Financial Statements
A H Worth & Co Limited

For the Year Ended 31 May 2014

Company No. 00451065

Company information

Company registration number	00451065
Registered office	Fleet Estate Office Manor Farm Holbeach Hurn Holbeach Spalding Lincolnshire PE12 8LR
Directors	S T Worth D R Worth S J Ellwood T J Cooper-Jones E S Power
Secretary	A Blatherwick
Bankers	HSBC 59 High Street Holbeach Spalding Lincolnshire PE12 7EB
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Cambridge

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Strategic Report

The directors present their strategic report together with the audited financial statements for the year ended 31 May 2014.

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

Fair review of the business

The Group has a diverse range of interests but is still impacted by the cyclical market for agricultural raw materials. In 2012 a poor harvest and high prices resulted in reduced demand for fresh potatoes across the UK grocery sector. Harvest 2013 was a complete contrast, with improved quality, yields and seasonal availability across the range of fresh produce sold by the Group. As a consequence both input and product conversion costs at QV were reduced and this is reflected in the current years' results.

Worth Farms again delivered a creditable financial performance as higher 2013 yields more than compensated for lower price.

During the year the Anaerobic Digestion Plant, located at the Holbeach site, became operational and is now performing well. The Group holds a minority share of the equity but is also contracted for the supply of feedstock and the offtake of energy.

When adjusted for exceptional costs Teknomek's performance, at operating profit level, continued to mirror that seen in the prior year. The focus remains on quality and operational effectiveness which was further enhanced through the achievement of the ISO:9001 accreditation mid-way through the year.

Principal risks and uncertainties

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

The key risks affecting the group are set out below:

Customers

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

Employees

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

Commodity risk

As a large part of the group's operations are involved with agricultural raw materials, the group is exposed to the vagaries of climate and economic cycles and the group operates a variety of tools to reduce exposure to this risk. These include contracting supply price and quantity with suppliers, growing our own crops, having a wide customer spectrum to ensure optimum product utilisation and working with customers to increase real value.

Strategic Report

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 These include the production of renewable energy from Anaerobic Digestion and Solar panels and its membership of LEAF (Linking Environment & Farming). 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.

Future Development of the Business
The Group and all its subsidiaries continue to make good progress and it has a strong balance sheet and positive cash flows. As a family business it takes a long term view and will continue to seek out opportunities to grow and develop its operations.

Our aim is to deliver a broader product range, raise quality and reduce costs through investing in the growing base as well as working more closely with our key stakeholders.

Research and Development
A sustained research and development programme has been established across all subsidiary businesses and remains key to the Group's success. In order to deliver this development team working has been recognised with existing and potential customers using systemized development tools in order to reach the specific goals. The Group actively encourages all employees to share their ideas for continuously improving the product offering of the Group.

Key performance indicators
The Management employ a range of customer and internally derived Key Performance Indicators often on a daily or even hourly basis to assist in the control and monitoring of business progress. These indicators include physical performance, financial, quality assurance, technical and customer service measures. Where possible they are produced from a range of bespoke and externally provided control systems. The AHW Group prides itself in actively seeking the feedback of its customers to assist in the continuous improvement of service and quality and this feedback along with formal financial and operating performance measures are reported comprehensively to the A H Worth & Co Ltd Board on a four weekly basis.

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

	2014	2013
Turnover - £'m	£171m	£184m
Turnover growth year on year	(6.7%)	23.5%
Gross profit - £'m	£46.4m	£41.8m
Gross profit - % of sales	27.1%	22.7%
Profit before taxation - £'m	£6.4m	£5.2m
Profit before taxation - % of sales	3.7%	2.8%

Strategic Report

Dividends

During the year dividends of £81,028 (2013 - £81,028) were paid. The directors recommend a dividend of £81,028 (2013 - £81,028).

ON BEHALF OF THE BOARD

A Blatherwick – Secretary
14 October 2014

Directors Report

The Directors present their report together with the audited financial statements for the year ended 31 May 2014.

