

Carr's Flour Mills Limited
Annual report
for the year ended 31 August 2002

Registered Number 480341



Carr's Flour Mills Limited
Annual report
for the year ended 31 August 2002
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Carr's Flour Mills Limited

Directors' report for the year ended 31 August 2002

The directors present their report and the audited financial statements for the year ended 31 August 2002.

Principal activity

The principal activity of the company continued to be that of flour milling.

Review of business and future developments

The directors are satisfied with the results for the year and the prospects for the future.

Results and dividends

The result for the year is set out on page 4.

The directors have declared an ordinary dividend payable in respect of the year ended 31 August 2002 of £439,000 (2001 - £266,000).

Directors and their interests

The directors who held office during the year are given below:

C N C Holmes (Chairman)

R C Wood

D E Lines

D Monroe

R Mullen

D E Lines retires by rotation, and being eligible, offers himself for re-election.

C N C Holmes and R C Wood are directors of the ultimate parent company, Carr's Milling Industries PLC, and their interests are shown in the annual report of that company.

D E Lines held 14,115 ordinary shares of 25p each in the ultimate parent company at 31 August 2002 (2001 - 14,115 shares).

Other than the above, no director had any interest in the shares of the company or any other company within the Carr's Milling Industries PLC group.

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 creditors shown in the balance sheet at the end of the financial year represents 27 days (2001 - 23 days) of average purchases for goods and services made during the year.

Carr's Flour Mills Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 August 2002 and that applicable accounting standards have been followed.

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.

Auditors

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

On behalf of the Board



R C Wood
Director

Carr's Flour Mills Limited

Independent auditors' report to the members of Carr's Flour Mills Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members 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 in to 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

16 December 2002

Carr's Flour Mills Limited

Profit and loss account for the year ended 31 August 2002

| | Note | 2002 £ | 2001 £ |
|-----------------------------------------------|------|--------------|--------------|
| Turnover | 2 | 19,737,390 | 16,888,281 |
| Cost of sales | | (16,367,703) | (14,323,663) |
| Gross profit | | 3,369,687 | 2,564,618 |
| Net operating expenses | 3 | (2,671,254) | (2,212,023) |
| Operating profit | 4 | 698,433 | 352,595 |
| Interest receivable and similar income | 7 | 26,379 | 66,105 |
| Interest payable and similar charges | 8 | (74,027) | (61,677) |
| Profit on ordinary activities before taxation | | 650,785 | 357,023 |
| Tax on profit on ordinary activities | 9 | (189,174) | (68,437) |
| Profit for the financial year | | 461,611 | 288,586 |
| Dividends | 10 | (439,000) | (266,000) |
| Retained profit for the financial year | 21 | 22,611 | 22,586 |

All results relate to continuing operations.

The company has no recognised gains and losses in the period, other than the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

Carr's Flour Mills Limited

Note of historical cost profits and losses

| | 2002 | 2001 |
|---------------------------------------------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Reported profit on ordinary activities before taxation | 650,785 | 357,023 |
| Difference between historical cost depreciation charge and actual charge on revalued amount | 12,238 | 12,238 |
| Historical cost profit on ordinary activities before taxation | 663,023 | 369,261 |
| Historical cost profit for the year after taxation and dividends | 34,849 | 34,824 |

Carr's Flour Mills Limited

Balance sheet as at 31 August 2002

| | Note | 2002 £ | 2001 £ |
|-----------------------------------------------------------------|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 8,361,556 | 8,127,682 |
| Investments | 12 | 2 | 2 |
| | | 8,361,558 | 8,127,684 |
| Current assets | | | |
| Stocks | 13 | 1,203,493 | 974,796 |
| Debtors | 14 | 2,883,011 | 2,548,988 |
| Cash at bank and in hand | | 31,831 | 139,002 |
| | | 4,118,335 | 3,662,786 |
| Creditors: amounts falling due within one year | 15 | (5,819,640) | (5,116,249) |
| Net current liabilities | | (1,701,305) | (1,453,463) |
| Total assets less current liabilities | | 6,660,253 | 6,674,221 |
| Creditors : amounts falling due after more than one year | 16 | (517,187) | (624,363) |
| Provisions for liabilities and charges | 18 | (1,120,888) | (1,002,500) |
| Deferred income | 19 | (171,653) | (219,444) |
| Net assets | | 4,850,525 | 4,827,914 |
| Capital and reserves | | | |
| Called up share capital | 20 | 414,593 | 414,593 |
| Revaluation reserve | 21 | 986,382 | 998,620 |
| Profit and loss account | 21 | 3,449,550 | 3,414,701 |
| Total shareholders' funds | 22 | 4,850,525 | 4,827,914 |
| Analysis of shareholders' funds | | | |
| Equity | | 4,643,239 | 4,620,628 |
| Non-equity | | 207,286 | 207,286 |
| | | 4,850,525 | 4,827,914 |

