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Carrs Billington Agriculture (Sales) Limited

Annual report and accounts

for the 52 week period ended 30 August 2008

Registered Number 00189740

Carrs Billington Agriculture (Sales) Limited
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Contents

Carrs Billington Agriculture (Sales) Limited

Directors' report for the 52 week period ended 30 August 2008

The directors present their report and the audited financial statements of the company for the 52 week period ended 30 August 2008.

Principal activity
The principal activity of the company is the supply of agricultural products.

Review of business and future developments
The results of the company show a pre-tax profit of £1,479,699 (2007: £295,094) for the period and sales of £190,443,028 (2007: £139,500,774). The market conditions for agricultural products were more favourable in the period with prices for grain and milk being at levels that encouraged investment. The directors are encouraged with the performance for the 52 week period ended 30 August 2008, and the prospects for the future.

Principal risks and uncertainties
The principal business risks affecting the company are managed at a group level. For this reason, the directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal business risks are described on pages 14 and 15 of the ultimate parent company's annual report.

The entity's financial risk management objectives and policies are described on pages 14 and 15 of the ultimate parent company's annual report.

Key performance indicators ("KPI's")
The directors of the group manage the group's operations on a divisional basis. For this reason, the company's directors believe that the most significant KPI is profit as shown on the income statement on page 5. KPI's are also discussed further on page 12 of the ultimate parent company's annual report.

Results and dividends
The results for the period are set out on page 5.

No dividends have been paid during the period ended 30 August 2008 (2007: £Nil).

Post balance sheet events
The company had no significant post balance sheet events.

Directors
The directors who held office during the period and up to the date of signing the financial statements are given below:

C N C Holmes	(Chairman)
D Monaghan	
R Tomlinson	
J Crawford	(retired 31 March 2008)
P J Copus	
L L R Whiteley	
P Steeples	
S Gooderham	

The company has maintained a directors' and officers' liability insurance policy throughout the period which is a qualifying third party indemnity provision for the purpose of the Companies Act 1985. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly. No claims have been made either under the indemnity or the insurance policy.

Employment policies
The company's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the company's operations. Employees participate directly in the success of the business by contributing to the SAYE share option schemes.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people.

Policy and practice on payment of creditors
It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company abides by the agreed payment terms.

Trade payables shown in the balance sheet at the end of the financial period represented 37 days (2007: 35 days) of average purchases for goods and services made during the period.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Carrs Billington Agriculture (Sales) Limited

Disclosure of information to auditors
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

RCWood,

R C Wood
Company secretary 17 November 2008

Carrs Billington Agriculture (Sales) Limited

Independent auditors' report to the members of Carrs Billington Agriculture (Sales) Limited

We have audited the financial statements of Carrs Billington Agriculture (Sales) Limited for the 52 week period ended 30 August 2008 which comprise the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 August 2008 and of its profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

17 November 2008

Carrs Billington Agriculture (Sales) Limited

Income statement
for the 52 week period ended 30 August 2008

	Note	52 week period 2008 £	52 week period 2007 £
Continuing operations			
Revenue	1	**190,443,028**	139,500,774
Cost of sales		**(175,731,245)**	(127,425,442)
Gross profit		**14,711,783**	12,075,332
Distribution costs		**(9,541,948)**	(9,735,333)
Administrative expenses		**(3,165,302)**	(1,653,417)
Operating profit	2	**2,004,533**	686,582
Analysed as:			
Operating profit before non-recurring items and amortisation		**2,045,533**	835,622
Non-recurring items and amortisation	4	**(41,000)**	(149,040)
Operating profit		**2,004,533**	686,582
Interest income	5	**254,500**	164,571
Other finance income	5	**-**	15,089
Interest expense	5	**(758,288)**	(571,148)
Other finance expense	5	**(21,046)**	-
Profit before taxation		**1,479,699**	295,094
Taxation	6	**(476,810)**	(277,836)
Profit for the period attributable to equity holders of the company		**1,002,889**	17,258

Carrs Billington Agriculture (Sales) Limited

Statement of changes in shareholders' equity for the 52 week period ended 30 August 2008

	Share capital	Equity compensation reserve	Retained earnings	Total
	£	£	£	£
At 3 September 2006	500,000	10,349	3,486,257	**3,996,606**
Profit for the financial period	-	-	17,258	**17,258**
Equity settled share based payment transactions	-	22,991	-	**22,991**
At 1 September 2007	500,000	33,340	3,503,515	**4,036,855**
At 2 September 2007	500,000	33,340	3,503,515	**4,036,855**
Profit for the financial period	-	-	1,002,889	**1,002,889**
Equity settled share based payment transactions	-	23,602	-	**23,602**
At 30 August 2008	**500,000**	**56,942**	**4,506,404**	**5,063,346**

Carrs Billington Agriculture (Sales) Limited

Balance sheet as at 30 August 2008

	Note	2008 £	2007 £
Non-current assets			
Goodwill	7	**1,080,382**	715,003
Intangible assets	7	**-**	41,000
Property, plant and equipment	8	**3,963,899**	3,431,077
Investments in subsidiary undertakings	9	**2,486,979**	2,396,821
Interest in joint venture	9	**900,000**	610,000
Other investments	9	**44,511**	44,511
Financial assets			
Derivative financial instruments	15	**-**	21,046
Deferred tax asset	19	**4,200**	1,400
		8,479,971	7,260,858
Current assets			
Inventories	10	**6,833,021**	5,173,972
Trade and other receivables	11	**22,623,369**	17,899,253
Cash and cash equivalents	12	**2,736,044**	641,930
		32,192,434	23,715,155
Total assets		**40,672,405**	30,976,013
Current liabilities			
Trade and other payables	13	**(18,920,776)**	(12,681,392)
Financial liabilities			
Borrowings	14	**(15,508,969)**	(13,498,082)
Current tax liabilities	16	**(525,332)**	(292,168)
		(34,955,077)	(26,471,642)

Carrs Billington Agriculture (Sales) Limited

Balance sheet as at 30 August 2008 (continued)

	Note	2008 £	2007 £
Non-current liabilities			
Financial liabilities			
Borrowings	14	**(444,575)**	(292,979)
Deferred tax liabilities	19	**(209,407)**	(174,537)
		(653,982)	(467,516)
Total liabilities		**(35,609,059)**	(26,939,158)
Net assets		**5,063,346**	4,036,855
Shareholders' equity			
Ordinary share capital	20	**500,000**	500,000
Equity compensation reserve		**56,942**	33,340
Retained earnings		**4,506,404**	3,503,515
Total shareholders' equity		**5,063,346**	4,036,855

The financial statements on pages 5 to 49 were approved by the board of directors on 17 November 2008 and were signed on its behalf by:

R Tomlinson
Director

Carrs Billington Agriculture (Sales) Limited

Cash flow statement
for the 52 week period ended 30 August 2008

	Note	52 week period 2008 £	52 week period 2007 £
Cash flows from operating activities			
Cash generated from operations	21	**2,706,033**	2,527,812
Interest received		**254,500**	164,571
Interest paid		**(758,458)**	(571,083)
Tax paid		**(167,898)**	(39,336)
Net cash generated from operating activities		2,034,177	2,081,964
Cash flow from investing activities			
Investment in joint venture		**(290,000)**	-
Investment in subsidiary	22	**(415,380)**	(1,826,864)
(Overdraft)/cash acquired from subsidiary	22	**(172,128)**	628,351
Loan to subsidiary		-	(150,000)
Repayment of loan to joint venture		-	75,000
Purchase of property, plant and equipment		**(368,470)**	(206,301)
Proceeds from sale of property, plant and equipment		**126,670**	64,918
Net cash used in investing activities		**(1,119,308)**	(1,414,896)
Cash flows from financing activities			
Increase in other borrowings		**1,871,822**	817,208
Repayment of loan acquired in subsidiary		**(260,215)**	-
Finance lease capital payments		**(432,362)**	(396,350)
Net cash generated from financing activities		**1,179,245**	420,858
Net increase in cash and cash equivalents		**2,094,114**	1,087,926
Cash and cash equivalents at the start of the period		**641,930**	(445,996)
Cash and cash equivalents at the end of the period	12	**2,736,044**	641,930

Carrs Billington Agriculture (Sales) Limited

Statement of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both the current and prior period, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. No IFRSs have been adopted before their effective date.

The company is a private limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

The financial statements are prepared under the historic cost convention, except where IFRS requires assets and liabilities to be measured at fair value.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The company is a subsidiary of Carr's Milling Industries PLC and is included in the consolidated financial statements of Carr's Milling Industries PLC which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

Foreign currencies
The functional currency and presentational currency of the company is Sterling. Transactions in currencies other than Sterling are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Translation differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the income statement.

Revenue recognition
Revenue from the sale of goods is measured at the fair value of the consideration, net of rebates and excluding discounts and value added tax. Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the company.

Retirement benefit obligations
Employees are members of Carr's Milling Industries Pension Scheme 1993, the Carrs Billington Agriculture Pension Scheme, the Carrs Billington Agriculture Group Personal Pension Scheme, the Edward Billington & Son Limited Retirement Benefits Scheme and the Wallace Oils Stakeholder Pension Scheme.

Contributions to the defined benefit pension schemes are across the participating companies. Costs are not defined for each individual company as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are charged to the income statement in the period they fall due.

Non-recurring items and amortisation

Non-recurring items and amortisation that are material by size and/or by nature are presented within their relevant income statement category. Items that management consider fall into this category are disclosed on the face of the income statement and within a note to the financial statements. The separate disclosure of non-recurring items and amortisation helps provide a better indication of the company's underlying business performance. Events which give rise to non-recurring items and amortisation include gains or losses on the disposal of businesses, the restructuring of businesses, the integration of new businesses, asset impairments and amortisation of intangible assets.

Interest

Interest is recognised in the income statement on an accruals basis using the effective interest method.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation. Amortisation commences when assets are available for use. Customer relationships are being amortised in line with the profit streams generated over the life of the relationship. The life of the relationships range between 1 and 5 years.

The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs of preparing the assets for use.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years
Leasehold buildings	shorter of 50 years or lease term
Plant	5 to 20 years
Computer hardware	3 to 5 years
Vehicles	4 to 10 years
Fixtures and fittings	3 to 5 years

Residual values and useful lives are reviewed at least at each financial period end.

Assets not fully constructed at the balance sheet date are classified as assets in the course of construction. When construction is complete these assets are reclassified to the appropriate heading within property, plant and equipment. Depreciation commences when the asset is ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Investments
Investments are initially measured at cost, including transaction costs. They are classified as either 'available-for-sale', 'fair value through profit or loss' or 'held to maturity'. Where securities are designated as 'at fair value through profit or loss', gains and losses arising from changes in fair value are included in net profit or loss for the period. For 'available for-sale' investments, gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Available for sale financial assets are non derivatives that are either designated in the this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by other means are held at cost. 'Held-to-maturity' investments are measured at amortised cost using the effective interest method.

Impairment of assets
At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents
Cash and cash equivalents for the purposes of the cash flow statement comprise cash at bank and in hand and bank overdrafts.

Leasing
Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the company. Assets classified as finance leases are capitalised on the balance sheet and are depreciated over the shorter of the useful life of the asset and the term of the lease. The interest element of the rental obligations is charged to the income statement over the period of the lease using the actuarial method.

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Leasehold land is normally classified as an operating lease.

Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting or taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be achievable against which the temporary differences can be utilised. Tax is recognised in the income statement, unless the tax relates to lines recognised directly in shareholders' equity, in which case the tax is recognised directly in the statement of recognised income and expense.

In the 2007 budget a reduction in the corporation tax rate from 30% to 28% was announced taking effect from 1 April 2008. This reduction is reflected in the corporation tax charge in the income statement, unless the tax relates to items recognised directly in shareholders' equity, in which case the tax is recognised directly in shareholders' equity through the statement of recognised income and expense.

During the period the proposal that Parliament abolish Industrial Buildings Allowances was substantively enacted. The effect of this has been to increase the deferred tax charge and liability.

Share based payments
The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial instruments
Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Financial liability and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Bank borrowings
Interest-bearing loans and overdrafts are recognised initially at fair value net of direct issue costs and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedging activities
The company uses interest rate caps to manage its exposure to fluctuating interest rates. These instruments are initially recognised at fair value and are subsequently re-measured at their fair value at each balance sheet date. The company does not designate derivatives as hedge instruments and therefore does not adopt hedge accounting. As a result changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

New standards and interpretations
The following new standards and interpretations, which are in issue at the balance sheet date but not yet effective, have not been applied in these financial statements:

	Effective for period commencing on or after
IAS 1 Revised – Presentation of financial statements	1 January 2009
IFRS 8 Operating Segments	1 January 2009
IFRIC 12 Service Concession Arrangements	1 January 2008
IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'	1 January 2008
IAS 23 Revised – Borrowing costs	1 January 2009
Amendments to IAS 32 Financial instruments presentation and IAS 1 presentation of financial statements	
Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 27 (Revised) Consolidated and separate financial statements	1 July 2009
Amendments to IAS 39 – Eligible hedged items	1 January 2009
Amendment to IFRS 1 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements'	1 January 2009
IFRS 2 Share based payment amendment 'Vesting conditions and cancellations'	1 January 2009
IFRS 3 (Revised) Business combinations	1 July 2009

It is considered that the above standards and interpretations will not have a significant effect on the results or net assets of the company. IAS 1 Revised and IFRS 8 will have no impact on the results or net assets of the company but will increase the level of disclosure to be made in the financial statements. In the current economic climate it is considered that IFRIC 14 will have no effect on the results or net assets of the company.

From 2 September 2007, the following standard, amendments and interpretations became effective and were adopted by the company:

IFRIC 10 Interim financial reporting and impairment
IFRIC 11 Group and treasury share transactions
IFRS 7 Financial Instruments: Disclosures
IAS 1 Amendment – Presentation of financial statements

The adoption of these amendments and interpretations has not had a significant impact on the company's profit for the year or equity.

IFRS 7 has impacted the disclosures in the notes to the financial statements.

Significant judgements, key assumptions and estimates
Application of certain Company accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below.

