

A.H. Worth & Co. Limited

AMENDED

FINANCIAL STATEMENTS

*for the year ended*

31 May 2005

Company Registration No. 451065



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COMPANIES HOUSE 07/03/2006

# 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

### SECRETARY

C.W. Rimmer

### REGISTERED OFFICE

Manor Farm  
Holbeach Hurn  
Holbeach  
Lincs  
PE12 8LR

### AUDITORS

Baker Tilly  
Welland House  
High Street  
Spalding  
Lincs  
PE11 1UB

# 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 2005.

### PRINCIPAL ACTIVITIES

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

### REVIEW OF THE BUSINESS

The financial year ending May 31 was extremely positive for the Group.

A significantly improved performance by QV Foods arose from a return to normal potato supply conditions that enabled the business to capitalise on operating efficiencies arising from recent capital investment. The year saw the commencement of a strategic alliance with Branston securing the Tesco business for the medium term.

QV's volumes and market shares have been retained or grown in the current trading period, and overall returns are satisfactory versus plan. The farms experienced poor commodity returns on some crops, reducing profitability, but the farming operation has benefited from the advent of the Single Farm Payment and is progressing an improved harvest to date.

The year saw the Group significantly reducing capital expenditure and borrowings, enhancing the ability to respond to future opportunities.

### RESULTS AND DIVIDENDS

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

The directors have recommended a dividend of £47,266 (2004 £Nil).

### FIXED ASSETS

Changes in fixed assets are shown in notes 8 and 9 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. The company operates 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.

### SHARE CAPITAL

As detailed in note 16 the 'C' redeemable ordinary shares are restricted in value to par with effect from 1<sup>st</sup> January 2006 and as such it is the Board's intention to redeem them at par as soon as practicable thereafter.

# A.H. Worth & Co. Limited

## DIRECTORS' REPORT

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### CHARITABLE DONATIONS

The group paid £2,925 charitable donations during the year including £2,000 to Lincoln Cathedral and Diocese.

### DIRECTORS

The following directors have held office since 31 May 2004:

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 M J O'Driscoll and D R Worth retire by rotation and being eligible, offer themselves for re-election.

### DIRECTORS' INTEREST IN SHARES AND DEBENTURES

	31 May 2005		31 May 2004	
	Ordinary shares		Ordinary shares	
	'A'	'B'	'A'	'B'
A.J.L. Worth	5,000	1,699	5,000	1,699
D. R. Worth	313	3,688	313	3,688
S.T. Worth	313	3,688	313	3,688
W.B. Carter	-	-	-	-
M.J. O'Driscoll	-	-	-	-
Interest as Trustee :-				
A.J.L. Worth	2,500	19,987	2,500	19,987

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

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

### AUDITORS

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

By order of the board



Secretary

26 August 2005

# A.H. Worth & Co. Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements on pages 6 to 25

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

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

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

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

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

### BASIS OF OPINION

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

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

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

26 August 2005

**A.H. Worth & Co. Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 May 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER	1	44,847,648	46,044,784
Cost of sales		<u>(28,743,842)</u>	<u>(37,481,210)</u>
Gross profit		16,103,806	8,563,574
Net operating expenses			
- Distribution costs		(2,555,891)	(2,597,492)
- Administration expenses		(4,874,993)	(4,638,985)
- Other operating charges		(5,715,994)	(5,180,090)
- Other operating income		<u>1,014,946</u>	<u>758,689</u>
OPERATING PROFIT/(LOSS)		3,971,874	(3,094,304)
Share of operating profit in associates		542,898	415,350
Profit/(loss) on sale of tangible assets		5,499	(112,362)
Amortisation of profit on sale to associate		-	31,115
Investment income	2	2,964	11,810
Interest payable	3	<u>( 465,469)</u>	<u>( 444,785)</u>
GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,057,766	(3,193,176)
Taxation	6	<u>( 230,170)</u>	<u>( 167,387)</u>
GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		3,827,596	(3,360,563)
Dividends	7	<u>( 47,266)</u>	-
GROUP RETAINED PROFIT/(LOSS) FOR THE YEAR	18	<u>3,780,330</u>	<u>(3,360,563)</u>
		2005 £	2004 £
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit/(loss) for the financial year		3,780,330	(3,360,563)
Revaluation of Pseedco Limited investment (note 9)		<u>214,414</u>	-
Total gains/(losses) relating to the year		<u>3,994,744</u>	<u>(3,360,563)</u>

All activities are continuing during the above financial periods.