Directors

The directors shown below have held office during the year.
S T Worth
M O'Driscoll (resigned 7 July 2014)
D R Worth
S J Ellwood
R G W Williams (resigned 22 July 2014)

T J Cooper-Jones and E S Power were appointed to the Board on 23 July 2014.

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 £69,492 (2013: £58,684) in charitable donations during the year.

Disabled persons

The group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the group. The group operates a progressive system for career development and progression which is available to all employees.

Employee involvement

The group encourages the involvement of its employees in its management through regular meetings of the site consultative teams which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy. The group also holds a series of formal briefings on group performance including half yearly company reviews to which all employees are invited.

Officers' insurance

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

Directors Report

Directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A Blatherwick - Secretary
14 October 2014

Grant Thornton

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

We have audited the financial statements of A H Worth & Co Limited for the year ended 31 May 2014 which comprise the consolidated profit and loss account, consolidated and company balance sheets, consolidated cash flow statement and related notes, the other primary statements and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Gt Th Uk LLP

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

14 October 2014

Consolidated profit and loss account

	Note	2014 £'000	2013 £'000
Turnover	2	**171,433**	183,716
Cost of sales		**(125,010)**	(141,932)
Gross profit		**46,423**	41,784
Net operating expenses	3	**40,220**	36,409
Operating profit		**6,203**	5,375
Income from interest in associated undertakings		**249**	144
Interest receivable and similar income		**244**	92
Interest payable and similar charges	6	**(343)**	(417)
Profit on ordinary activities before taxation		**6,353**	5,194
Tax on profit on ordinary activities	7	**(1,884)**	(1,326)
Profit for the financial year after taxation		**4,469**	3,868
Minority interest		**-**	(69)
Profit for the financial year attributable to shareholders		**4,469**	3,799

All of the activities of the group are classed as continuing.

Consolidated balance sheet

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	10		**3,020**		4,815
Tangible assets	11		**16,038**		17,228
Investments	12		**2,007**		2,113
			21,065		24,156
Current assets					
Properties held for sale	13	**245**		630	
Stocks	14	**7,314**		9,577	
Debtors	15	**19,743**		24,809	
Cash at bank and in hand		**12,472**		10,361	
		39,774		45,377	
Creditors					
Amounts falling due within one year	16	**25,274**		37,080	
Net current assets			**14,500**		8,297
Total assets less current liabilities			**35,565**		32,453
Creditors					
Amounts falling due after more than one year	17		**(1,702)**		(3,055)
Provision for liabilities	20		**(24)**		(52)
Net assets			**33,839**		29,346
Capital and reserves					
Called up share capital	21		**56**		56
Revaluation reserve	22		**4,751**		4,646
Capital redemption reserve	22		**34**		34
Profit and loss account	22		**28,998**		24,610
Shareholders' funds	27		**33,839**		29,346
Total capital employed			**33,839**		29,346

The financial statements were approved by the Board of Directors on 14 October 2014 and were signed on its behalf by:

S Ellwood - Director

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

Company balance sheet

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets	11		**6,726**		6,574
Investments	12		**3,646**		3,813
			10,372		10,387
Current assets					
Debtors	15	**2,494**		2,305	
Cash at bank		**11,737**		9,279	
		14,231		11,584	
Creditors					
Amounts falling due within one year	16	**641**		2,689	
Net current assets			**13,590**		8,895
Total assets less current liabilities			**23,962**		19,282
Creditors					
Amounts falling due after more than one year	17		**(842)**		(995)
Provision for liabilities			**(12)**		(20)
Net assets			**23,108**		18,267
Capital and reserves					
Called up share capital	21		**56**		56
Revaluation reserve	22		**4,751**		4,646
Capital redemption reserve	22		**34**		34
Profit and loss account	22		**18,267**		13,531
Shareholders' funds	27		**23,108**		18,267

The financial statements were approved by the Board of Directors on 14 October 2014 and were signed on its behalf by:

S Ellwood - Director

Consolidated cash flow statement

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow					
From operating activities	1		**10,370**		6,649
Returns on investments and servicing of finance	2		**33**		(269)
Taxation			**(2,342)**		(1,277)
Capital expenditure and financial investment	2		**(1,183)**		(916)
Acquisitions and disposals	2		**-**		(1,005)
Equity dividends paid			**(81)**		(81)
			6,797		3,101
Financing	2		**(5,706)**		(1,880)
Increase in cash in the period			**1,091**		1,221
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the period		**1,138**		1,221	
Cash outflow from decrease in debt and lease financing		**5,706**		1,880	
Change in net debt resulting from cash flows			**6,844**		3,101
New finance leases			**(47)**		(967)
Non cash items – loan fee release			**-**		(11)
Movement in net debt in the period			**6,797**		2,123
Net debt at 1 June			**2,128**		5
Net debt at 31 May			**8,925**		2,128

Notes to the consolidated cash flow statement

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

	2014 £'000	2013 £'000
Operating profit	**6,203**	5,375
Depreciation charges and impairment	**2,809**	2,864
Profit on disposal of fixed assets	**101**	(82)
Goodwill amortisation and impairment	**2,033**	393
Government grants	**(23)**	(38)
Decrease /(Increase) in stocks	**2,263**	(3,316)
Decrease /(Increase) in debtors	**5,115**	(4,956)
(Decrease)/ Increase in creditors	**(8,131)**	6,409
Net cash inflow from operating activities	**10,370**	6,649

2. Analysis of cash flows

	2014 £'000	2013 £'000
Returns on investments and servicing of finance		
Interest received	**244**	92
Interest paid	**(156)**	(229)
Interest element of hire purchase payments	**(168)**	(177)
Dividends received from associates	**113**	45
Net cash outflow for returns on investments and servicing of finance	**33**	(269)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,623)**	(1,080)
Purchase of fixed asset investments	**-**	(25)
Sale of tangible fixed assets	**440**	189
Net cash outflow for capital expenditure and financial investment	**(1,183)**	(916)
Acquisitions and disposals		
Acquisition of subsidiaries	**-**	(1,005)
Cash included in acquisition of subsidiary	**-**	-
Net cash outflow for acquisitions and disposals	**-**	(1,005)

Notes to the consolidated cash flow statement

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

	2014 £'000	2013 £'000
Financing		
New loans in year	-	-
Loan repayments in year	**(4,673)**	(773)
Hire purchase repayments in year	**(1,033)**	(1,107)
Net cash outflow from financing	**(5,706)**	(1,880)

3. Analysis of changes in net debt

	At 1 June 2013	Cashflow	Other non-cash changes	At 31 May 2014
Net cash				
Cash at bank and in hand	10,361	2,111	-	**12,472**
Bank overdraft	(101)	(973)	-	**(1,074)**
	10,260	1,138	-	**11,398**
Debt				
Hire purchase	(2,247)	1,033	(47)	**(1,261)**
Loans falling due within one year	(4,029)	3,870	-	**(159)**
Loans falling due after one year	(1,856)	803	-	**(1,053)**
	(8,132)	5,706	(47)	**(2,473)**
Total	2,128	6,844	(47)	**8,925**

Other primary statements

Group statement of total recognised gains and losses

	2014	2013
	£'000	£'000
Profit for the financial year	**4,469**	3,799
Surplus on revaluation	**105**	-
Total gains and losses recognised for the year	**4,574**	3,799

Notes to the financial statements

1. Accounting policies

Accounting convention

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

Going concern basis

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

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

The directors have prepared group profit and cash flow forecasts for the financial period to 31 May 2015 and review trading predictions past this date. These forecasts and projections, taking account of reasonably possible changes in trading environment and performance, show that the group will continue to generate funds and trade profitably.

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

Basis of consolidation

The consolidated financial statements incorporate those of A H Worth & Co Limited and its trading subsidiaries. Intra-group profits are eliminated on consolidation. All financial statements are made up to 31 May 2014.

