

# A H Worth & Co Limited

## REPORT AND FINANCIAL STATEMENTS

for the year ended

31 May 2008

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COMPANIES HOUSE

Company Registration No. 451065

# A H Worth & Co Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

A J L Worth Chairman

W B Carter

M J O'Driscoll

D R Worth

S T Worth

S J Ellwood

### SECRETARY

C W Rimmer

### REGISTERED OFFICE

Manor Farm  
Holbeach Hurn  
Holbeach  
Lincs  
PE12 8LR

### AUDITORS

Duncan & Toplis  
Enterprise Way  
Pinchbeck  
Spalding  
Lincs  
PE11 3YR

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# A H Worth & Co Limited

## DIRECTORS' REPORT

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The directors present their report and the consolidated financial statements of A H Worth & Co Limited for the year ended 31 May 2008.

### 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 performance of the Group was satisfactory given ongoing restructuring and growth in the operating entities of the business against a backdrop of a difficult growing season, the resulting supply side difficulties and cost inflation.

The QV business has seen significant change with rapidly increasing sales with principal customers leading up to and after the planned cessation of the fresh potato business with Tesco at the end of March 2008. This has occurred during another difficult UK fresh produce supply season and it is great credit to the business' supply chain and staff where, despite quality challenges the business maintained its high service level standards with all customers.

Relationships with QV's principal customers have continued to strengthen, despite seasonal adversity during a period of exceptional volume growth. The business has embarked on significant further investment behind those relationships to maintain the momentum built up during this year and to enable the business to broaden the spectrum of compelling products it offers to customers.

QV Foods has growing crop operations and, as part of the wider Group, is committed to green energy initiatives and environmental schemes to significantly reduce the business' impact upon the environment and in this respect aligns itself with principal customer environmental initiatives.

The Manor Fresh Limited business, in which the Group holds a significant minority interest, improved its performance as it moved beyond the first year of merged operations on the Group's Manor Farm site. It continues, as 100% supplier of M&S potatoes, to pursue further opportunities to develop its business in fresh produce with M&S and consequently a small number of other customers.

Worth Farms delivered a creditable performance given another difficult growing season, particularly for potatoes. The business continues to look for opportunities to build value into its rotation which has an increasing proportion of field vegetables in it and remains well invested to take any opportunity it finds. The business remains conscious of environmental issues and as a result has gained LEAF marque accreditation.

On 25 July 2008 the Group acquired 100% of the share capital of the Teknomek Group of Companies from its founder for a cash consideration funded by way of a leveraged debt arrangement and therefore only in part from existing Group resources. The Teknomek business is a niche hygienic stainless steel business based in Norwich with a sustained growth and earnings record. This represents a diversification from the Group's core activities that has significant growth potential and affords significant synergistic opportunities for existing Group management resources and key competencies.

The Group continues a range of initiatives to increase and maximise its considerable property portfolio, the current valuation which are not fully reflected on the Group balance sheet. These include the acquisition of the freehold interest of a significant portion of land previously occupied by the company under an agricultural holdings act tenancy, a portion of which delivers a leisure based income stream. The market value of this land, due to the business' existing interest in perpetuity, significantly exceeds the purchase price which was funded by was of specifically secured long term loan.

# A H Worth & Co Limited

## DIRECTORS' REPORT

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### PRINCIPAL RISKS AND UNCERTAINTIES

The key fundamental risk to the Group remains the loss of turnover related to its principal customers. In addressing this risk the business ensures it is closely aligned to customer objectives in its operating businesses and is at the forefront of developing supply chain value for those customers. A key further mitigant has been to spread the activity of the business across more sectors to ensure optimum crop utilisation and to invest in non- fresh produce activities that are not affected by the same commodity risks.

A further key risk is the retention of key staff. The Group recognises the value and loyalty of its staff and operates a variety of progression based structures, invests in personal and professional development, provides significant work related benefits and employs an open and honest process of continuous dialogue to ensure all employees' interests are aligned with those of the Group.

As a fresh produce supplier the Group is also exposed to the vagaries of the climate and consequent impacts upon the price and availability of fresh produce, particularly potatoes. Consequently the Group operates a variety of key mitigating tools to reduce exposure to commodity risk, these summarise in contracting supply price and quantity with Growers, growing own crops to capture all the supply chain margin available, having a wide customer spectrum to ensure optimum whole crop utilisation and working with customers to increase real value and reduce the proportion of commodity cost within total supply chain cost.

