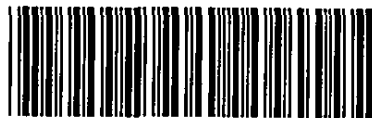


REGISTERED NUMBER: 00451065 (England and Wales)

A H WORTH & CO LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2010

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**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2010**

	Page
Company Information	1
Report of the Directors	2 to 4
Report of the Independent Auditors	5
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Cash Flow Statement	10 to 11
Notes to the Consolidated Financial Statements	12 to 28

A H WORTH & CO LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2010**

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

SECRETARY: A Blatherwick

REGISTERED OFFICE: Fleet Estate Office
Manor Farm
Holbeach Hum
Spalding
Lincolnshire
PE12 8LR

REGISTERED NUMBER. 00451065 (England and Wales)

AUDITORS: Duncan & Toplis
Chartered Accountants and
Statutory Auditors
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PE11 3YR

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2010**

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2010

PRINCIPAL ACTIVITY

The group's principal activities consist of a parent company with subsidiaries engaged in farming activities and the procurement, packing, marketing and distribution of fresh produce and stainless steel fabrication

REVIEW OF BUSINESS

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

For QV Foods it saw further growth within their supply to retail and foodservice. They continue to broaden their fresh produce offer to their customers, as well as developing exciting new initiatives to invigorate their fresh potato categories. They have risen to the challenge of a difficult supply year for fresh produce consistently delivering to their customer's requirements and actively working with them to develop successful growth strategies. Opportunities to enhance the group's production capacity, develop product lines and add experience to the management team are considered in detail by the QV board and implemented where appropriate.

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.

The Teknomek Group also delivered a creditable performance considering the poor economic climate. During the year they experienced high raw material unit costs, lower than planned demand and increased competition. They have responded by increasing efficiencies and investing in new market opportunities. Building on their efficiency programme, they have embarked on a series of business development initiatives and are well placed to take advantage of improvements in their traditional UK markets as they recover and new sectors and markets as they come on stream.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

The key risks affecting the group are set out below.

Customers

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

Employees

The group respects and cares for its staff and invests in their employment potential in return for loyalty, openness, commitment and performance. The group operates a variety of progression based structures, invests in personal and professional development, provides significant work related benefits and employs an open and honest process of continuous dialogue to ensure employees' interests are aligned with the group. The group believes in remunerating its staff fairly for doing a good job which includes taking on responsibility, working as a team and supporting the group's continuous improvement.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2010**

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

Given the straightforward commercial nature of the business, the directors' opinion is that supplementary KPI analysis over and above that in the financial statements is not necessary to an understanding of the development, performance and financial strength of the group.

DIVIDENDS

The directors recommend a dividend of £81,028 (2009 £81,028)

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2009 to the date of this report.

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

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 £18,970 charitable donations during the year to the following purposes, £1,870 to St Lukes PCC, £14,200 in support of customer and supplier charity events, £1,000 to LEAF, £522 to the British Legion and the remainder small donations to local organisations.

A H WORTH & CO LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2010**

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.

PURCHASE OF OWN SHARES

11,744 'B' ordinary shares of £1, 17.4% of issued share capital were repurchased during the year for a consideration of £395,352. The shares were acquired by the company from the company employee benefit trust following the passing of a special resolution at the company AGM. These shares were then cancelled.

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.

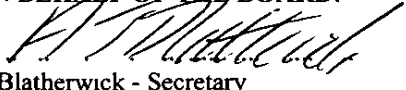
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.


A Blatherwick - Secretary

Date 4/11/10

**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 2010 on pages seven to twenty nine. 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 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 give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2010 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 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 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



David Gratton (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis
Chartered Accountants and
Statutory Auditors
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PE11 3YR