The accounts of the two dormant subsidiary companies, A H Worth (Farms) and A H Worth (Fleet), for the year ended 31 May 2014 have not been consolidated with those of the parent company, on the grounds that their inclusion is not material to the group. Acquisitions are accounted for under the acquisition method.

Associated undertakings

The group's associated undertakings are all undertakings in which the group has a participating interest over which it exerts significant influence. The group's share of profits less losses is included in the group profit and loss account. The group's share of net assets is included in the group balance sheet within investments. The group's share of profits arising on trading between the group and associated undertakings has been eliminated.

Turnover

Turnover represents the amounts, net of Value Added Tax, derived from the provision of goods and services to third party customers, less amounts payable to customers for retrospective rebates. Revenue from the sale of goods and services is recognised when significant risks and benefits of ownership of the product have transferred to the buyer at either despatch or acceptance by the customer of the delivery.

Notes to the financial statements

1. Accounting policies (continued)

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

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

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and subsequently if circumstances emerge that the carrying values may not be recoverable.

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

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

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

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

This policy represents a departure from the Companies Act 2006, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

Notes to the financial statements

1. Accounting policies (continued)

Stocks and work in progress
Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation, and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

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

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

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

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

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

2. Turnover

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

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

	2014 £'000	2013 £'000
Farming activities	**3,891**	3,819
Potato marketing	**161,720**	175,545
Steel product sales	**4,285**	4,212
Other	**1,537**	140
	171,433	183,716

The share of associates turnover, not included in the turnover note above, for the year ended 31 May 2014 was £13,401,791 (2013: £12,885,750).

Notes to the financial statements

3. Analysis of operating expenses

	2014 £'000	2013 £'000
Distribution costs	7,756	7,882
Administrative expenses	32,893	29,010
Other operating income	(429)	(483)
	40,220	36,409

4. Information regarding directors and employees

	2014 £'000	2013 £'000
Wages and salaries	20,969	20,302
Social security costs	2,004	1,958
Other pension costs	591	722
	23,564	22,982

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

	2014 No	2013 No
Administration	193	170
Production and sales staff	650	597
	843	767

	2014 £'000	2013 £'000
Directors' remuneration	609	553
Directors' pension contributions to money purchase schemes	41	40

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

	2014 No	2013 No
Money purchase schemes	2	2

Notes to the financial statements

4. Information regarding directors and employees (continued)

Information regarding the highest paid director is as follows:

	2014 £'000	2013 £'000
Emoluments etc	**241**	245
Pension contributions to money purchase schemes	**22**	22

5. Operating profit

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

	2014 £'000	2013 £'000
Hire of plant and machinery	**1,011**	716
Other operating leases	**384**	399
Depreciation - owned assets	**2,238**	2,032
Depreciation - assets on hire purchase contracts	**571**	832
Profit on disposal of fixed assets	**101**	(82)
Goodwill amortisation and impairment	**1,108**	322
Auditors' remuneration – parent company	**25**	24
Auditors' remuneration – group undertakings	**54**	57
Auditors' remuneration – tax compliance services	**11**	7
Amortisation of associate investment	**71**	71
Grant amortisation	**(23)**	(38)

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	**156**	229
Other interest and finance charges	**19**	11
Finance leases and hire purchase contracts	**168**	177
	343	417

Notes to the financial statements

7. Taxation

(a) Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2014 £'000	2013 £'000
Current tax		
UK corporation tax	2,031	1,493
Adjustment in respect of previous periods	(76)	(53)
Associated undertaking	-	20
Total current tax	1,955	1,460
Deferred tax	(71)	(134)
Tax on profit on ordinary activities	1,884	1,326

(b) Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	6,353	5,194
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.67% (2013 – 23.83%)	1,440	1,237
Effects of:		
Expenses not deductible for tax purposes	110	35
Income not taxable for tax purposes	(5)	-
Additional deduction for R&D expenditure	(7)	(13)
Adjustment to tax charge in respect of previous period	(76)	(53)
Depreciation in excess of capital allowances	509	234
Other short term timing differences	7	1
Exempt dividend income	(25)	-
Losses eliminated	2	-
Tax adjustments in respect of associates	-	20
Marginal relief	-	(1)
Current tax charge	1,955	1,460

8. Profit on parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,816,993 (2013: £3,030,013).

Notes to the financial statements

9. Dividends

	2014 £'000	2013 £'000
'A' ordinary shares of £1 each	**12**	12
'B' ordinary shares of £1 each	**69**	69
	81	81

The directors are proposing a final dividend for the year ended 31 May 2014 of £81,028 (2013 - £81,028) which has not been recognised in the financial statements, in accordance with FRS21.

