

A.H. WORTH & CO. LIMITED

REPORTS AND ACCOUNTS

31 May 2002

Registered Number 451065



A.H. WORTH & CO. LIMITED

REPORT AND ACCOUNTS

31 May 2002

BOARD OF DIRECTORS

Chairman

A. J. L. Worth

Other Directors

W.B. Carter

M.J. O'Driscoll

D.R. Worth

S.T. Worth

COMPANY SECRETARY

C.W. Rimmer

REGISTERED OFFICE

Manor Farm
Holbeach Hurn
Holbeach
Lincs
PE12 8LR

AUDITORS

Baker Tilly
Welland House
High Street
Spalding
Lincs

A.H. WORTH & CO. LIMITED

DIRECTORS' REPORT

31 May 2002

The directors present their report and the audited accounts of the group for the year ended 31 May 2002.

Principal activities

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

Review and development of the business

A second successive difficult potato harvest perpetuated high prices for retail quality material. This assisted the farming operation in achieving a profit despite continuing declines in returns from other commodity crops. Despite the difficulties with supply, QV Foods delivered increasing volumes and consistently high product quality and service levels to its customers. Margins were adversely affected by promotional pressure in retail, raw materials cost, costs of commissioning the new processing plant and other non-recurring charges in its executive management.

Good performances continued in associated interests and lower interest charges reflect debt repayments made during the year plus lower interest rates. The capital investment maintained through the year facilitated a lower tax charge than the previous year. Profit before taxation reflects the one off costs in QV and is significantly below the previous year.

Investment focused on productive capacity in processing, the new facility was completed and new plant commissioned but at lower volumes than planned.

Long term strategic planning continues to bear fruit as the Group's principal activities have expanded their operations in the following year, supported by an ongoing capital investment programme.

Profit, dividends and appropriations

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

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

Fixed assets

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

Disabled persons

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

Employee involvement

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

Officers' Insurance

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

Charitable donations

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

A.H. WORTH & CO. LIMITED

DIRECTORS' REPORT

31 May 2002

(continued)

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 May 2002			31 May 2001		
	Ordinary shares			Ordinary shares		
	'A'	'B'	'C'	'A'	'B'	'C'
A.J.L. Worth	5,000	1,699	-	5,000	1,699	-
R.E. Gardiner	-	500	-	-	500	-
D. R. Worth	313	3,688	-	313	3,688	-
S.T. Worth	313	3,688	-	313	3,688	-
W.B. Carter	-	-	-	-	-	-
M.J. O'Driscoll	-	-	-	-	-	-
Interest as Trustee :-						
A.J.L. Worth	2,500	19,987	-	2,500	19,987	-

R. E. Gardiner resigned as a director on 1 August 2001.

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

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

Statement of directors responsibilities

We are required under company law to prepare accounts for each financial year which 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 accounts we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether accounting standards have been followed, and give details of any departures
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

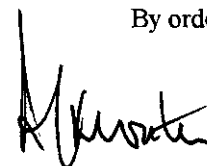
We are also responsible for:

- keeping proper accounting records
- safeguarding the group's assets
- taking reasonable steps for the prevention and detection of fraud.

Auditors

Baker Tilly, formerly HLB Kidsons, have agreed to offer themselves for re-election as auditors of the company.

By order of the board



Chairman

Manor Farm
Holbeach Hurn
Holbeach
Lincs
PE12 8LR

17 October 2002

A.H. WORTH & CO LIMITED

AUDITORS' REPORT

Auditors' report to the members of A.H. Worth & Co Limited

We have audited the accounts on pages 4 to 22 for the year ended 31 May 2002. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

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

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

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

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs at 31 May 2002 and of the profit of the group the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

17 October 2002

A.H. WORTH & CO. LIMITED
GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2002