Date

4/11/10

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010		2009	
		£	£	£	£
TURNOVER	2		121,006,740		93,573,921
Continuing operations		121,006,740		89,472,053	
Acquisitions		-		4,101,868	
		<u>121,006,740</u>		<u>93,573,921</u>	
Cost of sales	3		<u>88,004,738</u>		<u>66,973,840</u>
GROSS PROFIT	3		33,002,002		26,600,081
Net operating expenses	3		<u>28,151,198</u>		<u>21,582,628</u>
OPERATING PROFIT	5		4,850,804		5,017,453
Continuing operations		4,850,804		4,334,234	
Acquisitions		-		683,219	
		<u>4,850,804</u>		<u>5,017,453</u>	
Amortisation of goodwill			(165,512)		(117,732)
Amortisation of investment in associate			(71,153)		(71,153)
Amortisation of negative goodwill			<u>44,915</u>		<u>44,915</u>
			4,659,054		4,873,483
Income from interest in associated undertakings		498,341		368,255	
Interest receivable and similar income		<u>6,161</u>		<u>16,764</u>	
			<u>504,502</u>		<u>385,019</u>
			5,163,556		5,258,502
Amounts written off investments	6		<u>81,650</u>		<u>52,304</u>
			5,081,906		5,206,198
Interest payable and similar charges	7		<u>312,670</u>		<u>469,379</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			4,769,236		4,736,819
Tax on profit on ordinary activities	8		<u>1,495,597</u>		<u>1,375,392</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>3,273,639</u>		<u>3,361,427</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

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

**CONSOLIDATED BALANCE SHEET
31 MAY 2010**

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		3,025,318		3,203,664
Tangible assets	12		15,106,008		15,748,237
Investments	13		<u>1,785,729</u>		<u>1,798,138</u>
			19,917,055		20,750,039
CURRENT ASSETS					
Stocks	14	5,841,247		5,887,061	
Debtors	15	13,092,804		15,384,573	
Investments	16	-		395,352	
Cash at bank and in hand		<u>7,106,290</u>		<u>2,851,127</u>	
		26,040,341		24,518,113	
CREDITORS					
Amounts falling due within one year	17	<u>20,678,628</u>		<u>21,614,454</u>	
NET CURRENT ASSETS					
			<u>5,361,713</u>		<u>2,903,659</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			25,278,768		23,653,698
CREDITORS					
Amounts falling due after more than one year	18		(6,350,048)		(7,723,854)
PROVISIONS FOR LIABILITIES					
	22		<u>(220,525)</u>		<u>(18,908)</u>
NET ASSETS					
			<u>18,708,195</u>		<u>15,910,936</u>
CAPITAL AND RESERVES					
Called up share capital	23		55,779		67,523
Revaluation reserve	24		2,936,983		2,936,983
Capital redemption reserve	24		34,461		22,717
Profit and loss account			<u>15,680,972</u>		<u>12,883,713</u>
SHAREHOLDERS' FUNDS					
	29		<u>18,708,195</u>		<u>15,910,936</u>

The financial statements were approved by the Board of Directors on its behalf by



S J Ellwood - Director

4/11/10

and were signed on

The notes form part of these financial statements

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

**COMPANY BALANCE SHEET
31 MAY 2010**

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		4,483,079		4,516,930
Investments	13		<u>3,773,142</u>		<u>3,822,230</u>
			8,256,221		8,339,160
CURRENT ASSETS					
Stocks	14	79,799		-	
Debtors	15	3,483,121		2,904,313	
Investments	16		-	395,352	
Cash at bank		<u>657,113</u>		<u>308,449</u>	
		4,220,033		3,608,114	
CREDITORS					
Amounts falling due within one year	17	<u>1,164,924</u>		<u>181,051</u>	
NET CURRENT ASSETS			<u>3,055,109</u>		<u>3,427,063</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,311,330		11,766,223
CREDITORS					
Amounts falling due after more than one year	18		<u>1,465,100</u>		<u>2,436,407</u>
NET ASSETS			<u><u>9,846,230</u></u>		<u><u>9,329,816</u></u>
CAPITAL AND RESERVES					
Called up share capital	23		55,779		67,523
Revaluation reserve	24		2,936,983		2,936,983
Capital redemption reserve	24		34,461		22,717
Profit and loss account			<u>6,819,007</u>		<u>6,302,593</u>
SHAREHOLDERS' FUNDS	29		<u><u>9,846,230</u></u>		<u><u>9,329,816</u></u>

The financial statements were approved by the Board of Directors on its behalf by



