

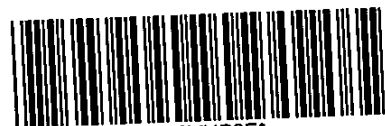


Financial statements

A H Worth & Co Limited

For the Year Ended 31 May 2011

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17/02/2012
COMPANIES HOUSE

Company number 00451065

Company information

Company registration number	00451065
Registered office	Fleet Estate Office Manor Farm Holbeach Hurn Holbeach Spalding Lincolnshire PE12 8LR
Directors	S T Worth M O'Driscoll D R Worth S J Ellwood R G W Williams
Secretary	A Blatherwick
Bankers	HSBC 59 High Street Holbeach Spalding Lincolnshire PE12 7EB
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Cambridge

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Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2011

Principal activity

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 and stainless steel fabrication

Review of business

The continued progress during the year for the Group and all its subsidiaries was good

For QV Foods the year began with the significant acquisition of the potato packing assets of Taypack Potatoes Limited in Perthshire. This exceptionally well invested site and experienced staff represent a major strategic step forwards for the business and its customers, enabling the closer integration of the significant Scottish growing base to support continued expansion.

QV sustained growth through a difficult UK produce supply year and continued to deliver exciting innovations and merchandising initiatives to drive their customers' successful growth strategies. Senior management depth and breadth was enhanced to enable this and further growth.

Worth Farms delivered another creditable performance. The results for the year were especially encouraging considering the extreme weather conditions during the growing and harvesting periods which reflected the robust base the business has. They continue to look for opportunities to build value into the farms' rotation and remain well invested to take any opportunity they find. The business remains conscious of environmental issues and maintains its LEAF Marque accreditation.

The Teknomek Group also delivered a satisfactory performance despite experiencing high raw material unit costs, and continuing low demand. They have responded by increasing efficiencies and investing in new market opportunities whilst maintaining a profitable business. Building on this solid foundation, they have embarked on a series of business development initiatives and are well placed to take advantage of improvements in their traditional UK markets as they recover and new sectors and markets as they come on stream.

The Group continues to engage in a number of initiatives in order to increase and maximise its considerable property portfolio.

We have a loyal and skilled team within our Group and would like to thank them all for their support and hard work throughout the year.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

The key risks affecting the group are set out below.

Customers

In order to reduce the potential loss of custom the group values integrity and seeks to conduct its business with professionalism and aspires to provide excellent service in the eyes of our customers. In order to do so the business ensures it is closely aligned to all its customers' objectives and is at the forefront of developing supply chain value for those customers. The group's strategy continues to be to develop the business across more areas to continue to balance risk with reward.

Employees

The group respects and cares for its staff and invests in their employment potential in return for loyalty, openness, commitment and performance. The group 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 employees' interests are aligned with the group. The group believes in remunerating its staff fairly for doing a good job which includes taking on responsibility, working as a team and supporting the group's continuous improvement.

Commodity risk

As a large part of the groups operations are involved in commodities, the group is also exposed to the vagaries of the climate and the changes in economic cycles and consequent impacts upon the price and availability of these commodities. Consequently the group operates a variety of key mitigating tools to reduce exposure to this risk, these summarise in contracting supply price and quantity with suppliers, growing own crops, having a wide customer spectrum to ensure optimum product utilisation and working with customers to increase real value and reduce the proportion of commodity cost within total supply chain cost.

Natural resources

A further key risk is the environment and the consumption of natural resources. The group respects the environment in which it operates and works to conserve natural resources and enhance the natural environment. The group and its subsidiaries are working on a range of initiatives to reduce the carbon footprint associated with its supply chains in active participation with customers and suppliers. Furthermore it 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.

Key performance indicators

KPIs of individual entities within the group are assessed at entity level and are disclosed in the relevant company's financial statements. At a group level the KPIs are the increase in shareholders funds and cash generation of the group.

Dividends

During the year dividends of £81,028 (2010 - £81,028) were paid. The directors recommend a dividend of £81,028 (2010 £81,028).

Directors

The directors shown below have held office during the year.

A J L Worth - resigned 3 December 2010

S T Worth

W B Carter - resigned 8 June 2011

M O'Driscoll

D R Worth

S J Ellwood

R G W Williams – appointed 4 November 2010

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.

Charitable donations

The group paid £22,500 (2010 £18,970) in charitable donations during the year.

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 Group also holds a series of formal briefings on Group performance including half yearly company reviews to which all employees are invited.

