

# Financial Statements

## A H Worth & Co Limited

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**For the Year Ended 31 May 2013**

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22/02/2014  
COMPANIES HOUSE

**Company No. 00451065**

## Company information

<b>Company registration number</b>	00451065
<b>Registered office</b>	Fleet Estate Office Manor Farm Holbeach Hurn Holbeach Spalding Lincolnshire PE12 8LR
<b>Directors</b>	S T Worth M O'Driscoll D R Worth S J Ellwood R G W Williams
<b>Secretary</b>	A Blatherwick
<b>Bankers</b>	HSBC 59 High Street Holbeach Spalding Lincolnshire PE12 7EB
<b>Auditor</b>	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 2013

### **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 and future developments**

The group and all its subsidiaries continue to make good progress

QV Foods delivered a strong performance in the context of a challenging trading environment arising from the volatile weather in 2012 and its consequences on UK and continental fresh produce. The year saw the purchase of the remaining shareholding in Fresh Approach Produce Limited giving us the opportunity to more closely align their offering with our growing core business as we seek to broaden our offer to existing and new customers. Inflation caused by surging produce prices following the difficult 2012 harvest drove headline growth in Turnover and Cost of Sales but the continued drive for efficiency, rationalisation and integration of the QV business enabled them to deliver a reasonable return on sales of 3% (2012 pre exceptional – 3.5%)

Worth Farms delivered a creditable performance, bearing in mind the inclement weather throughout the major part of the growing season. All yields were down, though some prices in some enterprises compensated for this. The blend of forward contract and free market sales with our committed marketing agents combined with our long term commitment to sustainability delivers a robust organisation that can thrive in an industry that is at the behest of the weather. The Worth Farms Board and management team continue to look for opportunities to build value into the farms rotation and the business remains well invested to take advantage of any opportunity they find. The business remains conscious of environmental issues and maintains its LEAF Marque accreditation.

Teknomek's performance at an operating level, excluding exceptional items, was slightly behind last year. In the context of a fifth year of tight credit conditions, especially for its core SME market, which is continuing to depress business investment, this was a good result. Signs of credit easing towards the end of the financial year had led to increased demand for Teknomek's products and give firm grounds for optimism of strong growth in the year to come. The team continue to focus on its core competences of quality and operational effectiveness, and expect to achieve ISO 9001 accreditation in 2013 to further add value to its offer.

The Board acknowledges the hard work undertaken by our staff and our suppliers in an exceptionally challenging year to sustain the service, quality and continuity expected of us by our customers. We will be seeking to create more opportunity for all our staff as the business continues to move forwards.

Overall, the Board are happy with the increase in turnover, gross profit and PBT which are in line with expectations. The Board's view is that there remain opportunities for future profitable growth arising from the food and engineering sectors that we operate in.

### **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.

## Report of the directors

### 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

The key performance indicators of the business which are monitored through the production of periodic management accounts are as follows

	2013	2012
Turnover - £m	£184m	£152m
Turnover growth year on year	20.8%	2.7%
Gross profit - £m	£41.8m	£39.9m
Gross profit - % of sales	22.7%	26.2%
Profit before taxation - £m	£5.2m	£5.1m
Profit before taxation - % of sales	2.8%	3.3%

### Dividends

During the year dividends of £81,028 (2012 - £81,028) were paid. The directors recommend a dividend of £81,028 (2012 - £81,028).

### Directors

The directors shown below have held office during the year

S T Worth  
M O'Driscoll  
D R Worth  
S J Ellwood  
R G W Williams

## Report of the directors

### **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 £58,684 (2012 £47,927) 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.

## Report of the directors

### **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**

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

18th October 2013

## 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 2013 which comprise the consolidated profit and loss account, consolidated and company balance sheets, 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](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion

- 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 2013 and of the group's profit for the year then ended,
- the group financial statements 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.



