

Carr's Flour Mills Limited
Annual report
for the 53 week period ended 3 September 2005

Registered Number 480341



Carr's Flour Mills Limited

Annual report

for the 53 week period ended 3 September 2005

Contents

Directors' report for the 53 week period ended 3 September 2005	1
Independent auditors' report to the members of Carr's Flour Mills Limited	3
Profit and loss account for the 53 week period ended 3 September 2005	4
Note of historical cost profits and losses for the 53 week period ended 3 September 2005	5
Balance sheet as at 3 September 2005	6
Accounting policies	7
Notes to the financial statements for the 53 week period ended 3 September 2005	9

Carr's Flour Mills Limited

Directors' report for the 53 week period ended 3 September 2005

The directors present their report and the audited financial statements of the company for the 53 week period ended 3 September 2005.

Principal activity

The principal activity of the company is that of flour milling.

Review of business and future developments

The directors are satisfied with the performance for the 53 week period ended 3 September 2005, and the prospects for the future.

On 18 November 2004 the ultimate parent of the company Carr's Milling Industries PLC acquired the whole of the issued share capital of Carrs Animal Feed Supplements Limited (formerly Meneba UK Holdings Limited), (see note 23). On 27 March 2005 Carr's Flour Mills Limited purchased the trade and net assets of Carrs Animal Feed Supplements Limited and its two subsidiary undertakings, Robert Hutchison Limited and Greens Flour Mills Limited and they have traded as divisions since that date.

Results and dividends

The results for the financial period are set out on page 4.

The directors have declared an ordinary dividend payable in respect of the 53 week period ended 3 September 2005 of £1,238,000 (2004: £114,000).

Directors and their interests

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

C N C Holmes (Chairman)
R C Wood
D E Lines
D Monroe
R Mullen

C N C Holmes 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 in the shares of that company are shown in the annual report of that company.

D E Lines held options to acquire ordinary shares of 25p each in the ultimate parent company at 3 September 2005 as follows:

	At 28 August 2004	Exercised during period	At 3 September 2005	Exercise price	Date of grant	Earliest date from which exercisable	Expiry date
D E Lines	13,865	1,613	12,252	310.5p	11 April 1996	11 April 1999	10 April 2006

Other than as noted above, none of the directors had any interest in the shares of the company, or any other company within the Carr's Milling Industries PLC group.

Carr's Flour Mills Limited

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 period represented 35 days (2004: 28 days) of average purchases for goods and services made during the period.

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 53 week period ended 3 September 2005 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.

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.

On behalf of the Board



R C Wood
Director

21 November 2005

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 note of historical cost profits and losses, the balance sheet and the related notes.

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 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 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 3 September 2005 and of its profit for the financial period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

21 June 2006

Carr's Flour Mills Limited

Profit and loss account for the 53 week period ended 3 September 2005

<i>Continuing operations</i>	Note	2005 £	2004 £
Turnover	2	35,864,893	21,365,386
Cost of sales		(28,866,095)	(18,469,632)
Gross profit		6,998,798	2,895,754
Distribution costs		(3,406,484)	(1,330,047)
Administrative expenses		(2,154,436)	(1,258,734)
Operating profit	3	1,437,878	306,973
Interest receivable and similar income	6	27,516	16,679
Interest payable and similar charges	7	(143,358)	(126,923)
Profit on ordinary activities before taxation		1,322,036	196,729
Tax on profit on ordinary activities	8	(481,306)	(20,122)
Profit for the financial period		840,730	176,607
Dividends	9	(1,238,000)	(114,000)
(Loss)/retained profit for the financial period	21	(397,270)	62,607

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 for the 53 week period ended 3 September 2005


	2005	2004
	£	£
Reported profit on ordinary activities before taxation	1,322,036	196,729
Difference between historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	10,138	12,238
Historical cost profit on ordinary activities before taxation	1,332,174	208,967
Historical cost (loss)/profit for the period after taxation and dividends	(387,132)	74,845

Carr's Flour Mills Limited

Balance sheet as at 3 September 2005

	Note	2005 £	2004 £
Fixed assets			
Intangible assets	10	988,795	-
Tangible assets	11	11,746,561	7,677,960
Investments	12	4,263	1,466
		12,739,619	7,679,426
Current assets			
Stocks	13	2,357,462	1,563,692
Debtors	14	8,914,559	3,612,951
Cash at bank and in hand		3,161,890	263,458
		14,433,911	5,440,101
Creditors - Amounts falling due within one year	15	(20,712,013)	(6,578,453)
Net current liabilities		(6,278,102)	(1,138,352)
Total assets less current liabilities		6,461,517	6,541,074
Creditors - Amounts falling due after more than one year	16	(536,645)	(424,566)
Provisions for liabilities and charges	18	(1,260,858)	(996,011)
Deferred income	19	(185,058)	(244,271)
Net assets		4,478,956	4,876,226
Capital and reserves			
Called up share capital	20	414,593	414,593
Revaluation reserve	21	753,868	961,906
Profit and loss account	21	3,310,495	3,499,727
Total shareholders' funds	22	4,478,956	4,876,226
Analysis of shareholders' funds			
Equity		4,271,670	4,668,940
Non-equity		207,286	207,286
		4,478,956	4,876,226

