
Company Number: 2027459

MICHAEL I HOLDSWORTH LIMITED

Report and accounts

for the year ended 28th February 2003



MICHAEL I HOLDSWORTH LIMITED

Company information

Company No: 2027459

28th February 2003

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 2003

Page No.

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

Directors' report

for the year ended 28th February 2003

The directors submit their report together with the audited accounts for the year ended 28th February 2003.

Results and dividends

The profit for the year after taxation and dividends was £318,881 and has been transferred to reserves.

Interim dividends amounting to £447,225 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 a subsidiary company, Belfrost Foods Limited whose principle activities were also the wholesale and retail marketing and distribution of frozen foods.

On 19 June 2003, the subsidiary Belfrost Foods Limited was sold.

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
24th July 2003



Independent Auditors' report to the shareholders

for the year ended 28th February 2003

We have audited the accounts of Michael I Holdsworth Limited for the year ended 28th February 2003 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of The Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

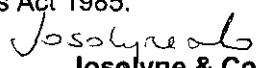
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements 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 2003 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

24th July 2003

MICHAEL I HOLDSWORTH LIMITED

Profit and loss account

for the year ended 28th February 2003

	Notes	2003 £	2002 £
Turnover	2	26,893,645	27,213,006
Cost of sales		20,342,298	20,907,069
Gross profit		6,551,347	6,305,937
Distribution costs		4,132,547	4,236,511
Administrative expenses		1,707,619	1,657,218
Other operating income		711,181	412,208
		170,690	181,282
Operating profit	3	881,871	593,490
Income from shares in group undertakings		200,000	-
Other interest receivable and similar income		341	91
Investment written off		-	4,770
		1,082,212	598,351
Interest payable and similar charges	4	64,075	140,070
Profit on ordinary activities before taxation		1,018,137	458,281
Tax on profit on ordinary activities	7	252,031	145,426
Profit for the financial year		766,106	312,855
Dividends	8	447,225	119,200
Retained profit transferred to reserves		318,881	193,655

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

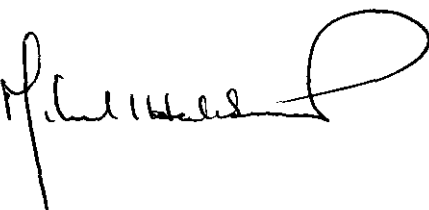
as at 28th February 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Intangible assets	9		347,262		366,806
Tangible assets	10		1,032,268		1,153,267
Investments	12		840,884		837,864
			<u>2,220,414</u>		<u>2,357,937</u>
Current assets					
Stock	14	783,169		904,637	
Debtors	15	2,688,767		3,267,685	
Cash at bank and in hand		220,157		252	
			<u>3,692,093</u>	<u>4,172,574</u>	
Creditors: amounts falling due within one year	16	3,219,189		4,189,538	
Net current assets/(liabilities)			<u>472,904</u>		<u>(16,964)</u>
Total assets less current liabilities			<u>2,693,318</u>		<u>2,340,973</u>
Creditors: amounts falling due after more than one year	17		(1,506,941)		(1,436,502)
Provision for liabilities and charges					
Deferred taxation	19		(2,012)		(38,987)
			<u>1,184,365</u>		<u>865,484</u>
Capital and reserves					
Called up share capital	20		25,000		25,000
Profit and loss account			1,159,365		840,484
			<u>1,184,365</u>		<u>865,484</u>

These accounts were approved by the board on 24th July 2003.

M I Holdsworth

Director



MICHAEL I HOLDSWORTH LIMITED

Cash flow statement

for the year ended 28th February 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Net cash inflow from operating activities	26		2,170,109		1,007,819
Returns on investments and servicing of finance					
Interest received		341		91	
Interest paid		(37,706)		(108,212)	
Hire purchase and finance lease interest		(26,369)		(31,858)	
Dividends received		200,000		-	
Net cash inflow/outflow from returns on investments and servicing of finance			136,266		(139,979)
Taxation			(281,463)		(66,974)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		-		(25,145)	
Purchase of tangible fixed assets		(87,217)		(119,860)	
Purchase of fixed asset investments		(200)		-	
Proceeds from the sale of fixed assets		24,235		52,910	
Net cash outflow from capital expenditure and financial investment			(63,182)		(92,095)
Equity dividends paid			(447,225)		(119,200)
Management of liquid resources					
Increase/(decrease) in cash deposits		(573,900)		39,614	
Net cash outflow/inflow from management of liquid resources			(573,900)		39,614
Financing					
Loans		(42,747)		(786,150)	
Capital element of finance lease rentals		(252,290)		(304,807)	
Net cash outflow from financing			(295,037)		(1,090,957)
increase/(Decrease) in cash			645,568		(461,772)
	27				