Valuation of share-based payments
The fair value of share-based payments is determined using valuation models and is charged to the income statement over the vesting period. The valuation models require certain assumptions to be made as shown in the tables in Note 18. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

Impairment of goodwill
The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

No impairment has been identified in the period (Note 7).

Provision for impairment of trade receivables
The financial statements include a provision for impairment of trade receivables (Note 11) that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

Valuation of derivative financial instruments
The fair value of derivative financial instruments is determined using market factors at the period end over which management have no control. Such factors include the estimate of future currency exchange rates and interest rates. In addition the fair value of such instruments is affected by the global economic environment and financial institution pricing structures.

Notes to the financial statements for the 52 week period ended 30 August 2008

1 Segmental reporting

Primary reporting format – business segments
At 30 August 2008, all of the activities of the company fall into one class of business, namely the supply of agricultural products. All activities originated in the United Kingdom.

2 Operating profit

	2008	2007
	£	£
The following items have been included in arriving at operating profit:		
Staff costs (Note 3)	7,353,787	7,248,502
Depreciation of property, plant and equipment		
- owned assets	370,855	405,457
- under finance leases	336,993	265,766
Amortisation of intangibles (included in administrative expenses)	41,000	76,000
Impairment of investment in subsidiary (Note 9)	-	73,040
(Profit)/loss on disposal of property, plant and equipment	(19,067)	2,538
Operating lease rentals payable:		
- plant and machinery	71,740	66,980
Property rentals payable	344,200	314,000

Services provided by the group's auditor and network firms
During the period the company obtained the following service from the group's auditor as detailed below:

	2008	2007
	£	£
Statutory audit	30,050	24,225

Taxation and general advice costs have been borne by the ultimate parent company, Carr's Milling Industries PLC, in the current and preceding period.

3 Employees and directors

Staff costs for the company during the period	2008 £	2007 £
Wages and salaries	**5,977,202**	5,563,777
Social security costs	**610,059**	573,745
Fair value charge on share based awards	**23,602**	22,991
Pension costs	**742,924**	1,087,989
	7,353,787	7,248,502

The average monthly number of people (including executive directors) employed by the company was:

By activity	2008 Number	2007 Number
Sales, office and management	**272**	260

Key management compensation	2008 £	2007 £
Salaries and short term benefits	**352,351**	388,805
Fair value charge on share based payments	**2,154**	2,117
Pension costs	**31,982**	35,334
	386,487	426,256

Retirement benefits are accruing to three (2007: three) directors under a defined benefit pension scheme.

Key management are considered to be the directors of the company.

Highest paid director	2008 £	2007 £
Salaries and short term benefits	**145,274**	141,088
Defined benefit scheme:		
Accrued benefit at period end	**50,019**	45,364

4 Non-recurring items and amortisation

During the period the company incurred the following expenses which resulted in a reduction in profit of £41,000 (2007: £149,040).

	2008	2007
	£	£
Amortisation	(41,000)	(76,000)
Impairment of investment in subsidiary	-	(73,040)
	(41,000)	(149,040)

5 Interest income, other finance income, interest expense and other finance expense

	2008	2007
	£	£
Interest income		
Bank interest	241,058	155,681
Interest receivable from group undertakings (Note 25)	5,277	-
Other interest receivable	683	3,836
Interest from trade debtors	7,482	5,054
Total interest income	254,500	164,571
Other finance income		
Movement in fair value of interest related derivative instruments (Note 15)	-	15,089
Total other finance income	-	15,089
Interest expense		
Interest payable on borrowings	(672,847)	(505,052)
Interest payable on other loans	(33,849)	(20,296)
Interest payable on finance leases	(51,592)	(45,725)
Other interest	-	(75)
Total interest expense	(758,288)	(571,148)
Other finance expense		
Movement in fair value of interest related derivative instruments (Note 15)	(21,046)	-
Total other finance expense	(21,046)	-

Carrs Billington Agriculture (Sales) Limited

6 Taxation

Analysis of charge in period	**2008**	2007
	£	£
Current tax		
Current tax expense	**447,053**	156,413
Adjustment in respect of previous periods	**968**	82,451
	448,021	238,864
Deferred tax		
Deferred tax relating to origination and reversal of temporary differences	**26,022**	26,657
Adjustment in respect of previous periods	**2,767**	12,315
	28,789	38,972
Taxation	**476,810**	277,836

The tax for the period is higher (2007: higher) than the standard rate of corporation tax in the UK of 29.17% (2007: 30%). The differences are explained below:

	2008	2007
	£	£
Profit on ordinary activities before taxation	**1,479,699**	295,094
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 29.17% (2007: 30%)	**431,628**	88,528
Effects of:		
Adjustments to tax charge in respect of previous periods	**3,735**	94,766
Expenses not deductible for tax purposes	**86,053**	124,882
Effect of changes in tax rate	**(1,802)**	(9,620)
Losses utilised	**(51,061)**	(20,720)
Effect of withdrawal of Industrial Buildings Allowances	**8,257**	-
Current tax charge for the period	**476,810**	277,836

In the 2007 Budget a reduction in the corporation tax rate from 30% to 28% was announced taking effect from 1 April 2008. The reduction of £1,802 is reflected in the corporation tax charge for the period.

During the period the proposal that Parliament abolish Industrial Buildings Allowances was substantively enacted. The effect of this has been to increase the deferred tax charge and liability by £8,257.

7 Goodwill and other intangible assets

	Goodwill	Customer relationships	Total
	£	£	£
Cost			
At 2 September 2007	715,003	238,000	953,003
Transfer from investments (Note 9)	365,379	-	365,379
At 30 August 2008	**1,080,382**	**238,000**	**1,318,382**
Accumulated amortisation			
At 2 September 2007	-	197,000	197,000
Charge for the period	-	41,000	41,000
At 30 August 2008	**-**	**238,000**	**238,000**
Net book amount			
At 30 August 2008	**1,080,382**	**-**	**1,080,382**

	Goodwill	Customer relationships	Total
	£	£	£
Cost			
At 3 September 2006	-	172,000	172,000
Additions	-	66,000	66,000
Transfer from investments	781,003	-	781,003
Negative goodwill on acquisition	(66,000)	-	(66,000)
At 1 September 2007	**715,003**	**238,000**	**953,003**
Accumulated amortisation			
At 3 September 2006	-	121,000	121,000
Charge for the period	-	76,000	76,000
At 1 September 2007	**-**	**197,000**	**197,000**
Net book amount			
At 1 September 2007	**715,003**	**41,000**	**756,003**

Customer relationships are being amortised in line with the profit streams generated over the life of the relationship. The life of the relationship is between 1 – 5 years.

Amortisation is recognised within administrative expenses.

7 Goodwill and other intangible assets (continued)

Additions during the period ended 1 September 2007 comprise the fair value of customer relationships hived up from Johnstone Fuels and Lubricants Limited.

On 7 July 2008 the company acquired the entire share capital of J M Raine Limited. The transfer from investments arose as a result of the purchase and hive up of the trade and net assets of the subsidiary company, J M Raine Limited on 7 July 2008. The transfer has been made to reflect the true value of the investment in the subsidiary company at the date of the hive up, which is equal to the net asset value of J M Raine Limited at that date. The excess investment is now considered to be purchased goodwill. This is due to the fact that the true economic substance of the investment has not changed as Carrs Billington Agriculture (Sales) Limited still owns the trade and net assets of J M Raine Limited, but the value of their investment in the subsidiary company is now limited to the remaining net assets in the subsidiary as that company no longer has a trade to generate future value. The purchased goodwill transferred is not considered to be impaired given the profitable nature of the trade that has been acquired. The value of the goodwill will be assessed for impairment annually.