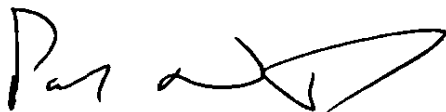
Independent auditor's report to the members of  
A H Worth & Co Limited - company no 00451065

(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 by the parent company, 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



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

25 October 2013

## Consolidated profit and loss account

	Note	2013 £	2012 £
Turnover from continuing operations		183,715,985	148,703,872
Turnover from acquisitions		<u>-</u>	<u>3,360,148</u>
Turnover	2	183,715,985	152,064,020
Cost of sales		<u>(141,932,234)</u>	<u>(112,196,922)</u>
Gross profit		41,783,751	39,867,098
Net operating expenses	3	<u>36,409,282</u>	<u>34,542,211</u>
Operating profit from continuing operations		5,374,469	5,429,691
Operating loss from acquisitions		<u>-</u>	<u>(104,804)</u>
<b>Operating profit</b>		5,374,469	5,324,887
Income from interest in associated undertakings		143,722	416,536
Interest receivable and similar income		92,021	37,413
Interest payable and similar charges	6	(417,072)	(297,404)
Exceptional loss on disposal of operations		<u>-</u>	<u>(415,255)</u>
Profit on ordinary activities before taxation		5,193,140	5,066,177
Tax on profit on ordinary activities	7	<u>(1,325,526)</u>	<u>(1,611,690)</u>
<b>Profit for the financial year after taxation</b>		3,867,614	3,454,487
Minority interest		<u>(68,668)</u>	<u>(312,967)</u>
Profit for the financial year attributable to shareholders		<u>3,798,946</u>	<u>3,141,520</u>

All of the activities of the group are classed as continuing

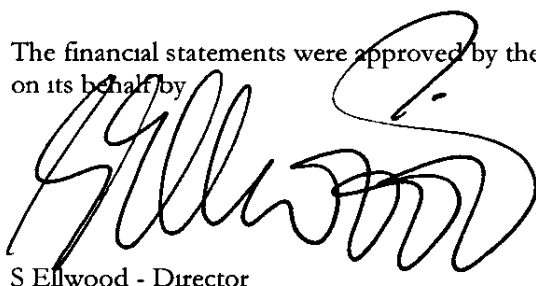
The group has no recognised gains or losses other than the results for the year as set out above

**The accompanying accounting policies and notes form part of these financial statements.**

## Consolidated balance sheet

	Note	2013		2012	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		4,814,537		4,593,335
Tangible assets	11		17,228,298		18,152,334
Investments	12		2,113,079		2,009,832
			<u>24,155,914</u>		<u>24,755,501</u>
<b>Current assets</b>					
Properties held for sale	13	629,610		629,610	
Stocks	14	9,576,718		6,260,219	
Debtors	15	24,809,449		19,847,238	
Cash at bank and in hand		10,360,851		9,272,728	
		<u>45,376,628</u>		<u>36,009,795</u>	
<b>Creditors</b>					
Amounts falling due within one year	16	37,079,551		30,499,734	
<b>Net current assets</b>			<u>8,297,077</u>		<u>5,510,061</u>
<b>Total assets less current liabilities</b>			<u>32,452,991</u>		<u>30,265,562</u>
<b>Creditors</b>					
Amounts falling due after more than one year	17		(3,055,339)		(4,063,967)
Provision for liabilities	20		(51,730)		(180,134)
<b>Net assets</b>			<u>29,345,922</u>		<u>26,021,461</u>
<b>Capital and reserves</b>					
Called up share capital	21		55,779		55,779
Revaluation reserve	22		4,645,943		4,645,943
Capital redemption reserve	22		34,461		34,461
Profit and loss account	22		24,609,739		20,891,821
Shareholders' funds	27		29,345,922		25,628,004
Minority interest			-		393,457
<b>Total capital employed</b>			<u>29,345,922</u>		<u>26,021,461</u>

The financial statements were approved by the Board of Directors on 18th October 2013 and were signed on its behalf by

