



ARTHUR ANDERSEN

NFT Distribution Limited

Report and Accounts

Year ended 31 March 1999

Registered number: 1700147



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COMPANIES HOUSE

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31/01/00

DIRECTORS

D Frankish
M T Gribbin
J N Wild

SECRETARY

J N Wild

AUDITORS

Arthur Andersen
1 City Square
Leeds
LS1 2AL

REGISTERED OFFICE

Azalea Close
Clover Nook Industrial Estate
Somercotes
Alfreton
Derbyshire
DE55 4QX

Directors' report

For the year ended 31 March 1999

The directors present their annual report and the audited accounts of the company for the year ended 31 March 1999.

Principal Activities and review of business developments

The activities of the company consist of the storage and distribution of chilled and ambient food products.

Results and dividends

The profit for the year attributable to shareholders amounts to £1,399,000 (1998: £1,374,000) and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

Directors

The directors of the company who served during the year are those listed on page 1 together with J M J Dicks who resigned on 6 July 1998. M T Gribbin and J N Wild were appointed on 6 July 1998.

Directors' interests

According to the register maintained as required under the Companies Act 1985, none of the directors had any beneficial interest in the shares of the company.

The interest of the directors in the share capital of the ultimate parent company, Northern Foods plc, were as follows:

* As at 6 July 1998 (Date of Appointment)	Fully paid ordinary shares of 25p each	
	At 31 March 1999	At 1 April 1998
M T Gribbin	554,733	555,892*
D Frankish	11,083	10,421
J N Wild	28,106	31,386*

Options granted to, or exercised by, directors during the year ended 31 March 1999 were as follows:

	Options granted	Options exercised
M T Gribbin	5,838	-
D Frankish	10,329	-
J N Wild	5,838	-

Directors' report (continued)

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare 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 are required to:

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

The directors confirm that the accounts comply with the above requirement.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

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.

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 interest and, particularly, on changes affecting their company.

Charitable donations

Donations to charitable organisations amounted to £4,000 (1998: £1,607).

Directors' report (continued)

Statement of the company's policy on payment of commercial debts

The company supports the CBI's prompt payment code. Copies of the code may be obtained from the CBI at Centre Point, 103 New Oxford Street, London, WC1A 1DU. Payment terms are agreed with individual suppliers and best endeavours are made to honour this commitment. Trade creditor days at 31 March 1999 were 73 days (1998: 98 days).

Year 2000

We are all underway with our programme to ensure all computer systems are year 2000 compliant and that our supplier base is also ready for the millennium. Most commercial systems have already been modified and tested. The costs are being charged against operating profits as incurred.

Auditors

Ernst & Young resigned as the company's auditors on 25 January 1999 and were replaced by Arthur Andersen.

Arthur Andersen 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

A handwritten signature in black ink, appearing to be 'J N Wild', is written over a horizontal line.

Secretary
J N Wild

26 January 2000

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 3 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 opinions

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 breaches of trust, 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

26 January 2000

Profit and loss account

For the year ended 31 March 1999

	Note	1999 £'000	1998 £'000
Turnover	2	66,764	58,966
Gross profit		66,764	58,966
Selling and distribution costs		58,635	51,829
Administrative expenses		5,633	4,920
Operating profit	3	2,496	2,217
Interest payable and similar charges	6	515	615
Profit on ordinary activities before taxation		1,981	1,602
Tax on profit on ordinary activities	7	582	228
Retained profit for the financial year		1,399	1,374

Statement of total recognised gains and losses

For the year ended 31 March 1999

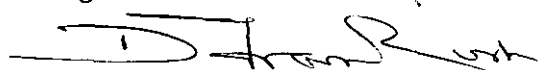
There have been no recognised gains or losses other than the retained profit attributable to shareholders of £1,399,000 in the year ended 31 March 1999 (1998: £1,374,000).

Balance sheet

31 March 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	8	3,509	3,814
Tangible assets	9	3,512	3,569
Investments	10	-	-
		<u>7,021</u>	<u>7,383</u>
Current assets			
Stocks	11	236	175
Debtors:			
amounts falling due within one year	12	10,911	6,232
amounts falling due after more than one year	12	10,420	9,976
Cash at bank and in hand		<u>1,230</u>	<u>735</u>
		22,797	17,118
Creditors: amounts falling due within one year	13	<u>19,147</u>	<u>15,079</u>
Net current assets		<u>3,650</u>	<u>2,039</u>
Total assets less current liabilities		<u>10,671</u>	<u>9,422</u>
Provision for liabilities and charges			
Deferred taxation	14	-	150
		<u>10,671</u>	<u>9,272</u>
Capital and reserves			
Called up equity share capital	15	1	1
Profit and loss account	16	<u>10,670</u>	<u>9,271</u>
Equity shareholders' funds	16	<u>10,671</u>	<u>9,272</u>

Signed on behalf of the Board



D Frankish

Director

26 January 2000

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

For the year ended 31 March 1999

1 Accounting policies

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

a) 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

b) Stocks

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

c) Goodwill

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

d) 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.

e) 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.

f) 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.