The Group recognises inflationary pressures arising from fossil fuel prices and commodity shortages and works closely with customers and suppliers to mitigate this through supply chain efficiencies, optimised crop utilisation and regular price negotiations with both suppliers and customers.

### FINANCIAL INSTRUMENTS

The Group has structured debt arrangements with a range of funding sources tailored to the specific underlying requirements of the business to which the funding relates. As a result of this policy, the Group retains a significant free cash flow to capitalise on short term trading opportunities and to mitigate commodity related volatility.

The Group also exercises several key financial risk management tools. A substantial part of the trade debtors are covered by trade indemnity insurance and the Group uses fixed and variable rate asset and loan funding aligned with the productive assets it employs and over this, interest rate risk management to control exposure to bank interest rate movements. It reviews profit performance weekly in key operating subsidiaries and monthly across all subsidiaries and associates as well as maintaining the external audit rigours of the annual statutory cycle across all trading subsidiaries and associates. The group also undertakes bottom up budgets and forecasts to challenge costs and monitor and predict cash flow with a weekly treasury management process for net cash held.

The company increasingly sources produce from Europe and so has a euro exposure which it closely monitors and has the options of forward contracts and spot buying to mitigate it.

### 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 (2007 £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

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### **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 £2,916 charitable donations during the year including £1,851 to Lincoln Cathedral and Diocese.

### **DIRECTORS**

The following directors have held office since 31 May 2007:

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.

With effect from 1 October 2008 S J Ellwood was co-opted to the board and will seek election at the forthcoming AGM.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# A H Worth & Co Limited

## DIRECTORS' REPORT

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with 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

### 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

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



Secretary

## **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 2008 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 judgments 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.

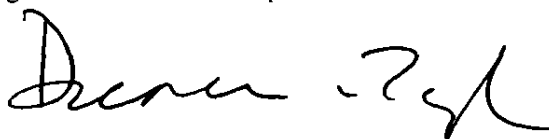
### **OPINION**

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 2008 and of the profit of the group and cash flow for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Report of the Directors is consistent with the financial statements.

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

Duncan & Toplis  
Registered Auditor  
Chartered Accountants  
Enterprise Way  
Pinchbeck  
Spalding  
Lincolnshire  
PE11 3YR



13/11/08

**A H Worth & Co Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 May 2008

	<i>Notes</i>	2008	2007
		£	£
<b>TURNOVER</b>	1	56,139,980	43,488,260
Cost of sales		<u>(41,265,771)</u>	<u>(30,196,132)</u>
<b>Gross profit</b>		14,874,209	13,292,128
Net operating expenses:			
- Distribution costs		(3,574,116)	(2,344,645)
- Administration expenses		(5,976,017)	(5,192,676)
- Other operating charges		(5,739,076)	(5,383,611)
- Other operating income		<u>1,294,272</u>	<u>845,949</u>
<b>OPERATING PROFIT</b>		879,272	1,217,145
Share of operating profit in associates		447,100	336,843
Amortisation of investment in associates		(71,153)	(71,153)
Profit on sale of tangible assets		-	44,112
Amortisation of negative goodwill		44,915	21,441
Investment income	2	39,486	31,995
Interest payable	3	<u>(270,673)</u>	<u>(285,818)</u>
<b>GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	1,068,947	1,294,565
Taxation	6	<u>(397,559)</u>	<u>(499,346)</u>
<b>GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	18	<u>671,388</u>	<u>795,219</u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current year or previous year.



**A H Worth & Co Limited**  
**GROUP BALANCE SHEET**  
**31 May 2008**

	<i>Notes</i>	Group 2008	Group 2007
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	12,558,991	12,280,589
Investments	9	1,844,932	2,200,373
Negative goodwill	10	( 89,831)	( 171,532)
		<u>14,314,092</u>	<u>14,309,430</u>
<b>CURRENT ASSETS</b>			
Stocks	11	2,765,565	2,668,073
Debtors	12	10,487,956	6,607,169
Cash at bank and in hand		<u>1,499,053</u>	<u>1,918,211</u>
		14,752,574	11,193,453
<b>CREDITORS</b>			
Amounts falling due within one year	13	(13,338,847)	(10,719,674)
<b>NET CURRENT ASSETS</b>			
		<u>1,413,727</u>	<u>473,779</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		15,727,819	14,783,209
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(3,012,040)	(2,733,908)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	15	( 119,004)	( 76,648)
		<u>12,596,775</u>	<u>11,972,653</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	67,523	67,523
Capital redemption reserve	17	22,717	22,717
Revaluation reserve	17	2,936,983	2,936,983
Profit and loss account	18	<u>9,569,552</u>	<u>8,945,430</u>
<b>SHAREHOLDERS' FUNDS</b>			
	19	<u>12,596,775</u>	<u>11,972,653</u>

