
Company Number: 2027459

MICHAEL I HOLDSWORTH LIMITED

Report and accounts
for the year ended 28th February 2001



Chairman

M I Holdsworth

Registered office

The Mill
Manchester Road
Tideswell
Derbyshire
SK17 8LN

Directors

M I Holdsworth
J A Marriott
R J C Warhurst
D J Flanagan

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

28th February 2001

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Directors' report

for the year ended 28th February 2001

The directors submit their report together with the audited accounts for the year ended 28th February 2001.

Results and dividends

The profit for the year after taxation and dividends was £362,227 and has been transferred to reserves.

Interim dividends amounting to £150,000 having been paid during the year, the directors do not recommend a final dividend.

Principal activity and business review

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

During the year, the company acquired the share capital of two companies, Belfrost Foods Limited and Tuckleys (Northampton) Limited, whose principle activities were also the wholesale and retail marketing and distribution of frozen foods.

On 28th February 2001 the trading assets of the subsidiary Tuckleys (Northampton) Limited were hived up to the parent company and the subsidiary ceased to trade.

Future developments of the business

During the year the company acquired two new companies in the Midlands and the South, and the current year will see the consolidation of this expansion to the operational base.

Directors and their interests

The directors who served during the year were as follows:

M I Holdsworth

J A Marriott

R J C Warhurst (appointed 22/12/00)

D J Flanagan (appointed 1/9/00)

The interests of the directors (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, Holdsworth Holdings Limited.

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:


R J C Warhurst

Director

12th December 2001

We have audited the accounts on pages 6 to 19 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

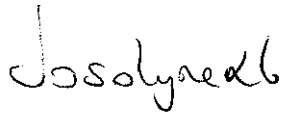
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 28th February 2001 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

12th December 2001

Profit and loss account

for the year ended 28th February 2001

	Notes	2001 £	2000 £
Turnover	2	26,316,604	28,103,102
Cost of sales		20,813,612	22,802,022
Gross profit		5,502,992	5,301,080
Distribution costs		3,358,189	3,056,106
Administrative expenses		1,535,114	1,567,098
		609,689	677,876
Other operating income		43,470	45,949
Operating profit	3	653,159	723,825
Income from shares in group undertakings		430,957	-
Other interest receivable and similar income		7,899	5,456
Investment written off		(338,741)	-
		753,274	729,281
Interest payable and similar charges	4	94,012	65,297
Profit on ordinary activities before taxation		659,262	663,984
Tax on profit on ordinary activities	7	147,035	230,382
Profit for the financial year		512,227	433,602
Dividends	8	150,000	149,000
Retained profit transferred to reserves		362,227	284,602

All amounts relate to continuing activities.

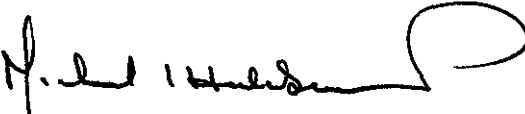
The profit and loss account contains all the gains and losses recognised in the current and preceding year and the profit for the year retained represents the only movement in shareholders funds.

Balance sheet

as at 28th February 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Intangible assets	9		365,737		12,924
Tangible assets	10		1,485,521		757,971
Investments	12		837,863		-
			<u>2,689,121</u>		<u>770,895</u>
Current assets					
Stock	15	902,502		714,860	
Debtors	16	3,511,103		2,379,078	
Cash at bank and in hand		40,543		304,935	
		<u>4,454,148</u>		<u>3,398,873</u>	
Creditors: amounts falling due within one year	17	<u>4,725,891</u>		<u>2,736,437</u>	
Net current (liabilities)/assets			<u>(271,743)</u>		<u>662,436</u>
Total assets less current liabilities			<u>2,417,378</u>		<u>1,433,331</u>
Creditors: amounts falling due after more than one year	18		<u>(1,625,553)</u>		<u>(1,105,387)</u>
Provision for liabilities and charges					
Deferred taxation	20		(84,996)		(18,342)
Other provisions	21		(35,000)		-
			<u>671,829</u>		<u>309,602</u>
Capital and reserves					
Called up share capital	22		25,000		25,000
Profit and loss account			646,829		284,602
			<u>671,829</u>		<u>309,602</u>

These accounts were approved by the board on 12th December 2001.


 M I Holdsworth
 Director

Cash flow statement

for the year ended 28th February 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Net cash inflow from operating activities	28		202,531		1,087,311
Returns on investments and servicing of finance					
Interest received		7,899		5,456	
Interest paid		(60,991)		(42,936)	
Hire purchase and finance lease interest		(33,021)		(22,361)	
Dividends received		430,957		-	
Net cash inflow/outflow from returns on investments and servicing of finance			344,844		(59,841)
Taxation			(225,419)		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(365,737)		(39,840)	
Purchase of tangible fixed assets		(578,203)		(590,208)	
Proceeds from the sale of fixed assets		7,600		126,615	
Net cash outflow from capital expenditure and financial investment			(936,340)		(503,433)
Acquisitions and disposals					
Purchase of subsidiary		(1,176,604)		-	
Net cash outflow from acquisitions and disposals			(1,176,604)		-
Equity dividends paid			(150,000)		(149,000)
Management of liquid resources					
Increase/(decrease) in cash deposits		(3,258)		(36,356)	
Net cash outflow from management of liquid resources			(3,258)		(36,356)
Financing					
Issue of share capital		-		24,900	
Loans		1,463,342		198,959	
Capital element of finance lease rentals		(315,645)		(294,060)	
Net cash inflow/outflow from financing			1,147,697		(70,201)
(Decrease)/increase in cash			(796,549)		268,480

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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. Goodwill was written down to nil during the year.

