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Company Number: 2027459

MICHAEL I HOLDSWORTH LTD

Report and accounts  
for the year ended 29th February 2000

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COMPANIES HOUSE

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22/11/00

**Chairman**

M I Holdsworth

**Registered office**

The Mill  
Manchester Road  
Tideswell  
Derbyshire  
SK17 8LN

**Directors**

M I Holdsworth  
J A Marriott

**Secretary**

E V Holdsworth

**Auditors**

Josolyne & Co  
Silk House  
Park Green  
Macclesfield  
Cheshire  
SK11 7QW

**Bankers**

National Westminster Bank plc  
1 Water Lane  
Bakewell  
Derbyshire  
DE45 1EU

29th February 2000

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## Directors' report

for the year ended 29th February 2000

The directors submit their report together with the audited accounts for the year ended 29th February 2000.

**Results and dividends**

The trading profit for the year after taxation and dividends was £284,602 and has been transferred to reserves.

Interim dividends amounting to £149,000 having been paid on 31st January 2000, the directors do not recommend a final dividend.

**Principal activity and business review**

The principal activity of the company during the year was the wholesale and retail marketing and distribution of frozen foods.

On 1st March 1999 the company changed its name from Chilfrost Limited to Michael I Holdsworth Limited and commenced trading. The whole of the share capital was acquired by the parent company Holdsworth Holdings Limited which hived down its trading activities to the previously dormant company.

**Future developments of the business**

Since the year end the company has acquired a new southern depot to expand the operational base.

**Directors and their interests**

The directors who served during the year and their interests, together with the interests of their families, in the share capital of the company were as follows:

|                | Class of share | 28th February 1999 |
|----------------|----------------|--------------------|
| M I Holdsworth | Ordinary       | 100                |
| J A Marriott   | Ordinary       | -                  |

On 29th February 2000 J A Marriott resigned as company secretary and E V Holdsworth was appointed in his place.

The interests of the directors since 1st March 1999 (including family interests as defined in the Companies Act, 1985) in the ordinary shares of the company are shown in the accounts of the parent company.

**Statement of directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

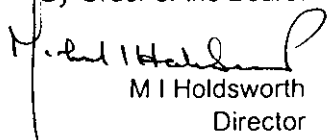
Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;

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 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.

By Order of the Board:

  
M I Holdsworth  
Director  
10th November 2000

**Auditors' report to the shareholders**

**for the year ended 29th February 2000**

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We have audited the accounts on pages 6 to 16 which have been prepared under the accounting policies set out on page 9.

**Respective responsibilities of the 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**

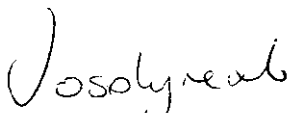
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 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 the information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 29th February 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Silk House  
Park Green  
Macclesfield  
Cheshire  
SK11 7QW

  
Josolyne & Co  
Chartered Accountants  
and Registered Auditors

10th November 2000

## Profit and loss account

for the year ended 29th February 2000

|                                                      | Notes | 2000<br>£  | 1999<br>£ |
|------------------------------------------------------|-------|------------|-----------|
| <b>Turnover</b>                                      | 2     | 28,103,102 | -         |
| Cost of sales                                        |       | 22,802,022 | -         |
| <b>Gross profit</b>                                  |       | 5,301,080  | -         |
| Distribution costs                                   |       | 3,044,194  | -         |
| Administrative expenses                              |       | 1,579,010  | -         |
|                                                      |       | 677,876    | -         |
| Other operating income                               |       | 45,949     | -         |
| <b>Operating profit</b>                              | 3     | 723,825    | -         |
| Other interest receivable and similar income         |       | 5,456      | -         |
|                                                      |       | 729,281    | -         |
| Interest payable and similar charges                 | 4     | 65,297     | -         |
| <b>Profit on ordinary activities before taxation</b> |       | 663,984    | -         |
| Tax on profit on ordinary activities                 | 7     | 230,382    | -         |
| <b>Profit for the financial year</b>                 |       | 433,602    | -         |
| Dividends                                            | 8     | 149,000    | -         |
| <b>Retained profit transferred to reserves</b>       |       | 284,602    | -         |

*All amounts relate to continuing activities.*

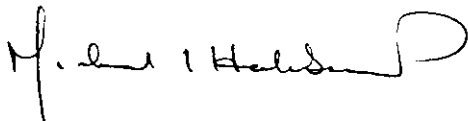
*The profit and loss account contains all the gains and losses recognised in the current and preceding year and the profit for the year retained represents the only movement in shareholders funds.*