On 8 January 2007 the company acquired the entire share capital of Johnstone Fuels and Lubricants Limited. The transfer from investments arose as a result of the purchase and hive up of the trade and net assets of the subsidiary company, Johnstone Fuels and Lubricants Limited on 4 March 2007. The transfer has been made to reflect the true value of the investment in the subsidiary company at the date of the hive up, which is equal to the net asset value of Johnstone Fuels and Lubricants Limited at that date. The excess investment is now considered to be purchased goodwill. This is due to the fact that the true economic substance of the investment has not changed, as Carrs Billington Agriculture (Sales) Limited still owns the trade and net assets of Johnstone Fuels and Lubricants Limited, but the value of their investment in the subsidiary company is now limited to the remaining net assets in the subsidiary, as that company no longer has a trade to generate future value. The amount created over and above this value of £73,040 was written off to the income statement. The purchased goodwill transferred is not considered to be impaired given the profitable nature of the trade that has been acquired. The value of the goodwill will be assessed for impairment annually.

Included within goodwill is also an amount of £66,000 which is negative goodwill that was created on the hive up of the trade and net assets from Johnstone Fuels and Lubricants Limited. This has been offset against the positive goodwill as it relates to the same business.

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Assets in course of construction	Total
	£	£	£	£
Cost				
At 2 September 2007	1,524,401	5,814,215	4,073	7,342,689
Additions at cost	-	817,940	174,643	992,583
Transfers from group companies	299,373	144,645	-	444,018
Reclassifications	-	4,073	(4,073)	-
Disposals	-	(855,550)	-	(855,550)
At 30 August 2008	**1,823,774**	**5,925,323**	**174,643**	**7,923,740**
Accumulated depreciation				
At 2 September 2007	225,190	3,686,422	-	3,911,612
Charge for the period	38,104	669,744	-	707,848
Transfers from group companies	-	88,328	-	88,328
Disposals	-	(747,947)	-	(747,947)
At 30 August 2008	**263,294**	**3,696,547**	-	**3,959,841**
Net book amount				
At 30 August 2008	**1,560,480**	**2,228,776**	**174,643**	**3,963,899**

Included in the above amounts for plant and machinery are assets held under finance leases with a book value of £1,386,562 (2007: £1,044,747).

Carrs Billington Agriculture (Sales) Limited

8 Property, plant and equipment (continued)

Depreciation is recognised within the income statement as shown below:

	2008	2007
	£	£
Cost of sales	**634,813**	592,985
Administrative expenses	**73,035**	78,238
	707,848	671,223

	Land and buildings	Plant and machinery	Assets in course of construction	Total
	£	£	£	£
Cost				
At 3 September 2006	1,524,401	5,000,569	4,809	6,529,779
Additions at cost	-	485,109	4,073	489,182
Transfers from group companies	-	611,342	-	611,342
Reclassifications	-	4,809	(4,809)	-
Disposals	-	(287,614)	-	(287,614)
At 1 September 2007	**1,524,401**	**5,814,215**	**4,073**	**7,342,689**
Accumulated depreciation				
At 3 September 2006	187,605	2,974,116	-	3,161,721
Charge for the period	37,585	633,638	-	671,223
Transfers from group companies	-	298,826	-	298,826
Disposals	-	(220,158)	-	(220,158)
At 1 September 2007	**225,190**	**3,686,422**	-	**3,911,612**
Net book amount				
At 1 September 2007	**1,299,211**	**2,127,793**	**4,073**	**3,431,077**

9 Investments

	Investments in subsidiary undertakings
	£
Cost	
At 2 September 2007	2,479,961
Additions	455,537
Transfer to purchased goodwill	(365,379)
At 30 August 2008	**2,570,119**
Provision for impairment	
At 2 September 2007 and 30 August 2008	**83,140**
Net book value	
At 30 August 2008	**2,486,979**

For details of the transfer to purchased goodwill see Note 7.

The directors believe the carrying value of the investments is supported by their underlying net assets.

	Investments in subsidiary undertakings
	£
Cost	
At 3 September 2006	1,434,100
Additions	1,826,864
Transfer to purchased goodwill	(781,003)
At 1 September 2007	**2,479,961**
Provision for impairment	
At 3 September 2006	10,100
Impairment	73,040
At 1 September 2007	**83,140**
Net book value	
At 1 September 2007	**2,396,821**

9 Investments (continued)

Investments in subsidiary undertakings are stated at cost and are classified as held to maturity. A list of principal subsidiary undertakings is given below:

	Country of incorporation	Country of operation	% holding	Nature of business
Northern Feeds Solutions Limited	England	UK	100	Dormant company
Wallace Oils Holdings Limited	Scotland	UK	100	Dormant holding company
Johnstone Fuels and Lubricants Limited	Scotland	UK	100	Dormant company
J M Raine Limited	England	UK	100	Dormant company

During the period the company acquired 100% of the issued share capital of J M Raine Limited, a company registered in England, which is now dormant. This was acquired in the period for a total consideration of £455,537. The assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited in the period (see Note 22).

Wallace Oils Holdings Limited owns 100% of the issued share capital of Wallace Oils Limited, which is also a dormant company.

Interest in joint venture

	£
Cost and net book value	
At 2 September 2007	610,000
Additions at cost	290,000
At 30 August 2008	**900,000**

	£
Cost and net book value	
At 3 September 2006 and 1 September 2007	610,000

Bibby Agriculture Limited is a joint venture in which Carrs Billington Agriculture (Sales) Limited is a 50% shareholder and Welsh Feed Producers Limited is a 50% shareholder. The investment in the joint venture is classified as held to maturity. The joint venture markets and sells animal feed, fertilisers and other farm requirements in Wales. Carrs Billington Agriculture (Sales) Limited owns 50% of the ordinary share capital and 50% of the preference share capital in Bibby Agriculture Limited.

During the period the company increased its holding of preference shares in its joint venture, Bibby Agriculture Limited.

9 Investments (continued)

Other investments	**2008**	2007
	£	£
Cost and net book value		
At 2 September 2007 and 30 August 2008	**44,511**	44,511

Other investments principally comprise shares in several private companies in the agricultural sector and are classified as held to maturity. As a result of adoption of IAS32 and IAS39, these investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost.

10 Inventories

	2008	2007
	£	£
Work in progress	**59,025**	64,945
Finished goods	**6,773,996**	5,109,027
	6,833,021	5,173,972

Inventories is stated after a provision for impairment of £64,000 (2007: £54,000).

£15,000 (2007: £228) has been recognised as an expense within the income statement in respect of inventory write-downs.