Officers' insurance

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

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

Auditors

Grant Thornton UK LLP were appointed auditors during the year to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



A Blatherwick - Secretary

Date 2/12/11



Independent auditor's report to the members of A H Worth & Co Limited - company no 00451065

We have audited the financial statements of A H Worth & Co Limited for the year ended 31 May 2011 which comprise the consolidated profit and loss account, consolidated and company balance sheets, consolidated statement of total recognised gains and losses, consolidated cash flow statement and related notes and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of A H Worth & Co Limited - company no 00451065 (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

GT GA RL LLP

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

21 December 2011

Consolidated profit and loss account

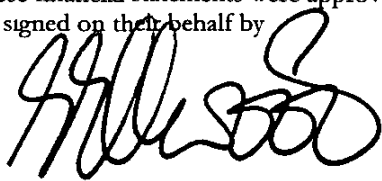
	Continuing operations £	Acquisitions £	2011 £	2010 £
Turnover	119,610,889	28,495,133	148,106,022	121,006,740
Cost of sales	<u>86,253,784</u>	<u>26,255,712</u>	<u>112,509,496</u>	<u>88,004,738</u>
Gross profit	33,357,105	2,239,421	35,596,526	33,002,002
Net operating expenses	<u>29,887,009</u>	<u>1,727,710</u>	<u>31,614,719</u>	<u>28,342,948</u>
Operating profit	3,470,096	511,711	3,981,807	4,659,054
Income from interest in associated undertakings			313,370	498,341
Interest receivable and similar income			650	6,161
Amounts written off investments	5		-	(81,650)
Interest payable and similar charges	6		<u>(378,607)</u>	<u>(312,670)</u>
Profit on ordinary activities before taxation			3,917,220	4,769,236
Tax on profit on ordinary activities	7		<u>(1,460,246)</u>	<u>(1,495,597)</u>
Profit for the financial year after taxation			2,456,974	3,273,639
Minority interest			<u>(168,970)</u>	-
Profit for the financial year attributable to shareholders			2,288,004	3,273,639

All of the activity of the group are classed as continuing

Consolidated balance sheet

	Notes	2011		2010 (as restated)	
		£	£	£	£
Fixed assets					
Intangible assets	10		3,166,337		3,025,318
Tangible assets	11		19,064,555		16,827,223
Investments	12		<u>1,790,079</u>		<u>1,785,729</u>
			24,020,971		21,638,270
Current assets					
Stocks	13	6,286,659		5,841,247	
Debtors	14	<u>19,678,670</u>		<u>13,092,804</u>	
Cash at bank and in hand		<u>8,507,895</u>		<u>7,106,290</u>	
			34,473,224		26,040,341
Creditors					
Amounts falling due within one year	15	<u>29,488,963</u>		<u>20,678,628</u>	
Net current assets			<u>4,984,261</u>		<u>5,361,713</u>
Total assets less current liabilities			29,005,232		26,999,983
Creditors					
Amounts falling due after more than one year	16		<u>(5,973,572)</u>		<u>(6,350,048)</u>
Provisions for liabilities	19		<u>(250,213)</u>		<u>(220,525)</u>
Net assets			<u>22,781,447</u>		<u>20,429,410</u>
Capital and reserves					
Called up share capital	20		55,779		55,779
Revaluation reserve	21		4,645,943		4,658,198
Capital redemption reserve	21		34,461		34,461
Profit and loss account	21		<u>17,831,330</u>		<u>15,680,972</u>
Shareholders funds	25		22,567,513		20,429,410
Minority interests			<u>213,934</u>		<u>-</u>
Total capital employed			<u>22,781,447</u>		<u>20,429,410</u>

These financial statements were approved by the directors and authorised for issue on 2 December 2011 and are signed on their behalf by


 S J Ellwood
 Director

The accompanying notes form part of these financial statements

Company balance sheet

	Notes	2011		2010 (as restated)	
		£	£	£	£
Fixed assets					
Tangible assets	11		6,256,209		6,204,294
Investments	12		<u>3,785,642</u>		<u>3,773,142</u>
			10,041,851		9,977,436
Current assets					
Stocks	13		-	79,799	
Debtors	14	3,055,371		3,483,121	
Cash at bank		<u>1,666,784</u>		<u>657,113</u>	
			4,722,155	4,220,033	
Creditors					
Amounts falling due within one year	15	<u>557,929</u>		<u>1,164,924</u>	
			4,164,226	3,055,109	
Net current assets					
			14,206,077	13,032,545	
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	16		<u>1,309,011</u>	<u>1,465,100</u>	
Net assets			<u>12,897,066</u>	<u>11,567,445</u>	
Capital and reserves					
Called up share capital	20		55,779	55,779	
Revaluation reserve	21		4,645,943	4,658,198	
Capital redemption reserve	21		34,461	34,461	
Profit and loss account	21		<u>8,160,883</u>	<u>6,819,007</u>	
Shareholders' funds	25		<u>12,897,066</u>	<u>11,567,445</u>	

The financial statements were approved by the Board of Directors on 2 December 2011 and were signed on its behalf by

SJ Ellwood - Director



The accompanying notes form part of these financial statements

Consolidated statement of total recognised gains and losses

	2011 £	2010 £
Profit for the financial year	2,288,004	3,273,639
Elimination of investment	(56,618)	-
Total gains and losses recognised for the year	<u><u>2,231,386</u></u>	<u><u>3,273,639</u></u>

