

**CARR'S FLOUR MILLS LIMITED**  
**(Registered Number 480341)**

**ANNUAL REPORT**

**YEAR ENDED 28 AUGUST 1999**



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**CARR'S FLOUR MILLS LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 28 AUGUST 1999**

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## **CARR'S FLOUR MILLS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 AUGUST 1999**

The directors present their report and the audited financial statements for the year ended 28 August 1999.

#### **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.

#### **TRANSFER OF ASSETS**

At the close of business on 28 August 1999 the trade and net assets of John Stronach (Shipbrokers) Limited, a fellow subsidiary of Carr's Milling Industries PLC were transferred to Carr's Flour Mills Limited at book value.

#### **RESULTS AND DIVIDENDS**

The result for the year is set out on page 5.

The directors have declared an ordinary dividend payable in respect of the year ended 28 August 1999 of £340,000 (1998 - £250,000).

#### **DIRECTORS AND THEIR INTERESTS**

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

J E Tudor (Chairman)  
R C Wood  
D E Lines  
J Holmes  
C N C Holmes  
D Monroe (appointed 1 September 1999)

D Monroe, D E Lines and J Holmes retire by rotation, and being eligible, offer themselves for re-election.

J E Tudor, R C Wood and C N C Holmes are directors of the ultimate parent company and their interests are shown in the annual report of that company.

D E Lines held 14,115 ordinary shares of £1 each in the ultimate parent company at 28 August 1999 (1998 - 250 shares).

## **CARR'S FLOUR MILLS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **DIRECTORS AND THEIR INTERESTS (CONTINUED)**

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

#### **YEAR 2000**

The company is participating in the Carr's Milling Industries PLC group programme, which seeks to minimise the risks to the business throughout all its operations arising as a result of the year 2000 issue. Key areas of risk are identified and compliance in the major business systems is being achieved through upgrades or replacement of existing systems.

The Group's plans are well advanced and it is the directors' intention that the programme will be completed before the critical dates. However, the problem is potentially so widespread that no organisation can guarantee immunity from its effect even if its own systems are fully compliant.

Apart from the time spent by employees in addressing this problem, the major cost has been on new systems or upgrades which would have been purchased as part of our ongoing improvement of systems. Additional costs, specific to the problem, are not considered material.

#### **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 (1998 – 28 days) of average purchases for goods and services made during the year.

## **CARR'S FLOUR MILLS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS**

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.

By order of the Board



R C Wood  
Secretary

11 November 1999

## **AUDITORS' REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED**

We have audited the financial statements on pages 5 to 22, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 3 of the financial statements. Our responsibilities as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 August 1999 and 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

11 November 1999

# **CARR'S FLOUR MILLS LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 AUGUST 1999**

	<b>Note</b>	<b>1999 £</b>	<b>1998 £</b>
<b>TURNOVER</b>	3	17,844,200	14,841,464
Cost of sales		(15,338,661)	(12,859,054)
<b>GROSS PROFIT</b>		2,505,539	1,982,410
Net operating expenses	4	(2,033,940)	(1,705,004)
<b>OPERATING PROFIT</b>		471,599	277,406
Interest receivable and similar income	8	162,695	239,905
Interest payable and similar charges	9	(134,639)	(139,297)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		499,655	378,014
Tax on profit ordinary activities	10	(135,000)	(67,932)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		364,655	310,082
Dividends	11	(340,000)	(250,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	23	<u>24,655</u>	<u>60,082</u>

All of the results relate to continuing operations.

