

Report and Accounts
Woodward Foodservice Limited
2nd January 1999

Registered number: 01786682



Woodward Foodservice Limited

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Woodward Foodservice Limited

Directors and Advisers

Directors

A S Pritchard FCA (Chairman)
J A Woodward
E J Hyslop
J G Berry

Secretary

P G Attwood

Registered Office

Second Avenue
Deeside Industrial Park
Deeside
Flintshire
CH5 2NW

Auditors

Ernst & Young
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

Bankers

National Westminster Bank
17 Church Street
Oswestry
Shropshire
SY10 8JN

Solicitors

Bullivant Jones & Company
State House
Dale Street
Liverpool
L2 4UR

Directors' Report

The directors submit their Report and Accounts for the 52 week period ended 2nd January 1999.

Principal activities and review of business

The Company's principal activity is that of the wholesale supply of frozen and chilled food to the catering industry.

During the year the Company opened a new purpose-built distribution centre in Barnsley, Yorkshire.

In November 1998, the Company acquired Birmingham-based Caterfish Ltd, the leading foodservice operator in the Midlands. This business is being integrated into our existing business.

Results and dividends

The profit and loss account is set out on page 6 and shows the Company's loss for the year. The directors do not recommend the payment of a final dividend.

Directors and their interests

The Company is a wholly owned subsidiary of Iceland Group plc.

The directors at 2nd January 1999 and their interests, including family interests, in the share capital of the Company's holding company, Iceland Group plc (all held beneficially) were as follows:

The interests of Mr A S Pritchard, including family interests, in the share capital of group companies, are stated in the Director's Report of the ultimate holding company, Iceland Group plc. The interests of the other directors are set out as follows:-

Ordinary Shares	At 2nd January 1999	At 31st December 1997
J G Berry	5,622	5,622
E J Hyslop	10,384	10,384
J A Woodward	-	-

Interest in options

Ordinary Shares	Scheme	At 31st December 1997 £	Granted during the year	Exercised during the year	At 2nd January 1999 £
J G Berry	a)	2,265	-	-	2,265
	b)	285,000	55,000	105,000	235,000
	c)	180,000	-	90,000	90,000

The share options referred to above were granted under the following schemes:

- a) SAYE Share Option Scheme
- b) Executive Share Option Scheme
- c) Performance Related Share Option Scheme

Directors Report - continued

Auditors

Ernst & Young have indicated their willingness to continue in office as auditors and a resolution that they be reappointed will be proposed at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'P G Attwood', with a stylized flourish at the end.

P G Attwood
Company Secretary

23rd March 1999

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 being *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 confirm that the accounts comply with the above requirements.

The directors are responsible for maintaining 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.

Report of the Auditors

To the members of Woodward Foodservice Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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.

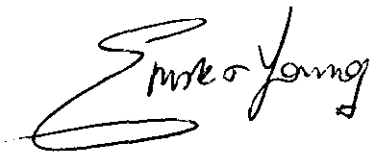
Basis of opinion

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 2nd January 1999 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Liverpool

23rd March 1999

Woodward Foodservice Limited

**Profit and Loss Account
for the year ended 2nd January 1999**

	Notes	1998 £	1997 £
Turnover		24,137,291	17,885,494
Cost of sales		17,536,785	13,001,218
		<hr/>	<hr/>
Gross profit		6,600,506	4,884,276
Administrative expenses		6,360,122	4,588,826
		<hr/>	<hr/>
Operating profit	1	240,384	295,450
Interest payable	3	244,901	76,377
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(4,517)	219,073
Tax on (loss)/profit on ordinary activities	4	—	95,695
		<hr/>	<hr/>
(Loss)/profit for the period		(4,517)	123,378
Retained profit brought forward		1,858,302	1,734,924
		<hr/>	<hr/>
Retained profit carried forward		1,853,785	1,858,302
		<hr/>	<hr/>

The Company has no material recognised gains or losses other than the profit or loss for the current and previous financial periods.