S J Ellwood - Director

4/11/10

and were signed on

The notes form part of these financial statements

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

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010		2009	
		£	£	£	£
Net cash inflow from operating activities	1		8,472,846		5,930,846
Returns on investments and servicing of finance	2		(102,761)		(186,972)
Taxation			(2,007,748)		(418,030)
Capital expenditure and financial investment	2		(346,722)		(2,852,946)
Acquisitions and disposals	2		-		(3,429,321)
Equity dividends paid			<u>(81,028)</u>		<u>(47,266)</u>
			5,934,587		(1,003,689)
Management of liquid resources	2		10,480		(390,301)
Financing	2		<u>(1,659,819)</u>		<u>2,947,791</u>
Increase in cash in the period			<u>4,285,248</u>		<u>1,553,801</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		4,285,248		1,553,801	
Cash outflow from increase in liquid resources		-		395,352	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>1,659,819</u>		<u>(2,947,791)</u>	
Change in net debt resulting from cash flows			5,945,067		(998,638)
Non-cash change in current asset investments			(395,352)		-
New finance leases			(1,096,023)		(2,127,587)
Cash on acquisition			<u>-</u>		<u>190,332</u>
Movement in net debt in the period			4,453,692		(2,935,893)
Net debt at 1 June			<u>(5,498,726)</u>		<u>(2,562,833)</u>
Net debt at 31 May			<u>(1,045,034)</u>		<u>(5,498,726)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2010

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

	2010 £	2009 £
Operating profit	4,850,804	5,017,453
Depreciation charges	2,320,872	2,105,074
Profit on disposal of fixed assets	(284,304)	(28,604)
Goodwill amortisation	1,750	-
Release of loan arrangement fee	20,533	-
Government grants	(37,598)	(37,598)
Decrease/(Increase) in stocks	45,814	(3,121,496)
Decrease/(Increase) in debtors	2,286,078	(5,074,032)
(Decrease)/Increase in creditors	<u>(731,103)</u>	<u>7,070,049</u>
Net cash inflow from operating activities	<u>8,472,846</u>	<u>5,930,846</u>

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	6,161	16,764
Interest paid	(261,959)	(384,569)
Interest element of hire purchase payments	(67,604)	(67,917)
Dividends received from associates	<u>220,641</u>	<u>248,750</u>
Net cash outflow for returns on investments and servicing of finance	<u>(102,761)</u>	<u>(186,972)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(657,573)	(2,985,850)
Purchase of fixed asset investments	(44,000)	(51)
Sale of tangible fixed assets	<u>354,851</u>	<u>132,955</u>
Net cash outflow for capital expenditure and financial investment	<u>(346,722)</u>	<u>(2,852,946)</u>
Acquisitions and disposals		
Acquisition of subsidiary	-	<u>(3,429,321)</u>
Net cash outflow for acquisitions and disposals	<u>-</u>	<u>(3,429,321)</u>
Management of liquid resources		
EBT purchase of current asset investment	-	(395,352)
Cash movement in EBT	<u>10,480</u>	<u>5,051</u>
Net cash inflow/(outflow) from management of liquid resources	<u>10,480</u>	<u>(390,301)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2010

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

	2010 £	2009 £
Financing		
New loans in year	-	4,300,000
Loan repayments in year	(860,728)	(715,772)
Capital repayments in year	<u>(799,091)</u>	<u>(636,437)</u>
Net cash (outflow)/inflow from financing	<u>(1,659,819)</u>	<u>2,947,791</u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 6 09 £	Cash flow £	Other non-cash changes £	At 31 5 10 £
Net cash				
Cash at bank and in hand	2,851,127	4,255,163		7,106,290
Bank overdraft	<u>(107,725)</u>	<u>30,085</u>		<u>(77,640)</u>
	<u>2,743,402</u>	<u>4,285,248</u>		<u>7,028,650</u>
Liquid resources				
Current asset investments	<u>395,352</u>	-	(395,352)	-
	<u>395,352</u>	-	(395,352)	-
Debt				
Hire purchase	(2,445,252)	799,091	(1,096,023)	(2,742,184)
Debts falling due within one year	(863,900)	860,728	(934,528)	(937,700)
Debts falling due after one year	<u>(5,328,328)</u>	-	<u>969,995</u>	<u>(4,358,333)</u>
	<u>(8,637,480)</u>	<u>1,659,819</u>	<u>(1,060,556)</u>	<u>(8,038,217)</u>
Total	<u>(5,498,726)</u>	<u>5,945,067</u>	<u>(1,455,908)</u>	<u>(1,009,567)</u>

A'H WORTH & CO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2010

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 2010.