The financial statements on pages 4 to 21 were approved by the board of directors on *16 December 2002* and were signed on its behalf by:

C.N. Holmes

C N C Holmes
Director

R.C. Wood

R C Wood
Director

Carr's Flour Mills Limited

Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Accounting convention

The transitional arrangements permitted by FRS 17 "Retirement Benefits" have been adopted in the year. See note 23 for details.

The adoption of FRS 19 "Deferred tax" in the year has had no impact on the financial statements.

Turnover

Turnover represents the value of goods despatched to customers during the year net of VAT.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated to write off the cost or valuation of all tangible fixed assets, other than freehold land and assets in the course of construction which are not depreciated, in equal annual instalments over their estimated useful lives at the following rates:

| | |
|---------------------|-----------|
| Buildings | 2% |
| Plant and equipment | 5% - 20% |
| Motor vehicles | 20% - 25% |

Revaluation of land and buildings

Prior to 2000, some freehold and leasehold properties were revalued every few years. On adoption of FRS 15 in 2000, the company has followed the transitional rules to retain the book value of land and buildings. Transfers are made to retained profits each year in order to amortise surpluses over the remaining useful lives of the properties. On disposal the profit or loss is calculated by reference to the net book value and any unamortised revaluation surplus is transferred from revaluation reserves to retained profit.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value and include an appropriate proportion of overheads.

Government grants

Grants received in respect of capital expenditure are released to the profit and loss account in equal annual instalments over the estimated useful lives of the assets concerned.

Leases

Assets obtained under finance lease contracts are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

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

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Deferred taxation

Deferred tax is provided using the full provision method following the company's implementation of FRS 19 "Deferred tax". Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Previously deferred tax was provided on the liability method to the extent that it was likely that such tax would crystallise in the foreseeable future. Provision is calculated at rates expected to be applicable when the asset or liability crystallises and on a non-discounted basis.

Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. Employees are members of the Carr's Milling Industries Pension Scheme 1993. Details of this scheme are disclosed in the parent company's financial statements.

Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are charged to the profit and loss account.

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Notes to the financial statements for the year ended 31 August 2002

1 Cash flow statement and related party transactions

The company is a wholly-owned 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 a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Carr's Milling Industries PLC group or investees of the Carr's Milling Industries PLC group.

2 Segmental reporting

All the activities of the company fall into one class of business, namely that of flour milling. Turnover, by destination, is as follows:

| | 2002 £ | 2001 £ |
|----------------|------------|------------|
| United Kingdom | 19,226,929 | 16,384,222 |
| Rest of Europe | 510,461 | 504,059 |
| | 19,737,390 | 16,888,281 |

3 Net operating expenses

| | 2002 £ | 2001 £ |
|-------------------------|-----------|-----------|
| Distribution costs | 1,315,683 | 1,173,932 |
| Administrative expenses | 1,355,571 | 1,038,091 |
| | 2,671,254 | 2,212,023 |

Carr's Flour Mills Limited

4 Operating profit

| | 2002 | 2001 |
|--------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Operating profit is stated after charging/(crediting): | | |
| Wages and salaries | 1,978,357 | 1,723,985 |
| Social security costs | 177,878 | 167,210 |
| Other pension costs | 115,214 | 113,472 |
| Staff costs | 2,271,449 | 2,004,667 |
| Amortisation of grants | (47,791) | (47,790) |
| Rent receivable | (18) | (15) |
| Profit on disposal of tangible fixed assets | (1,765) | (1,000) |
| Depreciation of tangible fixed assets | | |
| - owned assets | 700,549 | 552,001 |
| - leased assets | 79,823 | 148,554 |
| Operating lease charges | | |
| - plant and machinery | 26,634 | 22,931 |
| - other | 3,003 | 1,875 |
| Auditors' remuneration | | |
| - audit services | 14,521 | 13,973 |

5 Directors' emoluments

| | 2002 | 2001 |
|----------------------|---------|---------|
| | £ | £ |
| Aggregate emoluments | 176,014 | 179,665 |

Retirement benefits are accruing to one (2001 - one) directors under the defined benefit pension scheme.