The company has no recognised gains and losses 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**

	<b>1999</b> £	<b>1998</b> £
Reported profit on ordinary activities before taxation	499,655	378,014
Difference between historical cost depreciation charge and actual charge on revalued amount	<u>12,318</u>	<u>8,693</u>
Historical cost profit on ordinary activities before taxation	<u>511,973</u>	<u>386,707</u>
Historical cost profit for the year after taxation and dividends	<u>36,973</u>	<u>68,775</u>



# CARR'S FLOUR MILLS LIMITED

## BALANCE SHEET AS AT 28 AUGUST 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	12	7,413,494	7,247,150
Investments	13	<u>2</u>	<u>-</u>
		7,413,496	7,247,150
<b>CURRENT ASSETS</b>			
Stocks	14	1,087,381	919,929
Debtors (amounts falling due within one year)	15	6,797,104	5,682,873
Debtors (amounts falling due after more than one year)	16	18,667	38,180
Cash at bank and in hand		<u>293,276</u>	<u>-</u>
		8,196,428	6,640,982
<b>CREDITORS</b> (amounts falling due within one year)	17	(9,474,392)	(7,901,142)
<b>NET CURRENT LIABILITIES</b>		(1,277,964)	(1,260,160)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,135,532	5,986,990
<b>CREDITORS</b> (amounts falling due after more than one year)	18	(71,256)	(53,659)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	20	(1,010,000)	(855,920)
<b>DEFERRED INCOME</b>	21	<u>(315,025)</u>	<u>(362,815)</u>
<b>NET ASSETS</b>		<u>4,739,251</u>	<u>4,714,596</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	414,593	414,593
Revaluation reserve	23	1,134,100	1,146,418
Profit and loss account	23	<u>3,190,558</u>	<u>3,153,585</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	24	<u>4,739,251</u>	<u>4,714,596</u>
<b>Analysis of shareholders' funds</b>			
Equity		4,531,965	4,507,310
Non-equity		<u>207,286</u>	<u>207,286</u>
		<u>4,739,251</u>	<u>4,714,596</u>

The financial statements on pages 5 to 22 were approved by the board of directors on 11 November 1999 and were signed on its behalf by:

C N C Holmes  
Director



R C Wood  
Director



# **CARR'S FLOUR MILLS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999**

### **1 ACCOUNTING POLICIES**

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

#### **(a) Turnover**

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

#### **(b) 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:

Freehold and long leasehold properties	2%
Plant and equipment	5% - 20%
Motor vehicles	20% - 25%

#### **(c) Stocks and work in progress**

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

#### **(d) 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.

#### **(e) 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.

## **CARR'S FLOUR MILLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **(f) 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.

##### **(g) 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.

#### **2 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES**

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.

#### **3 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:

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
United Kingdom	17,278,576	14,135,007
Rest of Europe	<u>565,624</u>	<u>706,457</u>
	<u><u>17,844,200</u></u>	<u><u>14,841,464</u></u>

# **CARR'S FLOUR MILLS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

### **4 NET OPERATING EXPENSES**

	1999 £	1998 £
Distribution costs	1,161,121	793,677
Administrative expenses	<u>872,819</u>	<u>911,327</u>
	<u><u>2,033,940</u></u>	<u><u>1,705,004</u></u>

### **5 OPERATING PROFIT**

	1999 £	1998 £
<b>Operating profit is stated after charging/(crediting):</b>		
Wages and salaries	1,621,267	1,399,181
Social security costs	150,159	132,630
Other pension costs	<u>87,197</u>	<u>76,462</u>
Staff costs	<u><u>1,858,623</u></u>	<u><u>1,608,273</u></u>
Amortisation of grants	(47,790)	(47,950)
Rent receivable	(6,015)	(6,000)
Profit on disposal of tangible fixed assets	(26,370)	(100)
Depreciation of tangible fixed assets		
- owned assets	556,142	478,993
- leased assets	91,145	95,314
Operating lease charges		
- plant and machinery	7,143	6,599
- other	16,180	18,270
Auditors' remuneration		
- audit services	<u><u>11,000</u></u>	<u><u>10,000</u></u>

# **CARR'S FLOUR MILLS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

### **6 DIRECTORS' EMOLUMENTS**

	1999 £	1998 £
Aggregate emoluments	<u>170,440</u>	<u>165,477</u>

Retirement benefits are accruing to three directors (1998 – three) under the defined benefit pension scheme.