10. Intangible fixed assets

Group

	Goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 June 2013	5,912	(235)	5,677
Adjustments in relation to prior period	(159)	-	(159)
At 31 May 2014	**5,753**	**(235)**	**5,518**
Amortisation			
At 1 June 2013	1,097	(235)	862
Amortisation	429	-	429
Impairment	1,207	-	1,207
At 31 May 2014	**2,733**	**(235)**	**2,498**
Net book value			
At 31 May 2014	**3,020**	**-**	**3,020**
At 31 May 2013	4,815	-	4,815

Notes to the financial statements

11. Tangible fixed assets

Group

	Investment properties	Short leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 June 2013	1,810	16,141	24,719	783	43,453
Additions	-	129	1,408	132	1,669
Disposals	-	(54)	(875)	(93)	(1,022)
Revaluation	105	-	-	-	105
At 31 May 2014	**1,915**	**16,216**	**25,252**	**822**	**44,205**
Depreciation					
At 1 June 2013	-	8,584	16,992	649	26,225
Disposals	-	(18)	(769)	(80)	(867)
Charge for the year	-	578	2,003	65	2,646
Impairment	-	163	-	-	163
At 31 May 2014	**-**	**9,307**	**18,226**	**634**	**28,167**
Net book value					
At 31 May 2014	**1,915**	**6,909**	**7,026**	**188**	**16,038**
At 31 May 2013	1,810	7,557	7,727	134	17,228

The net book value of tangible fixed assets includes £1,617,951 (2013 - £2,340,669) in respect of assets held under hire purchase contracts.

Company

	Investment properties	Short leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 June 2013	1,810	5,117	286	12	7,225
Additions	-	111	16	-	127
Disposals	-	-	(7)	-	(7)
Revaluation	105	-	-	-	105
At 31 May 2014	**1,915**	**5,228**	**295**	**12**	**7,450**
Depreciation					
At 1 June 2013	-	568	71	12	651
Disposals	-	-	(7)	-	(7)
Charge for the year	-	62	18	-	80
At 31 May 2014	**-**	**630**	**82**	**12**	**724**
Net book value					
At 31 May 2014	**1,915**	**4,598**	**213**	**-**	**6,726**
At 31 May 2013	1,810	4,549	215	-	6,574

Notes to the financial statements

11. Tangible fixed assets (continued)

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Freehold land at valuation				
Revaluation by the board of directors in November 1996 at open market value with vacant possession	**3,087**	3,087	**3,087**	3,087
Historical cost information				
Historical cost of revalued land	**150**	150	**150**	150
Historical cost of land not revalued	**995**	995	**995**	995
Total historical cost	**1,145**	1,145	**1,145**	1,145

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

The company and group's investment properties were re-valued in May 2014 by Bidwells, a member of the Royal Institute of Chartered Surveyors. The basis of valuation used was open market value. Had these properties not been revalued they would have been included in a historical cost basis of the following amounts:

	£'000
Cost	176
Accumulated depreciation	85
Net book value	91

12. Fixed asset investments

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Shares in associated undertakings	**1,988**	1,927	**800**	800
Shares in subsidiary undertakings	**-**	-	**2,828**	2,828
Other investments and loans	**19**	186	**18**	185
Shares in dormant undertakings	**-**	-	**-**	-
	2,007	2,113	**3,646**	3,813

Notes to the financial statements

12. Fixed asset investments (continued)

Additional information is as follows:

Group

	TLC Potatoes Limited £'000	Bakkavor QV Limited £'000	Europa Produce Limited £'000	Total £'000
Cost				
At 1 June 2013	135	2,265	25	2,425
Share of profit after tax	14	256	(12)	258
Dividend received	-	(113)	-	(113)
Reclassification following acquisition	-	-	(13)	(13)
At 31 May 2014	**149**	**2,408**	**-**	**2,557**
Provisions				
At 1 June 2013	-	498	-	498
Provision for year	-	71	-	71
At 31 May 2014	**-**	**569**	**-**	**569**
Net book value				
At 31 May 2014	**149**	**1,839**	**-**	**1,988**
At 31 May 2013	135	1,767	25	1,927

Group

	Other investments and loans £'000
At 1 June 2013	187
Impairment	(169)
At 31 May 2014	**18**

Notes to the financial statements

12. Fixed asset investments (continued)

Company

	Shares in associated undertakings £'000	Shares in subsidiary undertakings £'000	Other investments and loans £'000	Total £'000
At 1 June 2013	800	2,828	185	3,813
Impairment	-	-	(167)	(167)
At 31 May 2014	**800**	**2,828**	**18**	**3,646**

The parent company holds directly or indirectly more than 20% of the equity share capital of the following:

	Country of incorporation and operation	Class of share	Proportion held	Nature of business
QV Foods Limited	England	Ordinary	100%	Potato prepacking
QV Limited	England	Ordinary	100%	Dormant
Pseedco Limited	England	Ordinary	100%	Seed potatoes
TLC Potatoes Limited	Scotland	Ordinary	25%	Seed potatoes
Fresh Approach Produce Limited	England	Ordinary	100%	Produce trading
Europa Produce Limited	England	Ordinary	100%	Potato trading
Worth Farms Limited	England	Ordinary	100%	Farming
Bakkavor QV Limited	England	B Ordinary	45%	Potato prepacking
Manor Fresh Limited	England	Ordinary	22.5%	Potato prepacking
Friars 577 Limited	England	Ordinary	100%	Holding company
Teknomek Holdings Limited	England	Ordinary	100%	Dormant
Teknomek Limited	England	Ordinary	100%	Equipment manufacture
Hygienox Limited	England	Ordinary	100%	Dormant
Kubik Limited	England	Ordinary	100%	Dormant
A H Worth (Fleet) Limited	England	Ordinary	100%	Dormant
A H Worth (Farms) Limited	England	Ordinary	100%	Dormant
Greyfriars (UK) Limited	England	Ordinary	100%	Produce trading
AHW (Operating) Co Limited	England	Ordinary	100%	Holding company

Bakkavor QV Limited prepares accounts to 31 December each year. The group accounts incorporate Bakkavor QV Limited group transactions and balances to 31 May 2014 as an associated undertaking based on statutory accounts to 31 December 2013 and management accounts for the period to 31 May 2014 together with the £1,423,058 goodwill arising on the acquisition of 50% of Manor Fresh Limited by Bakkavor QV Limited. This goodwill is amortised over the estimated life of 20 years.

On 12 January 2014 the trade and assets of Pseedco Limited were transferred to QV Foods Limited at their prevailing fair value which was consistent with book value.

Notes to the financial statements

12. Fixed asset investments (continued)

QV Foods 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.

During the year QV Foods Limited acquired the remaining 75% of the ordinary share capital of Europa Produce Limited taking its holding to 100%. No adjustments between book value and fair value have been identified.