## Balance sheet

as at 29th February 2000

|                                                         | Notes | 2000<br>£        | 2000<br>£        | 1999<br>£  | 1999<br>£  |
|---------------------------------------------------------|-------|------------------|------------------|------------|------------|
| <b>Fixed assets</b>                                     |       |                  |                  |            |            |
| Intangible assets                                       | 9     |                  | 12,924           | -          | -          |
| Tangible assets                                         | 10    |                  | 757,971          | -          | -          |
|                                                         |       |                  | <u>770,895</u>   |            | -          |
| <b>Current assets</b>                                   |       |                  |                  |            |            |
| Stock                                                   | 12    | 714,860          |                  | -          |            |
| Debtors                                                 | 13    | 2,333,375        |                  | -          |            |
| Cash at bank and in hand                                |       | 304,935          |                  | 100        |            |
|                                                         |       | <u>3,353,170</u> |                  | <u>100</u> |            |
| Creditors: amounts falling due within one year          | 14    | 3,508,871        |                  | -          |            |
| Net current (liabilities)/assets                        |       |                  | <u>(155,701)</u> |            | <u>100</u> |
| Total assets less current liabilities                   |       |                  | 615,194          |            | 100        |
| Creditors: amounts falling due after more than one year | 15    |                  | (287,250)        |            | -          |
| Provision for liabilities and charges                   |       |                  |                  |            |            |
| Deferred taxation                                       | 17    |                  | (18,342)         |            | -          |
|                                                         |       |                  | <u>309,602</u>   |            | <u>100</u> |
| <b>Capital and reserves</b>                             |       |                  |                  |            |            |
| Called up share capital                                 | 18    |                  | 25,000           |            | 100        |
| Profit and loss account                                 |       |                  | 284,602          |            | -          |
|                                                         |       |                  | <u>309,602</u>   |            | <u>100</u> |

These accounts were approved by the board on 10th November 2000.



M I Holdsworth

Director

## Cash flow statement

for the year ended 29th February 2000

|                                                                              | Notes | 2000<br>£ | 2000<br>£ | 1999<br>£ | 1999<br>£ |
|------------------------------------------------------------------------------|-------|-----------|-----------|-----------|-----------|
| <b>Net cash inflow from operating activities</b>                             | 24    |           | 1,087,311 |           | -         |
| <b>Returns on investments and servicing of finance</b>                       |       |           |           |           |           |
| Interest received                                                            |       | 5,456     |           | -         |           |
| Interest paid                                                                |       | (42,936)  |           | -         |           |
| Hire purchase and finance lease interest                                     |       | (22,361)  |           | -         |           |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |       |           | (59,841)  |           | -         |
| <b>Taxation</b>                                                              |       |           | -         |           | -         |
| <b>Capital expenditure and financial investment</b>                          |       |           |           |           |           |
| Purchase of intangible fixed assets                                          |       | (39,840)  |           | -         |           |
| Purchase of tangible fixed assets                                            |       | (590,208) |           | -         |           |
| Proceeds from the sale of fixed assets                                       |       | 126,615   |           | -         |           |
| <b>Net cash outflow from capital expenditure and financial investment</b>    |       |           | (503,433) |           | -         |
| <b>Equity dividends paid</b>                                                 |       |           | (149,000) |           | -         |
| <b>Management of liquid resources</b>                                        |       |           |           |           |           |
| Increase/(decrease) in cash deposits                                         |       | (36,356)  |           | -         |           |
| <b>Net cash outflow from management of liquid resources</b>                  |       |           | (36,356)  |           | -         |
| <b>Financing</b>                                                             |       |           |           |           |           |
| Issue of share capital                                                       |       | 24,900    |           | -         |           |
| Loans                                                                        |       | 198,959   |           | -         |           |
| Capital element of finance lease rentals                                     |       | (294,060) |           | -         |           |
| <b>Net cash outflow from financing</b>                                       |       |           | (70,201)  |           | -         |
| <b>increase in cash</b>                                                      |       |           | 268,480   |           | -         |
|                                                                              | 25    |           |           |           |           |

**1 Principal accounting policies*****Basis of accounts***

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

***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

|                     |                    |
|---------------------|--------------------|
| Plant and machinery | Over 5 to 15 years |
| Motor vehicles      | Over 4 to 5 years  |

***Goodwill***

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being amortised in equal annual instalments over the directors' estimated useful economic life of 5 years.