11 Trade and other receivables

	2008 £	2007 £
Trade receivables	**23,938,189**	18,799,276
Less: Provision for impairment of trade receivables	**(2,232,553)**	(1,572,674)
Trade receivables – net	**21,705,636**	17,226,602
Amounts owed by group undertakings (Note 25)	**124,925**	152,237
Amounts owed by associated undertaking (Note 25)	**45,457**	89,669
Amounts owed by joint ventures (Note 25)	**15,601**	-
Amounts owed by other related parties (Note 25)	**140,952**	115,328
Other receivables	**342,148**	82,845
Prepayments and accrued income	**248,650**	232,572
	22,623,369	17,899,253

The movement in the provision for impaired trade receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

An amount of £761,377 (2007: £250,849) is recognised within administrative expenses in the income statement in respect of the provision for impairment of trade receivables.

There is no impairment of other receivables to be recognised in the current or preceding period.

The amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

	2008		2007	
	Gross £'000	**Impairment £'000**	Gross £'000	Impairment £'000
The ageing of trade receivables is as follows:				
Not past due	**13,706**	**(208)**	10,213	(42)
Past due 0 – 30 days	**5,322**	**(134)**	3,749	(103)
Past due 31 – 60 days	**1,062**	**(129)**	1,478	(127)
Past due 61 – 90 days	**1,238**	**(270)**	1,137	(173)
Past due 91 – 120 days	**994**	**(251)**	757	(150)
Past 121 days	**1,616**	**(1,241)**	1,465	(978)
	23,938	**(2,233)**	18,799	(1,573)

No major renegotiation of terms has taken place during the current period or preceding period.

11 Trade and other receivables (continued)

The credit quality of customers is assessed by the company taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

It is policy that overdue accounts are reviewed monthly to mitigate exposure to credit risk and are provided for where appropriate.

The maximum exposure to credit risk at the period end is the carrying value, net of provision for impairment, of each receivable.

Trade receivables are denominated in Sterling.

12 Cash and cash equivalents

	2008 £	2007 £
Cash at bank and in hand	**2,736,044**	641,930

13 Trade and other payables

	2008 £	2007 £
Trade payables	**7,604,045**	5,781,880
Amounts owed to group undertakings (Note 25)	**880,065**	848,854
Amounts owed to associated undertaking (Note 25)	**9,549,368**	5,398,289
Amounts owed to joint ventures (Note 25)	**130**	16,020
Other tax and social security payable	**-**	69,456
Other payables	**701,787**	387,002
Accruals and deferred income	**185,381**	179,891
	18,920,776	12,681,392

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

14 Borrowings

	2008 £	2007 £
Current		
Other borrowings	**8,204,963**	6,333,141
Loans from group undertakings (Note 25)	**5,710,755**	5,620,597
Loans from other related parties (Note 25)	**1,225,000**	1,225,000
Finance leases	**368,251**	319,344
	15,508,969	13,498,082
Non-current		
Finance lease obligations	**444,575**	292,979
Fixed rate	**812,826**	612,323
Floating rate	**8,204,963**	6,333,141
Non-interest bearing	**6,935,755**	6,845,597
	15,953,544	13,791,061

Borrowings are repayable as follows:

	2008 £	2007 £
On demand or within one year	**15,508,969**	13,498,082
In the second year	**282,546**	219,232
In the third to fifth years inclusive	**162,029**	73,747
	15,953,544	13,791,061

Loans from group undertakings and loans from other related parties are unsecured and interest free. Other borrowings are secured on trade receivables. Finance lease obligations are secured on the assets to which they relate.

The effective interest rates at the balance sheet date were as follows:

	2008 %	2007 %
Other borrowings	**6.25**	7.00
Finance lease liabilities	**7.00**	8.70

14 Borrowings (continued)

Finance lease obligations	Future minimum lease payments 2008 £	2007 £	Repayment profile 2008 £	2007 £
Amounts payable:				
Within one year	**415,486**	328,963	**368,251**	319,344
In the second year	**285,764**	219,943	**282,546**	219,232
In the third to fifth years inclusive	**189,654**	118,770	**162,029**	73,747
	890,904	667,676	**812,826**	612,323
Less: future finance charges	**(78,078)**	(55,353)		
Present value of lease obligations	**812,826**	612,323		

15 Financial instruments

The main financial risks arising from the company's activities are credit risk, price risk, foreign currency risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Credit risk
The company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The credit quality of trade and other receivables is detailed in Note 11.

The majority of company revenues are made up on credit terms. It is company policy that overdue accounts are reviewed monthly at divisional management meetings to mitigate exposure to credit risk and are provided for where appropriate. The current financial climate requires the company's credit control function to be exceptionally vigilant.

Price risk
The company is not exposed to equity securities or commodity price risks.

Market risk
Market risk is the risk that interest rates (interest rate risk) will affect income or the value of financial assets and liabilities.

Currency risk
The company publishes its financial statements and conducts its business in Sterling.

15 Financial instruments (continued)

Numerical financial instruments disclosures are set out below:

Interest rate cap	Assets £
At 2 September 2007	21,046
Fair value charged to income statement	(21,046)
At 30 August 2008	-

The interest rate cap has a notional value of £3,500,000 and a strike rate of 5.5%. The date of maturity was 30 September 2008. This is consistent with the prior year.

In accordance with IAS 39, "Financial Instruments: Recognition and measurement", Carrs Billington Agriculture (Sales) Limited has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives were identified from this review.

There are no outstanding financial instruments that are designated as hedges at the balance sheet date.

Fair values of financial assets and financial liabilities
Where market values are not available and the directors consider there to be a material difference between the book value and the fair value, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying period end exchange rates.

	2008	**2008**	2007	2007
	Book value	**Fair value**	Book value	Fair value
	£	**£**	£	£
Fair value of non-current financial assets and financial liabilities				
Other investments (Note 9)	**44,511**	**44,511**	44,511	44,511
Derivative financial instruments (Note 15)	**-**	**-**	21,046	21,046
Non-current borrowings (Note 14)	**(444,575)**	**(444,575)**	(292,979)	(292,979)
Fair value of current financial assets and financial liabilities				
Trade and other receivables (Note 11)	**22,623,369**	**22,623,369**	17,899,253	17,899,253
Cash at bank and in hand (Note 12)	**2,736,044**	**2,736,044**	641,930	641,930
Trade and other payables (Note 13)	**(18,920,776)**	**(18,920,776)**	(12,681,392)	(12,681,392)
Current borrowings (Note 14)	**(15,508,969)**	**(15,508,969)**	(13,498,082)	(13,498,082)

15 Financial instruments (continued)

The fair values are based on the book values as the directors consider that there is no material difference between the book value and the fair value.

Financial assets and liabilities are denominated in Sterling.

Liquidity risk
The company's policy throughout the period has been to maintain a mix of short and medium term borrowings. Short term flexibility is achieved by overdraft facilities. In addition it is the company's policy to maintain committed undrawn facilities in order to provide flexibility in the management the company's liquidity.

All the company's financial liabilities, with the exception of finance lease liabilities, will be settled on a net basis within one year. For the maturity profile of finance lease liabilities see Note 14.

Borrowing facilities
The company has the following undrawn committed borrowing facilities available at 30 August 2008 in respect of which all conditions precedent had been met at that date:

	2008 Floating rate £	2007 Floating rate £
Expiring within one year	**7,475,152**	5,590,661

Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

Capital is monitored at a group level on the basis of the gearing ratio. The ratio is discussed further on page 60 of the ultimate parent company's annual report.

