

**BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)**

DIRECTORS' REPORT AND ACCOUNTS

for the year ended

30th April 1998

COMPANY REGISTRATION NO: 250349



BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Report of the Directors
for the year ended 30th April 1998

The directors submit their report and accounts for the year ended 30th April 1998.

Change of name

At an Extraordinary General Meeting held on 1st July 1998, the company's name was changed from Criddle Billington Feeds Limited to Billington Agriculture Limited.

Results, dividends and activities

The results for the year are shown on the Profit and Loss Account on page 5.

The loss for the year before taxation amounts to £917,967.

The directors do not recommend the payment of a dividend for the year.

The principal activities of the company during the year were the manufacture and sale of animal foodstuffs.

Year 2000

The parent company has undertaken a review of the likely impact of the Year 2000 on the group's computer systems. A significant programme of investment has been undertaken during the year to upgrade systems as necessary and this programme will be completed, without significant further expenditure during the next financial year.

Directors and directors' interests

At 30th April 1998 the directors were Mr. M.R. Cashin, Mr. J.M. Hassett, Dr. R.R. Toomey, Mr. L.L.R. Whiteley, Mr. R.A. Janes and Mr. P. Steeples.

Mr. J.M. Hassett, Dr. R.R. Toomey and Mr. M.R. Cashin were appointed as directors on 29th October 1997.

Mr. D.J. Byers resigned on 23rd October 1997 and Mr. F.R. Worsencroft resigned on 31st October 1997.

None of the directors have any beneficial interest in the share capital of the company.

The interests of the directors in the share capital of the ultimate parent undertaking are as follows:

	Ordinary shares of £1 each		Second preferred ordinary shares of £1 each	
	1998	1997	1998	1997
P. Steeples	-	-	4,429	3,712
R.A. Janes	-	-	-	-

The holding of second preferred ordinary shares includes beneficial holdings held in the name of the trustees of the Edward Billington & Son Limited, Employee Share Ownership Plan.

The interests of the directors who are also directors of the ultimate parent undertaking, Edward Billington & Son Limited, are shown in that company's accounts.

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Report of the Directors
for the year ended 30th April 1998

Auditors

Mitchell Charlesworth are willing to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


JAMES CROSS

Secretary

Cunard Building,
Liverpool L3 1EL.

27th October 1998

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Statement of Directors' Responsibilities
for the year ended 30th April 1998

The directors are required under company law to prepare accounts for each financial period 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 the period then ended.

In preparing these accounts, they are required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make reasonable and prudent judgements and estimates;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures 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 are also responsible for:

- ◆ keeping proper accounting records;
- ◆ safeguarding the company's assets;
- ◆ taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mitchell Charlesworth

Chartered Accountants

Chavasse Court · 24 Lord Street · Liverpool · L2 1TA

AUDITORS' REPORT TO THE MEMBERS OF BILLINGTON AGRICULTURE LIMITED (FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 have 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 the company's affairs as at 30th April 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MITCHELL CHARLESWORTH
Registered Auditor

27th October 1998

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Profit and Loss Account
for the year ended 30th April 1998

	Notes	1998	1997
Turnover	2	16,788,110	22,730,058
Cost of sales		<u>13,831,826</u>	<u>18,453,691</u>
Gross profit		2,956,284	4,276,367
Distribution costs		2,642,882	2,816,060
Administrative expenses		<u>1,036,225</u>	<u>3,679,107</u>
		<u>1,240,254</u>	<u>4,056,314</u>
Operating loss	3	(722,823)	220,053
Interest receivable	5	(99,718)	(136,648)
Interest payable	6	<u>294,862</u>	<u>195,144</u>
		<u>396,150</u>	<u>259,502</u>
Loss on ordinary activities before taxation		(917,967)	(39,449)
Taxation - credit	7	<u>291,000</u>	<u>40,000</u>
Loss on ordinary activities after taxation	18	£(626,967)	£ 551
		<u><u> </u></u>	<u><u> </u></u>

The turnover and operating profit is wholly attributable to continuing operations of the company.