	Note	Group 2002 £	Group 2001 £
Turnover	2	41,764,001	40,341,155
Cost of sales		<u>(31,154,722)</u>	<u>(30,197,970)</u>
Gross profit		10,609,279	10,143,185
Net operating expenses			
- Distribution costs		(2,036,965)	(2,007,118)
- Administration expenses		(4,539,530)	(4,670,780)
- Other operating charges		(4,734,429)	(3,403,003)
- Other operating income		<u>970,065</u>	<u>798,804</u>
Operating profit	3	268,420	861,088
Share of profit of associated undertaking		475,000	387,900
Profit on sale of assets		-	176,843
Amortisation of profit on sale to associate		31,115	31,115
Investment income	5	38,884	128,979
Interest payable	6	<u>(329,123)</u>	<u>(361,849)</u>
Group profit on ordinary activities before taxation		484,296	1,224,076
Taxation	7	<u>25,121</u>	<u>(304,617)</u>
Group profit on ordinary activities after taxation		509,417	919,459
Dividends	8	<u>(47,266)</u>	<u>(47,266)</u>
Group retained profit for the year	19	<u>462,151</u>	<u>872,193</u>

A separate statement of recognised gains and losses has not been prepared as the group has no recognised gains or losses other than the profit for the year.

All activities are continuing during the above financial periods.


A.H. WORTH & CO. LIMITED

GROUP BALANCE SHEET

at 31 May 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	9	12,663,715	10,775,890
Investments	10	<u>580,893</u>	<u>372,228</u>
		<u>13,244,608</u>	<u>11,148,118</u>
Current assets			
Stocks	11	1,906,080	2,179,756
Debtors	12	3,106,590	3,241,824
Cash at bank and in hand		<u>245,142</u>	<u>611,426</u>
		5,257,812	6,033,006
Creditors: amounts falling due within one year	13	<u>(6,001,047)</u>	<u>(6,235,407)</u>
Net current (liabilities)/assets		<u>(743,235)</u>	<u>(202,401)</u>
Total assets less current liabilities		12,501,373	10,945,717
Creditors: amounts falling due after more than one year	14	<u>(5,040,042)</u>	<u>(3,946,537)</u>
		<u>7,461,331</u>	<u>6,999,180</u>
Capital and reserves (equity)			
Called up share capital	16	67,748	67,748
Capital redemption reserve	17	22,492	22,492
Revaluation reserve	18	2,936,983	2,936,983
Profit and loss account	19	<u>4,434,108</u>	<u>3,971,957</u>
Total shareholders' funds		<u>7,461,331</u>	<u>6,999,180</u>

The accounts on pages 4 to 22 were approved by the board of directors on 17 October 2002.


)
) Chairman
)

A.H. WORTH & CO. LIMITED

COMPANY BALANCE SHEET

at 31 May 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	9	4,073,423	3,887,237
Investments	10	<u>2,923,680</u>	<u>2,923,680</u>
		<u>6,997,103</u>	<u>6,810,917</u>
Current assets			
Stocks	11	486,546	1,099,921
Debtors	12	808,668	601,764
Cash at bank and in hand		<u>119,428</u>	<u>300</u>
		1,414,642	1,701,985
Creditors: amounts falling due within one year	13	<u>(1,268,077)</u>	<u>(1,589,158)</u>
Net current (liabilities)/assets		<u>146,565</u>	<u>112,827</u>
Total assets less current liabilities		7,143,668	6,923,744
Creditors: amounts falling due after more than one year	14	<u>(707,473)</u>	<u>(800,000)</u>
		<u>6,436,195</u>	<u>6,123,744</u>
Capital and reserves (equity)			
Called up share capital	16	67,748	67,748
Capital redemption reserve	17	22,492	22,492
Revaluation reserve	18	2,936,983	2,936,983
Profit and loss account	19	<u>3,408,972</u>	<u>3,096,521</u>
Total shareholders' funds		<u>6,436,195</u>	<u>6,123,744</u>

The accounts on pages 4 to 22 were approved by the board of directors on 17 October 2002.



)
) Chairman
)

