

**A H WORTH & CO.LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2009**

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**A H WORTH & CO LIMITED**

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FOR THE YEAR ENDED 31 MAY 2009**

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**A H WORTH & CO LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MAY 2009**

**DIRECTORS:**

A J L Worth  
D R Worth  
S T Worth  
W B Carter  
M O'Driscoll  
S J Ellwood

**SECRETARY:**

C W Rimmer

**REGISTERED OFFICE:**

Fleet Estate Office  
Manor Farm  
Holbeach Hurn  
Spalding  
Lincolnshire  
PE12 8LR

**REGISTERED NUMBER:**

00451065 (England and Wales)

**AUDITORS:**

Duncan & Toplis  
Chartered Accountants and  
Registered Auditors  
Enterprise Way  
Pinchbeck,  
Spalding  
Lincolnshire  
PE11 3YR

## **A H WORTH & CO LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2009**

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2009.

#### **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 financial performance of the Group was good and included the significant expansion of QV Foods in terms of both capacity and markets as well as the acquisition of the Teknomek Group of stainless steel fabricators in nearby Norwich.

The QV business has again seen significant growth with increased sales with both existing customers as well as new customers in new produce markets. The business maintained its high service level standards with all customers.

Relationships with QV's principal customers have continued to strengthen, and the business has made significant further investment behind those relationships to maintain the momentum built up during recent years. This year saw the acquisition of major storage and packing capacity in nearby March on the former MBM site.

QV Foods has growing crop operations and, as part of the wider Group, is committed to green energy initiatives and environmental schemes to significantly reduce the business' impact upon the environment and in this respect aligns itself with principal customer environmental initiatives. The company is a member of LEAF (Linking Environment and Farming), and encourages the techniques of Integrated Farm Management with its suppliers.

The Manor Fresh Limited business, in which the Group holds a significant minority interest, again improved its performance. It operates on the Group's Manor Farm site as 100% supplier of M&S potatoes, and continues to pursue further opportunities to develop its business in fresh produce with M&S.

Worth Farms delivered another creditable performance. The business continues to look for opportunities to build value into its rotation which has an increasing proportion of field vegetables in it and remains well invested to take any opportunity it finds. The business remains conscious of environmental issues and maintains its LEAF marque accreditation.

On 25 July 2008 the Group acquired 100% of the share capital of the Teknomek Group of Companies from its founder for a cash consideration funded by way of a leveraged debt arrangement and therefore only in part from existing Group resources. The Teknomek business is a niche hygienic stainless steel business based in Norwich with a sustained growth and earnings record. This represents a diversification from the Group's core activities and it has significant growth potential. In a market place where there has been some recessionary impact, Teknomek delivered a satisfactory profit performance in its first 10 months, and continues to do so whilst affording synergistic opportunities for existing Group management resources and key competencies.

Earlier in the year the A H Worth and QV boards respectively were further strengthened by the addition of Steve Ellwood and Tim Cooper-Jones as non executive directors. Their experience and knowledge of the produce sector, combined with their considerable specialist skills has strengthened the groups management resources as it continues to expand its operations and plan for future growth.

The Group continues to engage in a number of initiatives in order to increase and maximise its considerable property portfolio, the current valuation of which is not fully reflected on the Group balance sheet.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

## **A H WORTH & CO LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2009**

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

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

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

#### **DIVIDENDS**

The directors recommend a dividend of £81,027 (2008 £47,266).

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2008 to the date of this report.

A J L Worth, D R Worth, S T Worth, W B Carter, M O'Driscoll

Other changes in directors holding office are as follows:

S J Ellwood - appointed 7 October 2008

#### **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 £3,058 charitable donations during the year including £2,000 to St Lukes PCC.

**A H WORTH & CO LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2009**

**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 Group reviews to which all employees are invited.

**OFFICERS' INSURANCE**

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

**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;
- 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.

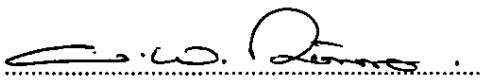
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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**

The auditors, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
C W Rimmer - Secretary

Date: 20<sup>th</sup> November 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A H WORTH & CO LIMITED**

We have audited the financial statements of A H Worth & Co Limited for the year ended 31 May 2009 on pages six to thirty one. 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 Sections 495 and 496 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page four, 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 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**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 2009 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.

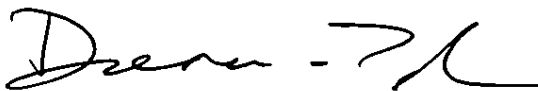
**Opinion on other matter prescribed by the Companies Act 2006**

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

**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 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.



D A J Gratton (Senior Statutory Auditor)  
for and on behalf of Duncan & Toplis  
Statutory Auditors  
Enterprise Way  
Pinchbeck,  
Spalding  
Lincolnshire  
PE11 3YR