The accompanying notes form part of these financial statements

Consolidated cash flow statement

	Notes	2011		2010	
		£	£	£	£
Net cash inflow from operating activities	1		6,325,685		8,472,846
Returns on investments and servicing of finance	2		(243,007)		(102,761)
Taxation			(1,099,995)		(2,007,748)
Capital expenditure and financial investment	2		(322,841)		(346,722)
Acquisitions and disposals	2		(2,430,884)		-
Equity dividends paid			<u>(81,028)</u>		<u>(81,028)</u>
			2,147,930		5,934,587
Management of liquid resources	2		-		10,480
Financing	2		<u>(751,688)</u>		<u>(1,659,819)</u>
Increase in cash in the period			<u>1,396,242</u>		<u>4,285,248</u>
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the period			1,396,242		4,285,248
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>729,287</u>		<u>1,659,819</u>
Change in net debt resulting from cash flows			2,125,529		5,945,067
Non-cash change in current asset investments			-		(395,352)
New finance leases			(1,079,162)		(1,081,089)
Non cash items –loan fee release			<u>11,200</u>		<u>20,533</u>
Movement in net debt in the period			1,057,567		4,489,159
Net debt at 1 June			<u>(1,009,567)</u>		<u>(5,498,726)</u>
Net debt at 31 May			<u>48,000</u>		<u>(1,009,567)</u>

The accompanying notes form part of these financial statements

Notes to the consolidated cash flow statement

1 Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating profit	3,981,807	4,850,804
Depreciation charges	2,973,073	2,320,872
Profit on disposal of fixed assets	60,842	(284,304)
Goodwill amortisation	230,962	1,750
Government grants	(37,598)	(37,598)
Decrease/(Increase) in stocks	(33,412)	45,814
Decrease/(Increase) in debtors	(5,801,810)	2,306,611
(Decrease)/Increase in creditors	<u>4,951,821</u>	<u>(731,103)</u>
Net cash inflow from operating activities	<u>6,325,685</u>	<u>8,472,846</u>

2 Analysis of cash flows for headings netted in the cash flow statement

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	650	6,161
Interest paid	(300,950)	(261,959)
Interest element of hire purchase payments	(66,457)	(67,604)
Dividends received from associates	<u>123,750</u>	<u>220,641</u>
Net cash outflow for returns on investments and servicing of finance	<u>(243,007)</u>	<u>(102,761)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(392,039)	(657,573)
Purchase of fixed asset investments	(12,500)	(44,000)
Sale of tangible fixed assets	<u>81,698</u>	<u>354,851</u>
Net cash outflow for capital expenditure and financial investment	<u>(322,841)</u>	<u>(346,722)</u>
Acquisitions and disposals		
Acquisition of subsidiaries	(2,607,884)	-
Cash included in acquisition of subsidiary	<u>177,000</u>	-
Net cash outflow for acquisitions and disposals	<u>(2,430,884)</u>	<u>-</u>
Management of liquid resources		
EBT purchase of current asset investment	-	-
Cash movement in EBT	-	<u>10,480</u>
Net cash inflow/(outflow) from management of liquid resources	<u>-</u>	<u>10,480</u>

Notes to the consolidated cash flow statement

2 Analysis of cash flows for headings netted in the cash flow statement (continued)

	2011 £	2010 £
Financing		
New loans in year	1,250,000	-
Loan repayments in year	(995,255)	(860,728)
Capital repayments in year	<u>(1,006,433)</u>	<u>(799,091)</u>
Net cash (outflow)/inflow from financing	<u>(751,688)</u>	<u>(1,659,819)</u>

3. Analysis of changes in net debt

	At 1 June 2010 £	Cash flow £	Other non-cash changes £	At 31 May 2011 £
Net cash				
Cash at bank and in hand	7,106,290	1,401,605		8,507,895
Bank overdraft	<u>(77,640)</u>	<u>(5,363)</u>		<u>(83,003)</u>
	<u>7,028,650</u>	<u>1,396,242</u>		<u>8,424,892</u>
Debt				
Hire purchase	(2,742,184)	1,006,433	(1,079,162)	(2,814,913)
Debts falling due within one year	(937,700)	(1,351,201)	11,200	(2,277,701)
Debts falling due after one year	<u>(4,358,333)</u>	<u>1,074,055</u>		<u>(3,284,278)</u>
	<u>(8,038,217)</u>	<u>729,287</u>	<u>(1,067,962)</u>	<u>(8,376,892)</u>
Total	<u>(1,009,567)</u>	<u>2,125,529</u>	<u>(1,067,962)</u>	<u>48,000</u>

Notes to the financial statements

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties and are in accordance with applicable accounting standards

Going concern basis

The group's business activities are set out in the report of the directors, together with an overview of the financial performance and the factors likely to affect its future development, performance and position. In addition, the report of the directors include the group's financial risk management objectives

The group meets its day to day working capital requirements through bank current account, and medium term funding through bank term loan facilities. The group is profitable and the directors expect this to continue

The directors have prepared group profit and cash flow forecast for the financial period to 31 May 2011 and review trading predictions past this date. These forecasts and projections, taking account of reasonable possible changes in trading environment and performance, show that the group will continue to generate funds and trade profitably

On this basis the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Basis of consolidation

The consolidated financial statements incorporate those of A H Worth & Co Limited and its trading subsidiaries. Intra-group profits are eliminated on consolidation. All financial statements are made up to 31 May 2011

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2011 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group