A.H. WORTH & CO. LIMITED
GROUP CASH FLOW STATEMENT

for the year ended 31 May 2002

	Note	2002		2001	
		£	£	£	£
Net cash inflow from operating activities	20		1,797,819		1,442,327
Dividend received from associated undertakings			162,450		200,700
Returns on investments and servicing of finance					
Dividends received		6,141		3,873	
Interest received		32,743		45,006	
Interest paid		(258,525)		(336,444)	
Interest element of finance lease rental payments		<u>(85,760)</u>	(305,401)	<u>(24,924)</u>	(312,489)
Taxation					
UK Corporation tax paid			(133,996)		(214,235)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(1,910,192)		(2,012,691)	
Receipts from sales of tangible fixed assets		43,452		269,692	
Payment to acquire fixed asset investments		<u>-</u>	(1,866,740)	<u>(872)</u>	(1,743,871)
			(345,868)		(627,568)
Equity dividends paid			<u>(47,266)</u>		<u>(47,266)</u>
			(393,134)		(674,834)
Financing					
Bank loan received		1,000,000		1,000,000	
Bank loan repayments		(774,737)		(509,821)	
Capital grants received		204,759		89,396	
Hire purchase contracts		(516,291)	<u>(86,269)</u>	<u>(149,949)</u>	<u>429,626</u>
(Decrease) in cash	20		<u>(479,403)</u>		<u>(245,208)</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

1 Principal accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for freehold land which is stated at valuation. 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 accounts are those for the parent company, its wholly owned trading subsidiary QV Foods Limited and its dormant subsidiary QV Limited. Intra-group profits are eliminated on consolidation.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2002 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 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 are 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.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

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

Government Grants

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

Goodwill

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

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

1 Principal accounting policies (continued)

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in accordance with the straight line method.

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

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

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

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

	2002	2001
	£	£
Farming activities	1,255,219	2,460,636
Procurement, packing, marketing and distribution of potatoes	<u>40,508,782</u>	<u>37,880,519</u>
	<u>41,764,001</u>	<u>40,341,155</u>

All of the group's turnover is attributable to the UK.

A.H. WORTH & CO. LIMITED
NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

		2002	2001
		£	£
3	Operating profit		
	Operating profit is stated after crediting		
	Grant amortisation	<u>57,422</u>	<u>36,760</u>
	Profit on sale of fixed assets	<u>8,813</u>	<u>—</u>
	and after charging		
	Loss on sale of fixed assets	<u>—</u>	<u>20,543</u>
	Auditors' remuneration - audit	<u>22,000</u>	<u>18,601</u>
	- non audit services	<u>12,536</u>	<u>14,405</u>
	Operating leases		
	- Hire of plant and machinery	<u>52,419</u>	<u>76,166</u>
	- Leasing charges	<u>174,827</u>	<u>175,309</u>
	Depreciation of tangible fixed assets		
	- Owned assets	1,035,842	865,368
	- Assets held under finance leases and hire purchase contracts	<u>283,271</u>	<u>158,385</u>
		<u>1,319,113</u>	<u>1,023,753</u>
	The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 6)	<u>369,031</u>	<u>183,309</u>
4	Directors and employees		
	Group staff costs including directors' emoluments		
	Wages and salaries	5,785,882	4,587,959
	Payments to employee benefit trust	39,000	44,000
	Social security costs	523,490	421,142
	Other pension costs	<u>309,935</u>	<u>330,235</u>
		<u>6,658,307</u>	<u>5,383,336</u>
	Average number employed by the group including non-executive directors	Number	Number
	Administration	70	79
	Production and sales staff	<u>248</u>	<u>191</u>
		<u>318</u>	<u>270</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

	2002 £	2001 £
4 Directors and employees (continued)		
Parent company directors		
Emoluments		
As directors	443,289	429,235
As non-executive directors	<u>19,136</u>	<u>23,144</u>
	<u>462,425</u>	<u>452,379</u>
Emoluments excluding pension scheme contributions		
Highest paid director	<u>126,444</u>	<u>117,554</u>

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 £121,749 (2001 £118,000). Two directors qualified for benefits and contributions paid amounted to £121,749 (2001 £118,000).

Group personal pension plan

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

The pension cost charge represents the contributions made to the individual personal pension plans and amounts to £188,186 (2001 £212,235).

One director qualified for benefits, and contributions paid amounted to £33,251 (2001 £41,612).

Defined benefit scheme

At 31 May 2002 all members had left the scheme and transferred their pension benefits into other arrangements. The scheme has no remaining liabilities at 31 May 2002.