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.

Notes to the accounts

for the year ended 28th February 2001

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

	2001	2000
	£	£
Auditors remuneration	8,500	7,450
Depreciation - owned assets.	133,940	179,323
Depreciation - assets held under finance leases and hire purchase contracts	242,373	133,597
Amortisation of intangible assets	12,924	26,917

4 Interest payable

	2001	2000
	£	£
Bank loans and overdrafts	60,347	31,311
Finance charges in respect of finance leases and hire purchase contracts	33,021	22,361
Other interest payable	644	11,625
	94,012	65,297

5 Staff costs

Staff costs during the year were as follows:

	2001	2000
	£	£
Wages and salaries	2,256,971	2,146,271
Social security costs	202,879	195,981
Other pension costs	46,344	39,449
	2,506,194	2,381,701

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

	2001	2000
	Number	Number
Administration employees	16	13
Management employees	2	2
Selling and distribution employees	106	101
	124	116

6 Directors emoluments

Remuneration in respect of directors was as follows:

	£	£
Emoluments	115,707	129,463
No. of directors accruing pension benefits under: money purchase schemes	No.	No.
	3	1

7 Taxation on ordinary activities

Based on the profit for the year:

	2001 £	2000 £
U.K. corporation tax	80,381	212,040
Deferred tax charge	66,654	18,342
	147,035	230,382

8 Dividends

Ordinary share dividends - interim

2001 £	2000 £
150,000	149,000

9 Intangible fixed assets**Cost**

At 1st March 2000

Increase during the year

At 28th February 2001

Goodwill
£

39,840

365,737

405,577

Amortisation

At 1st March 2000

Provided during the year

At 28th February 2001

(26,916)

(12,924)

(39,840)

Net book value

At 28th February 2001

365,737

At 29th February 2000

12,924

Notes to the accounts

for the year ended 28th February 2001

10 Tangible fixed assets

	Plant and machinery	Motor vehicles	Total
Cost	£	£	£
At 1st March 2000	323,398	610,611	934,009
Additions	499,339	611,037	1,110,376
Disposals	(842)	(32,220)	(33,062)
At 28th February 2001	821,895	1,189,428	2,011,323
Depreciation			
At 1st March 2000	(66,688)	(109,350)	(176,038)
Charged for the year	(81,868)	(294,445)	(376,313)
Eliminated on disposal	542	26,007	26,549
At 28th February 2001	(148,014)	(377,788)	(525,802)
Net Book Value			
At 28th February 2001	673,881	811,640	1,485,521
At 1st March 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 & machinery 2001 £	Plant & machinery 2000 £	Motor vehicles 2001 £	Motor vehicles 2000 £
Cost	11,350	11,350	1,197,128	663,741
Accumulated depreciation	(7,567)	(5,297)	(420,663)	(204,023)
Net book value	3,783	6,053	776,465	459,718

12 Fixed assets investments

	Shares in group undertakings £
Cost	
At 1st March 2000	-
Additions	1,176,604
At 28th February 2001	1,176,604
Amounts written off	
Provided during the year	338,741
At 28th February 2001	338,741
Net book value	
At 28th February 2001	837,863
At 1st March 2000	-

13 Principal fixed asset investments

The company holds more than 10% of the share capital of the following:

Name	Country of incorporation	Class of share	Proportion held	Nature of business
Belfrost Foods Limited	England	Ordinary	100%	Food services
Tuckley's (Northampton) Limited	England	Ordinary	100%	Food services

14 Investment in subsidiaries

The company has taken advantage of the exemptions conferred by section 248 of the Companies Act, 1985 and the accounts of the subsidiaries have not been consolidated.

The relevant financial information in respect of the year ended 28th February 2001 is as follows:

	Tuckleys (Northampton) Ltd £	Belfrost Foods Ltd £
(a) Aggregate amount of capital and reserves on acquisition	338,741	197,629
(b) Profit/(loss) for the period	(333,971)	58,169
(c) Aggregate amount of capital and reserves at 28th February 2001	4,770	255,798

15 Stocks

	2001 £	2000 £
Goods for re-sale	902,502	714,860
	902,502	714,860

16 Debtors

	2001 £	2000 £
Trade debtors	2,425,627	1,985,814
Amounts owed by group undertakings	466,004	282,395
Corporation tax recoverable	13,379	-
Other debtors	496,454	43,433
Prepayments and accrued income	109,639	67,436
	3,511,103	2,379,078