Summary of assets acquired:

Group	**23 April 2014 Net book value £'000**
Debtors	**33**
Cash	**47**
Creditors	**(9)**
Net assets	**71**
Satisfied by:	
Cash	**71**
Acquisition costs	**-**
Net assets	**71**

Summarised results of Europa Produce Limited from the beginning of its financial year (1 June 2013) to the date of acquisition (23 April 2014) are:

	£'000
Turnover	**418**
Operating loss	**(53)**
Loss before tax	**(53)**
Taxation	**7**
Loss after tax period	**(46)**
Profit after tax for the previous financial year	**-**

Notes to the financial statements

13. Properties held for sale

Group	Total £'000
Cost	
At 1 June 2013	715
Disposal	(264)
At 31 May 2014	451
Impairment	
At 1 June 2013	85
Charge for the year	121
At 31 May 2014	206
Net book value	
At 31 May 2014	245
At 31 May 2013	630

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

14. Stocks

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Stores	**2,229**	1,401	-	-
Produce and cultivation	**4,829**	7,917	-	-
Finished goods	**256**	259	-	-
	7,314	9,577	-	-

Notes to the financial statements

15. Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**16,681**	21,417	**45**	9
Amounts due from subsidiary undertakings	**-**	-	**2,407**	2,236
Other debtors	**2,749**	3,274	**42**	58
Associated undertakings	**258**	-	**-**	-
Amounts due from related parties	**-**	111	**-**	2
Deferred tax asset (see note 20)	**55**	7	**-**	-
	19,743	24,809	**2,494**	2,305

16. Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (see note 18)	**1,230**	4,130	**155**	159
Hire purchase contracts (see note 18)	**616**	1,049	**-**	-
Trade creditors	**15,436**	21,150	**55**	34
Amounts owed to subsidiary undertakings	**-**	-	**3**	2,104
Amounts owed to associated undertakings	**-**	48	**-**	-
Corporation tax	**926**	1,307	**88**	14
Other tax and social security	**633**	677	**25**	28
Other creditors	**6,433**	8,696	**315**	350
Deferred government grants	**-**	23	**-**	-
	25,274	37,080	**641**	2,689

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

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Bank loans (see note 18)	**1,057**	1,857	**842**	995
Hire purchase contracts (see note 18)	**645**	1,198	**-**	-
	1,702	3,055	**842**	995

Notes to the financial statements

18. Borrowings

An analysis of the maturity of borrowings is given below:

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year or on demand:				
Bank loans and overdraft	**1,233**	4,130	**159**	159
Finance lease and hire purchase contracts	**616**	1,049	**-**	-
Amounts falling due between one and two years:				
Bank loans	**219**	805	**159**	159
Finance lease and hire purchase contracts	**282**	589	**-**	-
Amounts falling due between two and five years				
Bank loans	**507**	674	**351**	476
Finance lease and hire purchase contracts	**363**	610	**-**	-
Amounts falling due in more than five years:				
Bank loans	**327**	377	**328**	360
	3,547	8,234	**997**	1,154

The bank loans and overdrafts are secured; HSBC plc has a debenture over all monies and liabilities whenever and however incurred by the company, whether now or in the future. HSBC plc holds a legal mortgage over land and property title deeds which are owned by A H Worth & Co Limited and the leasehold land and buildings owned by QV Foods Limited. The Agricultural Mortgage Corporation plc holds a legal mortgage over a parcel of land owned by A H Worth & Co Limited.

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

Notes to the financial statements

19. Financial commitments

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

Group

	Land and buildings		Other operating leases	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Expiring:				
Within one year	**-**	145	**50**	28
Between one and five years	**170**	25	**174**	190
In more than five years	**673**	613	**-**	10
	843	783	**224**	228

At the balance sheet date the Group had forward exchange contracts of €2,000,000 (2013 - €75,000). The fair value of the commitment at the end of the year was £18,990 (2013 - £nil).

20. Provisions for liabilities

	Group	
	2014	2013
	£'000	£'000
Deferred tax liability	**24**	52
Deferred tax asset	**55**	7

	Deferred tax
	£'000
Balance at 1 June 2013	45
Reversal of timing differences	(14)
Net balance at 31 May 2014	**31**

Notes to the financial statements

20. Provisions for liabilities (continued)

Group

	2014		2013	
	Provided	**Unprovided**	Provided	Unprovided
	£'000	**£'000**	£'000	£'000
Fixed asset timing differences	**2**	**-**	58	-
Short term timing differences	**29**	**-**	(13)	-
	31	**-**	45	-

