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MELWOOD INVESTMENTS LIMITED

Directors' Report and Accounts

31 March 2000



MELWOOD INVESTMENTS LIMITED**DIRECTORS' REPORT****Registered No. 755925**

Directors: M S Christie
J N Wild

Secretary: F S Harris

Auditors: Arthur Andersen
1 City Square
Leeds
LS1 2AL

Bankers: HSBC
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 2000.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company carries on the business of an investment trading company. The result for the year is considered to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,430 (1999: £683) and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend (1999: £563).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were those listed on page 1.

According to the register maintained as required under the Companies Act 1985, none of the directors held any beneficial interest in the shares of the company during the year.

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 interest of J N Wild in the ordinary shares of 25p each of the ultimate parent company was as follows:

	<i>31 March 2000</i>	<i>31 March 1999</i>
J N Wild	32,698 -----	35,144 -----

No options were granted to or exercised by the directors during the year.

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

Arthur Andersen have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the company's annual general meeting.

By order of the Board



F S Harris
Secretary

10 October 2000

REPORT OF THE AUDITORS

to the members of Melwood Investments Limited

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 in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

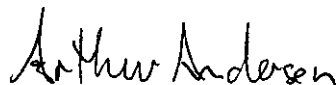
Basis of opinion

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 City Square

Leeds

LS1 2AL

10 October 2000

MELWOOD INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000**

	<i>Notes</i>	2000 £	1999 £
TURNOVER	2	397	499
Administrative expenses		(885)	(1,335)
		-----	-----
OPERATING LOSS		(488)	(836)
Other income	3	2,055	1,840
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,567	1,004
Taxation on profit on ordinary activities	5	(137)	(321)
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		1,430	683
Dividend paid	6	-	(563)
		-----	-----
RETAINED PROFIT FOR THE YEAR		<u>1,430</u>	<u>120</u>

Movements on reserves are set out in note 11.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses (1999 - £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 2000

	<i>Notes</i>	<i>2000</i> £	<i>1999</i> £
CURRENT ASSETS			
Investments	7	12,489	12,904
Debtors	8	87,190	87,192
Cash at bank		6,184	4,339
		<u>105,863</u>	<u>104,435</u>
CREDITORS: amounts falling due within one year	9	-	(2)
NET ASSETS		<u>105,863</u>	<u>104,433</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	105,763	104,333
EQUITY SHAREHOLDERS' FUNDS	12	<u>105,863</u>	<u>104,433</u>



M S Christie
Director

10 October 2000

MELWOOD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

at 31 March 2000

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 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 continuing principal activity of the company in the United Kingdom.

3. OTHER INCOME

	2000 £	1999 £
Dividends received:		
- Listed investments	<u>2,055</u>	<u>1,840</u>

4. EMOLUMENTS OF DIRECTORS

None of the directors received any remuneration from the company during the year (1999 - £nil).

MELWOOD INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS**

at 31 March 2000

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
UK corporation tax		
Current at 20% (1999 - 21%)	-	2
UK tax credits on dividends received	-	147
Overseas tax	137	172
	<u>137</u>	<u>321</u>

6. DIVIDEND PAID

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Interim dividend paid (1999 - £5.63 per share)	-	563

7. INVESTMENTS

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Listed investments	12,489	12,889
Unlisted investments	-	15
	<u>12,489</u>	<u>12,904</u>

8. DEBTORS

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Amounts falling due after more than one year:		
Amounts due from group undertakings	87,190	87,192

MELWOOD INVESTMENTS LIMITED
NOTES TO THE ACCOUNTS
at 31 March 2000
9. CREDITORS: amounts falling due within one year

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Corporation tax	-	2
	<u> </u>	<u> </u>

10. SHARE CAPITAL

	<i>Authorised, allotted, called up and fully paid 2000 and 1999 £</i>
Ordinary shares of £1 each	100
	<u> </u>

11. PROFIT AND LOSS ACCOUNT

	<i>£</i>
At 1 April 1999	104,333
Retained profit for the year	1,430
	<u> </u>
At 31 March 2000	<u>105,763</u>

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Profit attributable to equity shareholders	1,430	683
Equity dividends paid	-	(563)
	<u> </u>	<u> </u>
Net addition to equity shareholders' funds	1,430	120
Opening equity shareholders' funds	104,433	104,313
	<u> </u>	<u> </u>
Closing equity shareholders' funds	<u>105,863</u>	<u>104,433</u>

MELWOOD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

at 31 March 2000

13. ULTIMATE PARENT UNDERTAKING

The parent company of the smallest and 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.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Northern Foods plc group.