The notes on pages 8 to 14 form part of these accounts.

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

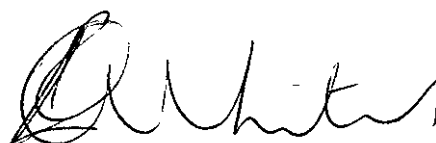
Balance Sheet
30th April 1998

	Notes	1998	1997
Fixed assets			
Tangible assets	8	5,326,511	5,801,502
Investments	9	<u>62,500</u>	<u>62,500</u>
		5,389,011	5,864,002
Current assets			
Stocks	10	292,733	502,375
Debtors	11	3,007,941	2,897,579
Cash at bank and in hand		<u>1,100</u>	<u>1,550</u>
		3,301,774	3,401,504
Creditors			
Amounts falling due within one year	12	<u>4,096,825</u>	<u>3,971,086</u>
Net current liabilities		(795,051)	(569,582)
Total assets less current liabilities		4,593,960	5,294,420
Creditors			
Amounts falling due after more than one year	13	<u>391,964</u>	<u>565,457</u>
		4,201,996	4,728,963
Provision for liabilities and charges			
Deferred taxation	15	<u>500,000</u>	<u>400,000</u>
		£3,701,996	£4,328,963
Capital and reserves			
Called up share capital	17	70,000	70,000
Revaluation reserve	18	293,735	353,105
Profit and loss account	18	<u>3,338,261</u>	<u>3,905,858</u>
Total shareholders' funds	19	£3,701,996	£4,328,963

Approved by the Board of Directors
on 27th October 1998

L.L.R. WHITELEY - Director

The notes on pages 8 to 14 form part of these accounts.



BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Year ended 30th April 1998

Statement of total recognised gains and losses

	1998	1997
Loss for the year	(530,967)	551
Adjustment on revaluation of fixed assets	<u> -</u>	<u>(55,700)</u>
Total recognised gains and losses	<u>£(530,967)</u>	<u>£(55,149)</u>

Note of historical cost profits and losses

	1998	1997
Reported loss on ordinary activities before taxation	(917,967)	(39,449)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	65,395	95,399
Realisation of property revaluation gains of earlier years	<u>352,143</u>	<u> -</u>
Historical cost loss on ordinary activities before taxation	<u>£(500,429)</u>	<u>£55,950</u>
Historical cost loss for the year after taxation	<u>£(209,429)</u>	<u>£95,950</u>

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

1. Accounting policies

Accounting basis

The accounts are prepared under the historical cost convention as modified by the revaluation of tangible fixed assets referred to in note 8 and in accordance with applicable Accounting Standards.

Basis of consolidation

The subsidiary company has not been consolidated as it is non-trading. Consolidated accounts are prepared by the company's immediate parent undertaking, Billington Agriculture Holdings Limited.

Related party transactions

Details of transactions with fellow group undertakings are not disclosed in these accounts as they are included in the consolidated accounts of Edward Billington & Son Limited.

Depreciation

Depreciation is calculated to write off the cost or valuation of tangible fixed assets over their anticipated useful lives at the following rates:

Freehold and long leasehold buildings	5% - 10%
Plant and machinery	10% - 50%

Leased assets

Assets obtained under finance leases are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to Profit and Loss Account over the period of the lease.

Revaluation reserve

The reserve represents the surplus on revaluation of tangible fixed assets after adjustment for deferred taxation. The reserve is being credited back to the Profit and Loss Account at the same rate as the underlying assets are depreciated.

Deferred taxation

Deferred taxation is provided, calculated on the liability method, in respect of timing differences to the extent that it is probable the liability will crystallise in the foreseeable future.