***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a "first in, first out" basis. Net realisable value is determined on the basis of expected selling price less further costs expected to be incurred to completion and disposal.

***Deferred taxation***

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

***Contribution to pension funds***

The company operates funded pension schemes the assets of which are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as they become payable.

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

**2 Turnover**

Turnover represents the invoiced amount of goods sold stated net of value added tax.

The turnover is attributable to the principal activity of the company and is all derived in the United Kingdom.

**3 Operating profit***The operating profit is stated after charging:*

|                                                                             | 2000           | 1999     |
|-----------------------------------------------------------------------------|----------------|----------|
|                                                                             | £              | £        |
| Auditors remuneration                                                       | 7,450          | -        |
| Depreciation - owned assets                                                 | 179,323        | -        |
| Depreciation - assets held under finance leases and hire purchase contracts | 133,597        | -        |
| Amortisation of intangible assets                                           | 26,917         | -        |
|                                                                             | <b>247,287</b> | <b>-</b> |

**4 Interest payable**

|                                                                          | 2000          | 1999     |
|--------------------------------------------------------------------------|---------------|----------|
|                                                                          | £             | £        |
| Bank loans and overdrafts                                                | 31,311        | -        |
| Finance charges in respect of finance leases and hire purchase contracts | 22,361        | -        |
| Other interest payable                                                   | 11,625        | -        |
|                                                                          | <b>65,297</b> | <b>-</b> |

**5 Staff costs**

Staff costs during the year were as follows:

|                       | 2000             | 1999     |
|-----------------------|------------------|----------|
|                       | £                | £        |
| Wages and salaries    | 2,146,269        | -        |
| Social security costs | 195,980          | -        |
| Other pension costs   | 39,449           | -        |
|                       | <b>2,381,699</b> | <b>-</b> |

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

|                                    | 2000       | 1999     |
|------------------------------------|------------|----------|
|                                    | Number     | Number   |
| Administration employees           | 13         | -        |
| Management employees               | 2          | -        |
| Selling and distribution employees | 101        | -        |
|                                    | <b>116</b> | <b>-</b> |

**6 Directors emoluments**

Remuneration in respect of directors was as follows:

|                                                                                     | £              | £          |
|-------------------------------------------------------------------------------------|----------------|------------|
| Emoluments                                                                          | 129,463        | -          |
|                                                                                     | <u>129,463</u> | <u>-</u>   |
| <b>No. of directors accruing pension benefits under:<br/>money purchase schemes</b> | <b>No.</b>     | <b>No.</b> |
|                                                                                     | 2              | -          |

**7 Taxation on ordinary activities**

*Based on the profit for the year:*

|                      | 2000<br>£      | 1999<br>£ |
|----------------------|----------------|-----------|
| U.K. corporation tax | 212,040        | -         |
| Deferred tax charge  | 18,342         | -         |
|                      | <u>230,382</u> | <u>-</u>  |

**8 Dividends**

Ordinary share dividends - interim

| 2000<br>£ | 1999<br>£ |
|-----------|-----------|
| 149,000   | -         |

**9 Intangible fixed assets****Cost**

Increase during the year

At 29th February 2000

**Goodwill**  
**£**

39,840

39,840

**Amortisation**

Provided during the year

At 29th February 2000

(26,916)

(26,916)

**Net book value**

At 29th February 2000

12,924

**10 Tangible fixed assets**

|                        | Plant and<br>machinery | Motor<br>vehicles | Total     |
|------------------------|------------------------|-------------------|-----------|
| Cost                   | £                      | £                 | £         |
| Additions              | 348,149                | 851,951           | 1,200,100 |
| Disposals              | (24,751)               | (241,340)         | (266,091) |
| At 29th February 2000  | 323,398                | 610,611           | 934,009   |
| <b>Depreciation</b>    |                        |                   |           |
| Charged for the year   | (71,617)               | (241,303)         | (312,920) |
| Eliminated on disposal | 4,929                  | 131,953           | 136,882   |
| At 29th February 2000  | (66,688)               | (109,350)         | (176,038) |
| <b>Net Book Value</b>  |                        |                   |           |
| At 29th February 2000  | 256,710                | 501,261           | 757,971   |

