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NWF LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 MAY 1993

NWF LIMITED

CONSOLIDATED FINANCIAL STATEMENTS - 31 MAY 1993

CONTENTS

NWF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 1993

The Directors present their report together with the audited financial statements for the year ended 31 May 1993.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the warehousing and distribution of human foods, the manufacture and merchanting of agricultural products and the distribution of fuel oils.

RESULTS AND DISTRIBUTION

The profit after tax for the year ended 31 May 1993 amounted to £1,006,000 which compares with the profit after tax for the year ended 31 May 1992 of £929,000.

The Directors recommend the payment of a dividend of 13p (1992 - adjusted for bonus issue, 10.5p) per share, totalling £229,000, and the retained profit of £777,000 has been transferred to reserves.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group's operations are organised into three distinctive businesses whose performances are covered in the Chief Executive's Review.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors holding office at the year end and their interests in the share capital of the Company at 31 May 1993 and 31 May 1992 (or date of appointment if later) were as follows:

	Ordinary shares		Share options	
	1993	1992	1993	1992
J H Beckett	62,444	62,444	-	-
D L Cooke	[illegible]	51,200	-	32,000
M D Cookson	[illegible]	16,000	20,428	20,000
A E Fulker	17,000	17,000	20,000	20,000
C R Godwin	40,864	40,000	-	-
M J Guest (appointed 1 July 1992)	3,000	3,000	20,428	12,000
M H Hudson	43,880	43,020	-	-
A G Stanton (appointed 1 April 1993)	1,000	1,000	-	-
J R Willis	40,140	39,280	-	-

Prior year figures have been restated for the 3:1 bonus issue on 1 January 1993.

D L Cooke exercised options on 32,000 shares at £1.00 per share during the year. Share options are exercisable up to 5 August 2002 at prices ranging from £1.00 to £2.19 per share.

D L Cooke, A E Fulker and J H Beckett retire by rotation at the forthcoming Annual General Meeting. D L Cooke and A E Fulker, being eligible, will submit themselves for re-election. J H Beckett will not be seeking re-election (see Chairman's Statement).

NWF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 1993 (CONTINUED)

FIXED ASSETS

The movements in tangible fixed assets are shown in note 8 of the financial statements.

EMPLOYEES

The Group has established communication procedures for keeping its employees informed about the Group itself and the individual business operations in which they work. The Group has also introduced a 'Save As You Earn' Share Option Scheme to encourage employees' further participation in the business.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Group's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available, and any necessary training is arranged.

Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

AUDITORS

The Directors will place a resolution before the Annual General Meeting to re-appoint Price Waterhouse as auditors for the ensuing year.

By Order of the Board

M D COOKSON
Secretary
5 August 1993

Wardle
Nantwich
Cheshire
CW5 6BP

Registered No 2264971

York House
York Street
Manchester M2 4WS

Price Waterhouse

AUDITORS' REPORT TO THE MEMBERS OF NWF LIMITED

We have audited the financial statements on pages 4 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 May 1993 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor
Manchester

5 August 1993

NWF LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1993

	1993 £'000	1992 £'000
TURNOVER (Note 1)	39,269	37,845
Operating costs (Note 2)	(37,800)	(36,540)
TRADING PROFIT	1,469	1,305
Interest receivable (net) (Note 5)	42	30
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	1,511	1,335
Taxation (Note 6)	(505)	(406)
PROFIT AFTER TAXATION	1,006	929
Dividend (Note 7)	(229)	(172)
PROFIT TRANSFERRED TO RESERVES (Note 16)	777	757

The notes on pages 9 to 19 form part of these accounts.

NWF LIMITED

CONSOLIDATED BALANCE SHEET - 31 MAY 1993

	1993 £'000	1993 £'000	1992 £'000	1992 £'000
EMPLOYMENT OF CAPITAL				
FIXED ASSETS				
Tangible assets (Note 8)		7,040		6,303
Investments (Note 10)		2		2
		7,042		6,305
CURRENT ASSETS				
Stocks (Note 11)	1,002		1,070	
Debtors (Note 12)	4,338		3,916	
Cash and bank balances	853		921	
	6,193		5,907	
CREDITORS - Amounts falling due within one year (Note 13)	(4,811)		(4,322)	
NET CURRENT ASSETS		1,382		1,585
TOTAL ASSETS LESS CURRENT LIABILITIES		8,424		7,890
DEFERRED TAXATION (Note 14)		(255)		(143)
TOTAL NET ASSETS		8,169		7,747
SOURCE OF CAPITAL				
SHARE CAPITAL (Note 15)		1,746		410
RESERVES (Note 16)		6,423		7,337
		8,169		7,747

APPROVED BY THE BOARD ON
5 August 1993

C R Godwin

A E Fulker
DIRECTORS

The notes on pages 9 to 19 form part of these accounts.