Stocks and work in progress

Stocks of raw materials and work in progress have been valued at the lower of cost and net realisable value.

2. Turnover

Turnover represents sales, excluding value added tax, of goods and services during the year. Turnover is generated from the manufacture, sale and distribution of animal foodstuffs within the United Kingdom.

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

3. Operating loss

The operating loss for the year has been arrived at after charging (crediting):

	1998	1997
Directors' emoluments (see note 4)	-	-
Auditors' remuneration - audit	7,000	9,000
- non-audit	3,000	5,000
Depreciation	593,185	816,528
Profit on disposal of tangible fixed assets	(216,170)	-
Operating lease rentals	<u>13,305</u>	<u>13,305</u>
	<u>£400,320</u>	<u>£843,833</u>

4. Directors' emoluments and staff costs

The directors and staff are employed and remunerated by the ultimate parent undertaking.

	1998	1997
5. Interest receivable		
Loan interest - group	89,602	136,648
Other interest	<u>10,116</u>	<u>-</u>
	<u>£99,718</u>	<u>£136,648</u>

6. Interest payable

	1998	1997
Loan interest - group	192,033	278,060
Loan interest	48,078	49,191
Bank overdraft	48,248	49,236
Finance leases	-	13,862
Other interest	<u>6,503</u>	<u>5,801</u>
	<u>£294,862</u>	<u>£396,150</u>

7. Taxation - credit

Based on the results for the year:

	1998	1997
U.K. corporation tax at 31% (1997 33%)	-	-
Group relief receivable	391,000	40,000
Deferred taxation	<u>(100,000)</u>	<u>-</u>
	<u>£291,000</u>	<u>£40,000</u>

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

8. Tangible fixed assets

Cost or valuation	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Total
At 30th April 1997	1,050,278	289,995	6,852,545	8,192,818
Additions	-	-	1,459,921	1,459,921
Disposals	(300,278)	-	(1,041,449)	(1,341,727)
At 30th April 1998	750,000	289,995	7,271,017	8,311,012
At valuation				
30th April 1983	-	135,000	320,000	455,000
30th April 1991	500,000	-	1,500,000	2,000,000
30th April 1997	250,000	-	-	250,000
At cost	-	154,995	5,451,017	5,606,012
	750,000	289,995	7,271,017	8,311,012
Depreciation				
At 30th April 1997	180,000	172,894	2,038,422	2,391,316
Amount provided	30,000	-	563,185	593,185
At 30th April 1998	210,000	172,894	2,601,607	2,984,501
Net book values				
At 30th April 1998	£ 540,000	£117,101	£4,669,410	£5,326,511
At 30th April 1997	£ 870,278	£117,101	£4,814,123	£5,801,502

The net book value of tangible fixed assets includes an amount of £Nil (1997 £204,721) in respect of assets held under finance leases.

The net book value of freehold and leasehold land and buildings includes an amount of £567,101 (1997 £731,637) in respect of non-depreciated land.

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

9. Investments

	1998	1997
Wholly owned subsidiary		
Criddle-Burgess Feeds Limited	£62,500	£62,500
	<u> </u>	<u> </u>

10. Stocks and work in progress

	1998	1997
Raw materials and consumables	233,430	403,834
Finished goods	<u>59,303</u>	<u>98,541</u>
	£292,733	£502,375
	<u> </u>	<u> </u>

11. Debtors

	1998	1997
Trade debtors	2,268,216	2,432,213
Prepayments	65,905	89,155
Other taxes	157,137	151,501
Fellow subsidiaries	477,072	147,310
Other debtors	<u>39,611</u>	<u>77,400</u>
	£3,007,941	£2,897,579
	<u> </u>	<u> </u>