**11 Assets held under finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts included in tangible fixed assets were as follows:

|                          | Plant &<br>machinery<br>2000<br>£ | Plant &<br>machinery<br>1999<br>£ | Motor<br>vehicles<br>2000<br>£ | Motor<br>vehicles<br>1999<br>£ |
|--------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Cost                     | 11,350                            | -                                 | 661,010                        | -                              |
| Accumulated depreciation | (5,297)                           | -                                 | (204,023)                      | -                              |
| Net book value           | 6,053                             | -                                 | 456,987                        | -                              |

**12 Stocks**

|                   | 2000<br>£ | 1999<br>£ |
|-------------------|-----------|-----------|
| Goods for re-sale | 714,860   | -         |
|                   | 714,860   | -         |

**13 Debtors**

|                                    | 2000<br>£ | 1999<br>£ |
|------------------------------------|-----------|-----------|
| Trade debtors                      | 1,985,814 | -         |
| Amounts owed by group undertakings | 236,692   | -         |
| Other debtors                      | 43,433    | -         |
| Prepayments and accrued income     | 67,436    | -         |
|                                    | 2,333,375 | -         |

## Notes to the accounts

for the year ended 29th February 2000

| 14 | Creditors: amounts falling due within one year              | 2000<br>£        | 1999<br>£ |
|----|-------------------------------------------------------------|------------------|-----------|
|    | Bank loans (secured)                                        | 43,333           | -         |
|    | Obligations under hire purchase and finance lease contracts | 184,208          | -         |
|    | Trade creditors                                             | 1,768,095        | -         |
|    | Amounts owed to parent and fellow subsidiary undertakings   | 772,434          | -         |
|    | Corporation tax                                             | 212,040          | -         |
|    | Other taxes and social security costs                       | 60,649           | -         |
|    | Other creditors                                             | 187,731          | -         |
|    | Accruals and deferred income                                | 280,381          | -         |
|    |                                                             | <u>3,508,871</u> | -         |

| 15 | Creditors: amounts falling due after more than one year     | 2000<br>£      | 1999<br>£ |
|----|-------------------------------------------------------------|----------------|-----------|
|    | Bank loans                                                  | 155,626        | -         |
|    | Obligations under hire purchase and finance lease contracts | 131,624        | -         |
|    |                                                             | <u>287,250</u> | -         |

The loans bear interest at 1.75% over base lending rate and are secured by a mortgage debenture on company assets and a Cross Company Guarantee.

| 16 | Obligations under finance leases                                                      | 2000<br>£      | 1999<br>£ |
|----|---------------------------------------------------------------------------------------|----------------|-----------|
|    | Obligations under finance leases and hire purchase contracts are analysed as follows: |                |           |
|    | Current obligations                                                                   | 184,208        | -         |
|    | Obligations due between two and five years                                            | 131,624        | -         |
|    |                                                                                       | <u>315,832</u> | -         |

Hire purchase liabilities are secured on the motor vehicles.

## 17 Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are as follows. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30%.

|                                | Amount Provided |           | Amount Unprovided |           |
|--------------------------------|-----------------|-----------|-------------------|-----------|
|                                | 2000<br>£       | 1999<br>£ | 2000<br>£         | 1999<br>£ |
| Accelerated capital allowances | 18,342          | -         | -                 | -         |
|                                | <u>18,342</u>   | <u>-</u>  | <u>-</u>          | <u>-</u>  |

## 18 Share capital

| Authorised                                | 2000<br>No.   | 2000<br>£     | 1999<br>No. | 1999<br>£  |
|-------------------------------------------|---------------|---------------|-------------|------------|
| Ordinary shares of £1 each                | 25,000        | 25,000        | 100         | 100        |
|                                           | <u>25,000</u> | <u>25,000</u> | <u>100</u>  | <u>100</u> |
| <b>Allotted, called up and fully paid</b> |               |               |             |            |
| Ordinary shares of £1 each                | 25,000        | 25,000        | 100         | 100        |
|                                           | <u>25,000</u> | <u>25,000</u> | <u>100</u>  | <u>100</u> |

On 1 March 1999 the authorised share capital was increased by 24,900 to 25,000 ordinary shares of £1 each. All shares were acquired by Holdsworth Holdings Limited, fully paid at par.