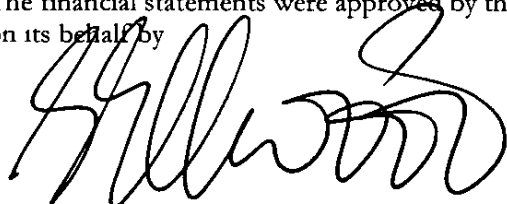


S Ellwood - Director

## Company balance sheet

	Note	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Tangible assets	11	6,573,815		6,362,412	
Investments	12	3,813,142		3,788,142	
		<u>10,386,957</u>		<u>10,150,554</u>	
<b>Current assets</b>					
Debtors	15	2,304,524		2,789,355	
Cash at bank		9,279,333		7,656,519	
		<u>11,583,857</u>		<u>10,445,874</u>	
<b>Creditors</b>					
Amounts falling due within one year	16	<u>2,688,831</u>		<u>4,119,079</u>	
<b>Net current assets</b>			8,895,026		6,326,795
<b>Total assets less current liabilities</b>			<u>19,281,983</u>		<u>16,477,349</u>
<b>Creditors</b>					
Amounts falling due after more than one year	17		(995,564)		(1,152,478)
Provision for liabilities			<u>(19,326)</u>		<u>(6,763)</u>
<b>Net assets</b>			<u>18,267,093</u>		<u>15,318,108</u>
<b>Capital and reserves</b>					
Called up share capital	21		55,779		55,779
Revaluation reserve	22		4,645,943		4,645,943
Capital redemption reserve	22		34,461		34,461
Profit and loss account	22		13,530,910		10,581,925
<b>Shareholders' funds</b>	27		<u>18,267,093</u>		<u>15,318,108</u>

The financial statements were approved by the Board of Directors on 18th October 2013 and were signed on its behalf by



S Ellwood - Director

## Consolidated cash flow statement

	Note	2013 £	£	2012 £	£
<b>Net cash inflow</b>					
From operating activities	1	6,648,646		4,504,383	
Returns on investments and servicing of finance	2	(268,851)		(136,291)	
Taxation		(1,276,820)		(1,472,756)	
Capital expenditure and financial investment	2	(916,252)		(1,317,549)	
Acquisitions and disposals	2	(1,004,969)		(1,464,271)	
Equity dividends paid		(81,028)		(81,028)	
		<u>3,100,726</u>		<u>32,488</u>	
Financing	2	(1,879,832)		581,127	
Increase in cash in the period		<u>1,220,894</u>		<u>613,615</u>	
<b>Reconciliation of net cash flow to movement in net debt</b>					
Increase in cash in the period		1,220,894		613,615	
Cash outflow / (inflow) from decrease / (increase) in debt and lease financing		<u>1,879,832</u>		<u>(581,127)</u>	
Change in net debt resulting from cash flows		3,100,726		32,488	
New finance leases		(966,335)		(66,000)	
Non cash items – loan fee release		(11,200)		(11,200)	
Movement in net debt in the period		<u>2,123,191</u>		<u>(44,712)</u>	
Net debt at 1 June		3,289		48,001	
<b>Net debt at 31 May</b>		<u><u>2,126,480</u></u>		<u><u>3,289</u></u>	

**The accompanying accounting policies and 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

	2013	2012
	£	£
Operating profit	5,374,469	5,324,887
Depreciation charges	2,863,829	3,184,271
Profit on disposal of fixed assets	(82,206)	(103,021)
Goodwill amortisation	392,795	310,014
Government grants	(37,598)	(37,598)
(Increase)/Decrease in stocks	(3,316,499)	358,326
(Increase)/Decrease in debtors	(4,955,645)	577,643
Increase/(Decrease) in creditors	6,409,501	(5,110,139)
Net cash inflow from operating activities	<u>6,648,646</u>	<u>4,504,383</u>

### 2. Analysis of cash flows

	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	92,021	37,413
Interest paid	(228,605)	(154,301)
Interest element of hire purchase payments	(177,267)	(131,903)
Dividends received from associates	45,000	112,500
Net cash outflow for returns on investments and servicing of finance	<u>(268,851)</u>	<u>(136,291)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,079,840)	(1,457,641)
Purchase of fixed asset investments	(25,000)	(2,956)
Sale of tangible fixed assets	188,588	143,048
Net cash outflow for capital expenditure and financial investment	<u>(916,252)</u>	<u>(1,317,549)</u>
Acquisitions and disposals		
Acquisition of subsidiaries	(1,004,969)	(735,747)
Cash included in acquisition of subsidiary	-	4,352
Disposal of subsidiary	-	17,124
Deferred consideration	-	(750,000)
Net cash outflow for acquisitions and disposals	<u>(1,004,969)</u>	<u>(1,464,271)</u>

## Notes to the consolidated cash flow statement

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

	2013 £	2012 £
Financing		
New loans in year	-	3,090,000
Loan repayments in year	(772,701)	(2,015,757)
Hire purchase repayments in year	(1,107,131)	(493,116)
Net cash (outflow)/inflow from financing	<u>(1,879,832)</u>	<u>581,127</u>