**A.H. Worth & Co. Limited**  
**CONSOLIDATED BALANCE SHEET**  
For the year ended 31 May 2005

	<i>Notes</i>	Group 2005 £	Group 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	13,732,989	14,516,117
Investments	9	841,102	441,728
Negative goodwill	10	( 214,414)	-
		<u>14,359,677</u>	<u>14,957,845</u>
<b>CURRENT ASSETS</b>			
Investments	11	76,000	76,000
Stocks	12	1,759,206	1,705,608
Debtors	13	3,735,172	4,233,265
Cash at bank and in hand		<u>1,264,732</u>	<u>11,836</u>
		6,835,110	6,026,709
<b>CREDITORS</b>			
Amounts falling due within one year	14	(8,541,580)	(12,571,269)
<b>NET CURRENT LIABILITIES</b>		(1,706,470)	( 6,544,560)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,653,207	8,413,285
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(4,548,230)	(4,088,638)
		<u>8,104,977</u>	<u>4,324,647</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	67,748	67,748
Capital redemption reserve	17	22,492	22,492
Revaluation reserve	17	2,936,983	2,936,983
Profit and loss account	18	<u>5,077,754</u>	<u>1,297,424</u>
<b>SHAREHOLDERS' FUNDS</b>		8,104,977	4,324,647

Approved by the board on 26 August 2005.



Chairman



**A.H. Worth & Co. Limited**  
**COMPANY BALANCE SHEET**  
For the year ended 31 May 2005

	<i>Notes</i>	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	4,380,941	4,328,050
Investments	9	<u>2,827,742</u>	<u>2,828,710</u>
		<u>7,208,683</u>	<u>7,156,760</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,115,097	848,140
Debtors	13	859,395	706,103
Cash at bank and in hand		<u>300</u>	<u>4,897</u>
		1,974,792	1,559,140
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(1,818,012)</u>	<u>(1,367,049)</u>
<b>NET CURRENT ASSETS</b>			
		<u>156,780</u>	<u>192,091</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		7,365,463	7,348,851
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<u>( 341,401)</u>	<u>( 556,394)</u>
		<u>7,024,062</u>	<u>6,792,457</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	67,748	67,748
Capital redemption reserve	17	22,492	22,492
Revaluation reserve	17	2,936,983	2,936,983
Profit and loss account	18	<u>3,996,839</u>	<u>3,765,234</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u>7,024,062</u>	<u>6,792,457</u>

Approved by the board on 26 August 2005.



Chairman

**A.H. Worth & Co. Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 May 2005

	<i>Notes</i>	2005 £	2004 £
Cash inflow/(outflow) from operating activities	20b	4,934,604	(318,898)
Dividends received from associates		168,800	134,100
Returns on investments and servicing of finance	20b	(462,505)	(432,975)
Taxation		-	56,025
Capital expenditure and financial investment	20b	<u>( 325,747)</u>	<u>( 642,363)</u>
		4,315,152	(1,204,111)
Equity dividends paid		-	<u>( 47,266)</u>
<b>CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		4,315,152	(1,251,377)
Management of liquid resources	20b	-	-
Financing	20b	<u>( 671,083)</u>	<u>(1,450,440)</u>
<b>INCREASE/(DECREASE) IN CASH IN THE PERIOD</b>		<u>3,644,069</u>	<u>(2,701,817)</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Increase/(decrease) in cash in the period		3,644,069	(2,701,817)
Change in net debt resulting from cash flows		671,083	1,450,440
New hire purchase		<u>( 556,530)</u>	<u>(1,561,450)</u>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>		3,758,622	(2,812,827)
NET DEBT AT 1.6.04		<u>(9,247,656)</u>	<u>(6,434,829)</u>
NET DEBT AT 31.5.05		<u>(5,489,034)</u>	<u>(9,247,656)</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 subsidiary QV Foods Limited and its dormant subsidiary QV Limited. Intra-group profits are eliminated on consolidation. All financial statements are made up to 31 May 2005.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2005 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group and would be misleading.

