

Bennington Foods Limited

FINANCIAL STATEMENTS

for the period ended

31 December 1998



Company Registration No. 3166152

Bennington Foods Limited

DIRECTORS AND OFFICERS

DIRECTORS

G L Andrews

(Chairman)

W C Murphy

N F Quinn

SECRETARY

N F Quinn

COMPANY NUMBER

3166152 (England and Wales)

REGISTERED OFFICE

Ickleford Mill

Arlesey Road

Ickleford, Hitchin

Hertfordshire

SG5 3UN

AUDITORS

Baker Tilly

Iveco Ford House

Station Road

Watford

Herts

WD1 1TG

Bennington Foods Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Bennington Foods Limited for the period ended 31 December 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of the manufacture of texturised vegetable protein for use in the production of pet foods.

REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

RESULTS AND DIVIDENDS

The trading loss for the period after taxation was £12,453.

DIRECTORS

The following directors have held office since 29 December 1997:-

G L Andrews	
A G Bowman	(Resigned 29 June 1999)
R P Bowman	(Resigned 29 June 1999)
W C Murphy	
N F Quinn	

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary Shares of £1 each</i>	
	31.12.98	29.12.97
G L Andrews	-	-
A G Bowman	-	-
R P Bowman	-	-
W C Murphy	-	-
N F Quinn	-	-

The shareholdings of Messrs Quinn and Murphy in Bowrain Holdings Limited are disclosed in that company's financial statements.

RESEARCH AND DEVELOPMENT

In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the company's market position and for future growth.

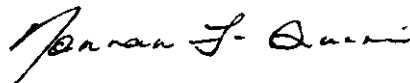
Bennington Foods Limited

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Baker Tilly were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By order of the board



N F Quinn
Director

23 July 1999

Bennington Foods Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements 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 that the financial statements 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' REPORT TO THE SHAREHOLDERS OF BENNINGTON FOODS LIMITED

We have audited the financial statements on pages 6 to 16.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

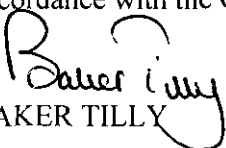
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

30 July 1999

Bennington Foods Limited

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 1998

		Period ended 31 December 1998	Eight months ended 29 December 1997
	Notes	£	£
TURNOVER	1	1,216,620	1,046,979
Cost of sales		745,666	585,998
Gross profit		470,954	460,981
Other operating expenses (net)	2	460,153	302,365
OPERATING PROFIT		10,801	158,616
Interest payable and similar charges	3	9,981	1,719
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	820	156,897
Taxation	6	13,273	11,500
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(12,453)	145,397
Dividends	7	-	65,000
RETAINED (LOSS)/PROFIT FOR THE PERIOD	16	(12,453)	80,397

The operating profit for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Bennington Foods Limited

BALANCE SHEET

31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Intangible assets	8	324,090	267,953
Tangible assets	9	244,427	248,516
		<u>568,517</u>	<u>516,469</u>
CURRENT ASSETS			
Stocks	10	29,979	2,392
Debtors	11	231,083	234,810
Cash at bank and in hand		158	136,605
		<u>261,220</u>	<u>373,807</u>
CREDITORS: Amounts falling due within one year	12	332,967	388,557
NET CURRENT LIABILITIES		<u>(71,747)</u>	<u>(14,750)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		496,770	501,719
CREDITORS: Amounts falling due after more than one year	13	(499,998)	(499,998)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(7,504)	-
		<u>(10,732)</u>	<u>1,721</u>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account	16	(10,734)	1,719
SHAREHOLDERS' FUNDS	17	<u>(10,732)</u>	<u>1,721</u>

Approved by the board on 23 July 1999

W C Murphy

Director

N F Quinn

Director

Bennington Foods Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

INTELLECTUAL PROPERTY LICENCE

Intellectual property is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life of 20 years.

RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred. Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold land and buildings	5 years
Plant and machinery	7 to 10 years
Fixtures, fittings, & equipment	5 years

STOCK

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

PENSIONS CONTRIBUTIONS

The company operates a group personal plan on behalf of its employees. The assets of the individual pension plans are held separately from those of the company in independently administered funds.

The pension costs charged in the financial statements represent the contributions payable by the company during the period.

Bennington Foods Limited

ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 1998

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES (NET)	1998 £	1997 £
Administrative expenses	460,171	302,585
Other operating income	(18)	(220)
	<u>460,153</u>	<u>302,365</u>
3. INTEREST PAYABLE	1998 £	1997 £
On bank loans and overdrafts	<u>9,981</u>	<u>1,719</u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	12,500	-
Depreciation of tangible assets:		
Charge for the period:		
owned assets	55,167	45,048
Hire of plant and machinery	5,218	4,492
Operating lease rentals:		
Plant and machinery	322,557	215,038
Land and buildings	35,000	19,175
Auditors' remuneration	<u>3,840</u>	<u>4,280</u>

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the period was:	1998 No.	1997 No.
Production	4	5
Administration	1	1
	<u>5</u>	<u>6</u>

Staff costs for the above persons:

Wages and salaries	183,192	100,368
Social security costs	20,166	11,770
Other pension costs	1,420	1,010
	<u>204,778</u>	<u>113,148</u>