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 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. Revenue from the sale of goods and services is recognised when significant risks and benefits of ownership of the product have transferred to the buyer at either despatch or acceptance by the customer of the delivery

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life, which varies according to the individual circumstances of the acquired business ranging from 5 to 20 years

Notes to the financial statements

1. Accounting policies (continued)

Negative goodwill is capitalised and amortised over the period in which the underlying assets are expected to be realised

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

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 - 40 years
Plant and machinery	3 - 10 years
Motor vehicles	3 - 5 years
Farm improvements, drainage etc	10 years

Investment properties

Investment properties are revalued annually and are included in the balance sheet at their open market values. The surplus(es) or deficit(s) on revaluation of such properties are transferred to the investment revaluation reserve. Where a deficit, or its reversal, arising from the revaluation of an investment property is expected to be permanent, it is charged to the profit and loss account. Other revaluations are recognised in the statement of total recognised gains and losses. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the Companies Act 1985, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

Due to an administrative oversight investment property revaluation adjustments have not been recorded in previous years. Therefore a prior period adjustment has been recorded to reflect these within the financial statements. The impact of this is to increase the carrying value of fixed assets by £1,721,215, with a corresponding increase in shareholders funds. There is no impact on the financial result previously reported.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. 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.

Deferred tax

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.

Notes to the financial statements

1. Accounting policies (continued)

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.

Leased assets and obligations

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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.

Associated undertakings

The Group's associated 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.

Single farm payment

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

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.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Notes to the financial statements

1. Accounting policies (continued)

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

2. Turnover

The turnover and profit before taxation are attributable to the principal activities of the group, which predominantly arise in the UK.

An analysis of turnover by class of business is given below.

	2011	2010
	£	£
Farming activities	3,634,278	3,130,620
Potato marketing	139,750,126	113,197,570
Steel product sales	4,569,204	4,538,154
Other	152,414	140,396
	<u>148,106,022</u>	<u>121,006,740</u>

The share of associates turnover, not included in the turnover note above, for the year ended 31 May 2011 was £58,243,992 (2010 £56,068,753).

3. Analysis of operating expenses

	2011	2010
	£	£
Net operating expenses		
Distribution costs	6,855,960	6,464,007
Administrative expenses	25,360,155	22,498,102
Other operating income	(601,396)	(619,161)
	<u>31,614,719</u>	<u>28,342,948</u>

Notes to the financial statements

4. Information regarding directors and employees

	2011	2010
	£	£
Wages and salaries	15,728,863	15,883,819
Social security costs	1,566,427	1,627,097
Other pension costs	<u>629,703</u>	<u>549,095</u>
	<u>17,924,993</u>	<u>18,060,011</u>

The average monthly number of employees during the year was as follows

	2011	2010
Administration	122	152
Production and sales staff	<u>465</u>	<u>498</u>
	<u>587</u>	<u>650</u>

	2011	2010
	£	£
Directors' remuneration	648,496	764,490
Directors' pension contributions to money purchase schemes	<u>157,083</u>	<u>146,781</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>3</u>
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Information regarding the highest paid director is as follows

	2011	2010
	£	£
Emoluments etc	188,753	233,272
Pension contributions to money purchase schemes	<u>21,198</u>	<u>18,893</u>

5. Operating profit

The operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Hire of plant and machinery	622,155	612,911
Other operating leases	311,242	574,799
Depreciation - owned assets	1,879,847	1,397,239
Depreciation - assets on hire purchase contracts	1,093,226	923,629
Profit on disposal of fixed assets	(60,842)	(284,304)
Goodwill amortisation	230,962	191,750
Auditors remuneration – parent company	15,000	9,500
Auditors remuneration – group undertakings	44,500	57,600
Auditors' remuneration for non audit work	5,550	63,984
Investments written off	-	81,650
Grant amortisation	<u>(37,598)</u>	<u>(37,598)</u>

Notes to the financial statements

6. Interest payable and similar charges

	2011	2010
	£	£
Bank loans and overdrafts	300,950	207,798
Other interest and finance charges	11,200	37,268
Finance leases and hire purchase contracts	<u>66,457</u>	<u>67,604</u>
	<u>378,607</u>	<u>312,670</u>

7. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011	2010
	£	£
Current tax		
UK corporation tax	1,258,788	1,252,005
Adjustment in respect of previous periods	101,770	(91,771)
Associated undertaking	<u>70,000</u>	<u>133,746</u>
Total current tax	1,430,558	1,293,980
Deferred tax	<u>29,688</u>	<u>201,617</u>
Tax on profit on ordinary activities	<u>1,460,246</u>	<u>1,495,597</u>

Notes to the financial statements

7. Taxation (continued)

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>3,917,220</u>	<u>4,769,236</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.67% (2010 - 28%)	1,083,895	1,335,386
Effects of		
Expenses not deductible for tax purposes	112,372	128,590
Depreciation in excess of capital allowances	150,256	(114,574)
Non taxable income	-	(10,527)
Amortisation of investments	19,688	66,266
Negative goodwill amortisation	(15,773)	(12,576)
Adjustment to tax charge in respect of previous period	101,774	(91,771)
Tax adjustments in respect of associates	(16,934)	-
Losses in group	-	1,585
Effect of different tax rates	-	(8,399)
Reduction for research and development	(9,440)	-
Other timing differences	<u>4,720</u>	<u>-</u>
Current tax charge	<u>1,430,558</u>	<u>1,293,980</u>

8. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,422,904 (2010 - £992,794)

9. Dividends

	2011	2010
	£	£
'A' ordinary shares of £1 each		
Final	12,000	12,000
'B' ordinary shares of £1 each		
Final	<u>69,028</u>	<u>69,028</u>
	<u>81,028</u>	<u>81,028</u>

The directors are proposing a final dividend for the year ended 31 May 2011 of £ 81,028 (2010 - £81,028) which has not been recognised in the financial statements, in accordance with FRS21

Notes to the financial statements

10. Intangible fixed assets

Group

	Goodwill £	Negative goodwill £	Totals £
Cost			
At 1 June 2010	3,345,235	(177,628)	3,167,607
Additions	<u>357,833</u>	<u>(57,005)</u>	<u>300,828</u>
At 31 May 2011	<u>3,703,068</u>	<u>(234,633)</u>	<u>3,468,435</u>
Amortisation			
At 1 June 2010	319,917	(177,628)	142,289
Amortisation for year	<u>216,814</u>	<u>(57,005)</u>	<u>159,809</u>
At 31 May 2011	<u>536,731</u>	<u>(234,633)</u>	<u>302,098</u>
Net book value			
At 31 May 2011	<u>3,166,337</u>	<u>-</u>	<u>3,166,337</u>
At 31 May 2010	<u>3,025,318</u>	<u>-</u>	<u>3,025,318</u>

During the year the group acquired the packing trade and certain assets of Taypack Potatoes Limited

Summary of assets acquired

Goodwill	357,833
Tangible fixed assets	3,874,999
Stock	375,000
Contracts	<u>1</u>
	<u>4,607,833</u>
Consideration	
Cost	4,500,000
Legal fees	<u>107,833</u>
	<u>4,607,833</u>

During the year the group acquired 1% of the ordinary share capital of Fresh Approach Produce Limited taking its holding to 51%, and so has included the results of this company within the group financial statements as a subsidiary. Previously the company was treated as an associate.

Notes to the financial statements

10. Intangible fixed assets (continued)

Summary of assets acquired

	Net book value	Adjustments	Fair value
	£	£	£
Goodwill	-	(57,005)	(57,005)
Tangible fixed assets	19,000	-	19,000
Stock	37,000	-	37,000
Debtors	784,056	-	784,056
Cash	177,000	-	177,000
Creditors	(960,000)	-	(960,000)
	<u>57,056</u>	<u>(57,005)</u>	<u>51</u>
Consideration consists:			
Cash			<u>51</u>

The results of Fresh Approach Produce Limited since it was acquired are included within the acquisition disclosures in the consolidated profit and loss account. The results of this company for the two month period prior to acquisition are not deemed material to the group (2010 - £489,731 profit)

Notes to the financial statements

11. Tangible fixed assets

Group

	Investment properties £	Land and Freehold buildings £	Plant and machinery £	Motor vehicles £	Totals £
Cost or valuation					
At 1 June 2010	1,810,000	15,252,688	16,894,478	952,731	34,909,897
Additions	12,255	82,828	5,236,367	33,750	5,365,200
Disposals	-	-	(315,297)	(29,647)	(344,944)
Revaluation adjustment	(12,255)	-	-	-	(12,255)
At 31 May 2011	<u>1,810,000</u>	<u>15,335,516</u>	<u>21,815,548</u>	<u>956,834</u>	<u>39,917,898</u>
Depreciation					
At 1 June 2010	-	6,846,479	10,680,017	556,178	18,082,674
Charge for year	-	439,714	2,360,959	172,400	2,973,073
Eliminated on disposal	-	-	(189,742)	(12,662)	(202,404)
At 31 May 2011	-	<u>7,286,193</u>	<u>12,851,234</u>	<u>715,916</u>	<u>20,853,343</u>
Net book value					
At 31 May 2011	<u>1,810,000</u>	<u>8,049,323</u>	<u>8,964,314</u>	<u>240,918</u>	<u>19,064,555</u>
At 31 May 2010	<u>1,810,000</u>	<u>8,406,209</u>	<u>6,214,461</u>	<u>396,553</u>	<u>16,827,223</u>

The net book value of tangible fixed assets includes £2,949,181 (2010 - £2,465,317) in respect of assets held under hire purchase agreements