Date: 20/11/2009

**A H WORTH & CO LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2009**

	Notes	31/5/09		31/5/08	
		£	£	£	£
<b>TURNOVER</b>	2		93,525,760		56,139,980
Continuing operations		89,423,892		56,139,980	
Acquisitions		<u>4,101,868</u>		<u>-</u>	
		<u>93,525,760</u>		<u>56,139,980</u>	
Cost of sales	3		<u>66,925,679</u>		<u>41,265,771</u>
<b>GROSS PROFIT</b>	3		26,600,081		14,874,209
Net operating expenses	3		<u>21,582,628</u>		<u>13,994,937</u>
<b>OPERATING PROFIT</b>	5		5,017,453		879,272
Continuing operations		4,334,234		879,272	
Acquisitions		<u>683,219</u>		<u>-</u>	
		<u>5,017,453</u>		<u>879,272</u>	
Amortisation of goodwill			(117,732)		-
Amortisation of investment in associate			(71,153)		(71,153)
Amortisation of negative goodwill			<u>44,915</u>		<u>44,915</u>
			4,873,483		853,034
Income from interest in associated undertakings		368,255		447,100	
Interest receivable and similar income		<u>16,764</u>		<u>39,486</u>	
			<u>385,019</u>		<u>486,586</u>
			5,258,502		1,339,620
Amounts written off investments	6		<u>52,304</u>		<u>-</u>
			5,206,198		1,339,620
Interest payable and similar charges	7		<u>469,379</u>		<u>270,673</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			4,736,819		1,068,947
Tax on profit on ordinary activities	8		<u>1,375,392</u>		<u>397,559</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<u>3,361,427</u>		<u>671,388</u>

**TOTAL RECOGNISED GAINS AND LOSSES**

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

The notes form part of these financial statements



**A H WORTH & CO LIMITED (REGISTERED NUMBER: 00451065)**

**CONSOLIDATED BALANCE SHEET  
31 MAY 2009**

	Notes	31/5/09		31/5/08	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		3,203,664		(89,831)
Tangible assets	12		15,748,237		12,558,991
Investments	13		1,798,138		1,844,932
Investment property	14		-		-
			<u>20,750,039</u>		<u>14,314,092</u>
<b>CURRENT ASSETS</b>					
Stocks	15	5,887,061		2,765,565	
Debtors	16	15,384,273		10,386,406	
Investments	17	395,352		-	
Cash at bank and in hand		<u>2,851,127</u>		<u>1,600,603</u>	
			<u>24,517,813</u>		<u>14,752,574</u>
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>21,614,154</u>		<u>13,338,847</u>	
<b>NET CURRENT ASSETS</b>			<u>2,903,659</u>		<u>1,413,727</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>23,653,698</u>		<u>15,727,819</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(7,723,854)		(3,012,040)
<b>PROVISIONS FOR LIABILITIES</b>	22		<u>(18,908)</u>		<u>(119,004)</u>
<b>NET ASSETS</b>			<u>15,910,936</u>		<u>12,596,775</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		67,523		67,523
Revaluation reserve	24		2,936,983		2,936,983
Capital redemption reserve	24		22,717		22,717
Profit and loss account			<u>12,883,713</u>		<u>9,569,552</u>
<b>SHAREHOLDERS' FUNDS</b>	28		<u>15,910,936</u>		<u>12,596,775</u>

The financial statements were approved by the Board of Directors on 20/11/09 and were signed on its behalf by:

  
.....  
A J L Worth - Director

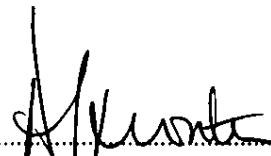
The notes form part of these financial statements

**A H WORTH & CO LIMITED (REGISTERED NUMBER: 00451065)**

**COMPANY BALANCE SHEET  
31 MAY 2009**

	Notes	31/5/09		31/5/08	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12		4,516,930		4,317,385
Investments	13		3,822,230		3,841,321
Investment property	14		<u>-</u>		<u>-</u>
			8,339,160		8,158,706
<b>CURRENT ASSETS</b>					
Debtors	16	2,904,313		1,667,855	
Investments	17	395,352		-	
Cash at bank		<u>308,449</u>		<u>101,550</u>	
		3,608,114		1,769,405	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>181,051</u>		<u>669,360</u>	
<b>NET CURRENT ASSETS</b>			<u>3,427,063</u>		<u>1,100,045</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,766,223		9,258,751
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		<u>(2,436,407)</u>		<u>(924,100)</u>
<b>NET ASSETS</b>			<u>9,329,816</u>		<u>8,334,651</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		67,523		67,523
Revaluation reserve	24		2,936,983		2,936,983
Capital redemption reserve	24		22,717		22,717
Profit and loss account			<u>6,302,593</u>		<u>5,307,428</u>
<b>SHAREHOLDERS' FUNDS</b>	28		<u>9,329,816</u>		<u>8,334,651</u>

The financial statements were approved by the Board of Directors on 25/11/09 and were signed on its behalf by:

  
.....  
A J L Worth - Director

The notes form part of these financial statements

**A H WORTH & CO LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2009**

	Notes	31/5/09		31/5/08	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	1		5,930,846		2,193,920
<b>Returns on investments and servicing of finance</b>	2		(186,972)		180,846
<b>Taxation</b>			(418,030)		(447,123)
<b>Capital expenditure and financial investment</b>	2		(2,852,946)		(1,600,064)
<b>Acquisitions and disposals</b>	2		(3,429,321)		-
<b>Equity dividends paid</b>			<u>(47,266)</u>		<u>(47,266)</u>
			(1,003,689)		280,313
<b>Management of liquid resources</b>	2		(390,301)		213,443
<b>Financing</b>	2		<u>2,947,791</u>		<u>(337,669)</u>
<b>Increase in cash in the period</b>			<u>1,553,801</u>		<u>156,087</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase in cash in the period		1,553,801		156,087	
Cash outflow/(inflow) from increase/(decrease) in liquid resources		395,352		(87,357)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(2,947,791)</u>		<u>337,669</u>	
Change in net debt resulting from cash flows			(998,638)		406,399
New finance leases			<u>(2,127,587)</u>		<u>(495,143)</u>
<b>Movement in net debt in the period</b>			(3,126,225)		(88,744)
<b>Net debt at 1 June</b>			<u>(2,562,833)</u>		<u>(2,474,089)</u>
<b>Net debt at 31 May</b>			<u>(5,689,058)</u>		<u>(2,562,833)</u>