### 3. Analysis of changes in net debt

	At 1 June 2012	Cashflow	Other non- cash changes	At 31 May 2013
<b>Net cash</b>				
Cash at bank and in hand	9,272,728	1,088,123	-	10,360,851
Bank overdraft	(234,221)	132,771	-	(101,450)
	<u>9,038,507</u>	<u>1,220,894</u>	<u>-</u>	<u>10,259,401</u>
<b>Debt</b>				
Hire purchase	(2,387,797)	1,107,131	(966,335)	(2,247,001)
Loans falling due within one year	(3,978,900)	(38,800)	(11,200)	(4,028,900)
Loans falling due after one year	(2,668,521)	811,501	-	(1,857,020)
	<u>(9,035,218)</u>	<u>1,879,832</u>	<u>(977,535)</u>	<u>(8,132,921)</u>
Total	<u>3,289</u>	<u>3,100,726</u>	<u>(977,535)</u>	<u>2,126,480</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 accounts, 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 forecasts for the financial period to 31 May 2014 and review trading predictions past this date. These forecasts and projections, taking account of reasonably 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 2013

The accounts of the two dormant subsidiary companies, A H Worth (Farms) and A H Worth (Fleet), for the year ended 31 May 2013 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group. Acquisitions are accounted for under the acquisition method

#### **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



## Notes to the financial statements

### **1. Accounting policies (continued)**

#### **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.

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 – 50 years
Plant and machinery	3 – 20 years
Motor vehicles	3 – 5 years

#### **Fixed asset investments**

Fixed asset investments are recorded at cost less provision for impairment.

#### **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 2006, 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.

## Notes to the financial statements

### **1. Accounting policies (continued)**

#### **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.

#### **Tax**

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

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 enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **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.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### Government grants and subsidies

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 and other subsidies 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.

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.

	2013	2012
	£	£
Farming activities	3,818,665	2,753,050
Potato marketing	175,545,404	144,869,414
Steel product sales	4,212,391	4,298,306
Other	139,525	143,250
	<u>183,715,985</u>	<u>152,064,020</u>

The share of associates turnover, not included in the turnover note above, for the year ended 31 May 2013 was £12,885,750 (2012 £12,170,925).

## Notes to the financial statements

### 3. Analysis of operating expenses

	2013	2012
	£	£
Net operating expenses		
Distribution costs	7,882,285	8,090,889
Administrative expenses	29,009,613	27,103,658
Other operating income	(482,616)	(652,336)
	<u>36,409,282</u>	<u>34,542,211</u>

### 4. Information regarding directors and employees

	2013	2012
	£	£
Wages and salaries	20,302,060	17,438,330
Social security costs	1,958,032	1,630,544
Other pension costs	721,753	654,296
	<u>22,981,845</u>	<u>19,723,170</u>

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

	2013	2012
Administration	170	178
Production and sales staff	597	530
	<u>767</u>	<u>708</u>

	2013	2012
	£	£
Directors' remuneration	553,013	553,439
Directors' pension contributions to money purchase schemes	40,155	70,412
	<u>593,168</u>	<u>623,851</u>

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

	2013	2012
Money purchase schemes	<u>2</u>	<u>2</u>

## Notes to the financial statements

### 4. Information regarding directors and employees (continued)

Information regarding the highest paid director is as follows

	2013 £	2012 £
Emoluments etc	245,469	206,783
Pension contributions to money purchase schemes	21,676	52,472

### 5. Operating profit

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Hire of plant and machinery	715,726	656,838
Other operating leases	399,266	315,010
Depreciation - owned assets	2,032,023	2,062,635
Depreciation - assets on hire purchase contracts	831,806	1,141,188
Profit on disposal of fixed assets	(82,206)	(103,021)
Goodwill amortisation	321,642	238,861
Auditors' remuneration – parent company	24,000	15,000
Auditors' remuneration – group undertakings	57,000	53,500
Auditors' remuneration – tax compliance services	7,300	7,300
Amortisation of associate investment	71,153	71,153
Grant amortisation	(37,598)	(37,598)

### 6. Interest payable and similar charges

	2013 £	2012 £
Bank loans and overdrafts	228,605	154,301
Other interest and finance charges	11,200	11,200
Finance leases and hire purchase contracts	177,267	131,903