A.H. WORTH & CO. LIMITED
NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

	2002	2001
	£	£
5 Investment income		
Fixed asset investment income	6,141	83,973
Other interest receivable	<u>32,743</u>	<u>45,006</u>
	<u>38,884</u>	<u>128,979</u>
6 Interest payable		
Bank loans and overdrafts	243,363	336,925
Finance leases and hire purchase contracts	<u>85,760</u>	<u>24,924</u>
	<u>329,123</u>	<u>361,849</u>
7 Taxation		
Corporation tax (credit)/charge on profit on ordinary activities at 30% (2001 30%)	(41,348)	206,967
Over provision in prior year	(118,773)	-
Associated undertaking	<u>135,000</u>	<u>97,650</u>
	<u>(25,121)</u>	<u>304,617</u>
Factors affecting tax charge for year		
Profit on ordinary activities multiplied by weighted average rate of 21.65% (2001 29.88%)	87,583	355,810
Non-taxable group dividend income	(59,499)	(89,889)
Non-taxable franked investment income	(45,474)	(59,884)
Excess of capital allowances over eligible depreciation	(122,813)	(47,317)
Fixed asset ineligible depreciation	79,050	79,050
Disallowable expenditure	19,805	7,246
Associated undertaking taxation	135,000	97,650
Over provision in prior years	<u>(118,773)</u>	<u>(38,049)</u>
	<u>(25,121)</u>	<u>304,617</u>
8 Dividends		
Ordinary dividend proposed		
- 'A' ordinary shares of £1 each	7,000	7,000
- 'B' ordinary shares of £1 each	<u>40,266</u>	<u>40,266</u>
	<u>47,266</u>	<u>47,266</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

9	Tangible fixed assets					
		Freehold land	Freehold buildings	Plant and machinery	Motor vehicles	Total
	Group	£	£	£	£	£
	Cost or valuation					
	31 May 2001	3,130,373	7,569,626	8,254,321	121,383	19,075,703
	Additions	168,029	1,100,457	1,967,091	6,000	3,241,577
	Disposals	-	(750)	(391,124)	(22,394)	(414,268)
	31 May 2002	<u>3,298,402</u>	<u>8,669,333</u>	<u>9,830,288</u>	<u>104,989</u>	<u>21,903,012</u>
	Depreciation					
	31 May 2001	-	2,780,382	5,449,942	69,489	8,299,813
	Charge for year	-	489,969	849,695	14,377	1,319,113
	Disposals	-	(750)	(356,485)	(22,394)	(379,629)
	31 May 2002	<u>-</u>	<u>3,234,673</u>	<u>5,943,152</u>	<u>61,472</u>	<u>9,239,297</u>
	Net book amount					
	31 May 2002	<u>3,298,402</u>	<u>5,343,660</u>	<u>3,887,136</u>	<u>43,517</u>	<u>12,663,715</u>
	31 May 2001	<u>3,130,373</u>	<u>4,789,244</u>	<u>2,804,379</u>	<u>51,894</u>	<u>10,775,890</u>

The net book amount of fixed assets includes £1,651,253 (2001 £700,355) in respect of assets held under finance lease and hire purchase contracts.

	2002	2001
	£	£
Future capital commitments		
Authorised but contracts not placed	<u>1,983,120</u>	<u>2,068,474</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

9 Tangible fixed assets (continued)

Company	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
31 May 2001	3,130,373	686,888	1,847,778	39,434	5,704,473
Additions	168,029	525	223,134	-	391,688
Disposals	-	-	(95,082)	(11,645)	(106,727)
31 May 2002	<u>3,298,402</u>	<u>687,413</u>	<u>1,975,830</u>	<u>27,789</u>	<u>5,989,434</u>
Depreciation					
31 May 2001	-	289,798	1,500,934	26,504	1,817,236
Charge for year	-	21,238	162,005	3,578	186,821
Disposals	-	-	(76,401)	(11,645)	(88,046)
31 May 2002	<u>-</u>	<u>311,036</u>	<u>1,586,538</u>	<u>18,437</u>	<u>1,916,011</u>
Net book amount					
31 May 2002	<u>3,298,402</u>	<u>376,377</u>	<u>389,292</u>	<u>9,352</u>	<u>4,073,423</u>
31 May 2001	<u>3,130,373</u>	<u>397,090</u>	<u>346,844</u>	<u>12,930</u>	<u>3,887,237</u>

The net book amount of fixed assets includes £77,028 (2001 £27,074) in respect of assets held under finance leases and hire purchase contracts.