The notes form part of these financial statements

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2009**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31/5/09	31/5/08
	£	£
Operating profit	5,017,453	879,272
Depreciation charges	2,105,074	1,758,024
Profit on disposal of fixed assets	(28,604)	(2,845)
Goodwill amortisation	70,978	-
Government grants	(37,598)	(37,598)
Increase in stocks	(3,121,496)	(97,492)
Increase in debtors	(5,073,732)	(3,748,125)
Increase in creditors	<u>6,998,771</u>	<u>3,442,684</u>
<b>Net cash inflow from operating activities</b>	<u><b>5,930,846</b></u>	<u><b>2,193,920</b></u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31/5/09	31/5/08
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	16,764	39,486
Interest paid	(384,569)	(162,856)
Interest element of hire purchase payments	(67,917)	(107,817)
Dividends received from associates	<u>248,750</u>	<u>412,033</u>
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<u><b>(186,972)</b></u>	<u><b>180,846</b></u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(2,985,850)	(1,764,570)
Purchase of fixed asset investments	(51)	(81,979)
Sale of tangible fixed assets	<u>132,955</u>	<u>246,485</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u><b>(2,852,946)</b></u>	<u><b>(1,600,064)</b></u>
<b>Acquisitions and disposals</b>		
Acquisition of subsidiary	<u>(3,429,321)</u>	-
<b>Net cash outflow for acquisitions and disposals</b>	<u><b>(3,429,321)</b></u>	-
<b>Management of liquid resources</b>		
EBT purchase of current asset investment	(395,352)	227,636
Cash movement in EBT	<u>5,051</u>	<u>(14,193)</u>
<b>Net cash (outflow)/inflow from management of liquid resources</b>	<u><b>(390,301)</b></u>	<u><b>213,443</b></u>

The notes form part of these financial statements

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2009**

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT -  
continued**

	31/5/09 £	31/5/08 £
<b>Financing</b>		
New loans in year	4,300,000	678,000
Loan repayments in year	(715,772)	(150,000)
Capital repayments in year	<u>(636,437)</u>	<u>(865,669)</u>
<b>Net cash inflow/(outflow) from financing</b>	<u>2,947,791</u>	<u>(337,669)</u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.6.08 £	Cash flow £	Acquired with subsidiary £	Other non-cash changes £	At 31.5.09 £
<b>Net cash:</b>					
Cash at bank and in hand	1,600,603	1,060,192	190,332		2,851,127
Bank overdrafts	<u>(601,334)</u>	<u>493,609</u>	<u>-</u>		<u>(107,725)</u>
	<u>999,269</u>	<u>1,553,801</u>	<u>190,332</u>		<u>2,743,402</u>
<b>Liquid resources:</b>					
Current asset investments	<u>-</u>	<u>395,352</u>	<u>-</u>	<u>-</u>	<u>395,352</u>
	<u>-</u>	<u>395,352</u>	<u>-</u>	<u>-</u>	<u>395,352</u>
<b>Debt:</b>					
Hire purchase	(954,102)	636,437	-	(2,127,587)	(2,445,252)
Debts falling due within one year	(233,900)	(148,128)	-	(481,872)	(863,900)
Debts falling due after one year	<u>(2,374,100)</u>	<u>(3,436,100)</u>	<u>-</u>	<u>481,872</u>	<u>(5,328,328)</u>
	<u>(3,562,102)</u>	<u>(2,947,791)</u>	<u>-</u>	<u>(2,127,587)</u>	<u>(8,637,480)</u>
<b>Total</b>	<u>(2,562,833)</u>	<u>(998,638)</u>	<u>190,332</u>	<u>(2,127,587)</u>	<u>(5,498,726)</u>

The notes form part of these financial statements

## A H WORTH & CO LIMITED

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2009

#### 4. ACQUISITION OF BUSINESS

On 26 July 2008 Friars 577 Limited acquired 100 ordinary shares of £1 each in Teknomek Holdings Limited being 100% of called up share capital for a net consideration of £3,162,063. Acquisition costs of £267,258 were incurred.

#### Book value and Fair value to group

	£
Fair value of fixed assets	2,578,327
Stocks	537,622
Debtors	1,010,219
Cash	<u>190,332</u>
Total assets	<u>4,316,500</u>
Creditors due within one year	(1,480,888)
Provisions for liabilities	<u>(113,400)</u>
	<u>(1,594,368)</u>
Net assets	2,722,132
Goodwill arising on acquisition	<u>3,304,689</u>
	<u>6,026,821</u>
Discharge by:	
Cash	3,162,063
Acquisition costs incurred	267,258
Proceeds due on sale of assets to M Crowe	2,129,000
Pre acquisition liabilities paid post acquisition	468,500
	<u>6,026,821</u>

## A H WORTH & CO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

#### 1. ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of freehold properties. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and sales proceeds. No separate profit and loss account is presented for the company as provided by Section 408 of the Companies Act 2006.

##### Basis of consolidation

The consolidated financial statements incorporate those of A H Worth & Co Limited and its wholly owned trading subsidiaries. Intra-group profits are eliminated on consolidation. All financial statements are made up to 31 May 2009.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2009 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group and would be misleading.