### ASSOCIATED UNDERTAKINGS

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

### TANGIBLE FIXED ASSETS

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

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

### GOVERNMENT GRANTS

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

### GOODWILL

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

### NEGATIVE GOODWILL

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

# 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 A H Worth & Co Limited. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation, and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

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

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the 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.

### TURNOVER

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

### EMPLOYEE BENEFIT TRUST

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

**A.H. Worth & Co. Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2005

1	TURNOVER	2005 £	2004 £
	The groups turnover of was derived from its principle activities as follows:		
	Farming activities	3,325,502	3,674,091
	Procurement, packing, marketing and distribution of potatoes	<u>41,522,146</u>	<u>42,370,693</u>
		<u>44,847,648</u>	<u>46,044,784</u>
	All of the group's turnover is attributable to the UK.		
		2005 £	2004 £
2	INVESTMENT INCOME		
	Fixed asset investment income	-	8,692
	Other interest receivable	<u>2,964</u>	<u>3,118</u>
		<u>2,964</u>	<u>11,810</u>
3	INTEREST PAYABLE		
	Bank loans and overdrafts	340,110	330,898
	Finance leases and hire purchase contracts	<u>125,359</u>	<u>113,887</u>
		<u>465,469</u>	<u>444,785</u>
4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
	Profit/ (loss) on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	owned assets	1,081,757	1,047,118
	assets held under finance leases and hire purchase contracts	590,115	334,558
	(Profit)/loss on disposals	(5,499)	112,363
	Operating lease rentals:		
	Plant and machinery	103,156	143,920
	Leasing charges	122,534	144,747
	Auditors' remuneration		
	audit	19,800	20,750
	non audit services	30,219	5,678
	Grant amortisation	(49,646)	(64,574)
	The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>715,474</u>	<u>448,445</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 2005**

	2005	2004
5 EMPLOYEES	No.	No.
The average monthly number of persons (including directors) employed by the group during the year was:		
Administration	64	67
Production and sales staff	<u>273</u>	<u>238</u>
	<u>337</u>	<u>305</u>
	2005	2004
	£	£
Staff costs for the above persons:		
Wages and salaries	6,450,614	5,903,897
Social security costs	574,092	582,312
Other pension costs	<u>167,235</u>	<u>199,184</u>
	<u>7,191,941</u>	<u>6,685,393</u>
 DIRECTORS' REMUNERATION		
Parent company directors		
Emoluments:		
As directors	327,054	302,971
As non-executive directors	<u>38,220</u>	<u>25,740</u>
	<u>365,274</u>	<u>328,711</u>
Emoluments excluding pension scheme contributions		
Highest paid director	<u>181,476</u>	<u>124,290</u>
	2005	2004
	No.	No.
The number of directors to whom relevant benefits are accruing under:		
Defined contribution scheme was:	-	1
Group personal pension plan was:	2	1

