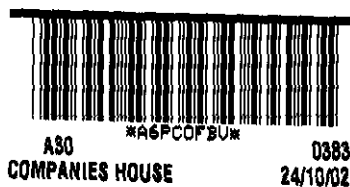

Company Number: 2027459

MICHAEL I HOLDSWORTH LIMITED

Report and accounts

for the year ended 28th February 2002



Company information

Company No: 2027459

28th February 2002

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 2002

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4	Directors' report
5	Auditors' report
6	Profit and loss account
7	Balance sheet
8	Cash flow statement
9 to 18	Notes to the accounts

The directors submit their report together with the audited accounts for the year ended 28th February 2002.

Results and dividends

The profit for the year after taxation and dividends was £193,655 and has been transferred to reserves.

Interim dividends amounting to £119,200 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.

The company is the parent of two subsidiary companies, Belfrost Foods Limited and Tuckleys (Northampton) Limited, the former whose principle activities were also the wholesale and retail marketing and distribution of frozen foods.

Tuckleys (Northampton) Limited did not trade during the year.

Future developments of the business

The board is confident that trading profit levels will continue in the coming year

Directors and their interests

The directors who served during the year were as follows:

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

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:


J A Marriott

Director

30th September 2002

Independent Auditors' report to the shareholders

for the year ended 28th February 2002

We have audited the accounts of Michael I Holdsworth Limited for the year ended 28th February 2002 which comprise the profit and loss account, the balance sheet, the cash flow statements and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 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

30th September 2002

MICHAEL I HOLDSWORTH LIMITED

Profit and loss account

for the year ended 28th February 2002

	Notes	2002 £	2001 £
Turnover	2	27,213,006	26,316,604
Cost of sales		20,907,069	20,813,612
Gross profit		6,305,937	5,502,992
Distribution costs		4,236,511	3,584,461
Administrative expenses		1,657,218	1,308,842
Other operating income		412,208	609,689
		181,282	43,470
Operating profit	3	593,490	653,159
Income from shares in group undertakings		-	430,957
Other interest receivable and similar income		91	7,899
Investment written off		4,770	(338,741)
		598,351	753,274
Interest payable and similar charges	4	140,070	94,012
Profit on ordinary activities before taxation		458,281	659,262
Tax on profit on ordinary activities	7	145,426	147,035
Profit for the financial year		312,855	512,227
Dividends	8	119,200	150,000
Retained profit transferred to reserves		193,655	362,227

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.

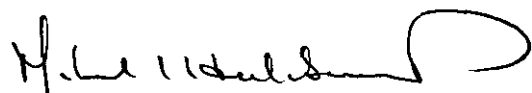
MICHAEL I HOLDSWORTH LIMITED

Balance sheet

as at 28th February 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Intangible assets	9		366,806		365,737
Tangible assets	10		1,153,267		1,485,521
Investments	12		837,864		837,863
			<u>2,357,937</u>		<u>2,689,121</u>
Current assets					
Stock	14	904,637		902,502	
Debtors	15	3,267,685		3,510,163	
Cash at bank and in hand		252		29,024	
			<u>4,172,574</u>	<u>4,441,689</u>	
Creditors: amounts falling due within one year	16		<u>4,189,538</u>	<u>4,713,432</u>	
Net current (liabilities)			<u>(16,964)</u>	<u>(271,743)</u>	
Total assets less current liabilities			<u>2,340,973</u>	<u>2,417,378</u>	
Creditors: amounts falling due after more than one year	17		<u>(1,436,502)</u>	<u>(1,625,553)</u>	
Provision for liabilities and charges					
Deferred taxation	19		(38,987)		(84,996)
Other provisions	-		-		(35,000)
			<u>865,484</u>	<u>671,829</u>	
Capital and reserves					
Called up share capital	20		25,000		25,000
Profit and loss account			840,484		646,829
			<u>865,484</u>	<u>671,829</u>	

These accounts were approved by the board on 30th September 2002.



M I Holdsworth

Director

MICHAEL I HOLDSWORTH LIMITED

Cash flow statement

for the year ended 28th February 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Net cash inflow from operating activities	26		1,007,819		498,770
Returns on investments and servicing of finance					
Interest received		91		7,899	
Interest paid		(108,212)		(60,991)	
Hire purchase and finance lease interest		(31,858)		(33,021)	
Dividends received		-		430,957	
Net cash outflow/inflow from returns on investments and servicing of finance			(139,979)		344,844
Taxation			(66,974)		(225,419)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(20,375)		(365,737)	
Purchase of tangible fixed assets		(119,860)		(578,203)	
Proceeds from the sale of fixed assets		52,910		7,600	
Net cash outflow from capital expenditure and financial investment			(87,325)		(936,340)
Acquisitions and disposals					
Purchase of subsidiary		-		(1,176,604)	
Net cash outflow from acquisitions and disposals			-		(1,176,604)
Equity dividends paid			(119,200)		(150,000)
Management of liquid resources					
Increase/(decrease) in cash deposits		39,614		(3,258)	
Net cash inflow/outflow from management of liquid resources			39,614		(3,258)
Financing					
Loans		(786,150)		1,167,103	
Capital element of finance lease rentals		(304,807)		(327,164)	
Net cash outflow/inflow from financing			(1,090,957)		839,939
(Decrease) in cash			(457,002)		(808,068)
	27				