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6 Employee information

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

| By activity | 2002 | 2001 |
|--------------------------------|------|------|
| Sales, office and management | 37 | 31 |
| Manufacturing and distribution | 56 | 51 |
| | 93 | 82 |

7 Interest receivable and similar income

| | 2002 £ | 2001 £ |
|---------------------------------------------|-----------|-----------|
| Bank interest | 1,474 | 34,305 |
| Interest receivable on trade loans | 905 | 1,062 |
| Interest receivable from group undertakings | 24,000 | 30,738 |
| | 26,379 | 66,105 |

8 Interest payable and similar charges

| | 2002 £ | 2001 £ |
|----------------------------------------------------|-----------|-----------|
| Interest payable on overdrafts and bank borrowings | 24,443 | - |
| Finance leases | 49,584 | 61,677 |
| | 74,027 | 61,677 |

Carr's Flour Mills Limited

9 Tax on profit on ordinary activities

(a) Analysis of charge in the year

| | 2002 £ | 2001 £ |
|------------------------------------------------|----------------|---------------|
| Current tax | | |
| UK corporation tax | 172,248 | 125,000 |
| Adjustment in respect of prior years | (101,462) | (36,063) |
| Deferred tax | | |
| Origination and reversal of timing differences | 41,100 | (1,500) |
| Adjustment in respect of prior years | 77,288 | (19,000) |
| Tax on profit on ordinary activities | 189,174 | 68,437 |

(b) Factors affecting tax charge for the year

| | 2002 £ | 2001 £ |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Profit on ordinary activities before tax | 650,785 | 357,023 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%) | 195,236 | 107,107 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 15,529 | 17,893 |
| Capital allowances in excess of depreciation | (38,517) | - |
| Adjustments to tax charge in respect of previous periods | (101,462) | (36,063) |
| Current tax charge for the year | 70,786 | 88,937 |

(c) Factors that may affect future tax charges

There are no significant factors which are expected to affect future tax charges.

Carr's Flour Mills Limited

10 Dividends

| | 2002 | 2001 |
|-----------------------------------------------------------------------------|---------|---------|
| | £ | £ |
| Dividend proposed on ordinary shares at £2.118 (2001 - £1.283) per £1 share | 439,000 | 266,000 |

The parent company has waived its rights to the preference dividend.

11 Tangible assets

| | Land and buildings | Plant and equipment | Motor vehicles | Assets in course of construction | Total |
|---------------------------------------------------------------|-----------------------|------------------------|-------------------|----------------------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 2 September 2001 | 1,956,230 | 11,962,069 | 766,265 | 286,553 | 14,971,117 |
| Additions | 157,461 | 515,000 | 138,590 | 299,628 | 1,110,679 |
| Reclassifications | 180,644 | 105,909 | - | (286,553) | - |
| Disposals | - | - | (194,354) | - | (194,354) |
| At 31 August 2002 | 2,294,335 | 12,582,978 | 710,501 | 299,628 | 15,887,442 |
| Depreciation | | | | | |
| At 2 September 2001 | 209,201 | 6,240,777 | 393,457 | - | 6,843,435 |
| Charge for the year | 51,617 | 621,426 | 107,329 | - | 780,372 |
| Disposals | - | - | (97,921) | - | (97,921) |
| At 31 August 2002 | 260,818 | 6,862,203 | 402,865 | - | 7,525,886 |
| Net book amount | | | | | |
| At 31 August 2002 | 2,033,517 | 5,720,775 | 307,636 | 299,628 | 8,361,556 |
| At 1 September 2001 | 1,747,029 | 5,721,292 | 372,808 | 286,553 | 8,127,682 |
| Cost or valuation at 31 August 2002 is represented by: | | | | | |
| Valuation in 1995 | 1,626,000 | - | - | - | 1,626,000 |
| Cost | 668,335 | 12,582,978 | 710,501 | 299,628 | 14,261,442 |
| | 2,294,335 | 12,582,978 | 710,501 | 299,628 | 15,887,442 |

Land and buildings were revalued on the basis of an open market valuation for existing use at 31 August 1995 by Carigiet and Cowen, Chartered Surveyors. The land and buildings were revalued on the basis of depreciated replacement cost by G F Singleton and Company, Chartered Surveyors, at 31 August 1995.

