-	64,637	-
Amounts owed by associated undertakings	88,137	186,717	-	-
Amounts owed by subsidiary undertakings	<u>-</u>	<u>-</u>	<u>320,471</u>	<u>-</u>
	6,519,812	4,366,658	648,324	568,723
Due in more than one year				
Amounts owed by subsidiary undertaking	<u>-</u>	<u>-</u>	<u>1,594,185</u>	<u>-</u>
	<u>6,519,812</u>	<u>4,366,658</u>	<u>2,242,509</u>	<u>568,723</u>

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14	CREDITORS Amounts falling due within one year	Group		Company	
		2007	2006	2007	2006
		£	£	£	£
	Bank overdraft	1,075,029	910,611	1,075,029	910,611
	Bank loans	200,000	160,000	-	-
	Trade creditors	2,557,273	2,191,332	19,995	150,302
	Amounts owed to subsidiary undertakings	-	-	-	516,156
	Amounts owed to associated undertakings	270,000	-	270,000	-
	Corporation tax	463,189	490,517	-	71,614
	Other taxation and social security	184,423	195,503	-	2,395
	Other creditors	5,250,878	3,603,844	16,664	82,845
	Finance leases and hire purchase contracts	681,284	672,066	-	178,277
	Unamortised capital grants	<u>37,598</u>	<u>37,598</u>	-	-
		<u>10,719,674</u>	<u>8,261,471</u>	<u>1,381,688</u>	<u>1,912,200</u>

15	CREDITORS Amounts falling due in more than one year	Group		Company	
		2007	2006	2007	2006
		£	£	£	£
	Bank loan	1,880,000	2,120,000	-	-
	Finance leases and hire purchase contracts	643,344	918,159	-	295,105
	Owed to subsidiary	-	-	460,000	350,000
	Unamortised grants	<u>210,564</u>	<u>248,162</u>	-	-
		<u>2,733,908</u>	<u>3,286,321</u>	<u>460,000</u>	<u>645,105</u>

Amounts fall due on the bank loan as follows

In one year or less	200,000	160,000	-	-
Between one and two years	200,000	160,000	-	-
Between two and five years	1,680,000	640,000	-	-
Over five years	-	<u>1,320,000</u>	-	-
	<u>2,080,000</u>	<u>2,280,000</u>	-	-

The bank loans and overdrafts are secured, HSBC plc has a debenture over all monies and liabilities whenever and however incurred by the company, whether now or in the future HSBC plc holds a legal mortgage over 4 parcels of land owned by A H Worth & Co Limited and the leasehold land and buildings owned by QV Foods Limited

	Group 2007 £	Group 2006 £
Obligations under finance leases and hire purchase contracts are repayable (by monthly or annual) instalments as follows		
In one year or less	681,284	672,066
Between one and five years	<u>643,344</u>	<u>918,159</u>
	<u>1,324,628</u>	<u>1,590,225</u>

A H Worth & Co Limited
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	Group 2007 £	Group 2006 £
16	PROVISION FOR LIABILITIES AND CHARGES	
	Deferred tax	
	Corporation tax deferred by -	
	Capital allowances	141,648
	Other timing allowances	120,000
	<u>(65,000)</u>	<u>(6,000)</u>
	<u>76,648</u>	<u>114,000</u>
	2007	2006
17	SHARE CAPITAL	
	£	£
	Authorised	
	10,000 'A' ordinary shares of £1 each	10,000
	90,000 'B' ordinary shares of £1 each	90,000
	90,000 'C' ordinary shares of 1p each	900
	<u>100,900</u>	<u>100,900</u>
	Allotted, called up and fully paid	
	10,000 'A' ordinary shares of £1 each	10,000
	57,523 'B' ordinary shares of £1 each	57,523
	<u>67,523</u>	<u>67,523</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	
	Group and company	
	2007	2006
18	RESERVES	
	£	£
	Capital redemption reserve	
	31 May 2006 and 31 May 2007	<u>22,717</u>
	<u>22,717</u>	<u>22,717</u>
	Revaluation reserve	
	31 May 2006 and 31 May 2007	<u>2,936,983</u>
	<u>2,936,983</u>	<u>2,936,983</u>

A H Worth & Co Limited
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	Group 2007 £	Company 2007 £
19 PROFIT AND LOSS ACCOUNT		
31 May 2006	8,197,477	4,201,302
Profit for the year	795,219	609,627
Dividends paid	<u>(47,266)</u>	<u>(47,266)</u>
31 May 2007	<u>8,945,430</u>	<u>4,763,663</u>

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

The parent company's profit on ordinary activities before taxation for the financial year is £553,376

	Group 2007 £	2006 £
20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	795,219	3,119,948
Repay 'C' shares	-	(225)
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
Net addition to shareholders' funds	747,953	3,072,457
Opening shareholders funds	<u>11,224,700</u>	<u>8,152,243</u>
Closing shareholders' funds	<u>11,972,653</u>	<u>11,224,700</u>

21 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 2008

	Vehicles	
	2007 £	2006 £
Within one year	21,889	4,838
Within one to five years	52,976	208,602
After five years	-	-
	<u>74,865</u>	<u>213,440</u>