##### Turnover

Turnover represents the amounts, net of Value Added Tax, derived from the provision of goods and services to third party customers, less amounts payable to customers for retrospective rebates. Turnover is recognised on despatch.

##### Goodwill

Goodwill arising on the acquisition of subsidiary and associated undertakings is capitalised and amortised through the profit and loss account over its estimated useful economic life assumed to be 20 years.

The surplus of fair value over cost on Pseedco Limited becoming an associated company on August 2004 and then transferred as a subsidiary undertaking on 14 November 2007 has been credited to negative goodwill. The negative goodwill will be written off over its expected useful life of three years starting in the year it became a subsidiary.

##### Tangible fixed assets

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

Freehold buildings	3, 5, 10, 20, 25 and 40 years
Plant and machinery	3, 5, 8 and 10 years
Motor vehicles	3, 4 and 5 years
Farm improvements, drainage etc.	10 years

##### Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

## A H WORTH & CO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2009

#### 1. ACCOUNTING POLICIES - continued

##### **Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value, with the exception of potato stocks which are valued in accordance with BEN 19 at 75% of its market value at the year end. 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.

##### **Leased assets and obligations**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

##### **Retirement benefits**

The Group operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Employee Benefit Trust**

Assets held in the Employee Benefit Trust are recognised as assets of the Group until they vest unconditionally in identified beneficiaries.

##### **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.



**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**1. ACCOUNTING POLICIES - continued**

**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.

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

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

	31/5/09 £	31/5/08 £
Farming activities	3,460,506	3,177,832
Potato marketing	85,963,386	52,962,148
Steel product wholesale	4,101,868	-
	<u>93,525,760</u>	<u>56,139,980</u>

**3. ANALYSIS OF OPERATIONS**

	Continuing £	31/5/09 Acquisitions £	Total £
Cost of sales	<u>64,429,541</u>	<u>2,496,138</u>	<u>66,925,679</u>
Gross profit	<u>24,994,351</u>	<u>1,605,730</u>	<u>26,600,081</u>
Net operating expenses:			
Distribution costs	4,402,920	-	4,402,920
Administrative expenses	16,739,820	922,511	17,662,331
Other operating income	<u>(482,623)</u>	<u>-</u>	<u>(482,623)</u>
	<u>20,660,117</u>	<u>922,511</u>	<u>21,582,628</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**3. ANALYSIS OF OPERATIONS - continued**

	Continuing £	31/5/08 Acquisitions £	Total £
Cost of sales	<u>41,265,771</u>	<u>-</u>	<u>41,265,771</u>
Gross profit	<u>14,874,209</u>	<u>-</u>	<u>14,874,209</u>
Net operating expenses:			
Distribution costs	3,574,116	-	3,574,116
Administrative expenses	11,715,093	-	11,715,093
Other operating income	<u>(1,294,272)</u>	<u>-</u>	<u>(1,294,272)</u>
	<u>13,994,937</u>	<u>-</u>	<u>13,994,937</u>

**4. STAFF COSTS**

	31/5/09 £	31/5/08 £
Wages and salaries	13,931,667	7,600,988
Social security costs	1,356,485	759,597
Other pension costs	<u>542,592</u>	<u>302,363</u>
	<u>15,830,744</u>	<u>8,662,948</u>

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

	31/5/09	31/5/08
Administration	87	72
Production and sales staff	<u>364</u>	<u>256</u>
	<u>451</u>	<u>328</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31/5/09	31/5/08
	£	£
Hire of plant and machinery	461,458	398,733
Other operating leases	449,044	463,680
Depreciation - owned assets	1,421,897	1,070,314
Depreciation - assets on hire purchase contracts	683,177	687,710
Profit on disposal of fixed assets	(28,604)	(2,845)
Goodwill amortisation	115,893	-
Negative goodwill amortisation	(44,915)	(44,915)
Auditors' remuneration	8,529	7,500
Auditors' remuneration for other services	34,765	29,615
Grant amortisation	<u>(37,958)</u>	<u>(37,958)</u>
Directors' remuneration	505,337	464,890
Directors' long term incentive schemes	324,678	-
Directors' pension contributions to money purchase schemes	<u>153,192</u>	<u>133,038</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31/5/09	31/5/08
	£	£
Emoluments etc	121,500	99,216
Pension contributions to money purchase schemes	<u>-</u>	<u>19,408</u>

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

	31/5/09	31/5/08
	£	£
Investments written off	<u>52,304</u>	<u>-</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	31/5/09	31/5/08
	£	£
Bank loans and overdrafts	371,159	162,856
Other interest	30,303	-
Finance leases and hire purchase contracts	<u>67,917</u>	<u>107,817</u>
	<u>469,379</u>	<u>270,673</u>

## A H WORTH & CO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2009

#### 8. TAXATION

##### Analysis of the tax charge

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

	31/5/09	31/5/08
	£	£
Current tax:		
UK corporation tax	1,489,629	210,295
Adjustment in respect of previous periods	(12,888)	17,148
Associated undertaking	<u>112,227</u>	<u>127,760</u>
Total current tax	1,588,968	355,203
Deferred tax	<u>(213,576)</u>	<u>42,356</u>
Tax on profit on ordinary activities	<u>1,375,392</u>	<u>397,559</u>