## Notes to the financial statements

### 7. Taxation

#### (a) Analysis of the tax charge

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

	2013	2012
	£	£
Current tax		
UK corporation tax	1,493,029	1,636,758
Adjustment in respect of previous periods	(53,155)	2,478
Associated undertaking	20,475	65,441
Total current tax	<u>1,460,349</u>	<u>1,704,677</u>
Deferred tax	(134,823)	(92,987)
Tax on profit on ordinary activities	<u>1,325,526</u>	<u>1,611,690</u>

#### (b) Factors affecting the tax charge

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

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>5,193,140</u>	<u>5,065,728</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.83% (2012 – 25.67%)	1,237,525	1,300,372
Effects of		
Expenses not deductible for tax purposes	34,415	187,467
Depreciation in excess of capital allowances	234,405	236,141
Amortisation of investments	-	18,265
Adjustment to tax charge in respect of previous period	(53,155)	2,478
Tax adjustments in respect of associates	20,475	65,441
Exceptional items	-	(106,721)
Reduction for research and development	(13,000)	(2,961)
Other timing differences	684	4,195
Marginal relief	(1,000)	-
Current tax charge	<u>1,460,349</u>	<u>1,704,677</u>

### 8. Profit on 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 £3,030,013 (2012 - £2,502,070)

## Notes to the financial statements

### 9. Dividends

	2013 £	2012 £
'A' ordinary shares of £1 each	12,000	12,000
'B' ordinary shares of £1 each	69,028	69,028
	<u>81,028</u>	<u>81,028</u>

The directors are proposing a final dividend for the year ended 31 May 2013 of £81,028 (2012 - £81,028) which has not been recognised in the financial statements, in accordance with FRS21

### 10. Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 June 2012	5,368,927	(234,633)	5,134,294
Additions	542,844	-	542,844
At 31 May 2013	<u>5,911,771</u>	<u>(234,633)</u>	<u>5,677,138</u>
<b>Amortisation</b>			
At 1 June 2012	775,592	(234,633)	540,959
Amortisation	321,642	-	321,642
At 31 May 2013	<u>1,097,234</u>	<u>(234,633)</u>	<u>862,601</u>
<b>Net book value</b>			
At 31 May 2013	<u>4,814,537</u>	<u>-</u>	<u>4,814,537</u>
At 31 May 2012	<u>4,593,335</u>	<u>-</u>	<u>4,593,335</u>

## Notes to the financial statements

### **10. Intangible fixed assets (continued)**

During the year the group completed the stepped acquisition of the remaining 49% of the ordinary share capital of Fresh Approach Produce Limited taking its holding to 100%. No adjustments between book value and fair value have been identified

Summary of assets acquired

	<b>26 October 2012</b>	<b>23 May 2013</b>
	<b>net book</b>	<b>net book</b>
	<b>value</b>	<b>value</b>
	<b>£</b>	<b>£</b>
Tangible fixed assets	10,000	13,000
Stocks	5,000	19,000
Debtors	312,000	394,000
Cash at bank	52,000	85,000
Creditors	(206,000)	(221,875)
Net assets acquired	<u>173,000</u>	<u>289,125</u>
<b>Satisfied by</b>		
Consideration		
Cost	330,000	664,000
Acquisition fees	2,000	8,969
	<u>332,000</u>	<u>672,969</u>
Goodwill	<u>159,000</u>	<u>383,844</u>

On 31 May 2013 the trade and assets of Fresh Approach Produce Limited were transferred to QV Foods Limited at their prevailing fair value which was consistent with book value



## Notes to the financial statements

### 11. Tangible fixed assets

Group	Investment properties	Short leasehold £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 June 2012	1,810,000	15,885,284	23,404,947	902,307	42,002,538
Additions	-	256,063	1,700,718	89,394	2,046,175
Disposals	-	-	(386,601)	(208,495)	(595,096)
At 31 May 2013	<u>1,810,000</u>	<u>16,141,347</u>	<u>24,719,064</u>	<u>783,206</u>	<u>43,453,617</u>
<b>Depreciation</b>					
At 1 June 2012	-	8,056,802	15,053,233	740,169	23,850,204
Disposals	-	-	(293,978)	(194,736)	(488,714)
Charge for the year	-	527,244	2,232,638	103,947	2,863,829
At 31 May 2013	-	<u>8,584,046</u>	<u>16,991,893</u>	<u>649,380</u>	<u>26,225,319</u>
<b>Net book value</b>					
At 31 May 2013	<u>1,810,000</u>	<u>7,557,301</u>	<u>7,727,171</u>	<u>133,826</u>	<u>17,228,298</u>
At 31 May 2012	<u>1,810,000</u>	<u>7,828,482</u>	<u>8,351,714</u>	<u>162,138</u>	<u>18,152,334</u>