### **7 EMPLOYEE INFORMATION**

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

	1999	1998
<b>By activity</b>		
Sales, office and management	34	33
Manufacturing and distribution	<u>50</u>	<u>44</u>
	<u>84</u>	<u>77</u>

### **8 INTEREST RECEIVABLE AND SIMILAR INCOME**

	1999 £	1998 £
Interest receivable on trade loans	3,334	5,353
Interest receivable from group undertakings	<u>159,361</u>	<u>234,552</u>
	<u>162,695</u>	<u>239,905</u>

### **9 INTEREST PAYABLE AND SIMILAR CHARGES**

	1999 £	1998 £
Interest payable on overdrafts and bank borrowings	120,954	124,135
Finance leases	<u>13,685</u>	<u>15,162</u>
	<u>134,639</u>	<u>139,297</u>

# **CARR'S FLOUR MILLS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

### **10 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Taxation on the profit for the year</b>		
UK corporation tax at 30.58% (1998 – 31%)	88,000	-
Group relief payable	-	33,615
Deferred tax	27,000	35,000
Prior year under/(over) provision	<u>20,000</u>	<u>(683)</u>
	<u><u>135,000</u></u>	<u><u>67,932</u></u>

### **11 DIVIDENDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Dividend proposed on ordinary shares at £1.640 (1998 - £1.206) per £1 share	<u><u>340,000</u></u>	<u><u>250,000</u></u>

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

# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 12 TANGIBLE ASSETS

	Land and buildings £	Plant and equipment £	Motor vehicles £	Assets in course of construction £	Total £
<b>Cost or valuation</b>					
At 30 August 1998	1,933,374	9,960,970	534,413	48,474	12,477,231
Additions	-	362,217	235,741	147,432	745,390
Disposals	-	(45,845)	(87,807)	-	(133,652)
Transfers from group companies	-	231,955	-	-	231,955
Reclassification	-	48,256	-	(48,256)	-
At 28 August 1999	<u>1,933,374</u>	<u>10,557,553</u>	<u>682,347</u>	<u>147,650</u>	<u>13,320,924</u>
<b>Depreciation</b>					
At 30 August 1998	97,035	4,752,673	380,373	-	5,230,081
Charge for the year	37,038	515,004	95,245	-	647,287
Disposals	-	(22,683)	(62,719)	-	(85,402)
Transfers from group companies	-	115,464	-	-	115,464
At 28 August 1999	<u>134,073</u>	<u>5,360,458</u>	<u>412,899</u>	<u>-</u>	<u>5,907,430</u>
<b>Net book value</b>					
At 28 August 1999	<u>1,799,301</u>	<u>5,197,095</u>	<u>269,448</u>	<u>147,650</u>	<u>7,413,494</u>
At 29 August 1998	<u>1,836,339</u>	<u>5,208,297</u>	<u>154,040</u>	<u>48,474</u>	<u>7,247,150</u>
<b>Cost or valuation at 28 August 1999 is represented by:</b>					
Valuation in 1995	1,686,000	-	-	-	1,686,000
Cost	<u>247,374</u>	<u>10,557,553</u>	<u>682,347</u>	<u>147,650</u>	<u>11,634,924</u>
	<u>1,933,374</u>	<u>10,557,553</u>	<u>682,347</u>	<u>147,650</u>	<u>13,320,924</u>

Land and buildings were revalued on the basis of an open market valuation for existing use at 31 August 1995 by Carigiet Cowen, Chartered Surveyors except for the mill at Silloth-on-Solway which was 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 12 TANGIBLE ASSETS (CONTINUED)

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

	1999 £	1998 £
Cost	1,371,060	1,371,060
Aggregate depreciation	<u>(633,191)</u>	<u>(608,471)</u>
Net book amount	<u>737,869</u>	<u>762,589</u>

Assets held under finance leases and capitalised in the following categories

	1999			1998		
	Plant and machinery £	Motor vehicles £	Total £	Plant and machinery £	Motor vehicles £	Total £
Cost	189,356	545,584	734,940	222,449	491,450	713,899
Aggregate depreciation	<u>(98,575)</u>	<u>(380,184)</u>	<u>(478,759)</u>	<u>(97,926)</u>	<u>(362,934)</u>	<u>(460,860)</u>
Net book amount	<u>90,781</u>	<u>165,400</u>	<u>256,181</u>	<u>124,523</u>	<u>128,516</u>	<u>253,039</u>