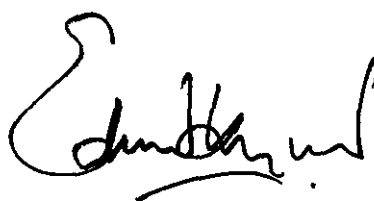
Woodward Foodservice Limited

**Balance Sheet
at 2nd January 1999**

	Notes	1998 £	1997 £
Fixed assets:			
Intangible assets	5	1,785,044	1,888,000
Tangible assets	6	6,584,153	2,054,308
Investments	7	1,500,000	-
		<u>9,869,197</u>	<u>3,942,308</u>
Current assets:			
Stock	8	2,269,246	1,470,909
Debtors	9	3,283,774	2,682,809
Cash at bank and in hand		747	439,991
		<u>5,553,767</u>	<u>4,593,709</u>
Creditors: due within 1 year	10	<u>4,301,029</u>	<u>3,049,256</u>
Net current assets		<u>1,252,738</u>	<u>1,544,453</u>
Total assets less current liabilities		<u>11,121,935</u>	<u>5,486,761</u>
Creditors: due after 1 year	11	8,346,489	2,759,442
Deferred income - grants	12	154,059	101,415
		<u>2,621,387</u>	<u>2,625,904</u>
Capital and reserves:			
Called up share capital	13	8,000	8,000
Profit and loss account	15	1,853,785	1,858,302
Share premium account	15	759,602	759,602
		<u>2,621,387</u>	<u>2,625,904</u>
Shareholders' funds	14	<u>2,621,387</u>	<u>2,625,904</u>



A S Pritchard
Director
23rd March 1999



E J Hyslop
Director
23rd March 1999

Accounting Policies

Accounting principles

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Goodwill

Goodwill arising in connection with the acquisition of subsidiary undertakings and businesses is capitalised and written off over 20 years, which is its estimated economic useful life.

Turnover

Turnover is the total amount receivable for goods and services sold in the ordinary course of business, excluding value added tax, and arises from continuing activities in the United Kingdom.

Cost of Sales

Cost of sales represents all costs incurred up to the point of sale.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated by reference to purchase prices. Net realisable value is defined as selling price less further costs expected to be incurred to disposal.

Statement of cash flows

The Company is exempt from including a statement of cash flows in its accounts, as it is a wholly owned subsidiary of a company incorporated in the United Kingdom, which has included a consolidated statement of cash flows in its consolidated accounts.

Tangible fixed assets and depreciation

Tangible assets, other than freehold land, are depreciated by equal annual instalments over their estimated useful lives, as follows:

Freehold buildings	-	2% straight line
Long leasehold buildings	-	2% straight line
Plant and machinery	-	10% straight line
Office equipment	-	20% straight line
Motor vehicles	-	20% straight line
Computer hardware	-	25% straight line
Computer software	-	25% straight line

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the tax will be payable.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Woodward Foodservice Limited

Accounting Policies (continued)

Government Grants

Grants received in respect of the development of the leasehold property at Bodelwyddan are deferred and are to be included in the profit and loss account by instalments over the expected useful lives of the related assets, as follows:-

Buildings - 50 years

Plant and machinery - 10 years

**Notes to the Accounts
at 2nd January 1999**

1	Operating Profit	1998	1997
	This is stated after charging:	£	£
	Depreciation	298,497	278,194
	Staff Costs (see below)	3,552,957	2,405,629
	Auditor's Remuneration	10,000	19,822
		<u> </u>	<u> </u>
2	Staff Costs and directors' emoluments	1998	1997
		£	£
	(i) Staff costs		
	Wages and Salaries	3,233,113	2,173,743
	Social Security Costs	286,547	209,271
	Other Pension Costs	33,297	22,615
		<u>3,552,957</u>	<u>2,405,629</u>
		<u> </u>	<u> </u>
		1998	1997
	Average number of employees	No	No
	Coldstore and Distribution	136	78
	Administration and Marketing	83	49
		<u>219</u>	<u>127</u>
		<u> </u>	<u> </u>
	(ii) Directors' emoluments	1998	1997
		£	£
	Emoluments	256,919	219,339
		<u> </u>	<u> </u>
	Company contributions paid to money purchase schemes	9,000	9,301
		<u> </u>	<u> </u>
	The amounts in respect of the highest paid director, are as follows:-	1998	1997
		£	£
	Emoluments	138,142	127,416
	Pension	-	4,000
		<u>138,142</u>	<u>131,416</u>
		<u> </u>	<u> </u>

**Notes to the Accounts
at 2nd January 1999 (continued)**

3 Interest Payable	1998	1997
	£	£
Bank interest and interest on loans wholly repayable within 5 years;		
Bank	485	3,357
Parent company loan	244,416	73,020
	<u>244,901</u>	<u>76,377</u>

4 Taxation on profit on ordinary activities	1998	1997
	£	£
Taxation charge is made up as:		
Corporation tax based on the profit for the period	-	95,695
	<u>-</u>	<u>95,695</u>

The charge has been reduced by the effect of capital allowances and other timing differences. If full provision had been made for deferred tax the charge for the period would have increased by £49,000.

The full amount of deferred taxation calculated at 31% (1997 - 31%), none of which has been provided for in the accounts, is £240,000 (1997 - £191,000).