The financial statements were approved by the Board of Directors  
on **13 Nov 2008** and were signed on its behalf by:-

Chairman



**A H Worth & Co Limited**  
**COMPANY BALANCE SHEET**  
**31 May 2008**

	<i>Notes</i>	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	8	4,317,385	3,630,223
Investments	9	<u>3,841,321</u>	<u>3,759,842</u>
		<u>8,158,706</u>	<u>7,390,065</u>
<b>CURRENT ASSETS</b>			
Stocks	11	-	-
Debtors	12	1,769,405	2,242,509
Cash at bank and in hand		<u>-</u>	<u>-</u>
		1,769,405	2,242,509
<b>CREDITORS</b>			
Amounts falling due within one year	13	( 669,360)	(1,381,688)
<b>NET CURRENT ASSETS</b>			
		<u>1,100,045</u>	<u>860,821</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		9,258,751	8,250,886
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	( 924,100)	( 460,000)
		<u>8,334,651</u>	<u>7,790,886</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	67,523	67,523
Capital redemption reserve	17	22,717	22,717
Revaluation reserve	17	2,936,983	2,936,983
Profit and loss account	18	<u>5,307,428</u>	<u>4,763,663</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u>8,334,651</u>	<u>7,790,886</u>

The financial statements were approved by the Board of Directors  
on **13 Nov 2008** and were signed on its behalf by:-

Chairman



**A H Worth & Co Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 May 2008

	<i>Notes</i>	2008 £	2007 £
Cash inflow from operating activities	21a	2,092,370	2,557,187
Dividends received from associates		412,033	488,432
Returns on investments and servicing of finance	21b	(231,187)	(253,823)
Taxation		(447,123)	(493,373)
Capital expenditure and financial investment	21b	<u>(1,600,064)</u>	<u>( 733,951)</u>
		226,029	1,564,472
Equity dividends paid		<u>( 47,266)</u>	<u>( 47,266)</u>
<b>CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		178,763	1,517,206
Management of liquid resources		227,636	-
Financing	21b	<u>(337,669)</u>	<u>(985,736)</u>
<b>INCREASE IN CASH IN THE PERIOD</b>		<u>68,730</u>	<u>531,470</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Increase in cash in the period		68,730	531,470
Change in net debt resulting from cash flows		337,669	985,736
New hire purchase		<u>(495,143)</u>	<u>(520,139)</u>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>		(88,744)	997,067
<b>NET DEBT AT 1.6.07</b>		<u>(2,474,089)</u>	<u>(3,471,156)</u>
<b>NET DEBT AT 31.5.08</b>		<u>(2,562,833)</u>	<u>(2,474,089)</u>

# A H Worth & Co Limited

## ACCOUNTING POLICIES

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### **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 2008.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2008 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 amounts, net of Value Added Tax, derived from the provision of goods and services to third party customers, less amounts payable to customers for retrospective rebates. Turnover is recognised on despatch for sales of potatoes to retailers and processors.

### **SINGLE FARM PAYMENT**

The single farm payment is recognised in the financial statements in accordance with current H. M. Revenue and Customs guidance.

### **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	3,4 and 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 and then transferred as a subsidiary undertaking on 14 November 2007 has been credited to negative goodwill. The negative goodwill will be written off over its expected useful life of three years starting in the year it became a subsidiary.

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

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### **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 Worth Farms Ltd. 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.