The net book value of tangible fixed assets includes £2,340,669 (2012 - £3,240,426) in respect of assets held under hire purchase contracts

Company	Investment properties	Short leasehold £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 June 2012	1,810,000	4,954,457	180,875	11,562	6,956,894
Additions	-	162,174	105,275	-	267,449
At 31 May 2013	<u>1,810,000</u>	<u>5,116,631</u>	<u>286,150</u>	<u>11,562</u>	<u>7,224,343</u>
<b>Depreciation</b>					
At 1 June 2012	-	529,133	53,787	11,562	594,482
Charge for the year	-	39,068	16,978	-	56,046
At 31 May 2013	-	<u>568,201</u>	<u>70,765</u>	<u>11,562</u>	<u>650,528</u>
<b>Net book value</b>					
At 31 May 2013	<u>1,810,000</u>	<u>4,548,430</u>	<u>215,385</u>	<u>-</u>	<u>6,573,815</u>
At 31 May 2012	<u>1,810,000</u>	<u>4,425,324</u>	<u>127,088</u>	<u>-</u>	<u>6,362,412</u>

## Notes to the financial statements

### 11. Tangible fixed assets (continued)

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
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
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	
	2013 £	2012 £	2013 £	2012 £
Shares in associated undertakings	1,926,538	1,848,291	800,000	800,000
Shares in subsidiary undertakings	-	-	2,827,725	2,827,725
Other investments and loans	186,382	161,382	185,417	160,417
Shares in dormant undertakings	159	159	-	-
	<u>2,113,079</u>	<u>2,009,832</u>	<u>3,813,142</u>	<u>3,788,142</u>

## Notes to the financial statements

### 12. Fixed asset investments (continued)

Additional information is as follows

<b>Group</b>	<b>TLC Potatoes Limited £</b>	<b>Bakkavor QV Limited £</b>	<b>Europa Produce Limited £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2012	115,252	2,135,393	24,564	2,275,209
Share of profit after tax	19,575	174,825	-	194,400
Dividend received	-	(45,000)	-	(45,000)
At 31 May 2013	<u>134,827</u>	<u>2,265,218</u>	<u>24,564</u>	<u>2,424,609</u>
<b>Provisions</b>				
At 1 June 2012	-	426,918	-	426,918
Provision for year	-	71,153	-	71,153
At 31 May 2013	<u>-</u>	<u>498,071</u>	<u>-</u>	<u>498,071</u>
<b>Net book value</b>				
At 31 May 2013	<u>134,827</u>	<u>1,767,147</u>	<u>24,564</u>	<u>1,926,538</u>
At 31 May 2012	<u>115,252</u>	<u>1,708,475</u>	<u>24,564</u>	<u>1,848,291</u>

<b>Group</b>	<b>Other investments and loans £</b>	<b>Shares in dormant undertakings £</b>	<b>Total £</b>
At 1 June 2012	161,382	159	161,541
Additions	<u>25,000</u>	<u>-</u>	<u>25,000</u>
At 31 May 2013	<u>186,382</u>	<u>159</u>	<u>186,541</u>

## Notes to the financial statements

### 12. Fixed asset investments (continued)

#### Company

	Shares in associated undertakings	Shares in subsidiary undertakings	Other investments and loans	Total
	£	£	£	£
At 1 June 2012	800,000	2,827,725	160,417	3,788,142
Additions	-	-	25,000	25,000
At 31 May 2013	<u>800,000</u>	<u>2,827,725</u>	<u>185,417</u>	<u>3,813,142</u>

The addition in the year was for a further 2% stake in Axon Limited

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 Limited	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
Greyfriars (UK) Limited	England	Ordinary	100%	Produce trading
AHW (Operating) Co Limited	England	Ordinary	100%	Holding company

AHW (Operating) Co Limited was incorporated during the year and now holds the investment in QV Foods Limited

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2013 as an associated undertaking based on statutory accounts to 31 December 2012 and management accounts for the period to 31 May 2013 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.

## Notes to the financial statements

### 12. Fixed asset investments (continued)

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.