17 Creditors: amounts falling due within one year

	2001 £	2000 £
Loans	603,083	-
Bank loans (secured)	486,666	43,333
Bank overdraft (secured)	528,899	-
Obligations under hire purchase and finance lease contracts	297,496	184,208
Trade creditors	2,180,853	1,768,095
Amounts owed to parent and fellow subsidiary undertakings	4,770	-
Corporation tax	80,381	212,040
Other taxes and social security costs	74,394	60,649
Other creditors	195,933	187,731
Accruals and deferred income	273,416	280,381
	4,725,891	2,736,437

Notes to the accounts

for the year ended 28th February 2001

18	Creditors: amounts falling due after more than one year	2001 £	2000 £
	Bank loans	572,552	155,626
	Obligations under hire purchase and finance lease contracts	234,864	131,624
	Amounts owed to parent and fellow subsidiary undertakings	818,137	818,137
		<u>1,625,553</u>	<u>1,105,387</u>

	2001 £	2000 £
Loans: amounts not wholly repayable within five years by instalments:		
Between one and two years	43,333	43,333
Between two and five years	130,000	112,293
Over five years	399,219	-
	<u>572,552</u>	<u>155,626</u>

The loans bear interest at 1.25% over base lending rate and are secured by a mortgage debenture on company assets and a Cross Company Guarantee.

19	Obligations under finance leases	2001 £	2000 £
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Current obligations	297,496	184,208
	Obligations due between two and five years	234,864	131,624
		<u>532,360</u>	<u>315,832</u>

Hire purchase liabilities are secured on the motor vehicles.

20 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	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	84,996	18,342	-	-
	<u>84,996</u>	<u>18,342</u>	<u>-</u>	<u>-</u>

21 Other provisions

A provision of £35,000 has been recognised during the year ended 28 February 2001 (2000, £nil) for the restructuring and relocation costs of a southern depot. It is expected that these costs will be incurred over the next 3 months.

for the year ended 28th February 2001

22 Share capital

Authorised	2001 No.	2001 £	2000 No.	2000 £
Ordinary shares of £1 each	25,000	25,000	25,000	25,000
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	25,000	25,000	25,000	25,000
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

23 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Profit/(loss) for the financial year	512,227	433,602
Dividends	(150,000)	(149,000)
	<u>362,227</u>	<u>284,602</u>
New share capital subscribed	-	24,900
	<u>362,227</u>	<u>309,502</u>
Increase in shareholders' funds		
	<u>309,602</u>	<u>100</u>
Opening shareholders' funds		
	<u>671,829</u>	<u>309,602</u>
Closing shareholders' funds		

24 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 £	Balance at year end £
Holdsworth Holdings Limited		
Intercompany loan account	297,187	(533,497)
Management fees	119,400	-
Rent	120,000	-
Holdsworth Provisions Limited		
Intercompany purchases	(4,782,772)	(345,822)
Intercompany loan account	(57,268)	159,425
Belfrost Foods Limited		
Intercompany sales	32,854	5,056
Intercompany loan account	(21,939)	(21,939)

25 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 £46,344 (last year £39,449).

26 Contingent liabilities

The company guarantees group and related company indebtedness.

for the year ended 28th February 2001

27 Operating lease commitments

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

	2001 Land and buildings	2001 Other	2000 Land and buildings	2000 Other
	£	£	£	£
Expiring:				
Within one year	29,500	10,930	-	35,969
Within two to five years	63,375	28,259	-	36,075
After five years	-	-	283,000	-
	92,875	39,189	283,000	72,044

28 Reconciliation of operating profit to net cash inflow from operating activities

	2001 £	2000 £
Operating profit	653,159	723,825
Depreciation and loss on disposal of fixed assets	388,150	342,431
Increase in stocks	(187,642)	(714,860)
Increase in debtors	(1,118,646)	(2,379,078)
Increase in creditors	467,510	3,114,993
	202,531	1,087,311

29 Reconciliation of cash flow to movement in net debt

	Cash at bank and in hand £	Bank overdraft £	Total £
At 28th February 2001	929	(528,899)	(527,970)
At 1st March 2000	268,579	-	268,579
Increase/(decrease) in cash in the year	(267,650)	(528,899)	(796,549)
Cash outflow from decrease in debt and lease financing			(1,147,697)
Cash inflow from decrease in liquid resources			3,258
Change in net debt resulting from cash flows			(1,940,988)
New finance leases			(532,173)
Movement in net debt in the year			(2,473,161)
Net debt at 1st March 2000			(209,856)
Net debt at 28th February 2001			(2,683,017)

30 Analysis of changes in net debt

	Cash in hand	Overdraft	Current loans	Long term loans	Finance leases	Current asset investments	Total
	£	£	£	£	£	£	£
At 1st March 2000	268,579	-	(43,333)	(155,626)	(315,832)	36,356	(209,856)
Cash flows	(267,650)	(528,899)	(1,046,416)	(416,926)	315,645	3,258	(1,940,988)
Other changes	-	-	-	-	(532,173)	-	(532,173)
At 28th February 2001	929	(528,899)	(1,089,749)	(572,552)	(532,360)	39,614	(2,683,017)