The accounts of the two dormant subsidiary companies A H Worth (Farms) and A H Worth (Fleet) for the year ended 31 May 2010 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. Revenue from the sale of goods and services is recognised when significant risks and benefits of ownership of the product have transferred to the buyer at either despatch or acceptance by the customer of the delivery.

Goodwill

Goodwill arising on the acquisition of subsidiary and associated undertakings is capitalised and amortised through the profit and loss account over its estimated economic life of 20 years except for those below.

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.

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, 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.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, with the exception of farm potato stocks which have been 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

1 ACCOUNTING POLICIES - continued

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.

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

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.

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.

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

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

	2010 £	2009 £
Farming activities	3,271,016	3,508,667
Potato marketing	113,197,570	85,963,386
Steel product sales	<u>4,538,154</u>	<u>4,101,868</u>
	<u>121,006,740</u>	<u>93,573,921</u>

3 ANALYSIS OF OPERATIONS

	Continuing £	2010 Acquisitions £	Total £
Cost of sales	<u>88,004,738</u>	<u>-</u>	<u>88,004,738</u>
Gross profit	<u>33,002,002</u>	<u>-</u>	<u>33,002,002</u>
Net operating expenses			
Distribution costs	6,464,007	-	6,464,007
Administrative expenses	22,306,352	-	22,306,352
Other operating income	<u>(619,161)</u>	<u>-</u>	<u>(619,161)</u>
	<u>28,151,198</u>	<u>-</u>	<u>28,151,198</u>
	Continuing £	2009 Acquisitions £	Total £
Cost of sales	<u>64,477,702</u>	<u>2,496,138</u>	<u>66,973,840</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 2010**

4 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	15,883,819	13,931,667
Social security costs	1,627,097	1,356,485
Other pension costs	549,095	542,592
	<u>18,060,011</u>	<u>15,830,744</u>

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

	2010	2009
Administration	152	87
Production and sales staff	<u>498</u>	<u>364</u>
	<u>650</u>	<u>451</u>

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Hire of plant and machinery	612,911	461,458
Other operating leases	574,799	449,044
Depreciation - owned assets	1,397,239	1,421,897
Depreciation - assets on hire purchase contracts	923,629	683,177
Profit on disposal of fixed assets	(284,304)	(28,604)
Goodwill amortisation	167,262	115,893
Negative goodwill amortisation	(44,916)	(44,915)
Auditors' remuneration	9,500	8,529
Auditors' remuneration for non audit work	63,984	34,765
Grant amortisation	<u>(37,598)</u>	<u>(37,958)</u>
Directors' remuneration	700,014	505,337
Directors' long term incentive schemes	-	324,678
Directors' pension contributions to money purchase schemes	<u>146,781</u>	<u>153,192</u>

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

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

	2010	2009
	£	£
Emoluments etc	233,272	417,950
Pension contributions to money purchase schemes	<u>18,893</u>	<u>123,256</u>

6 AMOUNTS WRITTEN OFF INVESTMENTS

	2010	2009
	£	£
Investments written off	<u>81,650</u>	<u>52,304</u>

A-H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank loans and overdrafts	207,798	371,159
Other interest	37,268	30,303
Finance leases and hire purchase contracts	<u>67,604</u>	<u>67,917</u>
	<u>312,670</u>	<u>469,379</u>

8 TAXATION

Analysis of the tax charge

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

	2010 £	2009 £
Current tax		
UK corporation tax	1,252,005	1,489,629
Adjustment in respect of previous periods	(91,771)	(12,888)
Associated undertaking	<u>133,746</u>	<u>112,227</u>
Total current tax	1,293,980	1,588,968
Deferred tax	<u>201,617</u>	<u>(213,576)</u>
Tax on profit on ordinary activities	<u>1,495,597</u>	<u>1,375,392</u>

Factors affecting the tax charge

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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>4,769,236</u>	<u>4,736,819</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	1,335,386	1,326,309
Effects of		
Expenses not deductible for tax purposes	128,590	191,200
Depreciation in excess of capital allowances	(114,574)	56,156
Non taxable income	(10,527)	-
Amortisation of investments	66,266	51,720
Negative goodwill amortisation	(12,576)	(12,576)
Adjustment to tax charge in respect of previous period	(91,771)	(12,881)
Depreciation in stock	-	(21,143)
Losses in group	1,585	9,327
Effect of different tax rates	<u>(8,399)</u>	<u>856</u>
Current tax charge	<u>1,293,980</u>	<u>1,588,968</u>