NWF LIMITED

PARENT COMPANY BALANCE SHEET - 31 MAY 1993

	1993		1992	
	£'000	£'000	£'000	£'000
EMPLOYMENT OF CAPITAL				
FIXED ASSETS				
Tangible assets (Note 8)		4,029		3,937
Investments in subsidiary undertakings (Note 9)		963		963
Investments (Note 10)		2		2
		4,994		4,902
CURRENT ASSETS				
Stocks (Note 11)	-		1	
Debtors (Note 12)	54		824	
Cash and bank balances	1,257		62	
	1,311		887	
CREDITORS - Amounts falling due within one year (Note 13)	(2,548)		(2,153)	
NET CURRENT LIABILITIES		(1,237)		(1,266)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,757		3,636
DEFERRED TAXATION (Note 14)		(83)		(73)
TOTAL NET ASSETS		3,674		3,563
SOURCE OF CAPITAL				
SHARE CAPITAL (Note 15)		1,746		410
RESERVES (Note 16)		1,928		3,153
		3,674		3,563

APPROVED BY THE BOARD ON
5 August 1993

C R Godwin

A E Fulker
DIRECTORS

The notes on pages 9 to 19 form part of these accounts.

NWF LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 1993

	1993	1993	1992	1992
	£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 1)		2,079		2,207
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Interest received	42		30	
Dividends paid	(172)		(142)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(130)		(112)
		1,949		2,095
TAXATION				
Corporation tax paid		(562)		(348)
		1,387		1,747
INVESTING ACTIVITIES				
Purchase of tangible fixed assets	(1,387)		(1,078)	
Purchase of business/subsidiary undertaking net of cash and cash equivalents acquired (Note 2)	(210)		(617)	
Sale of tangible fixed assets	88		84	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,509)		(1,611)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(122)		136
FINANCING				
Shares issued for cash consideration, including premium		54		16
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (Note 3)		(68)		152

NWF LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 1993 (CONTINUED)

	1993		1992	
	£'000	£'000	£'000	£'000
1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit		1,469		1,305
Depreciation charge		631		745
Profit on sale of tangible fixed assets		(69)		(67)
(Increase)/decrease in stocks	68		(80)	
(Increase)/decrease in debtors	(422)		817	
Increase/(decrease) in creditors	402	48	(513)	224
Net cash inflow from operating activities		2,079		2,207

2 PURCHASE OF BUSINESS/SUBSIDIARY UNDERTAKING

		1993	1992
		£'000	£'000
Fixed assets		-	137
Stocks		-	7
Debtors		560	774
Creditors		(560)	(549)
Bank overdraft (net)		-	(118)
Deferred tax		-	(7)
		-	244
Consideration	- cash	210	617
	- shares	100	-
	- deferred	200	-
Goodwill		510	373

3 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1993	1992
	£'000	£'000
Balance at 1 June	921	887
On acquisition of subsidiary undertaking	-	(118)
Net cash inflow/(outflow)	(68)	152
Balance at 31 May	853	921

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Financial Reporting Standard No. 3 'Reporting Financial Performance' has been implemented this year. It has no significant impact on the disclosures in the Group financial statements.

(b) Principles of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings after eliminating all material inter-company transactions. Goodwill arising on the acquisition of subsidiary undertakings or businesses is written off against reserves in the year of acquisition.

The associated undertaking, Cheshire Milk Hauliers Limited, has not been accounted for under the equity method since the amounts involved are not material.

(c) Turnover

The Group operates in the United Kingdom in one class of business. Turnover is the net amount received and receivable in respect of goods and services supplied to customers in the normal course of business and excludes Value Added Tax.

(d) Distribution costs

Distribution costs have been classified within cost of sales since the bulk of the Group's business is concerned with distribution.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is calculated to write off the cost of fixed assets over their useful economic life on a straight-line basis as follows:

Short leasehold buildings	Over the life of the lease
Feed Mill	10 years
Plant and machinery	5 to 20 years
Cars	4 years
Commercial vehicles	6 to 8 years

No provision has been made for depreciation of buildings with the exception of the Mill as it is a Group policy to maintain its premises to a standard such as to retain their value. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of non-depreciation of buildings is not material.

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes appropriate overheads.