Company

	Investment properties £	Land and Freehold buildings £	Plant and machinery £	Motor vehicles £	Totals £
Cost or valuation					
At 1 June 2010	1,810,000	4,881,373	44,602	11,562	6,747,537
Additions	12,255	70,248	560	-	83,063
Revaluation adjustment	(12,255)	-	-	-	(12,255)
At 31 May 2011	<u>1,810,000</u>	<u>4,951,621</u>	<u>45,162</u>	<u>11,562</u>	<u>6,818,345</u>
Depreciation					
At 1 June 2010	-	494,857	36,824	11,562	543,243
Charge for year	-	17,138	1,755	-	18,893
At 31 May 2011	-	<u>511,995</u>	<u>38,579</u>	<u>11,562</u>	<u>562,136</u>
Net book value					
At 31 May 2011	<u>1,810,000</u>	<u>4,439,626</u>	<u>6,583</u>	<u>-</u>	<u>6,256,209</u>
At 31 May 2010	<u>1,810,000</u>	<u>4,386,516</u>	<u>7,778</u>	<u>-</u>	<u>6,204,294</u>

Notes to the financial statements

11. Tangible fixed assets (continued)

Company

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
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	<u>150,175</u>	150,175	<u>150,175</u>	150,175
Historical cost of land not revalued	<u>995,092</u>	<u>995,092</u>	<u>995,092</u>	<u>995,092</u>
Total historical cost	<u>1,145,267</u>	<u>1,145,267</u>	<u>1,145,267</u>	<u>1,145,267</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

The company and group's investment properties were re-valued in March 2011 by Bidwells, a member of the Royal Institute of Chartered Surveyors. The basis of valuation used was open market value. Had these properties not been revalued they would have been included in a historical cost basis of the following amounts

Cost	£ 176,385
Accumulated depreciation	<u>85,493</u>
Net book value	<u>90,892</u>

12. Fixed asset investments

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Shares in associated undertakings	<u>1,631,494</u>	1,639,644	<u>800,000</u>	800,000
Shares in subsidiary undertakings	-	-	<u>2,827,725</u>	2,827,725
Other investments and loans	<u>158,426</u>	145,926	<u>157,917</u>	145,417
Shares in dormant undertakings	<u>159</u>	<u>159</u>	-	-
	<u>1,790,079</u>	<u>1,785,729</u>	<u>3,785,642</u>	<u>3,773,142</u>

Notes to the financial statements

12. Fixed asset investments (continued)

Additional information is as follows
 Group

	Fresh Approach Produce Limited £	Bakkavor QV Ltd £	Europa Produce Ltd £	Totals £	
Cost					
At 1 June 2010	44,117	1,842,593	37,546	1,924,256	
Share of profit after tax	12,501	237,000	(6,130)	234,371	
Disposals	(56,618)	-	-	(56,618)	
Dividend received	-	(123,750)	-	(123,750)	
At 31 May 2011	<u>-</u>	<u>1,955,843</u>	<u>31,416</u>	<u>1,987,259</u>	
Provisions					
At 1 June 2010	-	284,612	-	284,612	
Provision for year	-	71,153	-	71,153	
At 31 May 2011	<u>-</u>	<u>355,765</u>	<u>-</u>	<u>355,765</u>	
Net book value					
At 31 May 2011	<u>-</u>	<u>1,600,078</u>	<u>31,416</u>	<u>1,631,494</u>	
At 31 May 2010	<u>44,117</u>	<u>1,557,981</u>	<u>37,546</u>	<u>1,639,644</u>	
Group			Other investments and loans £	Shares in dormant undertakings £	Totals £
At 1 June 2010			145,926	159	146,085
Additions			12,500	-	12,500
At 31 May 2011			<u>158,426</u>	<u>159</u>	<u>158,585</u>
Company		Shares in associated undertakings £	Shares in subsidiary undertakings £	Other investments and loans £	Totals £
At 1 June 2010		800,000	2,827,725	145,417	3,773,142
Additions		-	-	12,500	12,500
At 31 May 2011		<u>800,000</u>	<u>2,827,725</u>	<u>157,917</u>	<u>3,785,642</u>

Notes to the financial statements

12. 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
QV Limited	England	Ordinary	100%	Dormant
Pseedco Limited	England	Ordinary	100%	Seed potatoes
TLC Potatoes	Scotland	Ordinary	25%	Seed potatoes
Fresh Approach Produce Limited	England	Ordinary	51%	Produce trading
Europa Produce Limited	England	Ordinary	25%	Potato trading
Worth Farms Limited	England	Ordinary	100%	Farming
Bakkavor QV Limited	England	B Ordinary	45%	Potato prepacking
Manor Fresh Limited	England	Ordinary	22.5%	Potato prepacking
Friars 577 Limited	England	Ordinary	100%	Holding company
Teknomek Holdings Limited	England	Ordinary	100%	Dormant
Teknomek Limited	England	Ordinary	100%	Equipment manufacture
Hygienox Limited	England	Ordinary	100%	Dormant
Kubik Limited	England	Ordinary	100%	Dormant
A H Worth (Fleet) Limited	England	Ordinary	100%	Dormant
A H Worth (Farms) Limited	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

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2011 as an associated undertaking based on statutory accounts to 31 December 2010 and management accounts for the period to 31 May 2011 together with the £1,423,058 goodwill arising on the acquisition of 50% of Manor Fresh Limited by Bakkavor QV Limited. This goodwill is amortised over the estimated life of 20 years.

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.

The group accounts incorporate Europa Produce Limited transactions and balances to 31 May 2011 as an associated undertaking based on management accounts.