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

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 £992,794 (2009 - £1,042,431)

10 DIVIDENDS

	2010 £	2009 £
'A' ordinary shares of £1 each Final	12,000	7,000
'B' ordinary shares of £1 each Final	<u>69,028</u>	<u>40,266</u>
	<u>81,028</u>	<u>47,266</u>

The directors are proposing a final dividend for the year ended 31 May 2010 of £81,028 (2009 - £81,028) which has not been recognised in the financial statements, in accordance with FRS21

11 INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Negative goodwill £	Totals £
COST			
At 1 June 2009	3,401,235	(177,628)	3,223,607
Reclassification/transfer	<u>(56,000)</u>	<u>-</u>	<u>(56,000)</u>
At 31 May 2010	<u>3,345,235</u>	<u>(177,628)</u>	<u>3,167,607</u>
AMORTISATION			
At 1 June 2009	152,655	(132,712)	19,943
Amortisation for year	<u>167,262</u>	<u>(44,916)</u>	<u>122,346</u>
At 31 May 2010	<u>319,917</u>	<u>(177,628)</u>	<u>142,289</u>
NET BOOK VALUE			
At 31 May 2010	<u>3,025,318</u>	<u>-</u>	<u>3,025,318</u>
At 31 May 2009	<u>3,248,580</u>	<u>(44,916)</u>	<u>3,203,664</u>

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

12 TANGIBLE FIXED ASSETS

Group	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Totals £
COST					
At 1 June 2009	4,023,051	11,251,658	16,131,659	934,330	32,340,698
Additions	-	149,104	1,488,043	117,067	1,754,214
Disposals	-	(6,995)	(725,224)	(98,666)	(830,885)
At 31 May 2010	<u>4,023,051</u>	<u>11,393,767</u>	<u>16,894,478</u>	<u>952,731</u>	<u>33,264,027</u>
DEPRECIATION					
At 1 June 2009	-	6,415,570	9,812,999	363,892	16,592,461
Charge for year	-	513,249	1,571,429	236,190	2,320,868
Eliminated on disposal	-	(6,995)	(704,411)	(43,904)	(755,310)
At 31 May 2010	-	<u>6,921,824</u>	<u>10,680,017</u>	<u>556,178</u>	<u>18,158,019</u>
NET BOOK VALUE					
At 31 May 2010	<u>4,023,051</u>	<u>4,471,943</u>	<u>6,214,461</u>	<u>396,553</u>	<u>15,106,008</u>
At 31 May 2009	<u>4,023,051</u>	<u>4,836,088</u>	<u>6,318,660</u>	<u>570,438</u>	<u>15,748,237</u>

The net book value of tangible fixed assets includes £2,465,317 (2009 - £2,306,656) in respect of assets held under hire purchase agreements

Company	Freehold land £	Freehold buildings £	Plant and machinery £	Motor vehicles £	Totals £
COST					
At 1 June 2009	4,136,051	890,607	44,602	40,562	5,111,822
Additions	-	18,845	-	-	18,845
Disposals	-	-	-	(29,000)	(29,000)
At 31 May 2010	<u>4,136,051</u>	<u>909,452</u>	<u>44,602</u>	<u>11,562</u>	<u>5,101,667</u>
DEPRECIATION					
At 1 June 2009	-	537,743	34,953	22,195	594,891
Charge for year	-	32,459	1,871	483	34,813
Eliminated on disposal	-	-	-	(11,116)	(11,116)
At 31 May 2010	-	<u>570,202</u>	<u>36,824</u>	<u>11,562</u>	<u>618,588</u>
NET BOOK VALUE					
At 31 May 2010	<u>4,136,051</u>	<u>339,250</u>	<u>7,778</u>	-	<u>4,483,079</u>
At 31 May 2009	<u>4,136,051</u>	<u>352,864</u>	<u>9,649</u>	<u>18,367</u>	<u>4,516,931</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010