	Group £	2002 Company £	Group £	2001 Company £
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 ON GROUP ACCOUNTS

31 May 2002

(continued)

10	Fixed asset investments	2002	2001
		£	£
	Group		
	Shares at basis of valuation		
	31 May 2001	231,105	30,340
	Share of profit after tax	340,000	290,250
	Dividend received	(162,450)	(120,600)
	Amortisation of unrealised profit on sale of assets to associated undertaking	<u>31,115</u>	<u>31,115</u>
	31 May 2002	<u>439,770</u>	<u>231,105</u>
	Shares in dormant undertakings		
	Directors valuation of these companies	256,702	256,702
	Less: Indebtedness to subsidiary companies	<u>(256,543)</u>	<u>(256,543)</u>
	31 May 2001 and 31 May 2002	<u>159</u>	<u>159</u>
	Other investments and loans		
	31 May 2001	140,964	140,092
	Additions	—	<u>872</u>
	31 May 2002	<u>140,964</u>	<u>140,964</u>
	Total Investments	<u>580,893</u>	<u>372,228</u>
		Shares in subsidiary	Other investments
		undertakings	and loans
	Company	£	£
	Cost or valuation		Total
			£
	31 May 2001 and 31 May 2002	<u>2,827,723</u>	<u>95,957</u>
			<u>2,923,680</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

10 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

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

QV Foods Limited owns 100% of the 'B' Ordinary shares of Geest QV Limited, a company incorporated in England. The company holds no 'A' ordinary shares. Geest QV Limited is engaged in potato trading and prepares accounts to 31 December each year. The group accounts incorporate Geest QV Limited transactions and balances to 31 May 2002 as an associated undertaking based on statutory accounts to 31 December 2001 and management accounts for the period to 31 May 2002. QV Foods Limited's 45% share of Geest QV Limited 31 May 2002 balances are as follows:-

	£000
Turnover	8,928
Profit before tax	475
Taxation	135
Profit after tax	340
Fixed assets	763
Current assets	1,294
Liabilities due within one year	1,555
Net assets	502

The other associated undertaking Pseedco Limited, is a company incorporated in England engaged in the procurement and sale of seed potatoes. Q V Foods Limited owns 33% of the share capital. Due to the immateriality of the transactions to the group the equity accounting treatment has not been adopted for this investment. The aggregate capital and reserves at 30 June 2002 was £ 681,464.

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

	2002		2001	
	Group £	Company £	Group £	Company £
11 Stocks				
Stores	1,004,620	20,611	437,910	21,045
Produce and cultivations	<u>901,460</u>	<u>465,935</u>	<u>1,741,846</u>	<u>1,078,876</u>
	<u>1,906,080</u>	<u>486,546</u>	<u>2,179,756</u>	<u>1,099,921</u>
12 Debtors: amounts falling due within one year				
Trade debtors	1,525,907	110,554	2,126,546	37,942
Other debtors	855,780	66,920	386,736	41,349
Prepayments and accrued income	331,194	331,194	22,954	22,954
Corporation tax	50,000	-	-	-
Dividend receivable	-	300,000	-	300,000
Amounts owed by associated undertaking	<u>343,709</u>	<u>-</u>	<u>705,588</u>	<u>199,519</u>
	<u>3,106,590</u>	<u>808,668</u>	<u>3,241,824</u>	<u>601,764</u>
13 Creditors: amounts falling due within one year				
Bank overdraft	634,601	634,601	521,482	521,482
Bank loans	910,714	200,000	709,821	200,000
Trade creditors	2,579,855	184,469	2,969,758	116,927
Amount owed to subsidiary undertakings	-	116,634	-	436,893
Corporation tax	8,652	8,652	252,769	34,861
Other taxation and social security	154,979	12,677	117,887	13,887
Proposed dividends	47,266	47,266	47,266	47,266
Other creditors	1,518,132	51,058	1,362,872	208,185
Finance leases and hire purchase contracts	67,403	12,720	201,863	9,657
Unamortised capital grants	<u>79,445</u>	<u>-</u>	<u>51,689</u>	<u>-</u>
	<u>6,001,047</u>	<u>1,268,077</u>	<u>6,235,407</u>	<u>1,589,158</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

