

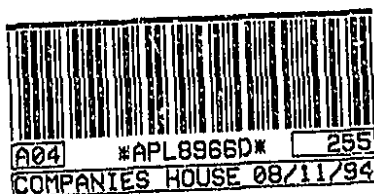
1700147

NFT Distribution Limited

Report and Accounts

31 March 1994

 ERNST & YOUNG



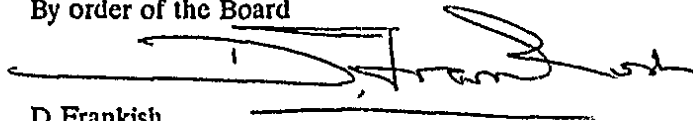
NFT Distribution Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of NFT Distribution Limited will be held at Azalea Close, Clover Nook Industrial Estate, Somercotes, Alfreton, Derbyshire, on 25 November 1994 to transact the following business:

1. To receive and adopt the directors' report and the audited accounts for the year ended 31 March 1994.
2. To re-appoint the auditors.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



D Frankish
Secretary

Azalea Close
Clover Nook Industrial Estate
Somercotes
Alfreton
Derbyshire

4 November 1994

NOTE

Any member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.

NFT Distribution Limited

Registered No. 1700147

DIRECTORS

J L Boatman (Managing Director)

D J Sims (Chairman)

SECRETARY

D Frankish

AUDITORS

Ernst & Young

PO Box 3

Lowgate House

Lowgate

Hull HU1 1JJ

REGISTERED OFFICE

Azalea Close

Clover Nook Industrial Estate

Somercotes

Alfreton

Derbyshire

 ERNST & YOUNG

NFT Distribution Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 March 1994.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The activities of the company consist of the storage and distribution of chilled and ambient food products and ex-farm milk collection.

A major extension of the dedicated Sainsbury's distribution depot at St Albans was completed in June 1994, making this one of their largest facilities.

The Barnsley Asda depot closed in March 1994.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £927,310 and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN FIXED ASSETS

Movements in fixed assets are set out in notes 9 and 10 to the accounts.

DIRECTORS

The directors of the company during the year ended 31 March 1994 were those listed on page 2 together with Mr P Whitfield who resigned on 29 March 1994.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985 no director in office at 31 March 1994 had any interest in the share capital of the company.

Directors' interests in the ordinary share capital of the ultimate parent company, Northern Foods plc, were as follows:-

	<i>Ordinary shares</i>	
	<i>31 March 1994</i>	<i>31 March 1993</i>
J L Boatman	5,663	1,174
D J Sims	2,129	4,317

No options were granted to, or exercised by, the above directors during the year ended 31 March 1994.

EQUAL OPPORTUNITIES

The company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion.

A number of initiatives in the equal opportunities area have been launched following publication of a major policy document last year. Equal opportunities training courses have been run this year for senior management.

We believe that ensuring fair employment for all our people makes an important contribution to the success of the business and the company is committed to further actions to secure genuine equality of opportunity.

NFT Distribution Limited

DIRECTORS' REPORT

COMMUNICATION AND CONSULTATION

The company uses a variety of methods to enable all its employees to understand the performance of the group and of their own operating company. These include briefing groups, meetings with employee representatives and company newspapers. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their company.

CHARITABLE DONATIONS

Donations to charitable organisations amounted to £2,158 (1993 - £2,951).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

In accordance with company law, the directors have prepared accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors have:

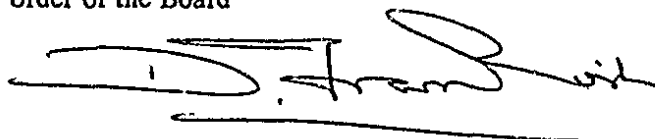
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- adopted applicable accounting standards;
- prepared the accounts on the going concern basis.