1 Principal accounting policies

Basis of accounts

The accounts are prepared under the historical cost convention, modified to include the revaluation of Freehold land and buildings and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Holdsworth Holdings Limited and the results of the company and subsidiary undertakings are included in the group accounts prepared by the ultimate parent.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, 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 20 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 in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

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:

	2002 £	2001 £
Auditors remuneration	9,250	8,500
Depreciation - owned assets.	276,709	133,940
Depreciation - assets held under finance leases and hire purchase contracts	216,324	242,373
Amortisation of intangible assets	24,076	12,924

4 Interest payable

	2002 £	2001 £
Bank loans and overdrafts	81,877	60,347
Finance charges in respect of finance leases and hire purchase contracts	31,858	33,021
Other interest payable	26,335	644
	140,070	94,012

5 Staff costs

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	2,744,845	2,256,971
Social security costs	232,848	202,879
Other pension costs	57,500	46,344
	3,035,193	2,506,194

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

	2002 Number	2001 Number
Administration employees	20	16
Management employees	2	2
Selling and distribution employees	124	106
	146	124

6 Directors emoluments

Remuneration in respect of directors was as follows:

	2001	
	£	£
Emoluments	231,682	115,707
No. of directors accruing pension benefits under: money purchase schemes	No.	No.
	3	3
Highest paid director:		
Aggregate of emoluments	70,769	60,705
Company contributions to money purchase pension schemes	11,544	11,544

7 Taxation on ordinary activities**(a) Analysis of charge in period**

	2002	2001
	£	£
<u>Current tax</u>		
U.K. corporation tax	191,463	80,381
Adjustments in respect of previous periods	(28)	-
Total current tax	191,435	80,381
<u>Deferred tax</u>		
Deferred tax movement	(46,009)	66,654
Total deferred tax	(46,009)	66,654
Tax on profit on ordinary activities	145,426	147,035

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the effective rate of corporation tax in the U.K (30% - 29.73% last year). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	458,281	659,262
Profit on ordinary activities multiplied by effective rate of corporation tax	137,484	195,999
Effects of:		
Expenses not deductible for tax purposes	4,881	(10,931)
Capital allowances for period in excess of depreciation	49,098	(48,585)
Group loss relief	-	(56,102)
Adjustments to tax charge in respect of previous periods	(28)	-
Current tax charge for period	191,435	80,381

8 Dividends

	2002 £	2001 £
Ordinary share dividends - interim	119,200	150,000

9 Intangible fixed assets**Cost**

	Goodwill £
At 1st March 2001	405,577
Increase during the year	25,145
At 28th February 2002	430,722

Amortisation

At 1st March 2001	(39,840)
Provided during the year	(24,076)
At 28th February 2002	(63,916)

Net book value

At 28th February 2002	366,806
At 28th February 2001	365,737

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2002

10 Tangible fixed assets

	Plant and machinery	Motor vehicles	Total
Cost	£	£	£
At 1st March 2001	821,895	1,189,428	2,011,323
Additions	109,729	94,618	204,347
Disposals	(12,718)	(145,310)	(158,028)
At 28th February 2002	918,906	1,138,736	2,057,642
Depreciation			
At 1st March 2001	(148,014)	(377,788)	(525,802)
Charged for the year	(168,342)	(324,690)	(493,032)
Eliminated on disposal	10,341	104,118	114,459
At 28th February 2002	(306,015)	(598,360)	(904,375)
Net Book Value			
At 28th February 2002	612,891	540,376	1,153,267
At 1st March 2001	673,881	811,640	1,485,521

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 2002 £	Plant & machinery 2001 £	Motor vehicles 2002 £	Motor vehicles 2001 £
Cost	-	11,350	931,974	1,197,128
Accumulated depreciation	-	(7,567)	(408,435)	(420,663)
Net book value	-	3,783	523,539	776,465

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2002

12 Fixed assets investments

	Shares in group undertakings £
Cost	
At 1st March 2001	1,176,604
Additions	-
At 28th February 2002	<u>1,176,604</u>
Amounts written off	
At 1st March 2001	338,740
Provided during the year	-
At 28th February 2002	<u>338,740</u>
Net book value	
At 28th February 2002	<u>837,864</u>
At 1st March 2001	<u>837,864</u>