At the year end, QV Foods Limited owns 51% of the issued share capital of Fresh Approach Produce Limited, a company incorporated in England engaged in the procurement and sale of produce. The group accounts incorporate the company as a subsidiary undertaking based on statutory accounts to 31 March 2011 and management accounts.

The group share of results and assets of Europa Produce Limited and Bakkavor QV Limited are not material to the Group financial statements.

The group accounts incorporate Fresh Approach Produce Limited as an associate up to the date at which control was obtained.

Notes to the financial statements

Company	Aggregate capital and reserves		Profit for the period	
	2011 £	2010 £	2011 £	2010 £
QV Limited	2,020,370	2,020,370	-	-
QV Foods Limited	9,880,463	9,935,849	843,700	2,081,407
Pseedco Limited	(119,681)	(196,185)	76,505	(485,051)
Europa Produce Limited	159,275	127,558	191,491	32,216
Fresh Approach Limited	393,005	24,874	387,951	489,731
Friars 577 Limited	896,942	640,340	256,602	308,622
Teknomek Holdings Limited	200	264,981	1,513,404	-
Teknomek Limited	2,660,329	2,171,288	489,041	565,095
Hygienox Limited	100	1,513,504	-	-
Kubik Limited	100	66,701	-	-
Worth Farms Limited	1,519,948	1,240,459	279,489	534,396

Notes to the financial statements

13. Stocks

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Stores	1,034,432	1,359,931	-	79,799
Produce and cultivation	4,925,094	4,146,714	-	-
Finished goods	327,134	334,602	-	-
	<u>6,286,660</u>	<u>5,841,247</u>	<u>-</u>	<u>79,799</u>

14. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Trade debtors	15,218,935	11,403,847	32,804	17,249
Subsidiary undertakings	-	-	998,950	26,729
Other debtors	4,266,801	1,688,957	23,614	1,106,276
Associated undertakings	192,934	-	-	-
	<u>19,678,670</u>	<u>13,092,804</u>	<u>1,055,368</u>	<u>1,150,254</u>
Amounts falling due after more than one year				
Subsidiary undertakings	-	-	2,000,003	2,332,867
Aggregate amounts	<u>19,678,670</u>	<u>13,092,804</u>	<u>3,055,371</u>	<u>3,483,121</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (see note 17)	2,360,704	1,015,340	158,900	158,900
Hire purchase contracts (see note 17)	935,790	848,239	-	-
Trade creditors	15,164,324	14,459,044	21,025	23,330
Subsidiary undertakings	-	-	28,198	584,767
Associated undertakings	-	1,154,227	-	-
Corporation Tax	980,175	719,612	121,935	266,581
Other tax and Social security	525,038	522,965	23,470	20,250
Other creditors	9,485,334	1,921,603	204,401	111,096
Deferred government grants	37,598	37,598	-	-
	<u>29,488,963</u>	<u>20,678,628</u>	<u>557,929</u>	<u>1,164,924</u>

Notes to the financial statements

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (see note 17)	3,284,277	4,358,333	1,309,011	1,465,100
Hire purchase contracts (see note 17)	1,879,123	1,893,945	-	-
Other creditors	750,000	-	-	-
Deferred government grants	60,172	97,770	-	-
	<u>5,973,572</u>	<u>6,350,048</u>	<u>1,309,011</u>	<u>1,465,100</u>

17. Borrowings

An analysis of the maturity of borrowings is given below

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans and overdraft	2,360,704	1,015,340	158,900	158,900
Finance lease and hire purchase contracts	935,790	848,239	-	-
Amounts falling due between one and two years				
Bank loans	1,029,166	618,900	158,900	158,900
Finance lease and hire purchase contracts	676,335	848,239	-	-
Amounts falling due between two and five years				
Bank loans	1,421,700	2,436,333	476,700	510,600
Finance lease and hire purchase contracts	1,202,788	1,045,706	-	-
Amounts falling due in more than five years				
Bank loans	<u>833,411</u>	<u>1,303,100</u>	<u>673,411</u>	<u>795,600</u>
	<u>8,459,894</u>	<u>8,115,857</u>	<u>1,467,911</u>	<u>1,624,000</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 legal mortgage over a parcel of land owned by A H Worth & Co Limited.

HSBC plc hold a debenture against group borrowings over all present freehold and leasehold property in Friars 577 Limited. A first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, together with a first floating charge over all assets and undertakings both present and future dated 28 July 2008.

Notes to the financial statements

18. Financial commitments

The following operating lease payments are committed to be paid within one year

Group	Land and buildings		Other operating leases	
	2011	2010	2011	2010
	£	£	£	£
Expiring				
Within one year	-	-	11,222	-
Between one and five years	145,000	148,800	141,506	15,015
In more than five years	<u>310,000</u>	<u>310,000</u>	<u>10,000</u>	<u>120,446</u>
	<u>455,000</u>	<u>458,800</u>	<u>162,728</u>	<u>135,461</u>

19. Provisions for liabilities

Group	Group	
	2011	2010
	£	£
Deferred tax	<u>250,213</u>	<u>220,525</u>
Group		Deferred tax
		£
Balance at 1 June 2010		220,525
Origination of timing differences		<u>29,688</u>
Balance at 31 May 2011		<u>250,213</u>

	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Fixed asset timing differences	232,670	814	229,525	50,273
Short term timing differences	17,543	(1,168)	(9,000)	21,855
	<u>250,213</u>	<u>(354)</u>	<u>220,525</u>	<u>72,128</u>

Notes to the financial statements

20. Called up share capital

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
10,000	'A' ordinary	£1	<u>10,000</u>	10,000
45,779	'B' ordinary	£1	<u>45,779</u>	<u>45,779</u>
			<u>55,779</u>	<u>55,779</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 passu*.