##### 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:

	31/5/09	31/5/08
	£	£
Profit on ordinary activities before tax	<u>4,736,819</u>	<u>1,068,947</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	1,326,309	320,684
Effects of:		
Adjustment to tax rate	-	(2,704)
Expenses not deductible for tax purposes	191,200	(62,703)
Depreciation in excess of capital allowances	56,156	78,907
Non taxable income	-	(4,000)
Amortisation of investments	51,720	21,346
Negative goodwill amortisation	(12,576)	(13,475)
Adjustment to tax charge in respect of previous period	(12,881)	17,148
Depreciation in stock	(21,143)	-
Losses in group	9,327	-
Effect of different tax rates	<u>856</u>	<u>-</u>
Current tax charge	<u>1,588,968</u>	<u>355,203</u>

#### 9. 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 £1,042,431 (2008 - £503,674).

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**10. DIVIDENDS**

	31/5/09 £	31/5/08 £
'A' ordinary shares of £1 each Final	7,000	7,000
'B' ordinary shares of £1 each Final	<u>40,266</u>	<u>40,266</u>
	<u>47,266</u>	<u>47,266</u>

The directors are proposing a final dividend for the year ended 31 May 2009 of £81,027 (2008 - £47,266) which has not been recognised in the financial statements, in accordance with FRS21.

**11. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Negative goodwill £	Totals £
<b>COST</b>			
At 1 June 2008	-	(177,628)	(177,628)
Additions	3,304,689	-	3,304,689
Acquired with subsidiary	<u>96,546</u>	<u>-</u>	<u>96,546</u>
At 31 May 2009	<u>3,401,235</u>	<u>(177,628)</u>	<u>3,223,607</u>
<b>AMORTISATION</b>			
At 1 June 2008	-	(87,797)	(87,797)
Amortisation for year	115,893	(44,915)	70,978
Acquired with subsidiary	<u>36,762</u>	<u>-</u>	<u>36,762</u>
At 31 May 2009	<u>152,655</u>	<u>(132,712)</u>	<u>19,943</u>
<b>NET BOOK VALUE</b>			
At 31 May 2009	<u>3,248,580</u>	<u>(44,916)</u>	<u>3,203,664</u>
At 31 May 2008	<u>-</u>	<u>(89,831)</u>	<u>(89,831)</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**12. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold land £</b>	<b>Freehold buildings £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 June 2008	4,008,141	10,346,609	12,798,828	562,647	27,716,225
Additions	14,910	892,363	3,708,632	384,533	5,000,438
Disposals	-	(1,983,828)	(1,120,315)	(120,099)	(3,224,242)
Acquired with subsidiary	-	1,996,514	744,514	107,249	2,848,277
<b>At 31 May 2009</b>	<b>4,023,051</b>	<b>11,251,658</b>	<b>16,131,659</b>	<b>934,330</b>	<b>32,340,698</b>
<b>DEPRECIATION</b>					
At 1 June 2008	-	5,930,446	9,018,032	208,756	15,157,234
Charge for year	-	498,208	1,434,468	172,398	2,105,074
Eliminated on disposal	-	(83,798)	(1,078,618)	(78,475)	(1,240,891)
Acquired with subsidiary	-	70,714	439,117	61,213	571,044
<b>At 31 May 2009</b>	<b>-</b>	<b>6,415,570</b>	<b>9,812,999</b>	<b>363,892</b>	<b>16,592,461</b>
<b>NET BOOK VALUE</b>					
<b>At 31 May 2009</b>	<b>4,023,051</b>	<b>4,836,088</b>	<b>6,318,660</b>	<b>570,438</b>	<b>15,748,237</b>
<b>At 31 May 2008</b>	<b>4,008,141</b>	<b>4,416,163</b>	<b>3,780,796</b>	<b>353,892</b>	<b>12,558,991</b>

The net book value of tangible fixed assets includes £2,306,656 (2008 - £1,487,563) in respect of assets held under hire purchase contracts.

<b>Company</b>	<b>Freehold land £</b>	<b>Freehold buildings £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 June 2008	4,008,141	655,746	44,601	40,562	4,749,050
Additions	127,910	5,357	-	-	133,267
Transfer from subsidiary	-	229,504	-	-	229,504
<b>At 31 May 2009</b>	<b>4,138,358</b>	<b>888,300</b>	<b>44,601</b>	<b>40,562</b>	<b>5,111,821</b>
<b>DEPRECIATION</b>					
At 1 June 2008	-	383,491	31,782	16,395	431,668
Charge for year	-	28,834	3,171	5,800	37,805
Transfer from subsidiary	-	125,418	-	-	125,418
<b>At 31 May 2009</b>	<b>-</b>	<b>537,743</b>	<b>34,953</b>	<b>22,195</b>	<b>594,891</b>
<b>NET BOOK VALUE</b>					
<b>At 31 May 2009</b>	<b>4,138,358</b>	<b>350,557</b>	<b>9,648</b>	<b>18,367</b>	<b>4,516,930</b>
<b>At 31 May 2008</b>	<b>4,008,141</b>	<b>272,255</b>	<b>12,819</b>	<b>24,167</b>	<b>4,317,382</b>

A H WORTH & CO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009

12. TANGIBLE FIXED ASSETS - continued

Company

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Freehold land at valuation				
Revaluation by the board of directors in November 1996 at open market value with vacant possession	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>	<u>3,087,158</u>
Historical cost information				
Historical cost of revalued land	150,175	150,175	150,175	150,175
Depreciation based on historical cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net historical cost	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>	<u>150,175</u>