	2002		2001	
	Group £	Company £	Group £	Company £
14 Creditors: amounts falling due after more than one year				
Bank loan	3,123,478	669,313	3,099,108	800,000
Finance leases and hire purchase contracts	1,474,864	38,160	525,310	-
Unamortised grants	<u>441,700</u>	<u>-</u>	<u>322,119</u>	<u>-</u>
	<u>5,040,042</u>	<u>707,473</u>	<u>3,946,537</u>	<u>800,000</u>
Bank loan				
Amounts fall due on the bank loan as follows				
In one year or less	910,714	200,000	709,821	200,000
Between one and two years	910,714	200,000	710,714	200,000
Between two and five years	2,212,764	469,313	2,132,142	600,000
Over five years	<u>-</u>	<u>-</u>	<u>256,252</u>	<u>-</u>
	<u>4,034,192</u>	<u>869,313</u>	<u>3,808,929</u>	<u>1,000,000</u>

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

Finance leases and hire purchase contracts

Obligations under finance leases and hire purchase contracts are repayable by monthly or annual instalments as follows

	Group 2002 £	Group 2001 £
In one year or less	498,738	239,509
Between one and five years	<u>1,307,718</u>	<u>608,663</u>
	1,806,456	848,172
Less finance charges allocated to future periods	<u>(264,189)</u>	<u>(120,999)</u>
	<u>1,542,267</u>	<u>727,173</u>

	Group	
	2002 £	2001 £
15 Reconciliation of shareholders' funds		
Profit for the financial year	509,417	919,459
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
Net addition to shareholders' funds	462,151	872,193
Opening shareholders funds	<u>6,999,180</u>	<u>6,126,987</u>
Closing shareholders' funds	<u>7,461,331</u>	<u>6,999,180</u>

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

	2002		2001	
	Number of shares	£	Number of shares	£
16	Called up share capital			
	Authorised			
	'A' ordinary shares of £1 each	10,000	10,000	10,000
	'B' ordinary shares of £1 each	90,000	90,000	90,000
	'C' ordinary shares of 1p each	<u>90,000</u>	<u>90,000</u>	<u>900</u>
		<u>190,000</u>	<u>190,000</u>	<u>100,900</u>
	Allotted, called up and fully paid			
	'A' ordinary shares of £1 each	10,000	10,000	10,000
	'B' ordinary shares of £1 each	57,523	57,523	57,523
	'C' ordinary shares of 1p each	<u>22,492</u>	<u>22,492</u>	<u>225</u>
		<u>90,015</u>	<u>90,015</u>	<u>67,748</u>

Rights of shares in issue

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

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

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

		2002 £	2001 £
17	Capital redemption reserve		
	31 May 2001 and 31 May 2002	<u>22,492</u>	<u>22,492</u>
18	Revaluation reserve		
	31 May 2001 and 31 May 2002	<u>2,936,983</u>	<u>2,936,983</u>
		2002 Group £	2002 Company £
19	Profit and loss account		
	31 May 2001	3,971,957	3,096,521
	Retained profit for the year	<u>462,151</u>	<u>312,451</u>
	31 May 2002	<u>4,434,108</u>	<u>3,408,972</u>