### **FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### **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 2008

	2008	2007
	£	£
<b>1 TURNOVER</b>		
The group's turnover was derived from its principal activities as follows:		
Farming activities	3,177,832	3,572,617
Procurement, packing, marketing and distribution of potatoes	<u>52,962,148</u>	<u>39,915,643</u>
	<u>56,139,980</u>	<u>43,488,260</u>
All of the group's turnover is attributable to the UK.		
<b>2 INVESTMENT INCOME</b>		
Other interest receivable	<u>39,486</u>	<u>31,995</u>
<b>3 INTEREST PAYABLE</b>		
Bank loans and overdrafts	162,856	186,449
Finance leases and hire purchase contracts	<u>107,817</u>	<u>99,369</u>
	<u>270,673</u>	<u>285,818</u>
<b>4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
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	1,070,314	1,068,278
assets held under finance leases and hire purchase contracts	687,710	734,079
(Profit) on disposals	(2,845)	(44,112)
Operating lease rentals:		
Plant and machinery	64,385	120,764
Motor vehicles	77,254	94,132
Auditors' remuneration		
audit	7,500	5,875
other services	29,615	23,388
Grant amortisation	(37,598)	(37,598)
The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>795,527</u>	<u>833,448</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 2008

	2008	2007
	No.	No.
<b>5 STAFF COSTS</b>		
The average monthly number of persons (including directors) employed by the group during the year was:		
Administration	72	75
Production and sales staff	<u>256</u>	<u>277</u>
	<u>328</u>	<u>352</u>
	£	£
Staff costs for the above persons:		
Wages and salaries	7,600,988	7,073,753
Social security costs	759,597	687,646
Other pension costs	<u>302,363</u>	<u>343,436</u>
	<u>8,662,948</u>	<u>8,104,835</u>
 <b>DIRECTORS' REMUNERATION</b>		
Parent company directors		
Emoluments:		
As directors	464,890	378,767
As non-executive directors	<u>66,191</u>	<u>54,063</u>
	<u>531,081</u>	<u>432,830</u>
Directors' pension contributions to money purchase schemes	<u>133,038</u>	<u>128,324</u>
Information regarding the highest paid director is as follows:-		
Emoluments	86,873	90,612
Pension contributions to money purchase schemes	<u>103,949</u>	<u>117,544</u>
The number of directors to whom relevant benefits are accruing under:	No.	No.
Money purchase pension schemes	<u>3</u>	<u>2</u>

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2008	2007
	£	£
<b>6 TAXATION</b>		
Current tax:		
UK corporation tax on profit of period	210,295	398,552
Adjustments in respect of previous periods	17,148	2,856
Associated undertakings	<u>127,760</u>	<u>135,290</u>
Total current tax	<u>355,203</u>	<u>536,698</u>
Deferred tax:		
Origination and reversal of timing differences	42,356	(37,352)
Total deferred tax	<u>42,356</u>	<u>(37,352)</u>
Tax on profit on ordinary activities	<u>397,559</u>	<u>499,346</u>
<b>Factors affecting tax charge for the period</b>		
The tax assessed for the period is higher than the standard rate of corporation tax 30% (2007 30%) as explained below:		
Profit on ordinary activities before tax	<u>1,068,947</u>	<u>1,294,565</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax 30% (2007 30%)	320,684	388,369
Effects of:		
Adjustment to tax rate	(2,704)	(7,454)
Expenses not deductible for tax purposes	(62,703)	46,190
Depreciation in excess of capital allowances	78,907	91,823
Non taxable income	(4,000)	-
Amortisation of investments	21,346	21,346
Negative goodwill amortisation	(13,475)	(6,432)
Adjustment to tax charge in respect of previous period	<u>17,148</u>	<u>2,856</u>
Current tax charge for the period	<u>355,203</u>	<u>536,698</u>
<b>7 DIVIDENDS</b>		
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 2008 of £47,266 (2007 £47,266) which has not been recognised in the financial statements, in accordance with FRS21.



**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8 TANGIBLE FIXED ASSETS**

Group	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
31 May 2007	3,311,694	10,295,725	11,857,446	345,989	25,810,854
Acquired with subsidiary	-	-	64,517	-	64,517
Additions	696,447	50,884	1,295,725	216,659	2,259,715
Disposals	-	-	(418,860)	-	(418,860)
31 May 2008	<u>4,008,141</u>	<u>10,346,609</u>	<u>12,798,828</u>	<u>562,648</u>	<u>27,716,226</u>
<b>Depreciation</b>					
31 May 2007	-	5,435,438	7,987,774	107,053	13,530,265
Acquired with subsidiary	-	-	44,166	-	44,166
Charge for year	-	495,008	1,205,478	101,704	1,758,024
Disposals	-	-	(175,220)	-	(175,220)
31 May 2008	<u>-</u>	<u>5,930,446</u>	<u>9,018,032</u>	<u>208,757</u>	<u>15,157,235</u>
<b>Net book value</b>					
31 May 2008	<u>4,008,141</u>	<u>4,416,163</u>	<u>3,780,796</u>	<u>353,891</u>	<u>12,558,991</u>
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>

The net book amount of fixed assets includes £1,487,562 (2007 £2,015,971) in respect of assets held under finance lease and hire purchase contracts.