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

13. FIXED ASSET INVESTMENTS

	Group		Company	
	31/5/09	31/5/08	31/5/09	31/5/08
	£	£	£	£
Shares in associated undertakings	1,597,993	1,630,668	-	-
Other investments and loans	195,013	214,105	3,822,230	3,841,321
Listed investments	4,973	-	-	-
Shares in dormant undertakings	<u>159</u>	<u>159</u>	<u>-</u>	<u>-</u>
	<u>1,798,138</u>	<u>1,844,932</u>	<u>3,822,230</u>	<u>3,841,321</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**13. FIXED ASSET INVESTMENTS - continued**

Additional information is as follows:

Group	Fresh Approach Produce Ltd £	Bakkavor QV Ltd £	Europa Produce Ltd £	Listed investments £	Totals £
<b>COST</b>					
At 1 June 2008	-	1,747,273	25,701	-	1,772,974
Additions	50	-	-	-	50
Acquired with subsidiary	-	-	-	4,973	4,973
Share of profit after tax	-	261,120	26,058	-	287,178
Dividend received	-	(225,000)	(23,750)	-	(248,750)
At 31 May 2009	<u>50</u>	<u>1,783,393</u>	<u>28,009</u>	<u>4,973</u>	<u>1,816,425</u>
<b>PROVISIONS</b>					
At 1 June 2008	-	142,306	-	-	142,306
Provision for year	-	71,153	-	-	71,153
At 31 May 2009	-	<u>213,459</u>	-	-	<u>213,459</u>
<b>NET BOOK VALUE</b>					
At 31 May 2009	<u>50</u>	<u>1,569,934</u>	<u>28,009</u>	<u>4,973</u>	<u>1,602,966</u>
At 31 May 2008	-	<u>1,604,967</u>	<u>25,701</u>	-	<u>1,630,668</u>

Group	Other investments and loans £	Shares in dormant undertakings £	Totals £
At 1 June 2008	214,105	159	214,264
Additions	35,051	-	35,051
Amortisation/Impairments	(54,143)	-	(54,143)
At 31 May 2009	<u>195,013</u>	<u>159</u>	<u>195,172</u>

Company	Shares in associated undertakings £	Shares in subsidiary undertakings £	Other investments and loans £	Totals £
At 1 June 2008	800,000	2,827,725	213,596	3,841,321
Additions	-	1	35,051	35,052
Amortisation/Impairments	-	-	(54,143)	(54,143)
At 31 May 2009	<u>800,000</u>	<u>2,827,726</u>	<u>194,504</u>	<u>3,822,230</u>



**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**13. 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 potato sales
TLC Potatoes	Scotland	Ordinary	25%	Seed potato growing
Europa Produce Limited	England	Ordinary	25%	Potato trading
Fresh Approach Produce Limited	England	Ordinary	50%	Produce trading
Bakkavor QV Limited	England	B ordinary	45%	Potato prepacking
Worth Farms Limited	England	Ordinary	100%	Farming
Friars 577 Limited	England	Ordinary	100%	Holding company
Teknomek Holdings Limited	England	Ordinary	100%	Dormant
Teknomek Industries Limited	England	Ordinary	100%	Equipment manufacture
Hygienox Limited	England	Ordinary	100%	Dormant
Kubik Limited	England	Ordinary	100%	Dormant
A H Worth (Fleet)	England	Ordinary	100%	Dormant
A H Worth (Farms)	England	Ordinary	100%	Dormant

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

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2009 as an associated undertaking based on statutory accounts to 31 December 2008 and management accounts for the period to 31 May 2009 together with the £1,423,058 goodwill arising on the acquisition of 50% of Manor Fresh Limited.

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 2009 as an associated undertaking based on management accounts.

QV Foods Limited owns 50% 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 an associated undertaking based on management accounts.

## A H WORTH & CO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2009

#### 13. FIXED ASSET INVESTMENTS - continued

During the year the group incorporated a new company, Friars 577 Limited, owning 100% of the issued share capital. Subsequently on 28 July 2008 Friars 577 Limited purchased the entire share capital of Teknomek Holdings Limited which has the following 100% owned subsidiaries: Teknomek Industries Limited, Hygienox Limited and Kubik Limited. As of 26 January 2009 Teknomek Holdings Limited, Hygienox Limited and Kubik Limited became dormant companies with the trade and assets being hived into Teknomek Industries Limited.

A H Worth & Co Limited's 50% share of Fresh Approach Produce Limited, 45% share of Bakkavor QV Limited and 25% share of Europa Produce Limited 31 May 2009 balances are as follows:-

	Fresh Approach Produce Ltd £'000	Bakkavor QV Ltd £'000	Europa Produce Ltd £'000
Turnover	8,170	-	473
Profit before tax	(31)	185	32
Taxation	-	40	6
Profit after tax	(31)	145	26
Fixed assets	-	-	1
Current assets	1,266	812	126
Liabilities due within one year	(1,297)	11	99
Net assets	(31)	801	28

#### 14. INVESTMENT PROPERTY

##### Group

	Total £
<b>COST</b>	
Disposals	(250,000)
Acquired with subsidiary	<u>250,000</u>
At 31 May 2009	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 May 2009	<u><u>-</u></u>

The investment property was acquired with the acquisition of Teknomek Holdings Limited, being subsequently disposed of to the previous owners as part of the consideration for the acquisition.