A H Worth & Co Limited
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	Group 2007 £	Group 2006 £
22	CASH FLOWS	
a	Reconciliation of operating profit to net cash inflow from operating activities	
	1,217,145	2,276,207
Operating profit	1,802,357	1,704,531
Depreciation	-	230,000
Impairment losses	(37,598)	(41,720)
Amortisation of grants	(608,070)	(300,797)
(Increase)/decrease in stocks	(2,088,517)	(711,486)
(Increase)/decrease in debtors	<u>2,271,870</u>	<u>151,381</u>
Increase/(decrease) in creditors		
Net cash flows from operating activities	<u>2,557,187</u>	<u>3,308,116</u>
b	Analysis of cash flows for headings netted in the cash flows	
	Returns on investments and servicing of finance	
	31,995	42,572
Interest received	(186,449)	(248,571)
Interest paid	<u>(99,369)</u>	<u>(123,071)</u>
Interest element of finance lease rental payments		
Net cash outflow for returns on investment and servicing of finance	<u>(253,823)</u>	<u>(329,070)</u>
	Capital expenditure and financial investment	
	(664,051)	(846,652)
Purchase of tangible fixed assets	62,200	61,654
Sale of tangible fixed assets	<u>(132,100)</u>	<u>(225)</u>
Purchase of investments		
Net cash outflow for capital expenditure and financial investment	<u>(733,951)</u>	<u>(785,223)</u>
	Financing	
	(200,000)	(1,120,000)
Bank loan repayments	<u>(785,736)</u>	<u>(810,992)</u>
Hire purchase contracts		
Net cash outflow from financing	<u>(985,736)</u>	<u>(1,930,992)</u>

A H Worth & Co Limited
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22 CASH FLOWS (continued)

c	Analysis of net debt	At 31 May 2006 £	Cash flows £	Other non cash changes £	At 31 May 2007 £
	Current asset investment	78,001	(2,146)	-	75,855
	Cash in hand and at bank	1,231,679	698,034	-	1,929,713
	Overdrafts	(910,611)	(164,418)	-	(1,075,029)
	Debt due within one year	(160,000)	(40,000)	-	(200,000)
	Debt due after one year	(2,120,000)	240,000	-	(1,880,000)
	Hire purchase contracts	(1,590,225)	785,736	(520,139)	(1,324,628)
	Total	(3,471,156)	1,517,206	(520,139)	(2,474,089)

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 £810,992

	2007 £	2006 £
23 CAPITAL COMMITMENTS		
Future capital commitments		
Authorised but contracts not placed	<u>6,500</u>	<u>56,000</u>

24 PENSION COMMITMENTS
DEFINED CONTRIBUTION SCHEME

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 £Nil (2006 £Nil)

GROUP PERSONAL PENSION PLAN

The group has 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 £343,436 (2006 £165,173)

The highest paid director qualified for benefits, and contributions paid amounted to £10,781 (2006 £45,369)

A H Worth & Co Limited

NOTES TO THE FINANCIAL STATEMENTS

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25 RELATED PARTY TRANSACTIONS PARENT COMPANY

The company has taken advantage of the exemptions from disclosure given within Financial Reporting Standard No 8 of the transactions with its subsidiary undertakings Worth Farms Limited and 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 (2006 £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 £12,614 (2006 £12,614) to Mrs A J L Worth and rent amounting to £4,333 (2006 £4,333) to Mrs R E Gardiner

During the year Mr S T Worth, a director of A H Worth & Co Limited, provided consultancy services to the company amounting to £92,276 (2006 £Nil) At the year end the company owed £8,892 (2006 £Nil) to Mr S T Worth in respect of these services

GROUP UNDERTAKINGS

During the year the group purchased goods from Pseedco Limited amounting to £514,788 (2006 £549,838) and made sales to Pseedco Limited amounting to £Nil (2006 £57) The group owns 50% (2006 50%) of the share capital of Pseedco Limited At the year end the group owed Pseedco Limited £1,338 (2006 £12,947) D R Worth is a director of Pseedco Limited QV Foods Limited have provided a guarantee for a maximum of £40,000 to RBS plc to secure Pseedco Limited's liabilities to the bank.

D R Worth is a director of Holbeach Marsh Co-operative Limited During the year the group provided management services to Holbeach Marsh Co-operative Limited and received fees amounting to £Nil (2006 £26,710) and recharged expenses amounting to £21,142 (2006 £Nil) The group made sales to Holbeach Marsh Co-operative Limited of £127,646 (2006 £141,484) and purchased goods amounting to £11,667 (2006 £Nil) At the year end the group was owed £4,892 (2006 £1,744) and owed £11,667 (2006 £Nil) to Holbeach Marsh Co-operative Limited

During the year the group purchased goods from Europa Produce Limited amounting to £9,210 (2006 £Nil) and made sales to Europa Produce Limited amounting to £125,590 (2006 £Nil) During the year the group recharged expenses to Europa Produce Limited amounting to £38,707 (2006 £Nil) The group owns 25% (2006 Nil) of the share capital of Europa Produce Limited At the year end Europa Produce Limited owed the group £58,982 (2006 £Nil), of which £35,000 (2006 £Nil) is in respect of a short term start up loan issued during the year

During the year the group sold goods and services to Bakkavor QV Limited, associated undertaking of A H Worth & Co Limited, amounting to £308,030 (2006 £1,665,118) and purchased goods amounting to £Nil (2006 £318,654) All of these sales and purchases were on a normal commercial basis At the year end the group was owed £180,186 (2006 £19,524) and owed £Nil (2006 £338) to Bakkavor QV Limited

During the year the group sold goods and services to Manor Fresh Limited, joint venture of Bakkavor QV Limited, amounting to £2,426,748 (2006 £Nil) and purchased goods amounting to £187,539 (2006 £Nil) All these sales and purchases were on a normal commercial basis At the year end the group was owed £387,052 (2006 £Nil) and owed £31,621 (2006 £Nil) to Manor Fresh Limited