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8 TANGIBLE FIXED ASSETS (continued)**

	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Company</b>					
Cost or valuation					
31 May 2007	3,311,694	655,746	42,457	11,562	4,021,459
Additions	<u>696,447</u>	<u>-</u>	<u>2,144</u>	<u>29,000</u>	<u>727,591</u>
31 May 2008	<u>4,008,141</u>	<u>655,746</u>	<u>44,604</u>	<u>40,562</u>	<u>4,749,053</u>
<b>Depreciation</b>					
31 May 2007	-	351,298	28,376	11,562	391,236
Charge for year	<u>-</u>	<u>32,193</u>	<u>3,406</u>	<u>4,833</u>	<u>40,432</u>
31 May 2008	<u>-</u>	<u>383,491</u>	<u>31,782</u>	<u>16,395</u>	<u>431,668</u>
<b>Net book value</b>					
31 May 2008	<u>4,008,141</u>	<u>272,255</u>	<u>12,822</u>	<u>24,167</u>	<u>4,317,385</u>
31 May 2007	<u>3,311,694</u>	<u>304,448</u>	<u>14,081</u>	<u>-</u>	<u>3,630,223</u>

The net book amount of fixed assets includes £Nil (2007 £Nil) in respect of assets held under finance leases and hire purchase contracts.

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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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	2008 Pseedco Ltd £	2008 Bakkavor QV Ltd £	2008 Europa Produce Ltd £	2008 Total £	2007 Total £
<b>9 FIXED ASSET INVESTMENTS</b>					
<b>Group</b>					
Shares at basis of valuation:					
Share of net assets brought forward	273,573	1,849,893	15,775	2,139,241	2,426,095
Additions	-	-	-	-	25
Share of net assets – associates					
Share of profit after tax	-	296,080	23,259	319,339	201,553
Dividend received	-	(398,700)	(13,333)	(412,033)	(488,432)
Reclassification	(273,573)	-	-	(273,573)	-
	<u>-</u>	<u>1,747,273</u>	<u>25,701</u>	<u>1,772,974</u>	<u>2,139,241</u>
Amounts provided					
31 May 2007	-	71,153	-	71,153	-
Charge for year	<u>-</u>	<u>71,153</u>	<u>-</u>	<u>71,153</u>	<u>71,153</u>
31 May 2008	<u>-</u>	<u>142,306</u>	<u>-</u>	<u>142,306</u>	<u>71,153</u>
Net book amount					
31 May 2008	<u>-</u>	<u>1,604,967</u>	<u>25,701</u>	<u>1,630,668</u>	<u>2,068,088</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 2007 and 31 May 2008				<u>159</u>	<u>159</u>
Other investments and loans					
31 May 2007				132,126	26
Additions				<u>81,979</u>	<u>132,100</u>
31 May 2008				<u>214,105</u>	<u>132,126</u>
Total Investments				<u>1,844,932</u>	<u>2,200,373</u>
	Shares in associated undertaking £	Shares in subsidiary undertakings £	Other investments and loans £	Total £	
<b>Company</b>					
Cost or valuation					
31 May 2007	800,000	2,827,725	132,117	3,759,842	
Additions	<u>-</u>	<u>-</u>	<u>81,479</u>	<u>81,479</u>	
31 May 2008	<u>800,000</u>	<u>2,827,725</u>	<u>213,596</u>	<u>3,841,321</u>	

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2008

**9 FIXED ASSET INVESTMENTS (continued)**

The parent company holds directly or indirectly 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
Pseedco Limited	England	Ordinary	100%	Seed potatoes

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 2008 as an associated undertaking based on statutory accounts to 31 December 2007 and management accounts for the period to 31 May 2008 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. The company is a wholly owned subsidiary and has been dormant since 31 January 1994. The capital and reserves of QV Limited at 31 May 2008 were £2,020,370.