Carr's Flour Mills Limited

If land and buildings had not been revalued they would have been included at the following amounts:

| | 2002 £ | 2001 £ |
|------------------------|-----------|-----------|
| Cost | 1,812,025 | 1,473,920 |
| Aggregate depreciation | (764,890) | (725,511) |
| Net book amount | 1,047,135 | 748,409 |

Assets held under hire purchase contracts are capitalised as follows:

| | 2002 | | | 2001 | | |
|------------------------|------------------------|-------------------|-----------|------------------------|-------------------|-----------|
| | Plant and equipment | Motor vehicles | Total | Plant and equipment | Motor vehicles | Total |
| | £ | £ | £ | £ | £ | £ |
| Cost | 750,690 | 205,884 | 956,574 | 750,690 | 293,394 | 1,044,084 |
| Aggregate depreciation | (68,814) | (75,188) | (144,002) | (31,279) | (117,275) | (148,554) |
| Net book amount | 681,876 | 130,696 | 812,572 | 719,411 | 176,119 | 895,530 |

The net book amount of land and buildings comprises:

| | 2002 £ | 2001 £ |
|-----------------|-----------|-----------|
| Freehold | 2,019,757 | 1,732,949 |
| Long leaseholds | 13,760 | 14,080 |
| | 2,033,517 | 1,747,029 |

Carr's Flour Mills Limited

12 Investments

| | 2002 | 2001 |
|---------------------------------------|------|------|
| | £ | £ |
| Investment in subsidiary undertakings | 2 | 2 |

Details of the sole subsidiary are as follows:

| Name | Country of incorporation | Activity |
|----------------------------------|--------------------------|-----------------------------------------|
| George Shackleton & Sons Limited | Republic of Ireland | Suppliers of flour and food ingredients |

Consolidated accounts have not been prepared as the company is exempt from preparing and delivering to the Registrar of Companies consolidated financial statements. This is because it is included in the consolidated financial statements of a larger group drawn up to the same date, by a parent established in the EEA. See note 26 for further details.

13 Stocks

| | 2002 | 2001 |
|-------------------------------------|-----------|---------|
| | £ | £ |
| Raw materials and consumables | 976,472 | 723,919 |
| Work in progress | 39,399 | 83,064 |
| Finished goods and goods for resale | 187,622 | 167,813 |
| | 1,203,493 | 974,796 |

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14 Debtors

| | 2002 | 2001 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 2,286,205 | 1,748,796 |
| Amounts owed by group undertakings | 397,794 | 614,286 |
| Other debtors | 117,483 | 156,729 |
| Trade loans | 17,000 | 6,230 |
| Prepayments and accrued income | 64,529 | 22,947 |
| | 2,883,011 | 2,548,988 |

Amounts owed by group undertakings are unsecured and have no fixed date of repayments.

15 Creditors: amounts falling due within one year

| | 2002 | 2001 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 17,280 | - |
| Finance leases (see note 17) | 149,144 | 161,181 |
| Trade creditors | 1,308,169 | 929,461 |
| Amounts due to group undertakings | 3,245,170 | 3,310,092 |
| Corporation tax | 172,248 | 156,297 |
| Other taxation and social security | 194,702 | 213,601 |
| Other creditors | 60,497 | 61,380 |
| Accruals and deferred income | 198,706 | 18,237 |
| Proposed dividend | 439,000 | 266,000 |
| Group relief payable | 34,724 | - |
| | 5,819,640 | 5,116,249 |

Amounts due to group undertakings are unsecured, interest free and are repayable on demand.

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16 Creditors: amounts falling due after more than one year

| | 2002 | 2001 |
|------------------------------|---------|---------|
| | £ | £ |
| Finance leases (see note 17) | 517,187 | 624,363 |

17 Loans and other borrowings

| | 2002 | 2001 |
|------------------------------------------------------|---------|---------|
| | £ | £ |
| Finance leases | 666,331 | 785,544 |
| Maturity of debt | | |
| In one year or less, on demand | 149,144 | 161,181 |
| In more than one year, but not more than two years | 147,922 | 132,737 |
| In more than two years, but not more than five years | 369,265 | 371,358 |
| In five years or more | - | 120,268 |
| | 666,331 | 785,544 |

18 Provisions for liabilities and charges

| | Deferred taxation |
|----------------------------------------|-------------------|
| | £ |
| At 2 September 2001 | 1,002,500 |
| Charged to the profit and loss account | 118,388 |
| At 31 August 2002 | 1,120,888 |

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| | 2002 | 2001 |
|-------------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Deferred taxation provided in the accounts comprises | | |
| Accelerated capital allowances | 1,127,746 | 1,011,000 |
| Other timing differences | (6,858) | (8,500) |
| Deferred tax provision | 1,120,888 | 1,002,500 |

No provision has been made for additional taxation which would accrue if the land and buildings were disposed of at their revalued amount. Full provision has been made for all other aspects of deferred taxation.