**A.H. Worth & Co. Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2005

	2005 £	2004 £
6		
TAXATION		
Current tax:		
UK corporation tax on profit/(losses) of period	42,000	(925)
Adjustments in respect of previous periods	-	40,467
Associated undertakings	<u>188,170</u>	<u>127,845</u>
Total current tax	<u>230,170</u>	<u>167,387</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Reversal of tax on rolled over gains	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>230,170</u>	<u>167,387</u>
Factors affecting tax charge for the period		
The tax assessed for the period is lower than the standard rate of corporation tax 30% (2004 30%) as explained below:		
Profit/(loss) on ordinary activities before tax	<u>4,057,766</u>	<u>(3,193,176)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax 30% (2004 30%)	1,217,330	(957,953)
Effects of:		
Trading losses	(987,160)	1,084,873
Adjustment to tax charge in respect of previous period	-	40,467
Current tax charge for the period	<u>230,170</u>	<u>167,387</u>
7		
DIVIDENDS		
Ordinary dividend proposed		
- 'A' ordinary shares of £1 each	7,000	-
- 'B' ordinary shares of £1 each	<u>40,266</u>	<u>-</u>
	<u>47,266</u>	<u>-</u>

**A.H. Worth & Co. Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2005

8 TANGIBLE FIXED ASSETS

Group	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
31 May 2004	3,311,694	10,265,020	10,837,879	110,739	24,525,332
Additions	-	5,290	961,539	-	966,829
Disposals	-	(70,345)	(1,015,163)	-	(1,085,508)
31 May 2005	<u>3,311,694</u>	<u>10,199,965</u>	<u>10,784,255</u>	<u>110,739</u>	<u>24,406,653</u>
Depreciation					
31 May 2004	-	4,051,387	5,866,570	91,258	10,009,215
Charge for year	-	496,978	1,164,842	10,052	1,671,872
Disposals	-	(67,076)	(940,347)	-	(1,007,423)
31 May 2005	-	<u>4,481,289</u>	<u>6,091,065</u>	<u>101,310</u>	<u>10,673,664</u>
Net book amount					
31 May 2005	<u>3,311,694</u>	<u>5,718,676</u>	<u>4,693,190</u>	<u>9,429</u>	<u>13,732,989</u>
31 May 2004	<u>3,311,694</u>	<u>6,226,925</u>	<u>4,971,309</u>	<u>19,481</u>	<u>14,516,117</u>

The net book amount of fixed assets includes £2,684,318 (2004 £2,643,129) in respect of assets held under finance lease and hire purchase contracts.



**A.H. Worth & Co. Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2005

8 TANGIBLE FIXED ASSETS (continued)

	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
Company					
Cost or valuation					
31 May 2004	3,311,694	752,619	2,281,591	33,539	6,379,443
Additions	-	-	353,137	-	353,137
Disposals	-	(65,238)	(227,275)	-	(292,513)
31 May 2005	<u>3,311,694</u>	<u>687,381</u>	<u>2,407,453</u>	<u>33,539</u>	<u>6,440,067</u>
Depreciation					
31 May 2004	-	357,560	1,668,685	25,148	2,051,393
Charge for year	-	25,287	228,192	1,150	254,629
Disposals	-	(65,238)	(181,658)	-	(246,896)
31 May 2005	<u>-</u>	<u>317,609</u>	<u>1,715,219</u>	<u>26,298</u>	<u>2,059,126</u>
Net book amount					
31 May 2005	<u>3,311,694</u>	<u>369,772</u>	<u>692,234</u>	<u>7,241</u>	<u>4,380,941</u>
31 May 2004	<u>3,311,694</u>	<u>395,059</u>	<u>612,906</u>	<u>8,391</u>	<u>4,328,050</u>

The net book amount of fixed assets includes £507,894 (2004 £341,260) in respect of assets held under finance leases and hire purchase contracts.

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Freehold land at valuation				
Revaluation by the board of directors in November 1996 at open market value with vacant possession	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>
Historical cost information				
Historical cost of revalued land	150,175	150,175	150,175	150,175
Depreciation based on historical cost	-	-	-	-
Net historical cost	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>

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



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9 **FIXED ASSET INVESTMENTS (continued)**

QV Foods Limited holds more than 20% of the equity share capital of the following companies.

The subsidiary undertaking 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 2005 were £2,020,370.

QV Foods Limited holds 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 2005 as an associated undertaking based on statutory accounts to 31 December 2004 and management accounts for the period to 31 May 2005.