The directors continue to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with company law. In addition they safeguard the assets of the company and take reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



D Frankish
Secretary

4 November 1994

REPORT OF THE AUDITORS
to the members of NFT Distribution Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

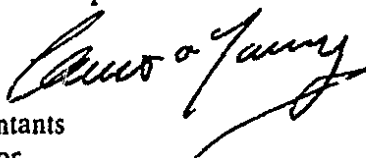
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
Hull



4 November 1994

NFT Distribution Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1994

	Notes	1994 £	1993 £
TURNOVER			
Cost of sales	2	78,177,777	80,835,571
		-	2,499,753
GROSS PROFIT		78,177,777	78,335,818
Selling and distribution costs		67,917,128	68,691,012
Administrative expenses		6,073,910	6,250,953
OPERATING PROFIT	3	4,186,739	3,383,853
Investment income	6	47,869	1,220
Interest payable and similar charges	7	6,136	32,420
Allocated to profit sharing		224,674	256,703
Group finance charges		1,744,653	2,064,769
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,259,145	1,031,181
Tax on profit on ordinary activities	8	1,331,835	410,031
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	927,310	621,150

Movement on shareholders' funds are set out in note 19.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 1994

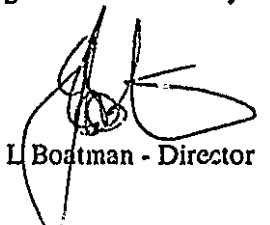
There have been no recognised gains or losses other than the retained profit attributable to shareholders of £927,310 (1993 - £621,150).

NFT Distribution Limited

BALANCE SHEET at 31 March 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Intangible assets	9	11,374,151	12,029,843
Tangible assets	10	8,864,116	8,915,586
Investments	11	-	-
		<u>20,238,267</u>	<u>20,945,429</u>
CURRENT ASSETS			
Stocks	12	206,830	210,408
Debtors	13	16,145,434	15,996,110
Cash in hand		661,213	990,138
		<u>17,013,477</u>	<u>17,196,656</u>
CREDITORS: amounts falling due within one year	14	<u>18,581,141</u>	<u>20,827,585</u>
NET CURRENT LIABILITIES		<u>(1,567,664)</u>	<u>(3,630,929)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,670,603</u>	<u>17,314,500</u>
CREDITORS: amounts falling due after more than one year	15	13,314,248	13,326,455
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	441,000	-
TOTAL ASSETS LESS LIABILITIES		<u>4,915,355</u>	<u>3,988,045</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000	1,000
Profit and loss account	18	4,914,355	3,987,045
		<u>4,915,355</u>	<u>3,988,045</u>

The financial statements were approved by the board of directors on 4 November 1994 and were signed on its behalf by


J L Boatman - Director

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

The cost of tangible fixed assets is written off by equal instalments over their expected useful lives as follows:

Plant and equipment	3 to 10 years
Motor vehicles and equipment	3 to 15 years

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Goodwill

Purchased goodwill is amortised through the profit and loss account over twenty years, being the estimated useful economic life.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Leased assets

Assets held under finance leases are capitalised and depreciated in accordance with the policy shown above. Finance charges are spread over the primary lease term in proportion to the capital element outstanding.

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

Pension benefits

The costs of providing pensions are charged to the profit and loss account on a consistent basis over the service lives of employees. Such costs are calculated by reference to actuarial valuations and variations from regular costs are spread over the remaining service lives of the current employees. The variations are dealt with in the accounts of the ultimate parent company.

2. TURNOVER

Turnover is attributable to one continuing activity and comprises the invoice value of goods and services supplied by the company exclusive of VAT. The turnover, all of which relates to the same class of business and all of which is derived within the United Kingdom, is as follows:

	1994 £	1993 £
Sales to third parties	46,061,518	50,355,611
Sales to group undertakings	32,116,259	30,479,960
	<u>78,177,777</u>	<u>80,835,571</u>

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

3. OPERATING PROFIT

This is stated after charging:

	1994 £	1993 £
Depreciation of tangible fixed assets (including £47,934 (1993 - £62,756) on assets held under finance leases)	2,059,332	1,933,695
Amortisation of intangible fixed assets	655,692	629,055
Auditors' remuneration - audit services	19,079	14,013
- non audit services	-	-
Hire of plant and vehicles	10,047,806	8,514,392
Other operating lease charges	1,625,964	2,543,656