(g) Deferred taxation

Deferred taxation represents the amount required to allow for the effect of certain items of income and expenditure being attributable for tax purposes to periods different from those in which charges or credits are recorded in the accounts.

Full provision for deferred taxation is made at the rate at which these timing differences are expected to reverse where the Directors have concluded, on the basis of reasonable assumptions, that it is probable that the liability will crystallise in the foreseeable future.

(h) Pensions

Pension costs are charged against profits over the estimated remaining service lives of employees.

2 OPERATING COSTS

	1993 £'000	1992 £'000
Cost of sales	35,737	34,559
Administrative expenses	2,063	1,981
	37,800	36,540

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES

	1993 £'000	1992 £'000
Profit on ordinary activities is stated after charging:		
Depreciation	631	745
Auditors' remuneration:		
Audit	21	21
Non audit services	10	11
Hire of plant and machinery	163	195
Staff costs (including directors) :		
Wages and salaries	3,626	3,593
Social security costs	292	283
Other pension costs	98	79
The average number of persons employed by the Group during the year was:	266	277

4 REMUNERATION OF DIRECTORS

	1993 £'000	1992 £'000
Fees	39	35
Management remuneration	272	215
	311	250
Chairman	17	16
Highest paid Director	116	112

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

4 REMUNERATION OF DIRECTORS (CONTINUED)

The remuneration of the other Directors of the Company during the year fell into the following ranges:

	1993 Number	1992 Number
£Nil - £ 5,000	1	-
£5,001 - £10,000	3	3
£45,001 - £50,000	1	1
£50,001 - £55,000	2	1

5 INTEREST

	1993 £'000	1992 £'000
Receivable:		
Bank interest	37	30
Interest on overpaid corporation tax	5	-
	42	30

6 TAXATION

	1993 £'000	1992 £'000
Corporation tax at 33% (1992 - 33%)	398	506
Deferred tax	112	(45)
	510	461
Prior year	(5)	(55)
	505	406

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

7 DIVIDEND

	1993	1992
	£'000	£'000
Proposed dividend at 13 pence net (1992 - adjusted for bonus issue, 10.5 pence) per ordinary share	229	172

8 TANGIBLE FIXED ASSETS

GROUP	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Commercial Vehicles and Cars	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 31 May 1992	4,374	148	3,957	3,317	11,796
Additions	81	-	663	638	1,387
Disposals	-	-	(352)	(306)	(658)
At 31 May 1993	4,455	148	4,273	3,649	12,525
DEPRECIATION					
At 31 May 1992	389	5	3,261	1,838	5,493
Charge for the year	-	3	207	421	631
Disposals	-	-	(352)	(287)	(639)
At 31 May 1993	389	8	3,116	1,972	5,485
NET BOOK AMOUNT					
At 31 May 1993	4,066	140	1,157	1,677	7,040
At 31 May 1992	3,985	143	696	1,479	6,303

The net book amount of short leasehold properties included in leasehold land and buildings was £7,000 (1992 - £10,000).

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

8 TANGIBLE FIXED ASSETS (CONTINUED)

PARENT COMPANY	Freehold Land and Buildings £'000	Plant and Machinery £'000	Commercial Vehicles and Cars £'000	Total £'000
COST				
At 31 May 1992	4,254	194	92	4,540
Additions	81	14	27	122
Disposals	-	(10)	(16)	(26)
At 31 May 1993	4,335	198	103	4,636
DEPRECIATION				
At 31 May 1992	389	163	51	603
Charge for the year	-	9	21	30
Disposals	-	(10)	(16)	(26)
At 31 May 1993	389	162	56	607
NET BOOK AMOUNT				
At 31 May 1993	3,946	36	47	4,029
At 31 May 1992	3,865	31	41	3,937

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1993 £'000	1992 £'000
Cost	963	963

The Company owns the whole of the issued ordinary share capital of the following subsidiary undertakings all of which are registered and operate in England and Wales:

Company	Business activity
Boughey Distribution Limited	Warehousing and distribution
NWF Agriculture Limited	Supplier of animal feedstuffs, seeds and fertilisers
NWF Fuels Limited	Fuel distribution
Boughey & Sons (Transport) Limited	Dormant
North Western Farmers Limited	Dormant
Feedtek Limited (formerly Vanwil Oil Company Limited)	Dormant
J P Oils Limited	Dormant
T J Hignell & Sons Limited	Dormant

10 INVESTMENTS

	1993 £'000	1992 £'000
C.W.S. Limited	2	2

In the opinion of the Directors the unlisted investment is worth not less than cost.