12 TANGIBLE FIXED ASSETS - continued

Company

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
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	
	2010	2009	2010	2009
	£	£	£	£
Shares in associated undertakings	1,639,644	1,597,993	-	-
Other investments and loans	145,926	195,013	3,773,142	3,822,230
Listed investments	-	4,973	-	-
Shares in dormant undertakings	<u>159</u>	<u>159</u>	<u>-</u>	<u>-</u>
	<u>1,785,729</u>	<u>1,798,138</u>	<u>3,773,142</u>	<u>3,822,230</u>

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

13 FIXED ASSET INVESTMENTS - continued

Additional information is as follows

Group	Fresh Approach Produce Limited £	Bakkavor QV Ltd £	Europa Produce Ltd £	Listed investments £	Totals £
COST					
At 1 June 2009	50	1,783,393	28,009	4,973	1,816,425
Disposals	-	-	-	(4,973)	(4,973)
Share of profit after tax	44,067	261,700	27,678	-	333,445
Dividend received	-	(202,500)	(18,141)	-	(220,641)
At 31 May 2010	<u>44,117</u>	<u>1,842,593</u>	<u>37,546</u>	-	<u>1,924,256</u>
PROVISIONS					
At 1 June 2009	-	213,459	-	-	213,459
Provision for year	-	71,153	-	-	71,153
At 31 May 2010	-	<u>284,612</u>	-	-	<u>284,612</u>
NET BOOK VALUE					
At 31 May 2010	<u>44,117</u>	<u>1,557,981</u>	<u>37,546</u>	-	<u>1,639,644</u>
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>

Group	Other investments and loans £	Shares in dormant undertakings £	Totals £
At 1 June 2009	195,013	159	195,172
Additions	44,000	-	44,000
Impairments	(93,087)	-	(93,087)
At 31 May 2010	<u>145,926</u>	<u>159</u>	<u>146,085</u>

Company	Shares in associated undertakings £	Shares in subsidiary undertakings £	Other investments and loans £	Totals £
At 1 June 2009	800,000	2,827,725	194,504	3,822,229
Additions	-	-	44,000	44,000
Impairments	-	-	(93,087)	(93,087)
At 31 May 2010	<u>800,000</u>	<u>2,827,725</u>	<u>145,417</u>	<u>3,773,142</u>

A H WORTH & CO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2010

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 potatoes
TLC Potatoes	Scotland	Ordinary	25%	Seed potatoes
Fresh Approach Produce Limited	England	Ordinary	50%	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
Frans 577 Limited	England	Ordinary	100%	Holding company
Teknomek Holdings Limited	England	Ordinary	100%	Dormant
Teknomek Limited	England	Ordinary	100%	Equipment manufacture
Hygienox Limited	England	Ordinary	100%	Dormant
Kubik Limited	England	Ordinary	100%	Dormant
A H Worth (Fleet) Limited	England	Ordinary	100%	Dormant
A H Worth (Farms) Limited	England	Ordinary	100%	Dormant

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

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2010 as an associated undertaking based on statutory accounts to 31 December 2009 and management accounts for the period to 31 May 2010 together with the £1,423,058 goodwill arising on the acquisition of 50% of Manor Fresh Limited by Bakkavor QV 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 2010 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

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

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

14 STOCKS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Stores	1,359,931	1,384,068	79,799	-
Produce and cultivation	4,146,714	4,147,775	-	-
Finished goods	<u>334,602</u>	<u>355,218</u>	<u>-</u>	<u>-</u>
	<u>5,841,247</u>	<u>5,887,061</u>	<u>79,799</u>	<u>-</u>

15 DEBTORS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year				
Trade debtors	11,403,847	13,923,413	17,249	3,772
Subsidiary undertakings	-	-	26,729	125,294
Other debtors	1,688,957	1,455,469	1,106,276	286,689
Tax	<u>-</u>	<u>5,691</u>	<u>-</u>	<u>5,691</u>
	<u>13,092,804</u>	<u>15,384,573</u>	<u>1,150,254</u>	<u>421,446</u>
Amounts falling due after more than one year				
Subsidiary undertakings	<u>-</u>	<u>-</u>	<u>2,332,867</u>	<u>2,482,867</u>
Aggregate amounts	<u>13,092,804</u>	<u>15,384,573</u>	<u>3,483,121</u>	<u>2,904,313</u>

16 CURRENT ASSET INVESTMENTS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Own shares	<u>-</u>	<u>395,352</u>	<u>-</u>	<u>395,352</u>

The current asset investment was 11,744 shares in A H Worth & Co Limited which were held by the company Employee Benefit Trust. During the year this were purchased by the company and cancelled.