The group accounts incorporate Europa Produce Limited transactions and balances to 31 May 2013 as an associated undertaking based on management accounts.

### 13. Properties held for sale

Group	Total £
Cost and net book value	<u>629,610</u>

These properties are currently being marketed for sale and so have been classified as current assets.

### 14. Stocks

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Stores	1,400,680	1,540,152	-	-
Produce and cultivation	7,916,939	4,379,084	-	-
Finished goods	259,099	340,983	-	-
	<u>9,576,718</u>	<u>6,260,219</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements

### 15. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year				
Trade debtors	21,417,096	16,012,310	9,006	19,504
Amounts due from subsidiary undertakings	-	-	2,235,637	2,520,084
Other debtors	3,274,414	3,522,425	58,011	236,864
Associated undertakings	-	312,503	-	-
Amounts due from related parties	111,373	-	1,870	3,940
Corporation tax	-	-	-	8,963
Deferred tax asset (see note 20)	6,566	-	-	-
	<u>24,809,449</u>	<u>19,847,238</u>	<u>2,304,524</u>	<u>2,789,355</u>

### 16. Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts (see note 18)	4,130,350	4,213,121	158,900	158,900
Hire purchase contracts (see note 18)	1,048,682	1,014,925	-	-
Trade creditors	21,150,092	15,466,279	34,493	22,405
Amounts owed to subsidiary undertakings	-	-	2,104,394	3,531,078
Amounts owed to associated undertakings	48,225	-	-	-
Corporation tax	1,307,423	1,123,747	14,387	-
Other tax and social security	677,198	548,220	26,946	1,827
Other creditors	8,695,007	8,095,844	349,711	404,869
Deferred government grants	22,574	37,598	-	-
	<u>37,079,551</u>	<u>30,499,734</u>	<u>2,688,831</u>	<u>4,119,079</u>

## Notes to the financial statements

### 17. Creditors: amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans (see note 18)	1,857,020	2,668,521	995,564	1,152,478
Hire purchase contracts (see note 18)	1,198,319	1,372,872	-	-
Deferred government grants	-	22,574	-	-
	<u>3,055,339</u>	<u>4,063,967</u>	<u>995,564</u>	<u>1,152,478</u>

### 18. Borrowings

An analysis of the maturity of borrowings is given below

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
<b>Amounts falling due within one year or on demand:</b>				
Bank loans and overdraft	4,130,350	4,213,121	158,900	158,900
Finance lease and hire purchase contracts	1,048,682	1,014,925	-	-
<b>Amounts falling due between one and two years:</b>				
Bank loans	805,355	808,900	158,900	158,900
Finance lease and hire purchase contracts	588,495	831,180	-	-
<b>Amounts falling due between two and five years</b>				
Bank loans	674,200	1,242,743	476,700	476,700
Finance lease and hire purchase contracts	609,824	541,693	-	-
<b>Amounts falling due in more than five years:</b>				
Bank loans	377,465	616,878	359,964	516,878
	<u>8,234,371</u>	<u>9,269,440</u>	<u>1,154,464</u>	<u>1,311,378</u>

## Notes to the financial statements

### 18. Borrowings (continued)

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 land and property title deeds which are owned by A H Worth & Co Limited and the leasehold land and buildings owned by QV Foods Limited. The Agricultural Mortgage Corporation plc holds a 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.

### 19. Financial commitments

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

Group	Land and buildings		Other operating leases	
	2013	2012	2013	2012
	£	£	£	£
Expiring				
Within one year	145,000	-	27,800	40,646
Between one and five years	25,000	138,500	190,000	172,843
In more than five years	613,000	768,192	10,000	10,000
	<u>783,000</u>	<u>906,692</u>	<u>227,800</u>	<u>223,489</u>

At the balance sheet date the Group had forward exchange contracts of €75k (2012 - €275k)

### 20. Provisions for liabilities

	Group	
	2013	2012
	£	£
Deferred tax liability	<u>51,730</u>	<u>180,134</u>
Deferred tax asset	<u>6,566</u>	<u>-</u>
		Deferred tax
		£
Balance at 1 June 2012		180,134
Reversal of timing differences		(134,970)
Net balance at 31 May 2013		<u>45,164</u>