The other associated undertaking Pseedco Limited, is a company incorporated in England engaged in the procurement and sale of seed potatoes. The company owns 50% of the share capital. On 19 August 2004 Pseedco Limited agreed to purchase 45,000 shares (33% of issued share capital) from one of its shareholders the effect of which was that post the transaction Q V Foods Limited owns 50% of Pseedco Limited. The group accounts incorporate Pseedco Limited transactions and balances to 31 May 2005 as an associated undertaking based on statutory accounts to 30 June 2004 and management accounts to 31 May 2005. The fair value of Pseedco Limited following the company purchase of own shares on 19 August 2004 was £518,827. Incorporating QV Foods Limited 50% share of £259,414 in the group accounts has given rise to £214,414 negative goodwill because the investment originally cost £45,000.

QV Foods Limited's 45% share of Geest QV Limited and 50% share of Pseedco Limited 31 May 2005 balances are as follows:-

	Geest QV Ltd	Pseedco Ltd
	£'000	£'000
Turnover	8,598	1,787
Profit before tax	488	99
Taxation	159	30
Profit after tax	329	69
Fixed assets	647	2
Current assets	2,408	445
Liabilities due within one year	2,493	169
Net assets	562	278
	2005	2004
	£	£

10 **NEGATIVE GOODWILL**

31 May 2004	-	-
Arising on Pseedco Limited (note 9)	<u>214,414</u>	<u>---</u>
31 May 2005	<u>214,414</u>	<u>---</u>

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11 CURRENT ASSET INVESTMENTS - GROUP

The current asset investment is £76,000 (2004 £76,000) held by the Employee benefit trust in Sun Life Global Management Limited Funds. These assets are for the benefit of qualifying employees only.

	Group		Company	
	2005	2004	2005	2004
12 STOCKS	£	£	£	£
Stores	679,273	894,212	35,164	36,744
Produce and cultivations	<u>1,079,933</u>	<u>811,396</u>	<u>1,079,933</u>	<u>811,396</u>
	<u>1,759,206</u>	<u>1,705,608</u>	<u>1,115,097</u>	<u>848,140</u>

	Group		Company	
	2005	2004	2005	2004
13 DEBTORS	£	£	£	£
Due within one year:				
Trade debtors	2,481,668	2,418,793	188,522	34,805
Other debtors	528,740	1,314,016	83,916	410,407
Prepayments and accrued income	161,318	142,712	161,318	142,712
Corporation tax	80,000	80,000	-	-
Dividend receivable	-	-	300,000	-
Amounts owed by associated undertakings	483,446	277,744	-	-
Amounts owed by subsidiary undertakings	-	-	<u>125,639</u>	<u>118,179</u>
	<u>3,735,172</u>	<u>4,233,265</u>	<u>859,395</u>	<u>706,103</u>

	Group		Company	
	2005	2004	2005	2004
14 CREDITORS: Amounts falling due within one year	£	£	£	£
Bank overdraft	1,321,852	3,713,025	1,321,852	672,444
Bank loans	410,000	1,110,714	-	200,000
Trade creditors	2,908,803	3,953,920	148,685	294,355
Corporation tax	122,000	80,000	80,000	80,000
Other taxation and social security	185,816	167,609	3,270	2,847
Proposed dividends	47,266	-	47,266	-
Other creditors	2,744,679	2,821,760	89,737	43,167
Finance leases and hire purchase contracts	759,444	674,595	127,202	74,236
Unamortised capital grants	<u>41,720</u>	<u>49,646</u>	-	-
	<u>8,541,580</u>	<u>12,571,269</u>	<u>1,818,012</u>	<u>1,367,049</u>

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	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
15 CREDITORS: Amounts falling due in more than one year				
Bank loan	2,990,000	2,248,520	-	343,771
Finance leases and hire purchase contracts	1,272,470	1,512,638	341,401	212,623
Unamortised grants	<u>285,760</u>	<u>327,480</u>	-	-
	<u>4,548,030</u>	<u>4,088,638</u>	<u>341,401</u>	<u>556,394</u>
Amounts fall due on the bank loan as follows:				
In one year or less	410,000	1,110,714	-	200,000
Between one and two years	410,000	1,110,714	-	200,000
Between two and five years	1,140,000	1,137,806	-	143,771
Over five years	<u>1,440,000</u>	-	-	-
	<u>3,400,000</u>	<u>3,359,234</u>	-	<u>543,771</u>

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. A H Worth & Co Limited is party to a group banking facility with Q V Foods Limited which allows full offset.