DIRECTORS' REMUNERATION

	1998 £	1997 £
Emoluments for qualifying services	<u>37,152</u>	<u>24,520</u>

6. TAXATION

	1998 £	1997 £
Based on the profit for the period:		
U.K. Corporation tax at 21% (1997 - 21%)	-	11,500
Deferred taxation	7,504	-
	<u>7,504</u>	<u>11,500</u>
Under/(over) provided in earlier years	5,769	-
	<u>13,273</u>	<u>11,500</u>

7. DIVIDENDS

	1998 £	1997 £
Ordinary:		
Final proposed - Nil (1997 - £32,500.00)	-	65,000
	<u>-</u>	<u>65,000</u>

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

8. INTANGIBLE FIXED ASSETS

	<i>Intellectual Property Licence</i>	<i>Development Costs</i>	<i>Total</i>
	£	£	£
Cost			
29 December 1997	250,000	17,953	267,953
Additions	-	68,637	68,637
	<hr/>	<hr/>	<hr/>
31 December 1998	250,000	86,590	336,590
	<hr/>	<hr/>	<hr/>
Provision for diminution in value			
29 December 1997	-	-	-
Charge in the period	12,500	-	12,500
	<hr/>	<hr/>	<hr/>
31 December 1998	12,500	-	12,500
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 1998	237,500	86,590	324,090
	<hr/>	<hr/>	<hr/>

9. TANGIBLE FIXED ASSETS

	<i>Leasehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings, & equipment</i>	<i>Total</i>
	£	£	£	£
Cost				
29 December 1997	43,967	288,101	12,310	344,378
Additions	1,660	49,013	405	51,078
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1998	45,627	337,114	12,715	395,456
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
29 December 1997	11,197	83,772	893	95,862
Charge in the period	8,387	44,337	2,443	55,167
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1998	19,584	128,109	3,336	151,029
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 1998	26,043	209,005	9,379	244,427
	<hr/>	<hr/>	<hr/>	<hr/>
28 December 1997	32,770	204,329	11,417	248,516
	<hr/>	<hr/>	<hr/>	<hr/>

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

10. STOCKS	1998 £	1997 £
Raw materials and consumables	22,635	2,092
Finished goods and goods for resale	7,344	300
	<u>29,979</u>	<u>2,392</u>
11. DEBTORS	1998 £	1997 £
Due within one year		
Trade debtors	102,257	58,168
Amounts owed by group undertakings	-	30,835
Other debtors	-	38,695
Prepayments and accrued income	128,826	107,112
	<u>231,083</u>	<u>234,810</u>
12. CREDITORS: Amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	68,241	-
Trade creditors	107,349	34,044
Amounts owed to group undertakings	31,170	-
Corporation tax	-	11,500
Other taxes and social security costs	27,439	56,064
Other creditors	53,112	152,686
Accruals and deferred income	45,656	69,263
Proposed dividend	-	65,000
	<u>332,967</u>	<u>388,557</u>

The bank overdraft is secured by a debenture giving a fixed and floating charge over the assets of the company.

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

13. CREDITORS: Amounts falling due in more than one year	1998 £	1997 £
Other loans	<u>499,998</u>	<u>499,998</u>
Loans		
Wholly repayable within five years	<u>499,998</u>	<u>499,998</u>
	<u>499,998</u>	<u>499,998</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Balance at 29 December 1997	-
Transfer from profit and loss account	7,504
Balance at 31 December 1998	<u>7,504</u>

Deferred taxation provided in the financial statements is as follows:

	1998 £	Fully provided 1997 £
Excess of tax allowances over depreciation	14,250	-
Tax losses available	(6,746)	-
	<u>7,504</u>	<u>-</u>

15. SHARE CAPITAL

	1998 £	1997 £
Authorised		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

16. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £
29 December 1997	1,719
Retained loss for the period	(12,453)
	<hr/>
31 December 1998	(10,734)
	<hr/> <hr/>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1998 £	1997 £
(Loss)/Profit for the financial period	(12,453)	145,397
Dividends	-	(65,000)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(12,453)	80,397
Opening shareholders' funds	1,721	(78,676)
	<hr/>	<hr/>
Closing shareholders' funds	(10,732)	1,721
	<hr/> <hr/>	<hr/> <hr/>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Land and buildings		
expiring in the second to fifth year	35,000	35,000
Plant and machinery		
expiring in the first year	241,918	-
expiring in the second to fifth year	-	332,015
	<hr/>	<hr/>
	276,918	367,015
	<hr/> <hr/>	<hr/> <hr/>

19. CONTINGENT LIABILITIES

The company's bankers have a right of set-off incorporated in the mortgage debenture covering any accounts in the name of the company's parent undertaking, Bowrain Holdings Ltd and a specific equitable charge over all freehold and leasehold premises.

Bennington Foods Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 31 December 1998

20. TRANSACTIONS WITH DIRECTORS

An agreement to licence throughout the period intellectual property belonging to Messrs Quinn and Murphy continued. Under the terms of that agreement, Messrs Quinn and Murphy are entitled to Royalty payments and other payments totalling £99,840 (1997 : £87,480)

21. CONTROL

The company is a wholly owned subsidiary of Bowrain Holdings Limited, a company registered in England and Wales.

22. RELATED PARTY TRANSACTIONS

Jas Bowman & Sons Limited had a significant interest in Bowrain Holdings Limited , the parent undertaking, at the year end. (On 29 June 1999 Jas Bowman & Sons Limited transferred its shares to Messrs Quinn & Murphy). The company was charged management fees of £50,000 by Jas Bowman & Sons Limited during the year.

At the year end the company owed £26,102 (1997 £122,137) to Jas Bowman & Sons Limited.