Derivative financial instruments
The company does not adopt hedge accounting. Any gains or losses on derivative financial instruments have been recognised in the income statement for the period they arise.

16 Current tax liabilities

	2008 £	2007 £
Current tax	**448,062**	214,898
Consortium tax relief (Note 25)	**77,270**	77,270
	525,332	292,168

17 Retirement benefits

(a) Carr's Milling Industries Pension Scheme 1993

The company participates in a group pension scheme operated by Carr's Milling Industries PLC. The pension scheme offers a defined benefit and a defined contribution section. The assets of the scheme are held separately from those of the company and are invested with an independent manager. The defined benefit section of the scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 1 January 2006.

The pension expenses for the defined benefit section of the scheme for the period was £506,097 (2007: £827,567). The pension expense for the defined contribution section of the scheme for the period was £62,650 (2007: £59,406).

Recognition of the defined benefit deficit and related disclosures required by IAS19 in respect of the group scheme are provided in the Carr's Milling Industries PLC financial statements. This includes details of the pension deficit of £16.6 million (2007: £9.8 million) on the group scheme at 30 August 2008. This was calculated in accordance with the pension scheme requirements of IAS19 and reflected pension scheme assets of £31.4 million (2007: £33.9 million) and £48.0 million (2007: £43.7 million) of pension scheme liabilities.

Costs are not defined for each individual company as the company is unable to identify its underlying share of the pension scheme assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are therefore charged to the income statement in the period they fall due. Common contribution rates apply across the Carr's Milling Industries PLC group as a whole and a number of company reorganisations have occurred.

The Group expects to contribute approximately £2,600,000 to the defined benefit scheme in the next financial period.

Major assumptions

	2008 %	2007 %
Inflation	**3.9**	3.2
Salary increases	**4.9**	4.2
Rate of discount	**6.2**	5.9
Pension in payment increases:		
Pre 1 September 2001	**4.2**	3.5
Post 1 September 2001	**3.9**	3.2
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or RPI if less	**3.9**	3.2

Carrs Billington Agriculture (Sales) Limited

17 Retirement benefits (continued)

Mortality rates used in the valuation have been updated to PA92 (year of Birth) and the medium cohort improvement factors. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 30 August 2008	At 1 September 2007
Males currently age 40	**23.2 years**	20.2 years
Females currently age 40	**26.0 years**	23.1 years
Males currently age 65	**22.0 years**	19.4 years
Females currently age 65	**24.8 years**	22.4 years

Movements in the present value of defined benefit obligations	**2008 £'000**	2007 £'000
At the beginning of the period	**43,721**	45,794
Current service cost	**678**	788
Interest cost	**2,490**	2,334
Changes in assumptions underlying the defined benefit obligation	**7,230**	(4,364)
Benefits paid	**(3,339)**	(831)
Reduction in obligation following payment in lieu of pension to a director	**(1,439)**	-
Effect of settlements	**(1,325)**	-
At the end of the period	**48,016**	43,721

Movements in the fair value of scheme assets	**2008 £'000**	2007 £'000
At the beginning of the period	**33,914**	29,998
Expected return on scheme assets	**2,108**	1,955
Actual return less expected return on scheme assets	**(3,742)**	206
Contributions by employer	**2,517**	2,586
Benefits paid	**(3,339)**	(831)
At the end of the period	**31,458**	33,914

17 Retirement benefits (continued)

Analysis of the scheme assets, expected rate of return and actual return

	Expected return		Fair value of assets	
	2008	2007	**2008**	2007
	%	%	**£'000**	£'000
Equity instruments	**7.3**	7.5	**15,715**	19,117
Debt instruments	**5.3**	5.75	**13,575**	12,462
Property	**6.8**	7.0	**1,678**	2,005
Other assets	**5.75**	5.75	**490**	330
	6.4	6.8	**31,458**	33,914
Actual return on scheme assets			**(1,634)**	2,161

The expected long term return on cash is equal to bank base rates at the balance sheet date. The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date.

(b) Carrs Billington Agricultural Pension Scheme

The company is a participating employer of the Carrs Billington Agricultural pension Scheme, another funded defined benefit scheme. On 30 November 2007, following consultation with the active members, the company and Trustees agreed to close the scheme to future service accrual. This resulted in a curtailment gain of £256,000.

The pension contributions made by Carrs Billington Agriculture (Sales) Limited over the period to the Carrs Billington Agriculture Pension Scheme were £15,000 (2007: £77,000). The latest actuarial assessment of the scheme was at 31 December 2006.

17 Retirement benefits (continued)

The disclosures required by IAS19 in respect of the group scheme are provided in the Carr's Milling Industries PLC financial statements. This includes details of the pension deficit of £2.6 million (2007: £1.7 million) on the group scheme at 30 August 2008. This was calculated in accordance with the pension scheme requirements of IAS19 and reflected pension scheme assets of £19.3 million (2007: £20.7 million) and £21.9 million (2007: £22.3 million) of pension scheme liabilities.

Costs are not defined for each individual company as the company is unable to identify its underlying share of the pension scheme assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are therefore charged to the income statement in the period they fall due. Common contribution rates apply and a number of company reorganisations have occurred.

It is expected that contributions of approximately £575,000 will be paid to the defined benefit scheme in the next financial period.

Major assumptions

	2008 **%**	2007 %
Inflation	**3.7**	3.3
Salary increases	**4.2**	3.8
Rate of discount	**6.2**	5.8
Pension in payment increases:		
LPI max 5%	**3.6**	3.3
LPI max 3%	**2.9**	2.75
LPI max 2.5%	**2.4**	2.25
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or RPI if less	**3.6**	3.3

Mortality rates used in the valuation are based on the PMA92 and PFA92 tables, projected, medium cohort, allowing for members' actual year of birth. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 30 August 2008	At 1 September 2007
Males currently age 45	**23.1 years**	23.0 years
Females currently age 45	**25.9 years**	25.8 years
Males currently age 65	**22.0 years**	21.9 years
Females currently age 65	**24.8 years**	24.8 years

17 Retirement benefits (continued)

Movements in the present value of defined benefit obligations

	2008 £'000	2007 £'000
At the beginning of the period	**22,322**	24,698
Current service cost	**27**	131
Interest cost	**1,259**	1,237
Changes in assumptions underlying the defined benefit obligation	**(570)**	(2,740)
Benefits paid	**(886)**	(1,004)
Curtailments	**(256)**	-
At the end of the period	**21,896**	22,322

Movements in the fair value of scheme assets

	2008 £'000	2007 £'000
At the beginning of the period	**20,661**	19,008
Expected return on scheme assets	**1,400**	1,139
Actual return less expected return on scheme assets	**(3,005)**	192
Contributions by employer	**1,084**	1,326
Benefits paid	**(886)**	(1,004)
At the end of the period	**19,254**	20,661

Analysis of the scheme assets, expected rate of return and actual return

	Expected return		Fair value of assets	
	2008 %	2007 %	2008 £'000	2007 £'000
Equity instruments	**7.3**	7.5	**13,862**	14,150
Debt instruments	**5.3**	5.1	**5,199**	5,628
Other assets	**5.3**	5.1	**193**	883
	6.7	6.7	**19,254**	20,661
Actual return on scheme assets			**(1,605)**	1,331

The expected rates of return on scheme assets are determined by reference to relevant indices. The overall rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

17 Retirement benefits (continued)

(c) Carrs Billington Agriculture Group Personal Pension Plan

In October 2001 Carrs Billington Agriculture (Sales) Limited introduced a Group Personal Pension Plan, a defined contribution pension scheme, for its employees and the pension expense for this plan in the period was £150,154 (2007: £114,780).