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 Stocks

	2002 £	2001 £
Goods for re-sale	904,637	902,502
	<u>904,637</u>	<u>902,502</u>

15 Debtors

	2002 £	2001 £
Trade debtors	3,015,205	2,425,627
Amounts owed by group undertakings	126,784	466,004
Corporation tax recoverable	-	13,379
Other debtors	41,585	495,514
Prepayments and accrued income	84,111	109,639
	<u>3,267,685</u>	<u>3,510,163</u>

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2002

16	Creditors: amounts falling due within one year	2002 £	2001 £
	Loans	-	306,844
	Bank loans (secured)	43,333	486,666
	Bank overdraft (secured)	996,745	528,899
	Obligations under hire purchase and finance lease contracts	218,735	285,977
	Trade creditors	1,669,531	2,135,973
	Amounts owed to parent and fellow subsidiary undertakings	508,731	345,889
	Corporation tax	191,463	80,381
	Other taxes and social security costs	67,055	74,394
	Other creditors	199,048	194,993
	Accruals and deferred income	294,897	273,416
		<u>4,189,538</u>	<u>4,713,432</u>

17	Creditors: amounts falling due after more than one year	2002 £	2001 £
	Bank loans	536,579	572,552
	Obligations under hire purchase and finance lease contracts	81,786	234,864
	Amounts owed to parent and fellow subsidiary undertakings	818,137	818,137
		<u>1,436,502</u>	<u>1,625,553</u>

	2002 £	2001 £
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	130,000
Over five years	363,246	399,219
	<u>536,579</u>	<u>572,552</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.

18	Obligations under finance leases	2002 £	2001 £
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Current obligations	218,735	285,977
	Obligations due between two and five years	81,786	234,864
		<u>300,521</u>	<u>520,841</u>

Hire purchase liabilities are secured on the motor vehicles.

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2002

19 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%.

	2002 £	2001 £
Accelerated capital allowances	38,987	84,996
Provision at start of period		84,996
Deferred tax charge in profit and loss account for period		(46,009)
Provision at end of period		38,987

20 Share capital

Authorised	2002 No.	2002 £	2001 No.	2001 £
Ordinary shares of £1 each	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000

21 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit/(loss) for the financial year	312,855	512,227
Dividends	(119,200)	(150,000)
	193,655	362,227
Increase in shareholders' funds	193,655	362,227
Opening shareholders' funds	671,829	309,602
Closing shareholders' funds	865,484	671,829

22 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.

The company has taken advantage of the exemption to disclose transactions with other group companies conferred by FRS8 Related party Transactions.

Transactions

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

Related party/details of transaction	During year £	Balance at year end £
The Holdsworth Executive Pension Scheme		
Rents	82,992	-

23 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 £ 57,500 (last year £46,344).

24 Contingent liabilities

The company guarantees group and related company indebtedness.

25 Operating lease commitments

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

	2002 Land and buildings £	2002 Other £	2001 Land and buildings £	2001 Other £
Expiring:				
Within one year	155,140	6,485	-	10,930
Within two to five years	-	20,669	63,375	28,259
After five years	85,492	12,120	29,500	-
	240,632	39,274	92,875	39,189

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2002

26	Reconciliation of operating profit to net cash inflow from operating activities	2002 £	2001 £
	Operating profit	593,490	653,159
	Depreciation and loss on disposal of fixed assets	507,768	388,150
	Increase in stocks	(2,135)	(187,642)
	Decrease/Increase in debtors	229,099	(1,118,055)
	Decrease/Increase in creditors	(285,403)	728,158
	Decrease/Increase in provisions	(35,000)	35,000
		<u>1,007,819</u>	<u>498,770</u>

27 **Reconciliation of cash flow to movement in net debt**

	Cash at bank and in hand £	Bank overdraft £	Total £
At 28th February 2002	252	(996,745)	(996,493)
At 1st March 2001	(10,590)	(528,899)	(539,489)
Increase/(decrease) in cash in the year	10,842	(467,846)	(457,004)
Cash outflow from decrease in debt and lease financing			1,090,957
Cash inflow from decrease in liquid resources			(39,614)
Change in net debt resulting from cash flows			594,339
New finance leases			(84,487)
Movement in net debt in the year			509,852
Net debt at 1st March 2001			(2,386,778)
Net debt at 28th February 2002			<u>(1,876,926)</u>

28 **Analysis of changes in net debt**

	Cash in hand £	Overdraft £	Current loans £	Long term loans £	Finance leases £	Current asset investments £	Total £
At 1st March 2001	(10,590)	(528,899)	(793,510)	(572,552)	(520,841)	39,614	(2,386,778)
Cash flows	10,842	(467,846)	750,177	35,973	304,807	(39,614)	594,339
Other changes	-	-	-	-	(84,487)	-	(84,487)
At 28th February 2002	<u>252</u>	<u>(996,745)</u>	<u>(43,333)</u>	<u>(536,579)</u>	<u>(300,521)</u>	<u>-</u>	<u>(1,876,926)</u>