During the year the company QV Foods Limited previously accounted for as an associated undertaking, Pseedco Limited, entered into a company purchase of own shares to buyback the remaining 50% of its own share capital not owned by QV Foods Limited, thereby making QV Foods Limited shareholding in the company 100%. The results of Pseedco Limited adjusted to 31 May 2008 have been included in the consolidated financial statements. The subsidiary's accounting date is 30 June 2008 but the directors believe that an adjustment to 31 May 2008 is sufficient for use in the consolidation on the grounds of materiality. Pseedco Limited is a company incorporated in England. Its principal activity is the procurement and sale of seed potatoes.

Pseedco Limited owns 25% of the ordinary share capital of TLC Potatoes Ltd, a company involved in the propagation of seed potatoes. The company is incorporated in Scotland and not consolidated within these accounts as it is deemed immaterial to the group.

QV Foods Limited owns 25% of the issued share capital of Europa Produce Limited. 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 to 31 May 2008 as an associated undertaking based on management accounts to 31 May 2008.

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2008

**9 FIXED ASSET INVESTMENTS (continued)**  
A H Worth & Co Limited's 45% share of Bakkavor QV Limited and 25% share of Europa Produce Limited 31 May 2008 balances are as follows:-

	Bakkavor QV Ltd £'000	Europa Produce Ltd £'000
Turnover	-	382
Profit before tax	36	28
Taxation	-	5
Profit after tax	36	23
Fixed assets	100	3
Current assets	519	123
Liabilities due within one year	261	90
Net assets	358	36
	2008	2007
	£	£
<b>10 NEGATIVE GOODWILL - GROUP</b>		
<b>Cost or valuation</b>		
31 May 2007	214,414	214,414
Adjustment on acquisition	( 36,786)	-
31 May 2008	<u>177,628</u>	<u>214,414</u>
<b>Amortisation</b>		
31 May 2007	42,882	21,441
Charge for year	<u>44,915</u>	<u>21,441</u>
31 May 2008	<u>87,797</u>	<u>42,882</u>
<b>Net book value</b>		
31 May 2008	<u>89,831</u>	<u>171,532</u>

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
<b>11 STOCKS</b>				
Stores	1,798,518	1,362,542	-	-
Produce and cultivations	<u>967,047</u>	<u>1,305,531</u>	-	-
	<u>2,765,565</u>	<u>2,668,073</u>	-	-
<b>12 DEBTORS</b>				
Trade debtors	7,876,756	2,456,149	2,278	2,646
Other debtors	2,321,231	3,907,835	30,033	257,516
Prepayments and accrued income	-	3,054	-	3,054
Corporation tax	81,556	64,637	81,556	64,637
Associated undertakings	106,863	88,137	-	-
Related party	101,550	87,357	101,550	-
Subsidiary undertakings	-	-	<u>71,121</u>	<u>320,471</u>
	<u>10,487,956</u>	<u>6,607,169</u>	286,583	648,324
Subsidiary undertaking after one year	-	-	<u>1,482,867</u>	<u>1,594,185</u>
	<u>10,487,956</u>	<u>6,607,169</u>	<u>1,769,405</u>	<u>2,242,509</u>

The related party debtor is the assets held by the Employee Benefit Trust for the benefit of qualifying employees only. In 2008 this is made up of cash at bank and in 2007 this included an investment in 9,994 £1 'B' ordinary shares in A H Worth & Co Limited. This has been disposed of in the year.

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2008

13	CREDITORS: Amounts falling due within one year	Group		Company	
		2008	2007	2008	2007
		£	£	£	£
	Bank overdraft	601,334	1,075,029	559,171	1,075,029
	Bank loans	233,900	200,000	33,900	-
	Trade creditors	10,437,539	6,667,423	28,648	19,995
	Subsidiary undertakings	-	-	25,530	-
	Associated undertakings	8,500	270,000	-	270,000
	Corporation tax	204,666	463,189	-	-
	Other taxation and social security	360,507	184,423	-	-
	Other creditors	965,675	1,140,728	22,111	16,664
	Finance leases and hire purchase contracts	489,128	681,284	-	-
	Unamortised capital grants	<u>37,598</u>	<u>37,598</u>	-	-
		<u>13,338,847</u>	<u>10,719,674</u>	<u>669,360</u>	<u>1,381,688</u>
14	CREDITORS: Amounts falling due in more than one year				
	Bank loan	2,374,100	1,880,000	644,100	-
	Finance leases and hire purchase contracts	464,974	643,344	-	-
	Subsidiary undertakings	-	-	280,000	460,000
	Unamortised grants	<u>172,966</u>	<u>210,564</u>	-	-
		<u>3,012,040</u>	<u>2,733,908</u>	<u>924,100</u>	<u>460,000</u>
	Amounts fall due on the bank loan as follows:				
	In one year or less	233,900	200,000	33,900	-
	Between one and two years	233,900	200,000	33,900	-
	Between two and five years	1,665,600	1,680,000	135,600	-
	Over five years	<u>474,600</u>	-	<u>474,600</u>	-
		<u>2,608,000</u>	<u>2,080,000</u>	<u>678,000</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. AMC plc holds a legal mortgage over a parcel of land owned by A H Worth and Company Limited