(d) Edward Billington & Son Limited Retirement Benefits Scheme

Six employees who were transferred from Edward Billington & Son Limited on 1 September 2004 participate in Edward Billington & Son Limited retirement Benefits Scheme, a defined benefit pension scheme. During 2007, these employees transferred to the Carrs Billington Agriculture Group Personal Pension Plan.

The company's income statement charge for the period in relation to this scheme was £Nil (2007: £Nil).

(e) Wallace Oils Stakeholder Pension Scheme

A defined contribution pension scheme was brought into the company following the hive up of the trade and assets from Wallace Oils Holdings Limited on 30 June 2005. Contributions of £4,643 (2007: £8,997) have been made to this scheme in the period.

(f) Other

A defined contribution pension scheme was brought into the company following the hive up of the trade and net assets of Johnstone Fuels and Lubricants Limited. Contributions of £480 (2007: £239) have been made to the scheme in the period.

Contributions to a separate defined contribution pension scheme were made in the period of £3,900 (2007: £nil) in respect of an employee from Johnstone Fuels and Lubricants Limited.

Carrs Billington Agriculture (Sales) Limited

18 Share-based payments

In 2006 the company participated in two new group schemes, granted by the ultimate parent company; an HM Revenue and Customs approved discretionary employee share option scheme and a share save scheme.

The approved share options were granted to certain senior employees and directors. Options are exercisable between three and ten years from the date of grant, subject to the movement of the Carr's Milling Industries PLC Group's adjusted earnings per share over the three years to 31 August 2008 exceeding that of the RPI by an average of 2% per annum.

All employees, subject to eligibility criteria, may participate in the share save scheme. Under this scheme employees are offered savings contracts for both 3 year and 5 year vesting period plans. The exercise period is 6 months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values are as follows:

	Approved Executive Share Option Scheme 2006	**Share Save Scheme 2006 (3-year plan)**	**Share Save Scheme 2006 (5-year plan)**
Grant date	24/2/06	1/6/06	1/6/06
Share price at grant date (weighted average)	£4.76	£4.64	£4.64
Exercise price (weighted average)	£4.76	£4.79	£4.79
Number of employees	13	19	28
Shares under option	57,000	6,201	24,322
Vesting period (years)	3	3	5
Model used for valuation	Binomial	Black Scholes	Black Scholes
Expected volatility	22.44%	20.18%	21.37%
Option life (years)	10	3.5	5.5
Expected life (years)	6.5	3.25	5.25
Risk-free rate	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.36%	3.56%	3.56%
Expectations of vesting	100%	75%	75%
Expectations of meeting performance criteria	100%	N/A	N/A
Fair value per option	£0.99	£0.60	£0.78

The expected volatility is based on historical volatility calculated over the weighted average remaining life of the award being valued. The expected life is the average period to exercise. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

18 Share-based payments (continued)

Approved Executive Share Option Scheme 2006
The number and weighted average exercise prices are as follows:

	2008	2008	2007	2007
	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at the beginning of the period	4.76	57,000	4.76	57,000
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Outstanding at the end of the period	4.76	57,000	4.76	57,000
Exercisable at the end of the period	-	-	-	-

At the period end the weighted average remaining contractual life of the options is 7.5 years (2007: 8.5 years) with a weighted average remaining expected life of 4 years (2007: 5 years).

Share Save Scheme 2006 – 3 year plan
The number and weighted average exercise prices are as follows:

	2008	2008	2007	2007
	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at the beginning of the period	4.79	6,201	4.79	6,201
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	4.79	(1,404)	-	-
Outstanding at the end of the period	4.79	4,797	4.79	6,201
Exercisable at the end of the period	-	-	-	-

At the period end the weighted average remaining contractual life of the options is 1.25 years (2007: 2.25 years) with a weighted average remaining expected life of 1 year (2007: 2 years).

18 Share-based payments (continued)

Share Save Scheme 2006 – 5 year plan
The number and weighted average exercise prices are as follows:

	2008	**2008**	2007	2007
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	£		£	
Outstanding at the beginning of the period	**4.79**	**24,322**	4.79	24,322
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	**4.79**	**(1,344)**	-	-
Outstanding at the end of the period	**4.79**	**22,978**	4.79	24,322
Exercisable at the end of the period	-	-	-	-

At the period end the weighted average remaining contractual life of the options is 3.25 years (2007: 4.25 years) with a weighted average remaining expected life of 3 years (2007: 4 years).

The total expense recognised for the period arising from share based payments are as follows:

	2008	2007
	£	£
Approved Executive Share Option Scheme 2006	**18,810**	18,810
Share Save Scheme 2006 – 3 year plan	**1,000**	861
Share Save Scheme 2006 – 5 year plan	**3,792**	3,320
	23,602	22,991

19 Deferred taxation

The movement on the deferred tax account is shown below:

	2008 £	2007 £
Brought forward net liability	**173,137**	87,292
Transferred from other group companies	**3,281**	46,873
Income statement charge	**28,789**	38,972
Carried forward net liability	**205,207**	173,137

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

During the period the proposal that Parliament abolish Industrial Buildings Allowances was substantively enacted. The impact of this change on the balance sheet is an increase in the deferred tax liability of £8,257.

The movements in deferred tax assets and liabilities during the period are shown below.

Deferred tax assets	**Short term timing differences £**
At 2 September 2007	**(1,400)**
Income statement credit	**(2,800)**
At 30 August 2008	**(4,200)**

Deferred tax liabilities	**Accelerated capital allowances £**
At 2 September 2007	**174,537**
Transferred from group companies	**3,281**
Income statement charge	**31,589**
At 30 August 2008	**209,407**

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The company did not recognise deferred tax assets of £109,966 (2007: £161,027) in respect of losses that can be carried forward against future taxable income.

20 Ordinary share capital

	2008 £	2007 £
Authorised, issued and fully paid		
255,000 (2007: 255,000) 'A' ordinary shares of £1 each	**255,000**	255,000
245,000 (2007: 245,000) 'B' ordinary shares of £1 each	**245,000**	245,000
	500,000	500,000

The 'A' ordinary and 'B' ordinary shares rank pari passu, have the same rights to dividends, the same priority to receive payment on winding up and the same voting rights.