#### 15. STOCKS

	Group	
	31/5/09 £	31/5/08 £
Stores	1,384,068	1,798,518
Produce and cultivation	4,147,775	967,047
Finished goods	<u>355,218</u>	<u>-</u>
	<u><u>5,887,061</u></u>	<u><u>2,765,565</u></u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**16. DEBTORS**

	Group		Company	
	31/5/09 £	31/5/08 £	31/5/09 £	31/5/08 £
Amounts falling due within one year:				
Trade debtors	13,923,413	7,876,756	3,772	2,278
Subsidiary undertakings	-	-	125,294	71,121
Associated undertakings	-	106,863	-	-
Other debtors	1,455,169	2,321,231	286,689	30,033
Corporation Tax	5,691	81,556	5,691	81,556
	<u>15,384,273</u>	<u>10,386,406</u>	<u>421,446</u>	<u>184,988</u>
Amounts falling due after more than one year:				
Subsidiary undertakings	-	-	2,482,867	1,482,867
Aggregate amounts	<u>15,384,273</u>	<u>10,386,406</u>	<u>2,904,313</u>	<u>1,667,855</u>

**17. CURRENT ASSET INVESTMENTS**

	Group		Company	
	31/5/09 £	31/5/08 £	31/5/09 £	31/5/08 £
Own shares	<u>395,352</u>	-	<u>395,352</u>	-

The current asset investments are 11,744 shares in A H Worth & Co Limited purchased in the year by the Employee Benefit Trust from third parties.

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31/5/09 £	31/5/08 £	31/5/09 £	31/5/08 £
Bank loans and overdrafts (see note 20)	971,625	835,234	33,900	593,071
Hire purchase contracts (see note 21)	783,900	489,128	-	-
Trade creditors	14,368,973	10,437,539	58,310	28,648
Subsidiary undertakings	-	-	45,731	25,530
Associated undertakings	515,440	8,500	-	-
Corporation Tax	1,584,271	204,666	-	-
Social security and other taxes	457,209	360,507	-	-
Other creditors	2,895,138	965,675	43,110	22,111
Deferred government grants	37,598	37,598	-	-
	<u>21,614,154</u>	<u>13,338,847</u>	<u>181,051</u>	<u>669,360</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	31/5/09 £	31/5/08 £	31/5/09 £	31/5/08 £
Bank loans (see note 20)	5,328,328	2,374,100	1,620,828	644,100
Hire purchase contracts (see note 21)	1,661,352	464,974	-	-
Subsidiary undertakings	-	-	815,579	280,000
Other creditors	598,806	-	-	-
Deferred government grants	135,368	172,966	-	-
	<u>7,723,854</u>	<u>3,012,040</u>	<u>2,436,407</u>	<u>924,100</u>

**20. LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	31/5/09 £	31/5/08 £	31/5/09 £	31/5/08 £
Amounts falling due within one year or on demand:				
Bank overdrafts	107,725	601,334	-	559,171
Bank loans	<u>863,900</u>	<u>233,900</u>	<u>33,900</u>	<u>33,900</u>
	<u>971,625</u>	<u>835,234</u>	<u>33,900</u>	<u>593,071</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>988,900</u>	<u>233,900</u>	<u>158,900</u>	<u>33,900</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>2,580,600</u>	<u>1,665,600</u>	<u>510,600</u>	<u>135,600</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instalments	<u>1,758,828</u>	<u>474,600</u>	<u>951,328</u>	<u>474,600</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.

Bank loans are all repayable by quarterly capital repayments at varying interest rates linked to the base rate in effect at a particular point in time.

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**21. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

**Group**

	Hire purchase contracts	
	31/5/09	31/5/08
	£	£
Net obligations repayable:		
Within one year	783,900	489,128
Between one and five years	<u>1,661,352</u>	<u>464,974</u>
	<u>2,445,252</u>	<u>954,102</u>

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

**Group**

	Land and buildings		Other operating leases	
	31/5/09	31/5/08	31/5/09	31/5/08
	£	£	£	£
Expiring:				
Within one year	-	-	23,463	33,372
Between one and five years	72,500	-	84,423	54,580
In more than five years	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>382,500</u>	<u>-</u>	<u>107,886</u>	<u>87,952</u>

**22. PROVISIONS FOR LIABILITIES**

	Group	
	31/5/09	31/5/08
	£	£
Deferred tax	<u>18,908</u>	<u>119,004</u>

**Group**

	Deferred tax £
Balance at 1 June 2008	119,004
Movement in capital allowances	(46,576)
Timing difference on accruals	(167,000)
Acquired with subsidiary	<u>113,480</u>
Balance at 31 May 2009	<u>18,908</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**23. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31/5/09	31/5/08
Number:	Class:		£	£
10,000	'A' ordinary	£1	10,000	10,000
57,523	'B' ordinary	£1	<u>57,523</u>	<u>57,523</u>
			<u>67,523</u>	<u>67,523</u>

**Rights of shares in issue**

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

**24. RESERVES**

**Group**

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 June 2008	9,569,552	2,936,983	22,717	12,529,252
Profit for the year	3,361,427			3,361,427
Dividends	<u>(47,266)</u>			<u>(47,266)</u>
At 31 May 2009	<u>12,883,713</u>	<u>2,936,983</u>	<u>22,717</u>	<u>15,843,413</u>

**Company**

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 June 2008	5,307,428	2,936,983	22,717	8,267,128
Profit for the year	1,042,431			1,042,431
Dividends	<u>(47,266)</u>			<u>(47,266)</u>
At 31 May 2009	<u>6,302,593</u>	<u>2,936,983</u>	<u>22,717</u>	<u>9,262,293</u>

**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**25. PENSION COMMITMENTS**

**Defined Contribution Scheme**

The company operates a Small Self Administered Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the contribution paid by the group to the fund and amounted to £Nil (2008 - £Nil).