	Group 2008 £	Group 2007 £
Obligations under finance leases and hire purchase contracts are repayable (by monthly or annual) instalments as follows		
In one year or less	489,128	681,284
Between one and five years	<u>464,974</u>	<u>643,344</u>
	<u>954,102</u>	<u>1,324,628</u>

# A H Worth & Co Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

	Group 2008 £	Group 2007 £
<b>15 PROVISION FOR LIABILITIES AND CHARGES</b>		
Deferred tax		
Corporation tax deferred by:-		
Capital allowances	123,004	141,648
Other timing allowances	<u>( 4,000)</u>	<u>(65,000)</u>
	<u>119,004</u>	<u>76,648</u>
<b>16 SHARE CAPITAL</b>		
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	<u>57,523</u>	<u>57,523</u>
	<u>67,523</u>	<u>67,523</u>

### RIGHTS OF SHARES IN ISSUE

Each 'A' ordinary share is entitled to 10 votes compared to 1 vote for each 'B' ordinary share.  
In all other respects the 'A' & 'B' Ordinary shares rank pari pasu.

	Group and company	
	2008 £	2007 £
<b>17 RESERVES</b>		
Capital redemption reserve		
31 May 2007 and 31 May 2008	<u>22,717</u>	<u>22,717</u>
Revaluation reserve		
31 May 2007 and 31 May 2008	<u>2,936,983</u>	<u>2,936,983</u>

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2008

	<b>Group</b> 2008 £	<b>Company</b> 2008 £
<b>18 PROFIT AND LOSS ACCOUNT</b>		
31 May 2007	8,945,430	4,763,663
EBT transferred	-	87,357
Profit for the year	671,388	503,674
Dividends paid	<u>(47,266)</u>	<u>(47,266)</u>
31 May 2008	<u>9,569,552</u>	<u>5,307,428</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 £416,110.

	Group 2008 £	2007 £
<b>19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Profit for the financial year	671,388	795,219
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
Net addition to shareholders' funds	624,122	747,953
Opening shareholders funds	<u>11,972,653</u>	<u>11,224,700</u>
Closing shareholders' funds	<u>12,596,775</u>	<u>11,972,653</u>

**20 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.

	2008 £	Vehicles 2007 £
Within one year	33,372	21,889
Within one to five years	54,580	52,976
After five years	-	-
	<u>87,952</u>	<u>74,865</u>



A H Worth & Co Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
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	Group 2008 £	Group 2007 £
<b>21 CASH FLOWS</b>		
<b>a Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	879,272	1,217,145
Depreciation	1,758,024	1,802,357
Profit on disposal of fixed asset	(2,845)	-
Amortisation of grants	(37,598)	(37,598)
(Increase)/decrease in stocks	(97,492)	(608,070)
(Increase)/decrease in debtors	(3,849,675)	(2,088,517)
Increase/(decrease) in creditors	<u>3,442,684</u>	<u>2,271,870</u>
Net cash flows from operating activities	<u>2,092,370</u>	<u>2,557,187</u>
<b>b Analysis of cash flows for headings netted in the cash flows</b>		
<b>Returns on investments and servicing of finance</b>		
Interest received	39,486	31,995
Interest paid	(162,856)	(186,449)
Interest element of finance lease rental payments	<u>(107,817)</u>	<u>(99,369)</u>
Net cash outflow for returns on investment and servicing of finance	<u>(231,187)</u>	<u>(253,823)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,764,570)	(664,051)
Sale of tangible fixed assets	246,485	62,200
Purchase of investments	<u>(81,979)</u>	<u>(132,100)</u>
Net cash outflow for capital expenditure and financial investment	<u>(1,600,064)</u>	<u>(733,951)</u>
<b>Financing</b>		
Bank loan received	678,000	-
Bank loan repayments	(150,000)	(200,000)
Hire purchase contracts	<u>(865,669)</u>	<u>(785,736)</u>
Net cash outflow from financing	<u>(337,669)</u>	<u>(985,736)</u>