21 Cash flow from operating activities

Reconciliation of net profit for the period to net cash generated from operating activities:

Continuing operations	2008 £	2007 £
Net profit	**1,002,889**	17,258
Adjustments for:		
Taxation	**476,810**	277,836
Interest income	**(254,500)**	(164,571)
Interest expense	**758,288**	571,148
Fair value charges/(gains) on derivative financial instruments	**21,046**	(15,089)
Depreciation and amortisation	**748,848**	747,223
Impairment of investment in subsidiary	**-**	73,040
Net fair value charge on share based instruments	**23,602**	22,991
(Profit)/loss on disposal of property, plant and equipment	**(19,067)**	2,538
Changes in working capital:		
Increase in inventories	**(1,457,820)**	(374,412)
Increase in trade and other receivables	**(4,659,542)**	(1,093,856)
Increase in trade and other payables	**6,065,479**	2,463,706
Cash generated from operating activities	**2,706,033**	2,527,812

Non cash transactions

The principal non-cash transactions are the acquisition of assets by means of finance leases of £632,865, and the loan payable to JM Raine Limited in respect of net assets acquired of £90,158.

22 Acquisitions

On 7 July 2008 the company acquired the entire share capital of J M Raine Limited for a total consideration including costs of £455,537. Cash consideration paid in the period, including costs, was £415,380. Amounts outstanding are held on the balance sheet as deferred consideration, within other payables.

The principal activity of J M Raine Limited is the sale, hire and repair of agricultural and horticultural equipment.

The loss after taxation for J M Raine Limited for the period from 1 July 2007, the beginning of their financial year, to the date of the acquisition was £18,000.

Revenue and loss before taxation for the period from acquisition to 30 August 2008 was £147,000 and £25,000 respectively.

The profit after taxation for the year ended 30 June 2007 was £16,000.

J M Raine Limited has no recognised gains and losses other than the profit for the financial period shown above.

On the same date the trade and assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited. Since hive up J M Raine Limited has been dormant. Details of the assets and liabilities acquired by that company as a result of the hive up are given below:

	Book value	Fair value
	£	£
Property, plant and equipment	355,690	355,690
Inventories	201,229	201,229
Receivables	108,288	108,288
Net bank overdraft	(172,128)	(172,128)
Payables	(142,668)	(142,668)
Taxation		
- Current	3,243	3,243
- Deferred	(3,281)	(3,281)
Loans	(260,215)	(260,215)
Net assets acquired	**90,158**	**90,158**
Satisfied by:		
Loan payable to J M Raine Limited		**90,158**

23 Commitments under operating leases

	2008	2007
	Plant and machinery	Plant and machinery
	£	£
Commitments under non-cancellable operating leases are as follows:		
Within one year	**54,221**	59,527
Later than one year and less than five years	**32,380**	74,433
	86,601	133,960

24 Contingent liabilities

On 4 September 2001 the company gave an unlimited composite agreement with regards to all amounts owing to the Royal Bank of Scotland PLC by Carrs Billington Agriculture (Operations) Limited, a related party. At 30 August 2008, the aggregate amount outstanding under this arrangement was £1,000,000 (2007: £1,500,000).

25 Related party transactions

The company had the following related party transactions:

In respect of the period ended 30 August 2008

Transactions with ultimate parent company and fellow group companies:

	Sales to	Purchases from	Rent payable to	Management charges from	Management charges to	Interest from	Amounts owed from	Amounts owed to
	£	£	£	£	£	£	£	£
Carr's Milling Industries PLC	269	-	-	(146,710)	-	-	249	(3,289,139)
Carrs Agriculture Limited	45,571	(15,564,098)	-	(10,250)	74,160	5,277	11,953	(862,168)
Carr's Flour Mills Limited	294,598	(2,953)	-	-	-	-	83,975	(301)
Carrs Engineering Limited	36,503	(45,199)	-	(10,000)	-	-	65	(3,457)
Carrs Properties Limited	-	-	(344,200)	-	-	-	28,683	-
J M Raine Limited	-	-	-	-	-	-	-	(90,158)
Inter company balances with dormant group companies	-	-	-	-	-	-	-	(2,345,597)
	376,941	(15,612,250)	(344,200)	(166,960)	74,160	5,277	124,925	(6,590,820)

Transactions with other related party companies

	Sales to	Purchases from	Rent payable to	Management charges from	Management charges to	Interest from	Amounts owed from	Amounts owed to
	£	£	£	£	£	£	£	£
Carrs Billington Agriculture (Operations) Limited	1,144,152	(81,610,762)	-	(87,190)	-	-	45,457	(9,549,238)
Bibby Agriculture Limited	56,381	(428)	-	-	51,500	-	15,601	(130)
Afgritech Limited	-	-	-	-	3,000	-	-	-
	1,200,533	(81,611,190)	-	(87,190)	54,500	-	61,058	(9,549,368)

Carrs Billington Agriculture (Sales) Limited

25 Related party transactions (continued)

In respect of the period ended 1 September 2007

Transactions with ultimate parent company and fellow group companies

	Sales to	Purchases from	Rent payable to	Management charges from	Management charges to	Amounts owed from	Amounts owed to
	£	£	£	£	£	£	£
Carr's Milling Industries PLC	142	-	-	(152,664)	-	22	(3,289,602)
Carrs Agriculture Limited	19,023	(9,762,676)	-	(20,500)	72,000	32,975	(821,117)
Carr's Flour Mills Limited	285,741	(3,681)	-	-	-	46,842	(427)
Carrs Engineering Limited	32,882	(52,296)	-	(10,000)	-	-	(8,410)
Carrs Properties Limited	-	-	(314,000)	-	-	28,683	-
Bowie and Aram Limited	-	-	-	-	-	-	(4,298)
Tax recoverable from other group companies	-	-	-	-	-	43,715	-
Inter company balances with dormant group companies	-	-	-	-	-	-	(2,345,597)
	337,788	(9,818,653)	(314,000)	(183,164)	72,000	152,237	(6,469,451)

Transactions with other related party companies

	Sales to	Purchases from	Rent payable to	Management charges from	Management charges to	Amounts owed from	Amounts owed to
	£	£	£	£	£	£	£
Carrs Billington Agriculture (Operations) Limited	896,476	(60,962,154)	-	(291,927)	148,000	89,669	(5,398,289)
Bibby Agriculture Limited	26,460	-	-	-	50,000	-	(16,020)
Afgritech Limited	560	-	-	-	2,500	-	-
	923,496	(60,962,154)	-	(291,927)	200,500	89,669	(5,414,309)

25 Related party transactions (continued)

Other related party transactions
Edward Billington & Son Limited, which has a 49% shareholding in the company, has provided a loan to the company and at 30 August 2008 the outstanding balance payable to Edward Billington & Son Limited was £1,225,000 (2007: £1,225,000). Included within current tax liabilities is £77,270 (2007: £77,270) due to Edward Billington & Son Limited in respect of consortium tax relief.

The company also made sales of £247,246 (2007: £251,202) and £330,202 (2007: £218,595) respectively to businesses in which Lord Inglewood and Mr A Wannop have a significant interest. Lord Inglewood also made purchases of £10,870 (2007: £3,895). At the period end £28,781 (2007: £44,109) and £112,171 (2007: £71,219) was outstanding from each business. Lord Inglewood and Mr A Wannop are non executive directors of the ultimate parent company, Carr's Milling Industries PLC.

26 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Carr's Milling Industries PLC, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Carr's Milling Industries PLC consolidated financial statements can be obtained from the Company Secretary at Carr's Milling Industries PLC, Old Croft, Stanwix, Carlisle, CA3 9BA.