

MELWOOD INVESTMENTS LIMITED

Report and Accounts

31 March 1997

7090



MELWOOD INVESTMENTS LIMITED**Registered No. 755925**

Directors: M S Christie
J N Wild

Secretary: D G Simpson

Auditors: Ernst & Young
PO Box 3
Lowgate House
Lowgate
Hull HU1 1JJ

Bankers: Midland Bank PLC
Whitefriargate
Hull HU1 2HX

Registered Office: Beverley House
St Stephen's Square
Hull HU1 3XG

MELWOOD INVESTMENTS LIMITED**DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,266 (1996: £2,079) and is dealt with as shown in the profit and loss account.

An interim dividend of £623 (1996: £458) was paid during the year. The directors do not recommend the payment of a final dividend.

REVIEW OF THE BUSINESS

The company carries on the business of an investment dealing company.

Investment income received during the year related to investments held during that period.

DIRECTORS

The directors of the company during the year ended 31 March 1997 were those listed on page 1.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, none of the directors holds any beneficial interest in the shares of the company. Mr M S Christie is a director of the ultimate parent company, Northern Foods plc, in whose accounts his interests in that company are shown.

The interests of the other director in the ordinary shares and the movement in the options to acquire ordinary shares of 25p each of the ultimate parent company on 31 March 1997 and 31 March 1996 are as follows:

	<i>Ordinary shares</i>		<i>Options granted or exercised during the period</i>	
	<i>1997</i>	<i>1996</i>	<i>Granted</i>	<i>Exercised</i>
J N Wild	29,631	38,448	18,500	-
	-----	-----	-----	-----

MELWOOD INVESTMENTS LIMITED**DIRECTORS' REPORT****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 affairs of the company and of the profit or loss of the company for that period. 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; and
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

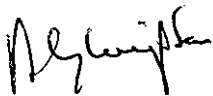
The directors confirm that the accounts comply with the above requirements.

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 that 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.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



D G Simpson
Secretary

15 December 1997

REPORT OF THE AUDITORS

to the members of Melwood Investments Limited

REPORT OF THE AUDITORS

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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.

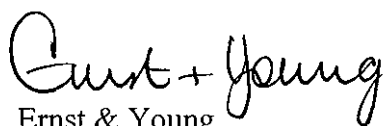
Basis of opinion

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 the 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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor

Hull

15 December 1997

MELWOOD INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 March 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	2	13	6,433
Cost of Sales		(138)	(5,803)
		-----	-----
OPERATING (LOSS)/ PROFIT	3	(125)	630
Other income	4	1,909	1,294
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,784	1,924
Taxation (charge)/credit	6	(518)	155
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		1,266	2,079
Dividend paid	7	(623)	(458)
		-----	-----
RETAINED PROFIT FOR THE YEAR		<u>643</u>	<u>1,621</u>


Movements on reserves are set out in note 12.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses (1996 - £Nil) other than the profit for the financial year attributable to the shareholders of the company, as shown above.

MELWOOD INVESTMENTS LIMITED**BALANCE SHEET**
at 31 March 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
CURRENT ASSETS			
Investments	8	13,285	13,073
Debtors	9	88,212	89,173
Cash at bank		2,204	970
		-----	-----
		103,701	103,216
 CREDITORS: amounts falling due within one year			
	10	71	229
		-----	-----
TOTAL ASSETS LESS LIABILITIES		103,630	102,987
		=====	=====
 CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	103,530	102,887
		-----	-----
EQUITY SHAREHOLDERS' FUNDS		103,630	102,987
		=====	=====



M S Christie - Director

15 December 1997

MELWOOD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

at 31 March 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Investment income

Investment income is taken into account on a receivable date basis.

Investments

Listed and unlisted investments are stated at lower of cost or market value. The valuation at the balance sheet date in note 8 is based on prevailing prices in the listed securities market.

Deferred taxation

Provision is made for deferred taxation, using the liability method on all timing differences, to the extent that it is probable that the liabilities will crystallise.

2. TURNOVER

Turnover comprises the gross realisations of investments, during the year exclusive of VAT and derives wholly from the one, continuing principal activity of the company in the United Kingdom.

3. OPERATING PROFIT

This is stated after (crediting)

	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration	-	(350)
	=====	=====

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relate to the company.

MELWOOD INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS**
at 31 March 1997**4. OTHER INCOME**

	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Dividends received:		
- Listed investments	1,894	1,274
- Unlisted investments	15	20
	<u>1,909</u>	<u>1,294</u>

5. STAFF NUMBERS

The company has no employees under contract of service.

6. TAXATION

The (charge)/credit based on the profit for the year comprises:

	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
UK corporation tax		
Current at 24% (1996 - 25%)	(71)	(229)
UK tax credits on dividends received	(168)	(152)
Overseas tax	(170)	(109)
	<u>(409)</u>	<u>(490)</u>
Adjustments for previous years	(109)	645
	<u>(518)</u>	<u>155</u>

7. EQUITY DIVIDENDS

	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Interim dividend paid	623	458

MELWOOD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
at 31 March 1997

8. INVESTMENTS

	1997 £	1996 £
Listed		
Market value/cost	12,923	12,661
Unlisted:		
Market value/cost	362	412
	<u>13,285</u>	<u>13,073</u>

9. DEBTORS

	1997 £	1996 £
Amount due from group undertakings	<u>88,212</u>	<u>89,173</u>

10. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Corporation tax	<u>71</u>	<u>229</u>

11. SHARE CAPITAL

	<i>Authorised, allotted, called up and fully paid 1997 and 1996 £</i>
Ordinary shares of £1 each	<u>100</u>

MELWOOD INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS**

at 31 March 1997

12. PROFIT AND LOSS ACCOUNT

Movements in retained profits are as follows:

	£
At 1 April 1996	102,887
Retained profit for the year	643

At 31 March 1997	103,530
	=====

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>1997</i> £	<i>1996</i> £
Profit attributable to equity shareholders	1,266	2,079
Equity dividends paid	(623)	(458)
	-----	-----
Net addition to equity shareholders' funds	643	1,621
Opening equity shareholders' funds	102,987	101,366
	-----	-----
Closing equity shareholders' funds	103,630	102,987
	=====	=====

14. GROUP ACCOUNTS

The parent company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Northern Foods plc, registered in England and Wales. Northern Foods plc is also the company's ultimate parent company. Copies of Northern Foods plc's accounts can be obtained from Beverley House, St Stephen's Square, Hull, HU1 3XG.