**A H Worth & Co Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**21 CASH FLOWS (continued)**

c Analysis of net debt	At 31 May 2007 £	Cash flows £	Other non cash changes £	At 31 May 2008 £
Current asset investment	75,855	(75,855)	-	-
Cash in hand and at bank	1,929,713	(329,110)	-	1,600,603
Overdrafts	(1,075,029)	473,695	-	(601,334)
Debt due within one year	(200,000)	166,100	(200,000)	(233,900)
Debt due after one year	(1,880,000)	(694,100)	200,000	(2,374,100)
Hire purchase contracts	(1,324,628)	865,669	(495,143)	( 954,102)
<b>Total</b>	<b>(2,474,089)</b>	<b>406,399</b>	<b>(495,143)</b>	<b>(2,562,833)</b>

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.

	2008 £	2007 £
<b>22 CAPITAL COMMITMENTS</b>		
Future capital commitments		
Authorised but contracts not placed	<u>595,000</u>	<u>6,500</u>

**23 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 (2007 £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 £312,316 (2007 £343,436).

**24 POST BALANCE SHEET EVENTS**

On the 25 July 2008 the group acquired the trade and assets of Teknomek Holdings Limited.

In June 2008 the Employee Benefit trust purchased 9,994 B shares in A H Worth & Co Limited in part financed by a loan from the parent company.

# A H Worth & Co Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

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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, QV Foods Limited and Pseedco Limited for the year as these have been consolidated within these accounts.

During the year the company paid rent amounting to £29,253 (2007 £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 £6,308 (2007 £12,614) to Mrs A J L Worth and rent amounting to £2,167 (2007 £4,333) to Mrs R E Gardiner.

During the year the company purchased land from a family settlement of which Messrs A J L Worth and P H Shepherd are trustees for £660,000, this being the market price at the date of purchase.

During the year Mr S T Worth, a director of A H Worth & Co Limited, provided consultancy services to the company amounting to £16,335 (2007 £92,276). At the year end the company owed £Nil (2007 £8,892) to Mr S T Worth in respect of these services.

### GROUP UNDERTAKINGS

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 £3,000 (2007 £Nil) and recharged expenses amounting to £11,201 (2007 £21,142). The group made sales to Holbeach Marsh Co-operative Limited of £72,254 (2007 £127,646) and purchased goods amounting to £Nil (2007 £11,667). At the year end the group was owed £6,041 (2007 £4,892) and owed £Nil (2007 £11,667) to Holbeach Marsh Co-operative Limited.

During the year the group purchased goods from Europa Produce Limited amounting to £370,571 (2007 £9,210) and made sales to Europa Produce Limited amounting to £353,551 (2007 £125,590). During the year the group recharged expenses to Europa Produce Limited amounting to £69,703 (2007 £38,707). The group owns 25% (2007 25%) of the share capital of Europa Produce Limited. At the year end Europa Produce Limited owed the group £106,818 (2007 £58,982).

Fresh Approach Produce Limited, a 50% owned associate, commenced trading on 1 April 2008. In doing so the vast majority of its transactions were through QV Foods Limited's ledgers. Trading profits for the period to 31 May 2008 were immaterial and as such Fresh Approach Produce Limited has not been consolidated into these accounts.

During the year the group sold goods and services to Bakkavor QV Limited, associated undertaking of A H Worth & Co Limited, amounting to £25,000 (2007 £308,030) and purchased goods amounting to £Nil (2007 £Nil). All of these sales and purchases were on a normal commercial basis. At the year end the group was owed £Nil (2007 £180,186) and owed £Nil (2007 £Nil) 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 £2,354,281 (2007 £2,426,748) and purchased goods amounting to £209,189 (2007 £187,539). All these sales and purchases were on a normal commercial basis. At the year end the group was owed £293,523 (2007 £387,052) and owed £6,832 (2007 £31,621) to Manor Fresh Limited.