The net book amount of land and buildings comprises

	1999 £	1998 £
Freehold	1,784,581	1,821,299
Long leaseholds	<u>14,720</u>	<u>15,040</u>
	<u>1,799,301</u>	<u>1,836,339</u>



# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 13 INVESTMENTS

	Investment in subsidiary undertakings £
At 30 August 1998	-
Addition (see note 25)	<u>2</u>
At 28 August 1999	<u>2</u>

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

The subsidiary was previously called Ralinde Services Limited, prior to its name change in October 1998. The subsidiary commenced trading in October 1998.

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 25 for further details.

### 14 STOCKS

	1999 £	1998 £
Raw materials and consumables	933,754	685,522
Work in progress	48,615	101,847
Finished goods and goods for resale	<u>105,012</u>	<u>132,560</u>
	<u>1,087,381</u>	<u>919,929</u>

# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 15 DEBTORS (amounts falling due within one year)

	1999 £	1998 £
Trade debtors	1,993,589	1,320,080
Amounts owed by group undertakings	4,545,184	4,175,639
Other debtors	235,078	168,831
Prepayments and accrued income	<u>23,253</u>	<u>18,323</u>
	<u>6,797,104</u>	<u>5,682,873</u>

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

### 16 DEBTORS (amounts falling due after more than one year)

	1999 £	1998 £
Trade loans	<u>18,667</u>	<u>38,180</u>

### 17 CREDITORS (amounts falling due within one year)

	1999 £	1998 £
Bank loans and overdraft	-	773,856
Finance leases	88,252	79,228
Trade creditors	1,433,980	1,082,732
Amounts due to group undertakings	7,174,232	4,918,746
Corporation tax	105,769	45,652
Other taxation and social security	136,741	132,987
Other creditors	146,686	549,756
Accruals and deferred income	26,732	34,570
Proposed dividend	362,000	250,000
Group taxation relief payable	<u>-</u>	<u>33,615</u>
	<u>9,474,392</u>	<u>7,901,142</u>

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

# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 18 CREDITORS (amounts falling due after more than one year)

	1999 £	1998 £
Finance leases	<u>71,256</u>	<u>53,659</u>

### 19 LOANS AND OTHER BORROWINGS

	1999 £	1998 £
Bank loans and overdrafts	-	773,856
Finance leases	<u>159,508</u>	<u>132,887</u>
	<u>159,508</u>	<u>906,743</u>

#### Maturity of debt

In one year or less, on demand	88,252	853,084
In more than one year, but not more than two years	49,838	48,299
In more than two years, but not more than five years	<u>21,418</u>	<u>5,360</u>
	<u>159,508</u>	<u>906,743</u>

#### Finance leases

Future minimum payments under finance leases are as follows:

Within one year	99,951	87,438
In more than one year, but not more than five years	<u>76,773</u>	<u>56,311</u>
Total gross payments	176,724	143,749
Less finance charges included above	<u>(17,216)</u>	<u>(10,862)</u>
	<u>159,508</u>	<u>132,887</u>

# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 20 PROVISION FOR LIABILITIES AND CHARGES

	<b>Deferred taxation</b> £
At 30 August 1998	855,920
Charged to the profit and loss account	27,000
Write back of ACT recoverable	<u>127,080</u>
At 28 August 1999	<u><u>1,010,000</u></u>

#### Deferred taxation provided in the accounts comprises

	<b>1999</b> £	<b>1998</b> £
Accelerated capital allowances	1,036,000	1,014,000
Other timing differences	(26,000)	(31,000)
Advance corporation tax recoverable	<u>-</u>	<u>(127,080)</u>
Deferred tax provision	<u><u>1,010,000</u></u>	<u><u>855,920</u></u>

No provision has been made for additional taxation which would accrue if the land and buildings were disposed of at their revalued amount. The liability is estimated at £Nil (1998 - £224,000). Full provision has been made for all other aspects of deferred taxation.