Notes to the accounts (continued)

2 Turnover

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

	1999 £'000	1998 £'000
Sales to third parties	51,383	43,645
Sales to group undertakings	15,381	15,321
	<u>66,764</u>	<u>58,966</u>

3 Operating profit

This is stated after charging:

	1999 £'000	1998 £'000
Depreciation of tangible fixed assets	976	1,018
Amortisation of intangible fixed assets	305	305
Auditors' remuneration	13	19
Hire of plant and vehicles	8,201	6,888
Other operating lease charges	2,540	1,792
Allocated to profit sharing	<u>153</u>	<u>170</u>

4 Emoluments of directors

	1999 £'000	1998 £'000
Directors' remuneration	<u>98</u>	<u>86</u>

Notes to the accounts (continued)

5 Staff costs

	1999 £'000	1998 £'000
Wages and salaries	23,653	21,835
Social security costs	1,946	1,727
Other pension costs	1,181	1,030
	<u>26,780</u>	<u>24,592</u>

The average weekly number of employees during the year was:

	1999 Number	1998 Number
Selling and distribution	1,051	976
Administration	91	84
	<u>1,142</u>	<u>1,060</u>

6 Interest payable and similar charges

	1999 £'000	1998 £'000
Group finance charges	<u>515</u>	<u>615</u>

Notes to the accounts (continued)

7 Tax on profit on ordinary activities

The charge based on the results for the year comprises:

	1999 £'000	1998 £'000
UK Corporation tax		
Current year at 31 % (1998 - 31 %)	732	485
Deferred tax	(150)	-
	<hr/> 582	<hr/> 485
Adjustments relating to prior years	-	(257)
	<hr/> 582	<hr/> 228
	<hr/> <hr/>	<hr/> <hr/>

8 Intangible fixed assets

Cost of purchased goodwill:

At 31 March 1998 and at 31 March 1999	<hr/> 6,102
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Amortisation of goodwill:

At 31 March 1998	2,288
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Charge for the year	305
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At 31 March 1999	<hr/> 2,593
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Net book amounts:

At 31 March 1999	<hr/> 3,509
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At 31 March 1998	<hr/> 3,814
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Notes to the accounts (continued)

9 Tangible fixed assets

	Plant, equipment and vehicles £'000
Cost	
At 31 March 1998	11,543
Additions	922
Group transfers	(4)
At 31 March 1999	<u>12,461</u>
Depreciation:	
At 31 March 1998	7,974
Charge for the year	976
Group transfers	(1)
At 31 March 1999	<u>8,949</u>
Net book amounts:	
At 31 March 1999	<u>3,512</u>
At 31 March 1998	<u>3,569</u>

10 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.

11 Stocks

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

Notes to the accounts (continued)

12 Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	8,727	4,541
Amounts due from group undertakings	1,449	1,215
Other debtors	16	48
Prepayments and accrued income	719	428
	<u>10,911</u>	<u>6,232</u>
Amounts falling due after more than one year:		
Amounts due from group undertakings	10,420	9,976
	<u>21,331</u>	<u>16,208</u>

13 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	9,883	6,067
Amounts due to group undertakings	5,646	6,551
Other taxes and social security	576	365
Other creditors	974	949
Accruals	1,336	663
Corporation tax	732	484
	<u>19,147</u>	<u>15,079</u>

14 Deferred taxation

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

	£'000
At 31 March 1998	150
Release for the year	(150)
At 31 March 1999	<u>-</u>

The deferred tax liability is analysed as follows:

	1999 £'000	Provided 1998 £'000	1999 £'000	Not provided 1998 £'000
Accelerated capital allowances	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>

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

Notes to the accounts (continued)

15 Called-up equity share capital

	1999	Authorised, allotted and fully paid 1998
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16 Reconciliation of equity shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 1998	1	9,271	9,272
Retained profit for the year	-	1,399	1,399
At 31 March 1999	<u>1</u>	<u>10,670</u>	<u>10,671</u>

17 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 1996. 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*

* For pensionable service after 1 April 1997, LPI is accrued at 4.5% per annum.

At 31 March 1996 the market value of the scheme's assets was £516.8m and the actuarial value of those assets represented 124% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuarial valuation for the scheme at 31 March 1999 is currently in progress.

Notes to the accounts (continued)

17 Pensions (continued)

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

The parent undertaking also provides medical benefits for eligible retired employees who had been members of the Northern Foods Healthcare Plan although eligibility for this plan will be withdrawn for employees who retire after 31 March 1999. Further details of the plan are given in the accounts of the ultimate parent undertaking.

18 Financial commitments

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1999 £'000	Other 1999 £'000	Land and buildings 1998 £'000	Other 1998 £'000
Leasing expiring:				
Within one year	-	458	-	853
Within two to five years	-	3,905	-	2,580
After more than five years	2,440	2,275	2,457	4,353
	<u>2,440</u>	<u>6,638</u>	<u>2,457</u>	<u>7,786</u>

19 Contingent liabilities

The company, together with the ultimate parent company and certain fellow subsidiary undertakings, has entered into guarantees with Midland Bank plc and Barclays Bank plc in respect of the overdrafts of all other parties to the guarantee. At 31 March 1999 these overdrafts amount to £Nil (1998 £Nil).

20 Related party transactions

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Northern Foods plc Group.

21 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.