1 Principal accounting policies

Basis of accounts

The accounts are prepared under the historical cost convention 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:

	2003 £	2002 £
Auditors remuneration	9,750	9,250
Depreciation - owned assets.	347,307	276,709
Depreciation - assets held under finance leases and hire purchase contracts	108,794	216,324
Amortisation of intangible assets	19,544	24,076

4 Interest payable

	2003 £	2002 £
Bank loans and overdrafts	36,595	81,877
Finance charges in respect of finance leases and hire purchase contracts	26,369	31,858
Other interest payable	1,111	26,335
	64,075	140,070

5 Staff costs

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	2,799,736	2,744,845
Social security costs	247,100	232,848
Other pension costs	67,695	57,500
	3,114,531	3,035,193

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

	2003 Number	2002 Number
Administration employees	24	20
Management employees	2	2
Selling and distribution employees	117	124
	143	146

6 Directors emoluments

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	389,325	231,682
No. of directors accruing pension benefits under: money purchase schemes	No. 3	No. 3
Highest paid director:		
Aggregate of emoluments	167,128	70,769
Company contributions to money purchase pension schemes	-	11,544

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

U.K. corporation tax	289,006	191,463
Adjustments in respect of previous periods	-	(28)
Total current tax	289,006	191,435

Deferred tax

Deferred tax movement	(36,975)	(46,009)
Total deferred tax	(36,975)	(46,009)

Tax on profit on ordinary activities	252,031	145,426
--------------------------------------	---------	---------

(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% - 30% last year). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	818,137	458,281
Profit on ordinary activities multiplied by effective rate of corporation tax	245,441	137,484
Effects of:		
Expenses not deductible for tax purposes	9,955	4,881
Capital allowances for period in excess of depreciation	33,610	49,098
Adjustments to tax charge in respect of previous periods	-	(28)
Current tax charge for period	289,006	191,435

8 Dividends	2003	2002
	£	£
Ordinary share dividends - interim	447,225	119,200

9 Intangible fixed assets	Goodwill
Cost	£
At 1st March 2002	430,722
Increase during the year	-
Disposals	(39,840)
At 28th February 2003	390,882
Amortisation	
At 1st March 2002	(63,916)
Provided during the year	(19,544)
Disposals	39,840
At 28th February 2003	(43,620)
Net book value	
At 28th February 2003	347,262
At 28th February 2002	366,806

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2003

10 Tangible fixed assets

	Plant and machinery	Motor vehicles	Total
Cost	£	£	£
At 1st March 2002	918,906	1,138,736	2,057,642
Additions	72,714	296,885	369,599
Disposals	(170,105)	(193,340)	(363,445)
At 28th February 2003	821,515	1,242,281	2,063,796
Depreciation			
At 1st March 2002	(306,015)	(598,360)	(904,375)
Charged for the year	(164,955)	(291,148)	(456,103)
Eliminated on disposal	150,814	178,136	328,950
At 28th February 2003	(320,156)	(711,372)	(1,031,528)
Net Book Value			
At 28th February 2003	501,359	530,909	1,032,268
At 1st March 2002	612,891	540,376	1,153,267

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:

	Motor vehicles 2003 £	Motor vehicles 2002 £
Cost	615,183	931,974
Accumulated depreciation	(196,168)	(408,435)
Net book value	419,015	523,539

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2003

12 Fixed assets investments

	Shares in group undertakings £	Investments other than loans £	Total £
Cost			
At 1st March 2002	1,174,604	2,000	1,176,604
Additions	-	200	200
Revaluations	-	2,820	2,820
At 28th February 2003	1,174,604	5,020	1,179,624
Amounts written off			
At 1st March 2002	338,740	-	338,740
At 28th February 2003	338,740	-	338,740
Net book value			
At 28th February 2003	835,864	5,020	840,884
At 1st March 2002	835,864	2,000	837,864