	Group 2005 £	Group 2004 £
Obligations under finance leases and hire purchase contracts are repayable (by monthly or annual) instalments as follows		
In one year or less	759,444	674,595
Between one and five years	<u>1,272,470</u>	<u>1,512,638</u>
	<u>2,031,914</u>	<u>2,187,233</u>

**A.H. Worth & Co. Limited**  
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		2005	2004
		£	£
16	SHARE CAPITAL		
	Authorised		
	10,000 'A' ordinary shares of £1 each	10,000	10,000
	90,000 'B' ordinary shares of £1 each	90,000	90,000
	90,000 'C' ordinary shares of 1p each	<u>900</u>	<u>900</u>
		<u>100,900</u>	<u>100,900</u>
	Allotted, called up and fully paid		
	10,000 'A' ordinary shares of £1 each	10,000	10,000
	57,523 'B' ordinary shares of £1 each	57,523	57,523
	22,492 'C' ordinary shares of 1p each	<u>225</u>	<u>225</u>
		<u>67,748</u>	<u>67,748</u>

**RIGHTS OF SHARES IN ISSUE**

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

The '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.

		2005	2004
		£	£
17	RESERVES		
	Capital redemption reserve		
	31 May 2004 and 31 May 2005	<u>22,492</u>	<u>22,492</u>
	Revaluation reserve		
	31 May 2004 and 31 May 2005	<u>2,936,983</u>	<u>2,936,983</u>

		Group	Company
		2005	2005
		£	£
18	PROFIT AND LOSS ACCOUNT		
	31 May 2004	1,297,424	3,765,234
	Retained profit for the year	<u>3,780,330</u>	<u>231,605</u>
	31 May 2005	<u>5,077,754</u>	<u>3,996,839</u>

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

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		Group	
		2005	2004
		£	£
19	<b>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
	Profit/(loss) for the financial year	3,827,596	(3,360,563)
	Dividends	( 47,266)	-
	Net addition to/(sub-traction from) shareholders' funds	3,780,330	(3,360,563)
	Opening shareholders funds	<u>4,324,647</u>	<u>7,685,210</u>
	Closing shareholders' funds	<u>8,104,977</u>	<u>4,324,647</u>
20	<b>CASH FLOWS</b>		
a	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
	Operating profit/(loss)	3,971,874	(3,094,304)
	Depreciation	1,671,872	1,381,676
	Amortisation of grants	(49,646)	(64,574)
	(Increase)/decrease in stocks	(53,598)	61,294
	Decrease/(increase) in debtors	498,093	(357,086)
	(Decrease)/increase in creditors	<u>(1,103,991)</u>	<u>1,754,096</u>
	Net cash flows from operating activities	<u>4,934,604</u>	<u>(318,898)</u>
b	Analysis of cash flows for headings netted in the cash flows		
	<b>Returns on investments and servicing of finance</b>		
	Dividends received	-	8,692
	Interest received	2,964	3,118
	Interest paid	(340,110)	(330,898)
	Interest element of finance lease rental payments	<u>(125,359)</u>	<u>(113,887)</u>
	<b>Net cash outflow for returns on investment and servicing of finance</b>	<u>(462,505)</u>	<u>(432,975)</u>