The Group owns 50% of the issued ordinary share capital of Cheshire Milk Hauliers Limited, a company registered in England whose business is that of bulk milk distribution. The income of the company, after deducting operating costs, is shared by the Group and its partner in the joint venture. Consequently, during the year ended 31 March 1993 it made neither profit nor loss.

11 STOCKS

	Group		Parent company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Finished goods and goods for resale	781	808	-	-
Raw materials and consumables	221	262	-	1
	1,002	1,070	-	1

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

12 DEBTORS

	Group		Parent company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Trade debtors	3,988	3,603	-	-
Amounts owed by group undertakings	-	-	19	738
Other debtors	341	242	26	29
Recoverable ACT	9	71	9	57
	4,338	3,916	54	824

13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Trade creditors	3,007	2,822	-	-
Amounts owed to group undertakings	-	-	1,794	1,622
Corporation tax	349	567	116	159
Other taxes and social security costs	92	117	14	16
Accruals and deferred income	1,134	644	395	184
Proposed dividend	229	172	229	172
	4,811	4,322	2,548	2,153

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

14 DEFERRED TAXATION

	Provision		Full potential liability	
GROUP	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Tax on capital gains rolled over	83	83	238	238
Timing differences between capital allowances claimed and depreciation provided	172	60	172	60
	255	143	410	298
PARENT COMPANY				
Tax on capital gains rolled over	71	71	226	226
Timing differences between capital allowances claimed and depreciation provided	12	2	12	2
	83	73	238	228

15 SHARE CAPITAL

	1993 £'000	1992 £'000
Authorised:		
Ordinary shares of £1 each	5,000	5,000
Allotted and fully paid:		
Ordinary shares of £1 each	1,746	410

1,231,365 shares were issued on 1 January 1993, being a 3 for 1 bonus issue from the capitalisation of reserves.

50,000 shares were issued as part consideration for the acquisition of Feedtek, an agricultural merchanting business.

54,000 shares were issued during the year under the Company's share option scheme.

The total number of options granted under the Company's approved share option schemes and outstanding at 31 May 1993 amounted to 203,000 shares. These options are exercisable in the period up to 5 August 2002 at prices ranging from £1.00 to £2.19 per share.

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

16 RESERVES

GROUP	Profit & Loss £'000	Share Premium £'000	Capital Redemption Reserve £'000	Total £'000
At 1 June 1992	7,168	109	60	7,337
Capitalisation of reserves	(1,062)	(109)	(60)	(1,231)
Retained profit for the year	777	-	-	777
Goodwill written off	(510)	-	-	(510)
Premium on shares issued in the year	-	50	-	50
At 31 May 1993	6,373	50	-	6,423

Goodwill written off against group reserves to date amounts to £1,185,000.

PARENT COMPANY	Profit & Loss £'000	Share Premium £'000	Capital Redemption Reserve £'000	Total £'000
At 1 June 1992	2,984	109	60	3,153
Capitalisation of reserves	(1,062)	(109)	(60)	(1,231)
Retained loss for the year	(44)	-	-	(44)
Premium on shares issued in the year	-	50	-	50
At 31 May 1993	1,878	50	-	1,928

On 1 January 1993 the Company made a 3 for 1 bonus issue of shares and reserves totalling £1,231,000 were capitalised in paying up these shares.

The parent company has not prepared its own profit and loss account as permitted by Section 230 (1), Companies Act 1985.

NWF LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1993 (CONTINUED)

17 COMMITMENTS FOR CAPITAL EXPENDITURE

	1993 £'000	1992 £'000
Contracts placed	365	196
Expenditure sanctioned but not yet contracted	219	46
	584	242

18 OPERATING LEASES

The Group is committed at 31 May 1993 to making the following payments during the next twelve months:

	Plant and machinery £'000
Leases which expire:	
Within one year	-
Between two and five years	114
	114

19 PENSION COSTS

The Group operates a pension scheme (the NWF Limited Retirement Benefits Plan (1968)) providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the scheme have been determined by a qualified actuary using the projected unit method.

The most recent valuation was at 1 July 1990. The valuation at that date showed that the market value of the scheme's assets was £6,275,000 and that the actuarial value of these assets represented 139% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries. It was assumed that the investment return would be 2% higher than the rate of annual salary increase. Allowance has been made for increases in pensions in payment in line with Limited Price Indexation, up to a maximum of 5% per annum.

The pension charge for the year was £98,000 (1992 - £79,000), of which £80,000 (1992 - £71,000) is in respect of the amortisation of the surplus on the scheme which is being recognised over 16 years, the average remaining service lives of employees.