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

14	Stocks	2003 £	2002 £
	Goods for re-sale	783,169	904,637
		783,169	904,637

15	Debtors	2003 £	2002 £
	Trade debtors	2,479,012	3,015,205
	Amounts owed by group undertakings	67,391	126,784
	Other debtors	42,517	41,585
	Prepayments and accrued income	99,847	84,111
		2,688,767	3,267,685

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2003

16	Creditors: amounts falling due within one year	2003 £	2002 £
	Bank loans (secured)	43,333	43,333
	Bank overdraft (secured)	-	996,745
	Obligations under hire purchase and finance lease contracts	135,841	218,735
	Trade creditors	1,399,123	1,669,531
	Amounts owed to parent and fellow subsidiary undertakings	882,483	508,731
	Corporation tax	199,006	191,463
	Other taxes and social security costs	74,891	67,055
	Other creditors	115,486	199,048
	Accruals and deferred income	369,026	294,897
		3,219,189	4,189,538

17	Creditors: amounts falling due after more than one year	2003 £	2002 £
	Bank loans	493,832	536,579
	Obligations under hire purchase and finance lease contracts	194,772	81,786
	Amounts owed to parent and fellow subsidiary undertakings	818,337	818,137
		1,506,941	1,436,502

Loans: amounts not wholly repayable within five years by instalments:	2003 £	2002 £
Between one and two years	43,333	43,333
Between two and five years	130,000	130,000
Over five years	320,499	363,246
	493,832	536,579

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	2003 £	2002 £
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Current obligations	135,841	218,735
	Obligations due between two and five years	194,772	81,786
		330,613	300,521

Hire purchase liabilities are secured on the motor vehicles.

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2003

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%.

	2003 £	2002 £
Accelerated capital allowances	2,012	38,987
Provision at start of period		38,987
Deferred tax charge in profit and loss account for period		(36,975)
Provision at end of period		2,012

20 Share capital

Authorised	2003 No.	2003 £	2002 No.	2002 £
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>

21 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	766,106	312,855
Dividends	(447,225)	(119,200)
Increase in shareholders' funds	<u>318,881</u>	<u>193,655</u>
Opening shareholders' funds	<u>865,484</u>	<u>671,829</u>
Closing shareholders' funds	<u>1,184,365</u>	<u>865,484</u>

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 £ 67,695 (last year £57,500).

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:

	2003 Land and buildings	2003 Other	2002 Land and buildings	2002 Other
Expiring:	£	£	£	£
Within one year	158,040	8,928	155,140	6,485
Within two to five years	-	13,450	-	20,669
After five years	85,500	570	85,492	12,120
	243,540	22,948	240,632	39,274

MICHAEL I HOLDSWORTH LIMITED

Notes to the accounts

for the year ended 28th February 2003

26	Reconciliation of operating profit to net cash inflow from operating activities	2003 £	2002 £
	Operating profit	881,871	593,490
	Depreciation and loss on disposal of fixed assets	485,905	507,768
	Decrease/Increase in stocks	121,468	(2,135)
	Decrease in debtors	578,918	229,099
	Increase/Decrease in creditors	101,947	(285,403)
		<u>2,170,109</u>	<u>1,007,819</u>

27 Reconciliation of cash flow to movement in net debt

	Cash at bank and in hand £	Bank overdraft £	Total £
At 28th February 2003	(353,743)	-	(353,743)
At 1st March 2002	252	(996,745)	(996,493)
Increase/(decrease) in cash in the year	(353,995)	996,745	642,750
Cash outflow from decrease in debt and lease financing			295,037
Cash inflow from decrease in liquid resources			573,900
Change in net debt resulting from cash flows			1,511,687
New finance leases			(282,382)
Movement in net debt in the year			<u>1,229,305</u>
Net debt at 1st March 2002			(1,876,926)
Net debt at 28th February 2003			<u>(647,621)</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 2002	252	(996,745)	(43,333)	(536,579)	(300,521)	-	(1,876,926)
Cash flows	(353,995)	996,745	-	42,747	252,290	573,900	1,511,687
Other changes	-	-	-	-	(282,382)	-	(282,382)
At 28th February 2003	<u>(353,743)</u>	<u>-</u>	<u>(43,333)</u>	<u>(493,832)</u>	<u>(330,613)</u>	<u>573,900</u>	<u>(647,621)</u>