21. Reserves

Group	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 June 2010 (as restated)	15,680,972	4,658,198	34,461	20,373,631
Profit for the year	2,288,004	-	-	2,288,004
Dividends	(81,028)	-	-	(81,028)
Elimination of investment in associate	(56,618)	-	-	(56,618)
Revaluation adjustment	-	(12,255)	-	(12,255)
At 31 May 2011	<u>17,831,330</u>	<u>4,645,943</u>	<u>34,461</u>	<u>22,511,734</u>
Company	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 June 2010 (as restated)	6,819,007	4,658,198	34,461	11,511,666
Profit for the year	1,422,904	-	-	1,422,904
Dividends	(81,028)	-	-	(81,028)
Revaluation adjustment	-	(12,255)	-	(12,255)
At 31 May 2011	<u>8,160,883</u>	<u>4,645,943</u>	<u>34,461</u>	<u>12,841,287</u>

22. Pension commitments

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 £629,703 (2010 - £549,095).

Notes to the financial statements

23. Capital commitments

	2011	2010
	£	£
Contracted but not provided for in the financial statements	<u>683,495</u>	<u>279,000</u>

24. Related party disclosures

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, Pseedco Limited, Friars 577 Limited and Teknomek Limited for the year as these have been consolidated within these accounts

During the year fees of £77,309 (2010 - £64,476) were paid to Smith & Williamson Limited for the non-executive director services provided by S J Ellwood

Group undertakings

During the year the group purchased goods from Europa Produce Limited amounting to £164,987 (2010 - £450,960) and made sales to Europa Produce Limited amounting to £339,593 (2010 - £283,867) During the year the group recharged expenses to Europa Produce Limited amounting to £83,073 (2010 - £85,606) The group owns 25% (2010 - 25%) of the share capital of Europa Produce Limited At the year end Europa Produce Limited owed the group £50,735 (2010 - £38,199)

During the year the group sold goods and services to Manor Fresh Limited, an associate of the parent company, amounting to £2,297,282 (2010 - £2,102,109) and purchased goods amounting to £1,161,904 (2010 - £1,055,783) All their sales and purchases were on a normal commercial basis At the year end the group was owed £244,632 (2010 - £142,011) by Manor Fresh Limited

During the year the group acted as agent for Fresh Approach Produce Limited and sold goods on their behalf amounting to £28,703,419 (2010 - £21,931,563) and purchased goods on their behalf amounting to £25,240,915 (2010 - £23,102,932) During the year the group recharged expenses to Fresh Approach Produce Limited amounting to £1,040,479 (2010 - £201,102) At the year end the group owned 51% (2010 - 50%) of the share capital of Fresh Approach Produce Limited All their sales and purchases were on a normal commercial basis At the year end the group owed Fresh Approach Produce Limited £2,464,370 (2010 - £1,106,815)

During the year the group made payments of £30,779 (2010 - nil) to SLW Property Services Ltd, a company owned by the wife of D Worth (a director of the company) for accounting and administration services

Notes to the financial statements

24. Related party disclosures (continued)

Dividends were paid to the directors and their spouses at the following amounts during the year, A J L Worth and M O'Driscoll are the trustees of the company Employee Benefit Trust

	2011	2010
	£	£
A J L Worth	11,838	9,779
D R Worth	5,812	4,801
S T Worth	5,812	4,801
Employee Benefit Trust	-	14,093

25. Reconciliation of movements in shareholders' funds

Group

	2011	2010
	£	£
Profit for the financial year	2,288,004	3,273,639
Dividends paid	(81,028)	(81,028)
Purchase of own shares	-	(395,352)
Elimination of investment	(56,618)	-
Revaluation adjustment	(12,255)	-
Net addition to shareholders' funds	<u>2,138,103</u>	2,797,259
Opening shareholders' funds (as restated)	<u>20,429,410</u>	17,632,151
Closing shareholders' funds	<u><u>22,567,513</u></u>	<u><u>20,429,410</u></u>

Company

	2011	2010
	£	£
Profit for the financial year	1,422,904	992,794
Dividends paid	(81,028)	(81,028)
Purchase of own shares	-	(395,352)
Revaluation adjustment	(12,255)	-
Net addition to shareholders' funds	<u>1,329,621</u>	516,414
Opening shareholders' funds (as restated)	<u>11,567,445</u>	11,051,031
Closing shareholders' funds	<u><u>12,897,066</u></u>	<u><u>11,567,445</u></u>