4. EMOLUMENTS OF DIRECTORS

	1994 £	1993 £
Management remuneration, including pension contributions	77,833	72,146

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1994 £	1993 £
Chairman	-	-
Highest paid director	77,833	72,146

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number of directors	
Not more than £5,000	2	2
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-

5. EMPLOYEES

	1994 £	1993 £
Staff costs:-		
Wages and salaries	26,686,101	25,701,651
Social security costs	2,410,380	2,267,000
Other pension costs	1,290,064	1,134,897
	30,386,545	29,103,548

NFT Distribution Limited

NOTES TO THE ACCOUNTS at 31 March 1994

5. EMPLOYEES (continued)

The average weekly number of employees during the year was:

	1994 No.	1993 No.
Selling and distribution	1,345	1,287
Administration	161	154
	<u>1,506</u>	<u>1,441</u>

6. INVESTMENT INCOME

	1994 £	1993 £
Interest received	<u>47,869</u>	<u>1,220</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £	1993 £
Interest paid	-	22,835
Finance lease charges	<u>6,136</u>	<u>9,585</u>
	<u>6,136</u>	<u>32,420</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the results of the year comprises:

	1994 £	1993 £
UK Corporation tax payable		
- current year at 33%	890,835	268,418
Deferred tax charge		
- current year	<u>441,000</u>	<u>215,000</u>
	<u>1,331,835</u>	<u>483,418</u>
Prior year adjustments	-	(73,387)
	<u>1,331,835</u>	<u>410,031</u>

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

9. INTANGIBLE FIXED ASSETS

	£
Cost of purchased goodwill	
At 31 March 1993 and 31 March 1994	13,116,599
Amortisation of goodwill	
At 31 March 1993	1,086,756
Charge for the year	655,692
At 31 March 1994	1,742,448
Net book amount at 31 March 1994	11,374,151
Net book amount at 31 March 1993	12,029,843

10. TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles £
Cost	
At 31 March 1993	14,806,028
Additions	2,151,851
Group transfers	(153,281)
Disposals	(761,069)
At 31 March 1994	16,043,529
Depreciation	
At 31 March 1993	5,890,442
Charge for the year	2,059,332
Depreciation on group transfers	(127,625)
Relating to disposals	(642,736)
At 31 March 1994	7,179,413
Net book amount at 31 March 1994	8,864,116
Net book amount at 31 March 1993	8,915,586

At 31 March 1994 plant, equipment and vehicles included capitalised leases at a net book amount of £48,775 (1993 - £96,709).

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

11. FIXED ASSET INVESTMENTS

The company holds 3.4% of the ordinary share capital of Trent Transport Training Limited which is incorporated in Great Britain and registered in England and Wales. The principal activity of Trent Transport Training Limited is the provision of industrial training for persons in the road transport industry. The investment has been written down to the directors' estimate of its value.

12. STOCKS

Stocks comprise diesel and stocks of heating oil. The replacement cost of stocks is not significantly different from the balance sheet value.

13. DEBTORS

	1994	1993
	£	£
Amounts falling due within one year:		
Trade debtors	4,787,202	5,411,365
Due from fellow subsidiary undertakings	2,486,290	3,250,575
Loans to employees	8,600	144,625
Other debtors	64,073	179,003
Prepayments and accrued income	693,706	1,121,042
	<u>8,039,871</u>	<u>10,106,610</u>
Amounts falling due after more than one year:		
Due from ultimate parent company	8,105,563	5,889,500
	<u>16,145,434</u>	<u>15,996,110</u>

14. CREDITORS: amounts falling due within one year

	1994	1993
	£	£
Trade creditors	8,715,208	9,252,620
Due to ultimate parent company	7,006,885	8,437,736
Due to fellow subsidiary undertakings	55,740	272,092
Other taxes and social security	555,468	676,149
Other creditors	871,955	910,928
Accruals	480,257	974,082
Corporation tax	878,869	268,418
Obligations under finance leases	16,759	35,560
	<u>18,581,141</u>	<u>20,827,585</u>