19 Deferred income

| | Grants £ |
|---------------------------|----------------|
| At 2 September 2001 | 219,444 |
| Amortisation for the year | (47,791) |
| At 31 August 2002 | 171,653 |

20 Called up share capital

| | 2002 | 2001 |
|-----------------------------------------------------|----------------|----------------|
| | £ | £ |
| Authorised | | |
| 250,000 ordinary shares of £1 each | 250,000 | 250,000 |
| 250,000 3½% redeemable preference shares of £1 each | 250,000 | 250,000 |
| | 500,000 | 500,000 |
| Allotted and fully paid | | |
| 207,307 ordinary shares of £1 each | 207,307 | 207,307 |
| 207,286 3½% redeemable preference shares of £1 each | 207,286 | 207,286 |
| | 414,593 | 414,593 |

The preference shares may be redeemed at any time at the company's option. There is no premium payable on redemption. The shares have the same voting rights as the ordinary shares and have a preferential right to return of capital on a winding up.

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21 Reserves

| | Revaluation reserve £ | Profit and loss account £ |
|-----------------------------------------------------------------------------------------------|-----------------------------|---------------------------------|
| At 2 September 2001 | 998,620 | 3,414,701 |
| Retained profit for the financial year | - | 22,611 |
| Transfer of difference between depreciation based on historical costs and on revalued amounts | (12,238) | 12,238 |
| At 31 August 2002 | 986,382 | 3,449,550 |

22 Reconciliation of movements in shareholders' funds

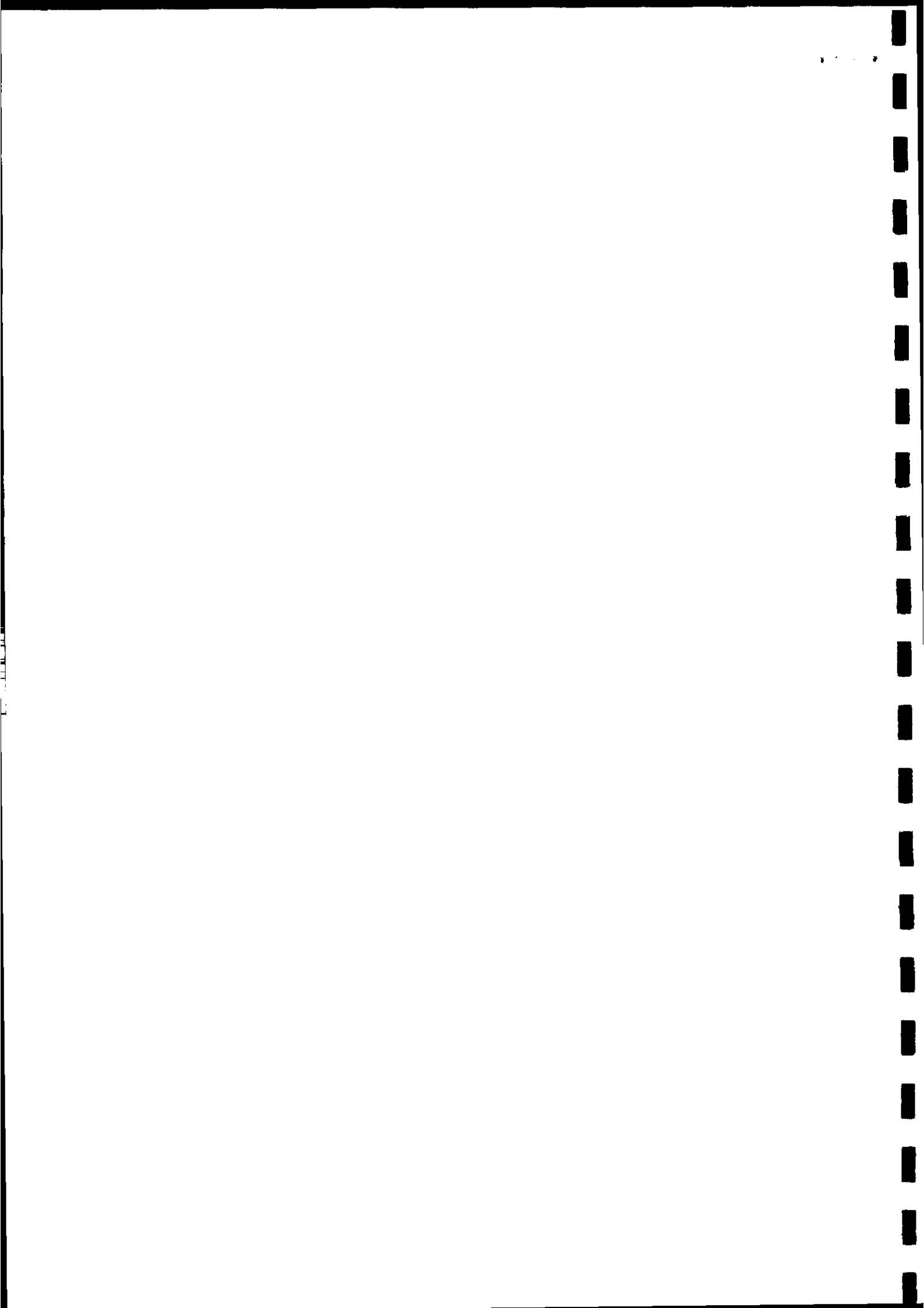
| | 2002 £ | 2001 £ |
|-------------------------------------|-----------|-----------|
| Profit for the year | 461,611 | 288,586 |
| Dividend | (439,000) | (266,000) |
| Net addition to shareholders' funds | 22,611 | 22,586 |
| Opening shareholders' funds | 4,827,914 | 4,805,328 |
| Closing shareholders' funds | 4,850,525 | 4,827,914 |