12. Creditors - amounts falling due within one year

	1998	1997
Current instalments on loans	120,604	120,604
Bank overdraft	529,847	155,519
Trade creditors	660,652	1,056,885
Accruals	157,806	114,830
Other taxes	4,405	7,973
Finance lease obligations	-	65,390
Ultimate parent undertaking	880,000	760,181
Fellow subsidiaries	<u>1,743,511</u>	<u>1,689,704</u>
	£4,096,825	£3,971,086
	<u> </u>	<u> </u>

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

13. Creditors - amounts falling due after more than one year	1998	1997
Mortgage loan	391,964	512,569
Finance lease obligations	<u>-</u>	<u>52,888</u>
	£391,964	£565,457
	<u><u> </u></u>	<u><u> </u></u>

Repayment of mortgage loan

In one year or less	120,604	120,604
Between one and two years	120,604	120,604
Between two and five years	271,360	361,814
In five years or more	<u>-</u>	<u>30,151</u>
	£512,568	£633,173
	<u><u> </u></u>	<u><u> </u></u>

The loan is secured and carries interest at a variable rate, being 8.25% at 30th April 1998.

14. Lease obligations

Finance leases	1998	1997
Amounts falling due within:		
One year	-	73,688
Two to five years	<u>-</u>	<u>55,267</u>
	-	128,955
Less Finance charges allocated to future periods	<u>-</u>	<u>10,677</u>
	£ -	£118,278
	<u><u> </u></u>	<u><u> </u></u>
Shown as:		
Current obligations	-	65,390
Non-current obligations	<u>-</u>	<u>52,888</u>
	£ -	£118,278
	<u><u> </u></u>	<u><u> </u></u>

Leasing commitments

Leases expiring:	1998	1997
After five years	£13,305	£13,305
	<u><u> </u></u>	<u><u> </u></u>

The leasing commitments relate to the future annual rentals payable under non-cancellable operating leases which relate to rents payable on land and buildings.

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

15. Deferred taxation

Full potential amount of deferred taxation calculated at 31% (1997 31%)

	1998	1997
Accelerated capital allowances	724,000	621,000
Other timing differences	(31,000)	(31,000)
	<u>£693,000</u>	<u>£590,000</u>
Amount provided:	1998	1997
Accelerated capital allowances	<u>£500,000</u>	<u>£400,000</u>

16. Guarantee

The company has given a debenture by way of a cross guarantee with Billington Agriculture Holdings Limited against the collective bank facilities of the Billington Agriculture Holdings group.

The company has guaranteed a loan from 3i plc to Billington Agriculture Holdings Limited.

17. Share capital

	1998	1997
Authorised		
150,000 ordinary shares of £1 each	<u>£150,000</u>	<u>£150,000</u>
Allotted, called up and fully paid		
70,000 ordinary shares of £1 each	<u>£ 70,000</u>	<u>£ 70,000</u>

18. Reserves

	Revaluation reserve	Profit and loss account
At 30th April 1997	353,105	3,905,858
Movements in year:		
Loss for the year	-	(626,967)
Revaluation reserve transfer	(59,370)	<u>59,370</u>
At 30th April 1998	<u>£293,735</u>	<u>£3,338,261</u>

BILLINGTON AGRICULTURE LIMITED
(FORMERLY CRIDDLE BILLINGTON FEEDS LIMITED)

Notes to the Accounts

19. Reconciliation of movements in shareholders' funds

	1998	1997
Loss for the year	(626,967)	551
Adjustment on revaluation of fixed assets	<u>-</u>	(<u>55,700</u>)
Net reduction in shareholders' funds	(626,967)	(55,149)
Opening shareholders' funds	<u>4,328,963</u>	<u>4,384,112</u>
Closing shareholders' funds	<u>£3,701,996</u>	<u>£4,328,963</u>

20. Capital commitments

There were no capital commitments at 30th April 1998 (1997 £Nil).

21. Parent undertaking

The immediate parent undertaking is Billington Agriculture Holdings Limited which is incorporated in England. The ultimate parent undertaking is Edward Billington & Son Limited, which is itself incorporated in England.