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

15. CREDITORS: amounts falling due after more than one year

	1994 £	1993 £
Due to fellow subsidiary undertakings	13,295,659	13,291,107
Obligations under finance leases:		
Amounts due within one to two years	11,549	16,760
Amounts due within two to five years	7,040	18,588
	<u>13,314,248</u>	<u>13,326,455</u>

16. DEFERRED TAXATION

The opening and closing balances on deferred taxation are reconciled as follows:

	£
At 31 March 1993	-
Charge in the year	441,000
At 31 March 1994	<u>441,000</u>

The deferred tax liability is analysed as follows:

	1994 £	Provided 1993 £	1994 £	Not provided 1993 £
Short term timing differences	-	-	-	-
Accelerated capital allowances	441,000	-	369,000	748,667
	<u>441,000</u>	<u>-</u>	<u>369,000</u>	<u>748,667</u>

The full potential liability is the total of the provided and the not provided items.

17. CALLED UP SHARE CAPITAL

	<i>Authorised, allotted and fully paid</i>	
	<i>1994</i>	<i>1993</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000

NFT Distribution Limited

NOTES TO THE ACCOUNTS at 31 March 1994

18. PROFIT AND LOSS ACCOUNT

	£
At 31 March 1993	3,987,045
Retained profit for the financial year	<u>927,310</u>
At 31 March 1994	<u><u>4,914,355</u></u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial year	927,310
Opening shareholders' funds at 31 March 1993	<u>3,988,045</u>
Closing shareholders' funds at 31 March 1994	<u><u>4,915,355</u></u>

20. PENSIONS

Many of the company's employees are members of the defined benefits scheme operated by the ultimate parent company. This scheme is funded by the payment of contributions into a trust fund which is administered separately from the ultimate parent company.

The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The most recent actuarial valuation of the scheme was carried out as at 31 March 1993. The most significant actuarial assumptions were as follows:-

Rate of return on investments	9.0% pa
Rate of increase in pensionable earnings	6.5% pa
Rate of dividend growth	4.5% pa
Rate of pension increases	3.5% pa

At 31 March 1993 the market value of the scheme's assets was £400.7m and the actuarial value of those assets represented 128% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The benefits arising from the surplus have been accounted for by the ultimate parent company.

NFT Distribution Limited

NOTES TO THE ACCOUNTS

at 31 March 1994

21. FINANCIAL COMMITMENTS

Capital

At 31 March 1994 authorised future capital expenditure, before deduction of available government grants, amounted to:

	1994 £	1993 £
Contracted	779,900	1,003,200
Not contracted	269,000	452,900
	<u>1,048,900</u>	<u>1,456,100</u>

Lease

At 31 March 1994 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1994 £	Other 1994 £	Land and buildings 1993 £	Other 1993 £
Leases expiring:				
Within one year	-	645,762	-	521,070
Within two to five years	-	5,493,634	-	4,705,798
After more than five years	1,429,091	1,084,202	1,625,964	1,182,213
	<u>1,429,091</u>	<u>7,223,598</u>	<u>1,625,964</u>	<u>6,409,081</u>

22. CONTINGENT LIABILITIES

- The company, together with the ultimate parent company and certain fellow subsidiary undertakings, has entered into guarantees with Midland Bank plc in respect of the overdrafts of all other parties to the guarantee. At 31 March 1994 these overdrafts amount to £Nil (1993 - £Nil).
- The company, together with certain fellow subsidiary undertakings, is the guarantor in respect of £52 million other bank facilities with Midland Bank plc and Barclays Bank plc. At 31 March 1994 the amounts outstanding were £Nil (1993 - £Nil).

23. STATEMENT OF CASH FLOWS - FRS 1

The company is a wholly owned subsidiary of Northern Foods plc and its financing is arranged on a group basis. As such, the company is entitled to the exemptions under FRS 1 and therefore a statement of cash flows has not been presented.

24. GROUP ACCOUNTS

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Northern Foods plc, registered in England and Wales. Northern Foods plc is also the company's ultimate parent company. Copies of Northern Foods plc's accounts can be obtained from Beverley House, St Stephen's Square, Hull, HU1 3XG.