Company

	2014		2013	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£'000**	£'000	£
Fixed asset timing differences	**19**	**-**	24	-
Short term timing differences	**(7)**	**-**	(4)	-
	12	**-**	20	-

21. Called up share capital

Allotted, issued and fully paid:

Number	Class	Nominal value	**2014**	2013
			£'000	£'000
10,000	'A' ordinary	£1	**10**	10
45,779	'B' ordinary	£1	**46**	46
			56	56

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

Notes to the financial statements

22. Reserves

Group

	Profit and Loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000
At 1 June 2013	24,610	4,646	34
Profit for the year	4,469	-	-
Dividends	(81)	-	-
Revaluation	-	105	-
At 31 May 2014	**28,998**	**4,751**	**34**

Company

	Profit and Loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000
At 1 June 2013	13,531	4,646	34
Profit for the year	4,817	-	-
Dividends	(81)	-	-
Revaluation	-	105	-
At 31 May 2014	**18,267**	**4,751**	**34**

23. Pension commitments

Group personal pension plan
The group has a grouped personal pension plan as the vehicle for delivering future service pension benefits. Although this is outside the occupational pension regime it is akin in terms of benefit delivery to a defined contribution scheme. The pension cost charge represents the contributions made to the individual personal pension plans and amounts to £590,940 (2013 - £721,753).

24. Capital commitments

There were capital commitments of £364,611 across the group at 31 May 2014 (2013 - £nil).

Notes to the financial statements

25. Related party disclosures

Parent company
The company has taken advantage of the exemptions from disclosure given within Financial Reporting Standard No 8 of the transactions with its wholly owned subsidiary undertakings for the year as these have been consolidated within these accounts.

Group undertakings
During the year the group sold goods and services to Manor Fresh Limited, an associate of the parent company amounting to £2,430,315 (2013 – £1,895,806) and purchased goods amounting to £628,562 (2013 – £1,657,535). All their sales and purchases were on a normal commercial basis. At the year end the group owed Manor Fresh Limited £193,022 (2013-£48,225) and Manor Fresh Limited owed the group £189,612 (2013 - £229,383).

D R Worth is a director of Holbeach Marsh Co-operative Limited. During the year the group made sales to Holbeach March Co-operative Limited of £191,797 (2013 - £90,431). At the year end Holbeach Marsh Co-operative Limited was owed £840 (2013 - £nil) by the group.

D R Worth is a director of Holbeach Biogas Limited. During the year the group made sales of £274,878 (2013 - £nil) and purchased goods of £281,139 (2013 - £nil). All sales and purchases were on a normal commercial basis. At year end Holbeach Biogas Limited owed the group £74,927 (2013 - £nil).

During the year the group made payments of £4,444 (2013 - £8,332) to HUB Rural Limited for consultancy work. There were no balances owing or due from HUB Rural Limited at the year end. H Baker, a director of Worth Farms Limited is a director of HUB Rural Limited.

During the year the company made payments of £80,436 (2013 - £65,578) to SLW Property Services Limited for residential property management and general administration services. SLW Property Services Ltd is owned and controlled by the wife of D R Worth (a director of the company).

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

	2014	2013
	£	£
D R Worth	5,812	5,812
S T Worth	5,812	5,812
Employee Benefit Trust	-	-

26. Ultimate controlling party

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

Notes to the financial statements

27. Reconciliation of movements in shareholders' funds

Group

	2014 £'000	2013 £'000
Profit for the financial year	**4,469**	3,799
Dividends paid	**(81)**	(81)
Revaluation	**105**	-
Net addition to shareholders' funds	**4,493**	3,718
Opening shareholders' funds	**29,346**	25,628
Closing shareholders' funds	**33,839**	29,346

Company

	2014 £'000	2013 £'000
Profit for the financial year	**4,817**	3,030
Dividends paid	**(81)**	(81)
Revaluation	**105**	-
Net addition to shareholders' funds	**4,841**	2,949
Opening shareholders' funds	**18,267**	15,318
Closing shareholders' funds	**23,108**	18,267