**Group Personal Pension Plan**

The group has a grouped personal pension plan as the vehicle for delivering future service pension benefits. Although this is outside the occupational pension regime it is akin in terms of benefit delivery to a defined contribution scheme.

The pension cost charge represents the contributions made to the individual personal pension plans and amounts to £542,592 (2008 - £302,363).

**26. CAPITAL COMMITMENTS**

	31/5/09	31/5/08
	£	£
Contracted but not provided for in the financial statements	<u>18,000</u>	<u>595,000</u>

**27. 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, Teknomek Industries Limited, Teknomek Holdings Limited, Hygienox Limited and Kubik Limited, for the year as these have been consolidated within these accounts.

During the year fees of £39,857 were paid to Smith & Williamson Limited for the non-executive director services provided by S J Ellwood.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009

27. RELATED PARTY DISCLOSURES - continued

**Group undertakings**

D R Worth is a director of Holbeach Marsh Co-operative Limited. During the year the group provided management services to Holbeach Marsh Co-operative Limited and received fees amounting to £Nil (2008 - £3,000) and recharged expenses amounting to £14,197 (2008 - £11,201). During the year the group made sales to Holbeach Marsh Co-operative Limited of £250,655 (2008 - £72,254). At the year end the group was owed £847 (2008 - £6,041) by Holbeach Marsh Co-operative Limited.

During the year the group purchased goods from Europa Produce Limited amounting to £326,638 (2008 - £370,571) and made sales to Europa Produce Limited amounting to £302,909 (2008 - £353,551). During the year the group recharged expenses to Europa Produce Limited amounting to £63,949 (2008 - £69,703). The group owns 25% (2008 - 25%) of the share capital of Europa Produce Limited. At the year end Europa Produce Limited owed the group £5,057 (2008 - £106,818). During the year £35,000 was paid back to the group by Europa Produce Limited in respect of a short term start up loan issued during 2007.

During the year the QV Foods Limited acted as agent for Fresh Approach Produce Limited and sold goods on their behalf amounting to £11,652,000 (2008 - £1,417,113) and purchased goods on their behalf amounting to £12,309,000 (2008 - £1,494,498). During the year the group recharged expenses to Fresh Approach Produce Limited amounting to £62,000 (2008 - Nil). The group owns 50% (2008 - 50%) of the share capital of Fresh Approach Produce Limited. At the year end the group owed Fresh Approach Produce Limited £568,980 (2008 - £51,938).

During the year the group sold goods and services to Manor Fresh Limited, joint venture of Bakkavor QV Limited, amounting to £2,841,181 (2008 - £2,354,281) and purchased goods amounting to £744,521 (2008 - £209,189). All of these sales and purchases were on a normal commercial basis. At the year end the group was owed £55,085 (2008 - £293,523) and owed £Nil (2008 - £6,832) to Manor Fresh Limited.

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:

	2009	2008
	£	£
A J L Worth	5,704	5,704
D R Worth	2,801	2,801
S T Worth	2,801	2,801
Employee Benefit Trust	6,996	-

28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

**Group**

	31/5/09	31/5/08
	£	£
Profit for the financial year	3,361,427	671,388
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
<b>Net addition to shareholders' funds</b>	<b>3,314,161</b>	<b>624,122</b>
Opening shareholders' funds	<u>12,596,775</u>	<u>11,972,653</u>
<b>Closing shareholders' funds</b>	<b><u>15,910,936</u></b>	<b><u>12,596,775</u></b>



**A H WORTH & CO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2009**

**28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

<b>Company</b>	<b>31/5/09</b>	<b>31/5/08</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	1,042,431	503,674
Dividends	<u>(47,266)</u>	<u>(47,266)</u>
	995,165	456,408
EBT transferred	<u>-</u>	<u>87,357</u>
<b>Net addition to shareholders' funds</b>	<b>995,165</b>	<b>543,765</b>
Opening shareholders' funds	<u>8,334,651</u>	<u>7,790,886</u>
<b>Closing shareholders' funds</b>	<b><u>9,329,816</u></b>	<b><u>8,334,651</u></b>

**29. ACQUISITION OF SUBSIDIARIES**

On 26 July 2008 Friars 577 Limited acquired 100 ordinary shares of £1 each in Teknomek Holdings Limited being 100% of called up share capital for a net consideration of £3,162,063. Acquisition costs of £267,258 were incurred.

**Book value and fair value to group**

	<b>£</b>
Fair value of fixed assets	2,578,327
Stocks	537,622
Debtors	1,010,219
Cash	<u>190,332</u>
<b>Total assets</b>	<b><u>4,316,500</u></b>
Creditors due within one year	(1,480,888)
Provisions for liabilities	<u>(113,400)</u>
	<b><u>(1,594,368)</u></b>
<b>Net assets</b>	<b>2,722,132</b>
Goodwill arising on acquisition	<u>3,304,689</u>
	<b><u>6,026,821</u></b>
<b>Discharge by:</b>	
Cash	3,162,063
Acquisition costs incurred	267,258
Proceeds due on sale of assets to M Crowe	2,129,000
Pre acquisition liabilities paid post acquisition	<u>468,500</u>
	<b><u>6,026,821</u></b>