5 Intangible assets

Intangible assets represent goodwill which is being amortised over 20 years.

	£
Cost at 2nd January 1999 and at 31st December 1998	1,921,732
Amortisation	
At 1st January 1998	33,732
Provided during year	102,956
At 2nd January 1999	136,688
Net book value at 2nd January 1999	1,785,044
Net book value at 31st December 1997	1,888,000

6 Tangible fixed assets

	Land & Buildings		Plant and	Motor	Capital	Total
	Freehold	Long Leasehold	Equipment	Vehicles	W-I-P	
	£	£	£	£	£	£
Cost:						
At 1st January 1998	433,661	934,355	1,478,850	450,260	-	3,297,126
Additions	3,024,025	-	594,404	230,955	1,000,693	4,850,077
Disposals	-	-	-	(71,817)	-	(71,817)
At 2nd January 1999	3,457,686	934,355	2,073,254	609,398	1,000,693	8,075,386
Depreciation:						
At 1st January 1998	88,541	74,241	961,827	118,209	-	1,242,818
Provided during the period	14,677	21,802	144,875	117,143	-	298,497
Disposals	-	-	-	(50,082)	-	(50,082)
At 2nd January 1999	103,218	96,043	1,106,702	185,270	-	1,491,233
Net book value:						
At 2nd January 1999	3,354,468	838,312	966,552	424,128	1,000,693	6,584,153
At 31st December 1997	345,120	860,114	517,023	332,051	-	2,054,308

The cost of freehold properties includes land of £55,364 (1997 - £55,364) on which depreciation is not provided.

Woodward Foodservice Limited

7 Investments	£
At 31st December 1997	-
Acquisition of Caterfish	1,500,000
At 2nd January 1999	<u>1,500,000</u>

The whole of the share capital of Caterfish Limited, which is registered in England and Wales and whose principal activity is the wholesale supply of food, was acquired during the year.

8 Stocks	1998 £	1997 £
Goods for resale	2,242,231	1,456,376
Consumables	27,015	14,533
	<u>2,269,246</u>	<u>1,470,909</u>

9 Debtors	1998 £	1997 £
Trade debtors	2,632,002	2,315,570
Other debtors	4,659	755
Prepayments and accrued income	647,113	366,484
	<u>3,283,774</u>	<u>2,682,809</u>

10 Creditors: due within one year	1998 £	1997 £
Bank overdraft	636,224	-
Trade creditors	2,975,094	2,524,787
Corporation tax	7,600	95,000
Other taxes and social security costs	87,194	72,061
Other creditors	834	453
Accruals	594,083	356,955
	<u>4,301,029</u>	<u>3,049,256</u>

11 Creditors: due after one year	1998 £	1997 £
Loan from parent undertaking	8,346,489	2,759,442

The loan from the parent undertaking bears interest at 8% per annum.

12 Deferred income

This consists of government grants received in respect of the development of the leasehold property at Bodelwyddan, and is released to the profit and loss account in equal annual instalments over the expected useful lives of the related assets:

Building	50 years
Plant	10 years
	£
At 31st December 1997	101,415
2nd & 3rd stage payments	62,500
Released to revenue in period	(9,856)
At 2nd January 1999	<u>154,059</u>

13 Share capital

	1998	1997
	£	£
Authorised:		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>

14 Reconciliation of movement in shareholders' funds

	1998	1997
	£	£
(Loss)/profit for the financial year	(4,517)	123,378
Shareholders' funds at the beginning of the year	<u>2,625,904</u>	<u>2,502,526</u>
Shareholders' funds at the end of the year	<u>2,621,387</u>	<u>2,625,904</u>

15 Reserves

	Share Premium	Profit and Loss Account
At 31st December 1997	759,602	1,858,302
(Loss)/profit for the financial year	-	(4,517)
At 2nd January 1999	<u>759,602</u>	<u>1,853,785</u>

16 Financial Commitments

1998	1997
£	£

Operating leases

The company had operating lease commitments to pay during the next year as follows:-

Ending within two to five years:

Refrigerated vehicles	549,552	508,041
Fork lift trucks	117,416	72,641
	<u>666,968</u>	<u>580,682</u>

17 Pension Costs

The assets of the Woodward Frozen Foods money purchase pension scheme are held separately from those of the Company in a fund administered by Mercury Asset Management. Contributions made by the Company to the scheme during the year ended 2nd January 1999 amounted to £40,474.

18 Parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Iceland Group plc which is registered in England and Wales.

The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared is Iceland Group plc, group accounts for which may be obtained from the Registered Office of the Company.