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

17 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts (see note 19)	1,015,340	971,625	158,900	33,900
Hire purchase contracts (see note 20)	848,239	783,900	-	-
Trade creditors	14,459,044	14,368,973	23,330	58,310
Subsidiary undertakings	-	-	584,767	45,731
Associated undertakings	1,154,227	515,740	-	-
Corporation Tax	719,612	1,584,271	266,581	-
Social security and other taxes	392,161	457,209	20,250	-
VAT	130,804	-	-	-
Other creditors	1,921,603	2,895,138	111,096	43,110
Deferred government grants	37,598	37,598	-	-
	<u>20,678,628</u>	<u>21,614,454</u>	<u>1,164,924</u>	<u>181,051</u>

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Bank loans (see note 19)	4,358,333	5,328,328	1,465,100	1,620,828
Hire purchase contracts (see note 20)	1,893,945	1,661,352	-	-
Subsidiary undertakings	-	-	-	815,579
Other creditors	-	598,806	-	-
Deferred government grants	97,770	135,368	-	-
	<u>6,350,048</u>	<u>7,723,854</u>	<u>1,465,100</u>	<u>2,436,407</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010

19 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year or on demand				
Bank overdrafts	77,640	107,725	-	-
Bank loans	<u>937,700</u>	<u>863,900</u>	<u>158,900</u>	<u>33,900</u>
	<u>1,015,340</u>	<u>971,625</u>	<u>158,900</u>	<u>33,900</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>618,900</u>	<u>988,900</u>	<u>158,900</u>	<u>158,900</u>
Amounts falling due between two and five years				
Bank loans - 2-5 years	<u>2,436,333</u>	<u>2,580,600</u>	<u>510,600</u>	<u>510,600</u>
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans over 5 years	<u>1,303,100</u>	<u>1,758,828</u>	<u>795,600</u>	<u>951,328</u>

20 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2010 £	2009 £
Net obligations repayable		
Within one year	848,239	783,900
Between one and five years	<u>1,893,945</u>	<u>1,661,352</u>
	<u>2,742,184</u>	<u>2,445,252</u>

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

Group

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring				
Within one year	-	-	-	23,463
Between one and five years	148,800	72,500	15,015	84,423
In more than five years	<u>310,000</u>	<u>310,000</u>	<u>120,446</u>	-
	<u>458,800</u>	<u>382,500</u>	<u>135,461</u>	<u>107,886</u>

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

21 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2010	2009
	£	£
Bank overdrafts	77,640	107,725
Bank loans	<u>5,296,033</u>	<u>6,192,228</u>
	<u>5,373,673</u>	<u>6,299,953</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

22 PROVISIONS FOR LIABILITIES

	Group	
	2010	2009
	£	£
Deferred tax	<u>220,525</u>	<u>18,908</u>

Group

	Deferred tax
	£
Balance at 1 June 2009	18,908
Movement in capital allowances	38,617
Timing difference on accruals	<u>163,000</u>
Balance at 31 May 2010	<u>220,525</u>

23 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
10,000	'A' ordinary	£1	10,000	10,000
45,779	'B' ordinary	£1	45,779	57,523
(2009 - 57,523)			<u>55,779</u>	<u>67,523</u>

11,744 'B' ordinary shares of £1, 17.4% of issued share capital were repurchased during the year for a consideration of £395,352 The shares were acquired by the company from the company employee benefit trust following the passing of a special resolution at the company AGM These shares were then cancelled

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

23 CALLED UP SHARE CAPITAL - continued

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 2009	12,883,713	2,936,983	22,717	15,843,413
Profit for the year	3,273,639			3,273,639
Dividends	(81,028)			(81,028)
Purchase of own shares	<u>(395,352)</u>	<u>-</u>	<u>11,744</u>	<u>(383,608)</u>
At 31 May 2010	<u>15,680,972</u>	<u>2,936,983</u>	<u>34,461</u>	<u>18,652,416</u>