## 19 Reconciliation of movement in shareholders' funds

|                                      | 2000<br>£      | 1999<br>£  |
|--------------------------------------|----------------|------------|
| Profit/(loss) for the financial year | 433,602        | -          |
| Dividends                            | (149,000)      | -          |
|                                      | <u>284,602</u> | <u>-</u>   |
| New share capital subscribed         | 24,900         | -          |
|                                      | <u>309,502</u> | <u>-</u>   |
| Opening shareholders' funds          | 100            | 100        |
|                                      | <u>309,602</u> | <u>100</u> |
| Closing shareholders' funds          |                |            |

**20 Related party transactions****Control**

Throughout the year, the company was a wholly owned subsidiary of Holdsworth Holdings Limited, a company controlled by Mr M I Holdsworth, a director, and members of his close family. Details of the directors' share interests in the company's share capital are set out in the parent company's directors' report on page 4.

**Transactions**

During the year, the company had the following transactions with related parties:

| Related party/details of transaction | During year<br>£ | Balance at<br>year end<br>£ |
|--------------------------------------|------------------|-----------------------------|
| <b>Holdsworth Holdings Limited</b>   |                  |                             |
| Intercompany loan account            | 772,434          | (772,434)                   |
| <b>Holdsworth Provisions Limited</b> |                  |                             |
| Intercompany purchases               | 1,358,879        | (409,875)                   |
| Intercompany loan account            | 236,693          | 236,693                     |

**21 Pensions - defined contribution scheme**

The company operates defined contribution pension schemes for the benefit of the employees and directors. The assets of the schemes are administered by trustees in funds independent from those of the company. The pension cost charged represents contributions payable by the company to the funds and amounted to £39,449 (last year £nil).

**22 Contingent liabilities**

The company guarantees related company indebtedness.

**23 Operating lease commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

|                          | 2000<br>Land and<br>buildings | 2000<br>Other | 1999<br>Land and<br>buildings | 1999<br>Other |
|--------------------------|-------------------------------|---------------|-------------------------------|---------------|
| Expiring:                | £                             | £             | £                             | £             |
| Within one year          | -                             | 35,969        | -                             | -             |
| Within two to five years | -                             | 36,075        | -                             | -             |
| After five years         | 283,000                       | -             | -                             | -             |
|                          | 283,000                       | 72,044        | -                             | -             |

for the year ended 29th February 2000

| 24 | Reconciliation of operating profit to net cash inflow from operating activities | 2000<br>£        | 1999<br>£ |
|----|---------------------------------------------------------------------------------|------------------|-----------|
|    | Operating profit                                                                | 723,825          | -         |
|    | Depreciation and loss on disposal of fixed assets                               | 342,431          | -         |
|    | Increase in stocks                                                              | (714,860)        | -         |
|    | Increase in debtors                                                             | (2,333,375)      | -         |
|    | Increase in creditors                                                           | 3,069,290        | -         |
|    |                                                                                 | <u>1,087,311</u> | -         |

## 25 Reconciliation of cash flow to movement in net debt

|                                                        | Cash at bank and in hand<br>£ | Bank overdraft<br>£ | Total<br>£       |
|--------------------------------------------------------|-------------------------------|---------------------|------------------|
| At 29th February 2000                                  | 268,579                       | -                   | 268,579          |
| At 1st March 1999                                      | 100                           | -                   | 100              |
| Increase/(decrease) in cash in the year                | 268,479                       | -                   | 268,479          |
| Cash outflow from decrease in debt and lease financing |                               |                     | 95,101           |
| Cash inflow from decrease in liquid resources          |                               |                     | 36,356           |
| Change in net debt resulting from cash flows           |                               |                     | 399,936          |
| New finance leases                                     |                               |                     | (609,892)        |
| <b>Movement in net debt in the year</b>                |                               |                     | (209,956)        |
| Net debt at 1st March 1999                             |                               |                     | 100              |
| Net debt at 29th February 2000                         |                               |                     | <u>(209,856)</u> |

## 26 Analysis of changes in net debt

|                       | Cash in hand<br>£ | Current loans<br>£ | Long term loans<br>£ | Finance leases<br>£ | Current asset investments<br>£ | Total<br>£       |
|-----------------------|-------------------|--------------------|----------------------|---------------------|--------------------------------|------------------|
| At 1st March 1999     | 100               | -                  | -                    | -                   | -                              | 100              |
| Cash flows            | 268,479           | (43,333)           | (155,626)            | 294,060             | 36,356                         | 399,936          |
| Other changes         | -                 | -                  | -                    | (609,892)           | -                              | (609,892)        |
| At 29th February 2000 | <u>268,579</u>    | <u>(43,333)</u>    | <u>(155,626)</u>     | <u>(315,832)</u>    | <u>36,356</u>                  | <u>(209,856)</u> |