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

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

		2002 Group £		2001 Group £	
20	Cash flow statement				
	a Reconciliation of operating profit to net cash inflow from operating activities				
	Operating profit	268,420		861,088	
	Depreciation	1,319,113		1,023,753	
	(Profit)/loss on disposal of fixed assets	(8,813)		20,543	
	Amortisation of grants	(57,422)		(36,760)	
	Decrease/(increase) in stocks	273,676		(1,263,437)	
	Decrease/(increase) in debtors	185,234		(110,503)	
	(Decrease)/increase in creditors	<u>(182,389)</u>		<u>947,643</u>	
		<u>1,797,819</u>		<u>1,442,327</u>	
	b Reconciliation of net cash flow to movement in net debt				
	Decrease in cash in the year	(479,403)		(245,208)	
	Cash (inflow)/outflow from (increase)/decrease in debt and finance	(225,263)		(490,179)	
	Cash outflow from decrease in finance leases	<u>516,291</u>		<u>149,949</u>	
	Change in net debt resulting from cash flows	(188,375)		(585,438)	
	New hire purchase	<u>(1,331,385)</u>		<u>(507,413)</u>	
	Movement in net debt in the year	(1,519,760)		(1,092,851)	
	Net debt at 31 May 2001	<u>(4,446,158)</u>		<u>(3,353,307)</u>	
	Net debt at 31 May 2002	<u>(5,965,918)</u>		<u>(4,446,158)</u>	
		At 31 May 2001 £	Cash flows £	Other non-cash changes £	At 31 May 2002 £
	c Analysis of changes in net debt				
	Cash in hand and at bank	611,426	(366,284)	-	245,142
	Overdrafts	(521,482)	(113,119)	-	(634,601)
	Debt due within one year	(709,821)	(1,225,263)	1,024,370	(910,714)
	Debt due after one year	(3,099,108)	1,000,000	(1,024,370)	(3,123,478)
	Finance leases	<u>(727,173)</u>	<u>516,291</u>	<u>(1,331,385)</u>	<u>(1,542,267)</u>
		<u>(4,446,158)</u>	<u>(188,375)</u>	<u>(1,331,385)</u>	<u>(5,965,918)</u>
	d				
	During the year the group entered into hire purchase arrangements in respect of assets with a total capital value at the inception of the arrangements of £1,331,385.				

A.H. WORTH & CO. LIMITED

NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

21 Related party transactions

Parent company

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

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

During the year the company paid rent amounting to £29,253 (2001 £29,253) for the occupation of farmland in the ownership of a family settlement of which Messrs A J L Worth and P H Shepherd are trustees, rent amounting to £11,024 (2001 £11,024) to a discretionary settlement of which Mr A J L Worth is one of two trustees, rent amounting to £12,614 (2001 £12,614) to Mrs A J L Worth and rent amounting to £4,333 (2001 £4,333) to Mrs R E Gardiner.

Subsidiary company – QV Foods Limited

During the year the company purchased goods from Pseedco Limited amounting to £750,473 (2001 £752,673) and made sales to Pseedco Limited amounting to £2,370 (2001 £Nil). The company owns 33% (2001 33%) of the share capital of Pseedco Limited. At the year end the company owed Pseedco Limited £8,084 (2001 £17,722). D R Worth was appointed as a director of Pseedco Limited on 22 May 2001. QV Foods Limited have provided a guarantee for a maximum of £40,000 to HSBC Bank plc to secure Pseedco Limited's liabilities to the bank.

During the year the company provided management services to Holbeach Marsh Co-operative Limited and received fees amounting to £64,720 (2001 £Nil) and purchased goods amounting to £4,650 (2001 £Nil). All these transactions were on normal commercial terms. Messrs. D.J.T. Piccaver and A.J.L. Worth are also directors of Holbeach Marsh Co-operative Limited. At the year end the company was owed £23,959 (2001 £13,419) by and owed £623 (2001 £Nil) to Holbeach Marsh Co-operative Limited.

During the year the company provided management services to Nene Potatoes Limited on a normal commercial basis and received fees amounting to £149,746 (2001 £141,236) and purchased goods amounting to £1,647,349 (2001 £2,955,826). Mr P.J.Sage is also a director of Nene Potatoes Limited. At the year end the company owed £298,820 (2001 £395,041) to Nene Potatoes and was owed £23,844 (2001 £Nil) by Nene Potatoes Limited

During the year the company sold goods and services to Geest QV Limited (an associated undertaking) amounting to £5,623,346 (2001 £6,255,326) and purchased goods amounting to £607,261 (2001 £502,959). All these sales and purchases were on a normal commercial basis. After Geest QV Limited's 31 December 2001 year end the company received a dividend of £162,450 (2001 £120,600). At the year end the company was owed £58,922 (2001 £Nil) in respect of a loan and £409,163 (2001 £2,584) in respect of trading balances.

A.H. WORTH & CO. LIMITED
NOTES ON GROUP ACCOUNTS

31 May 2002

(continued)

22 Guarantees and other financial commitments

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

	2002		2001	
	Equipment £	Vehicles £	Equipment £	Vehicles £
Expiring				
Within one year	9,400	12,585	11,853	13,025
Within one to five years	-	121,467	18,800	133,315
After five years	-	-	-	-
	<u>9,400</u>	<u>134,052</u>	<u>30,653</u>	<u>146,340</u>