23 Pension commitments

The company participates in a group pension scheme operated by Carr's Milling Industries PLC. The pension scheme is primarily of the defined benefit type and its assets are held in a separate trustee administered fund. The fund 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 2001. Particulars of the scheme are contained in the financial statements of Carr's Milling Industries PLC.

With effect from 1 September 1997 the company established a new category in the group pension scheme providing benefits on a defined contribution basis. The pension cost charge includes contributions payable by the company to this scheme.

The total pension cost for the year charged to the profit and loss account is shown in note 4. Contributions totalling £7,315 (2001: £7,808) were payable to the fund at the year end and are included in creditors.



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Transitional arrangements apply in respect of the new financial reporting standard on Retirement Benefits, FRS 17. The disclosures required by FRS 17 in respect of the group scheme are provided in the Carr's Milling Industries PLC accounts. This includes details of the pension deficit of £7.6 million on the group scheme at 31 August 2002. This was calculated in accordance with the pension scheme requirements of FRS 17 and reflected a pension scheme asset of £19.8 million and £27.4 million liabilities. The Group increased the employer contribution rate in February 2001 following the triennial valuation of the scheme.

It is not possible to identify Carr's Flour Mills Limited's underlying share of the pension scheme assets and liabilities. Common contribution rates apply across the Carr's Milling Industries PLC group as a whole and a number of company reorganisations have occurred. In these circumstances FRS 17 requires the company to adopt a defined contribution treatment in its financial statements and this will be done upon the adoption of FRS 17.

24 Financial commitments

At 31 August 2002 the company had annual commitments under non-cancellable operating leases expiring as follows:

| | Land and buildings | | Other | |
|---------------------------|--------------------|-------|--------|--------|
| | 2002 | 2001 | 2002 | 2001 |
| | £ | £ | £ | £ |
| Within one year | - | - | 48 | - |
| Within two and five years | - | - | 12,277 | 21,069 |
| After five years | 9,035 | 9,305 | 12,325 | - |
| | 9,035 | 9,305 | 24,650 | 21,069 |

25 Contingent liabilities

The company has given an unlimited cross guarantee with regard to all amounts owing to Clydesdale Bank PLC by its parent company and fellow subsidiary companies. At 31 August 2002 the aggregate amount outstanding under these group banking arrangements was £2,824,438 (2001 - £2,683,517).

26 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 (FRS8) and has not disclosed transactions that are part of the Carr's Milling Industries PLC group of companies.

27 Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Carr's Milling Industries PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Carr's Milling Industries PLC is registered in England and Wales. 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.