## Notes to the financial statements

### 20. Provisions for liabilities (continued)

#### Group

	2013		2012	
	Provided £	Unprovided £	Provided £	Unprovided £
Fixed asset timing differences	58,542	-	164,488	-
Short term timing differences	(13,378)	-	15,646	-
	<u>45,164</u>	<u>-</u>	<u>180,134</u>	<u>-</u>

#### Company

	2013		2012	
	Provided £	Unprovided £	Provided £	Unprovided £
Fixed asset timing differences	23,236	-	6,083	-
Short term timing differences	(3,910)	-	680	-
	<u>19,326</u>	<u>-</u>	<u>6,763</u>	<u>-</u>

### 21. Called up share capital

Allotted, issued and fully paid

Number	Class	Nominal value	2013 £	2012 £
10,000	'A' ordinary	£1	10,000	10,000
45,779	'B' ordinary	£1	45,779	45,779
			<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.

## Notes to the financial statements

### 22. Reserves

#### Group

	Profit and Loss account £	Revaluation reserve £	Capital redemption reserve £
At 1 June 2012	20,891,821	4,645,943	34,461
Profit for the year	3,798,946	-	-
Dividends	(81,028)	-	-
At 31 May 2013	<u>24,609,739</u>	<u>4,645,943</u>	<u>34,461</u>

#### Company

	Profit and Loss account £	Revaluation reserve £	Capital redemption reserve £
At 1 June 2012	10,581,925	4,645,943	34,461
Profit for the year	3,030,013	-	-
Dividends	(81,028)	-	-
At 31 May 2013	<u>13,530,910</u>	<u>4,645,943</u>	<u>34,461</u>

### 23. 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 £721,753 (2012 - £702,659)

### 24. Capital commitments

There were no capital commitments at 31 May 2013 or 31 May 2012

## Notes to the financial statements

### 25. 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 wholly owned subsidiary undertakings for the year as these have been consolidated within these accounts

#### Group undertakings

During the year the group purchased goods from Europa Produce Limited amounting to £165,722 (2012 - £40,844) and made sales to Europa Produce Limited amounting to £303,894 (2012 - £347,959) During the year the group recharged expenses to Europa Produce Limited amounting to £90,743 (2012 - £93,761) The group owns 25% (2012 - 25%) of the share capital of Europa Produce Limited At the year end Europa Produce Limited owed the group £47,083 (2012 - £65,722)

During the year the group sold goods and services to Manor Fresh Limited, an associate of the parent company, amounting to £1,895,806 (2012 - £2,219,466) and purchased goods amounting to £1,657,535 (2012 - £1,057,344) All their sales and purchases were on a normal commercial basis At the year end the group owed Manor Fresh Limited £48,225 (2012 - Manor Fresh owed the group £246,781), and Manor Fresh Limited owed the group £229,383 (2012 - £265,744) in respect of prepaid services

D R Worth is a director of Holbeach Marsh Co-operative Limited During the year the company made sales to Holbeach Marsh Co-operative Limited of £90,431 (2012 - £250,702) At the year end the company was owed £Nil (2012 - £840) by Holbeach Marsh Co-operative Limited

During the year the company made payments of £65,578 (2012 - £20,855) to SLW Property Services Limited for administration and accounting services SLW Property Services Ltd is owned and controlled by the wife of D R Worth (a director of the company)

Dividends were paid to the directors and their spouses at the following amounts during the year M O'Driscoll is a trustee of the company Employee Benefit Trust

	2013	2012
	£	£
D R Worth	5,812	5,812
S T Worth	5,812	5,812
Employee Benefit Trust	-	-

### 26. Ultimate controlling party

The company is controlled by the directors on behalf of the shareholders

## Notes to the financial statements

### **27. Reconciliation of movements in shareholders' funds**

<b>Group</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	3,798,946	3,141,519
Dividends paid	(81,028)	(81,028)
Net addition to shareholders' funds	<u>3,717,918</u>	<u>3,060,491</u>
Opening shareholders' funds	25,628,004	22,567,513
Closing shareholders' funds	<u>29,345,922</u>	<u>25,628,004</u>
<b>Company</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	3,030,013	2,502,070
Dividends paid	(81,028)	(81,028)
Net addition to shareholders' funds	<u>2,948,985</u>	<u>2,421,042</u>
Opening shareholders' funds	15,318,108	12,897,066
Closing shareholders' funds	<u>18,267,093</u>	<u>15,318,108</u>