### 21 DEFERRED INCOME

	<b>Grants</b> £
At 30 August 1998	362,815
Amortisation for the year	<u>(47,790)</u>
At 28 August 1999	<u><u>315,025</u></u>

# CARR'S FLOUR MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)

### 22 CALLED UP SHARE CAPITAL

	1999 £	1998 £
<b>Authorised</b>		
250,000 ordinary shares of £1 each	250,000	250,000
250,000 3½% redeemable preference shares of £1 each	<u>250,000</u>	<u>250,000</u>
	<u>500,000</u>	<u>500,000</u>
<b>Allotted and fully paid</b>		
207,307 ordinary shares of £1 each	207,307	207,307
207,286 3½% redeemable preference shares of £1 each	<u>207,286</u>	<u>207,286</u>
	<u>414,593</u>	<u>414,593</u>

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.

### 23 RESERVES

	Revaluation reserve £	Profit and loss account £
At 30 August 1998	1,146,418	3,153,585
Retained profit for the financial year	-	24,655
Transfer of difference between depreciation based on historical costs and on revalued amounts	<u>(12,318)</u>	<u>12,318</u>
At 28 August 1999	<u>1,134,100</u>	<u>3,190,558</u>

## **CARR'S FLOUR MILLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the year	364,655	310,082
Dividends	<u>(340,000)</u>	<u>(250,000)</u>
Net addition to shareholders' funds	24,655	60,082
Opening shareholders' funds	<u>4,714,596</u>	<u>4,654,514</u>
Closing shareholders' funds	<u><u>4,739,251</u></u>	<u><u>4,714,596</u></u>

#### **25 ACQUISITIONS**

##### **(a) John Stronach (Shipbrokers) Limited**

At the close of business on 28 August 1999, the trade and net assets with the exception of intercompany loans of John Stronach (Shipbrokers) Limited, a fellow subsidiary undertaking of Carr's Milling Industries PLC, were transferred to Carr's Flour Mills Limited at book value. The assets and liabilities transferred are set out below:

	<b>£</b>
Cash	11,479
Debtors	50,600
Creditors	<u>(47,522)</u>

The consideration was settled through intra group accounts.

##### **(b) George Shackleton & Sons Limited**

On 30 July 1998, the company acquired Ralinde Services Limited for £2 being its entire share capital of £2. In October 1998 Ralinde Services Limited changed its name to George Shackleton & Sons Limited.

## **CARR'S FLOUR MILLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **26 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 1998. 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 in respect of the members of the defined contribution category represents contributions payable by the company to the fund and amounted to £22,318 (1998 - £19,104). Contributions totalling £1,664 (1998 - £1,729) were payable to the fund at the year end and are included in creditors.

The total pension cost for the year charged to the profit and loss account of £87,197 (1998 - £76,462) is shown in note 5.

#### **27 FINANCIAL COMMITMENTS**

At 28 August 1999 the company had annual commitments under non-cancellable operating leases expiring as follows:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Within one year	-	-	-	3,902
Within two and five years	-	-	22,049	4,854
After five years	<u>9,305</u>	<u>8,305</u>	-	-
	<u>9,305</u>	<u>8,305</u>	<u>22,049</u>	<u>8,756</u>

#### **28 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 28 August 1999 the aggregate amount outstanding under these group banking arrangements was £6,662,336 (1998 - £6,319,625).

## **CARR'S FLOUR MILLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 AUGUST 1999 (CONTINUED)**

#### **29 OTHER RELATED PARTY TRANSACTIONS**

The company's parent company, Carr's Milling Industries PLC held a 50% associate investment in Robertsons Limited until its disposal on 2 August 1999. The principal activity of Robertsons Limited is the manufacture, marketing and distribution of bakery products. The company supplied flour to Robertsons Limited amounting to £2,976,649 (1998 - £3,404,940) during the year, which is included in turnover. The flour supply agreement which operated for the majority of the year was under normal commercial terms. A trade debtor balance of £157,212 (1998 - £198,039) is outstanding at the year end.

#### **30 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. 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.