Company

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 June 2009	6,302,593	2,936,983	22,717	9,262,293
Profit for the year	992,794			992,794
Dividends	(81,028)			(81,028)
Purchase of own shares	<u>(395,352)</u>	<u>-</u>	<u>11,744</u>	<u>(383,608)</u>
At 31 May 2010	<u>6,819,007</u>	<u>2,936,983</u>	<u>34,461</u>	<u>9,790,451</u>

25 PENSION COMMITMENTS

Defined contribution scheme

The group 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 (2009 - £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 £549,095 (2009 - £542,592)

Employer funded unapproved retirement benefits scheme

The group operates a funded, unapproved by HM Revenue & Customs, retirement benefits scheme, and contributions paid to this scheme amounted to £Nil (2009 - £811,694)

A&J WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

26 CAPITAL COMMITMENTS

	2010 £	2009 £
Contracted but not provided for in the financial statements	<u>279,000</u>	<u>18,000</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 Limited, for the year as these have been consolidated within these accounts

During the year fees of £64,476 (2009 - £39,857) were paid to Smith & Williamson Limited for the non-executive director services provided by S J Ellwood

During the year the company paid rent amounting to £8,955 (2009 - £12,422) to Mrs A J L Worth

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 £3,000 (2009 - £3,000) and recharged expenses amounting to £8,399 (2009 - £14,197) During the year the group made sales to Holbeach Marsh Co-operative Limited of £280,343 (2009 - £250,655) At the year end the group was owed £38 (2009 - £867) by Holbeach Marsh Co-operative Limited

During the year the group purchased goods from Europa Produce Limited amounting to £450,960 (2009 - £326,638) and made sales to Europa Produce Limited amounting to £283,867 (2009 - £302,909) During the year the group recharged expenses to Europa Produce Limited amounting to £85,606 (2009 - £63,949) The group owns 25% (2009 - 25%) of the share capital of Europa Produce Limited At the year end Europa Produce Limited owed the group £38,199 (2009 - £5,057)

During the year the group sold goods and services to Manor Fresh Limited, an associate of the parent company, amounting to £2,102,109 (2009 - £2,566,505) and purchased goods amounting to £1,055,783 (2009 - £675,731) All their sales and purchases were on a normal commercial basis At the year end the group was owed £142,011 (2009 - £13,597) by Manor Fresh Limited

During the year QV Foods Limited acted as agent for Fresh Approach Produce Limited and sold goods on their behalf amounting to £21,931,563 (2009 - £11,652,000) and purchased goods on their behalf amounting to £23,102,932 (2009 - £12,309,000) During the year the group recharged expenses to Fresh Approach Produce Limited amounting to £201,102 (2009 - £62,000) The group owns 50% (2009 - 50%) of the share capital of Fresh Approach Produce Limited At the year end the group owed Fresh Approach Produce Limited £1,106,815 (2009 - £569,980)

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

	2010 £	2009 £
A J L Worth	9,779	5,704
D R Worth	4,801	2,801
S T Worth	4,801	2,801
Employee Benefit Trust	14,093	6,996

A H WORTH & CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

28 POST BALANCE SHEET EVENTS

On 9 June 2010 QV Foods Limited acquired the trade and assets of the potato packing business of Taypack Potatoes Limited

On 5 July 2010 QV Foods Limited acquired an additional 1% of the issued share capital of Fresh Approach Produce Limited, an associate at the year end, making Fresh Approach Produce Limited a subsidiary of QV Foods Limited from this date

29 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010 £	2009 £
Profit for the financial year	3,273,639	3,361,427
Dividends	<u>(81,028)</u>	<u>(47,266)</u>
	3,192,611	3,314,161
Purchase of own shares	<u>(395,352)</u>	<u>-</u>
Net addition to shareholders' funds	2,797,259	3,314,161
Opening shareholders' funds	<u>15,910,936</u>	<u>12,596,775</u>
Closing shareholders' funds	<u>18,708,195</u>	<u>15,910,936</u>

Company

	2010 £	2009 £
Profit for the financial year	992,794	1,042,431
Dividends	<u>(81,028)</u>	<u>(47,266)</u>
	911,766	995,165
Purchase of own shares	<u>(395,352)</u>	<u>-</u>
Net addition to shareholders' funds	516,414	995,165
Opening shareholders' funds	<u>9,329,816</u>	<u>8,334,651</u>
Closing shareholders' funds	<u>9,846,230</u>	<u>9,329,816</u>