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		Group	
		2005	2004
		£	£
20	CASH FLOWS (continued)		
	<b>Capital expenditure and financial investment</b>		
	Purchase of tangible fixed assets	(410,299)	(767,611)
	Sale of tangible fixed assets	83,584	43,085
	Sale of investments	<u>968</u>	<u>82,163</u>
	<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(325,747)</u></b>	<b><u>(642,363)</u></b>
	<b>Management of liquid resources</b>		
	<b>Net cash outflow from management of liquid resources</b>	<b><u>—</u></b>	<b><u>—</u></b>
	<b>Financing</b>		
	Bank loan received	3,400,000	-
	Bank loan repayments	(3,359,234)	(813,490)
	Hire purchase contracts	<u>(711,849)</u>	<u>(636,950)</u>
	<b>Net cash outflow from financing</b>	<b><u>(671,083)</u></b>	<b><u>(1,450,440)</u></b>

c	Analysis of net debt	At	Cash flows	Other non cash changes	At
		31 May 2004			31 May 2005
		£	£	£	£
	Cash in hand and at bank	11,836	1,252,896	-	1,264,732
	Overdrafts	(3,713,025)	2,391,173	-	(1,321,852)
	Debt due within one year	(1,110,714)	700,714	-	(410,000)
	Debt due after one year	(2,248,520)	(741,714)	-	(2,990,000)
	Hire purchase contracts	<u>(2,187,233)</u>	<u>711,849</u>	<u>(556,530)</u>	<u>(2,031,914)</u>
	<b>Total</b>	<b><u>(9,247,656)</u></b>	<b><u>4,315,152</u></b>	<b><u>(556,530)</u></b>	<b><u>(5,489,034)</u></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 £556,530 .

		2005	2004
		£	£
21	CAPITAL COMMITMENTS		
	Future capital commitments		
	Authorised but contracts not placed	<u>36,000</u>	<u>71,000</u>



# A.H. Worth & Co. Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2005

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### 22 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 (2004 £9,785).

#### 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 £160,071 (2004 £150,698).

The highest paid director qualified for benefits, and contributions paid amounted to £44,099 (2004 £41,972).

### 23 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 (2004 £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 (2004 £11,024) to a discretionary settlement of which Mr A J L Worth is one of two trustees, rent amounting to £12,614 (2004 £12,614) to Mrs A J L Worth and rent amounting to £4,333 (2004 £4,333) to Mrs R E Gardiner.

#### SUBSIDIARY COMPANY – QV FOODS LIMITED

During the year the company purchased goods from Pseedco Limited amounting to £546,426 (2004 £224,982) and made sales to Pseedco Limited amounting to £Nil (2004 £Nil). The company owns 50% (2004 33%) of the share capital of Pseedco Limited. At the year end the company owed Pseedco Limited £1,224 (2004 £35,947). D R Worth is a director of Pseedco Limited. QV Foods Limited have provided a guarantee for a maximum of £40,000 to HSBC Bank plc to secure Pseedco Limited's liabilities to the bank.

During the year the company provided management services to Holbeach Marsh Co-operative Limited and received fees amounting to £50,359 (2004 £60,685) and purchased goods amounting to £23,365 (2004 £371). All these transactions were on normal commercial terms. Messrs. D.J.T. Piccaver and A.J.L. Worth are also directors of Holbeach Marsh Co-operative Limited. At the year end the company was owed £1,168 (2004 £Nil) by and owed £Nil (2004 £639) to Holbeach Marsh Co-operative Limited.

During the year the company sold goods and services to Geest QV Limited (an associated undertaking) amounting to £3,699,755 (2004 £4,374,243) and purchased goods amounting to £422,729 (2004 £356,327). All these sales and purchases were on a normal commercial basis. At the year end the company was owed £483,446 (2004 £277,744) and owed £67,067 (2004 £78,660) to Geest QV Limited.

# A.H. Worth & Co. Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2005

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### 24 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 2005.

	Vehicles	
	2005	2004
	£	£
Within one year	17,602	9,592
Within one to five years	193,792	174,545
After five years	-	-
	<u>211,394</u>	<u>184,137</u>