The financial statements on pages 4 to 23 were approved by the board of directors on 21 November 2005 and were signed on its behalf by:


C N C Holmes
Director


R C Wood
Director

Carr's Flour Mills Limited

Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Turnover

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

Tangible fixed assets and 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	10% - 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 1999, 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.

Goodwill

Goodwill is capitalised and amortised in equal annual instalments over its expected useful life. The expected useful life is assessed on an acquisition by acquisition basis although in no circumstances will it exceed 20 years.

Investments

Investments are stated at cost less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes production overheads where appropriate.

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.

Carr's Flour Mills Limited

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.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

Carr's Flour Mills Limited

Notes to the financial statements for the 53 week period ended 3 September 2005

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

	2005	2004
	£	£
United Kingdom	34,960,366	20,497,712
Rest of Europe	904,527	867,674
	35,864,893	21,365,386

Carr's Flour Mills Limited

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging/(crediting):		
Wages and salaries	3,526,771	2,113,677
Social security costs	358,839	212,076
Other pension costs	262,123	187,808
Staff costs	4,147,733	2,513,561
Amortisation of grants	(49,613)	(58,982)
Amortisation of goodwill	42,992	-
Rent receivable	-	(65)
Profit on disposal of tangible fixed assets	(6,599)	(2,975)
Depreciation of tangible fixed assets:		
- owned assets	1,135,123	872,410
- leased assets	213,965	117,311
Operating lease charges:		
- plant and machinery	48,894	27,111
- other	-	1,514
Auditors' remuneration:		
- audit services	38,004	18,500

4 Directors' emoluments

	2005	2004
	£	£
Aggregate emoluments	203,462	165,412

Retirement benefits are accruing to one (2004: one) director under a defined benefit pension scheme.

Carr's Flour Mills Limited

5 Employee information

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

	2005	2004
By activity	Number	Number
Sales, office and management	54	40
Manufacturing and distribution	82	56
	136	96

6 Interest receivable and similar income

	2005	2004
	£	£
Bank interest	23,221	9,484
Interest receivable on trade loans	-	591
Interest receivable from group undertakings	4,295	4,181
Other interest	-	2,423
	27,516	16,679

7 Interest payable and similar charges

	2005	2004
	£	£
Interest payable on overdrafts and bank borrowings	-	88,316
Interest payable to group undertakings	95,465	-
Finance leases	47,893	38,593
Other interest	-	14
	143,358	126,923

Carr's Flour Mills Limited

8 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2005 £	2004 £
Current tax:		
UK corporation tax	532,932	132,019
Adjustment in respect of previous periods	(2,824)	(18,972)
Total current tax	530,108	113,047
Deferred tax:		
Origination and reversal of timing differences	(48,802)	(92,925)
Total deferred tax	(48,802)	(92,925)
Tax on profit on ordinary activities	481,306	20,122

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher (2004: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	1,322,036	196,729
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	396,611	59,019
<i>Effects of:</i>		
Expenses not deductible for tax purposes	82,721	15,780
Depreciation in excess of capital allowances	53,601	57,220
Adjustments to tax charge in respect of previous periods	(2,825)	(18,972)
Current tax charge for the period	530,108	113,047

(c) Factors that may affect future tax charges

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

Carr's Flour Mills Limited

9 Dividends

	2005	2004
	£	£
Dividend proposed on ordinary shares at £5.972 (2004: £0.550) per £1 share	1,238,000	114,000

The preference shareholder has waived its rights to the preference dividend.

10 Intangible fixed assets

	Goodwill
	£
Cost	
At 29 August 2004	-
Acquired in the year (see note 23)	1,031,787
At 3 September 2005	1,031,787
Amortisation	
At 29 August 2004	-
Charge for the period	42,992
At 3 September 2005	42,992
Net book value	
At 3 September 2005	988,795
At 28 August 2004	-

The goodwill arising on the acquisition of the trade, assets and liabilities of Carrs Animal Feed Supplements Limited and its wholly owned subsidiaries Greens Flour Mills Limited and Robert Hutchison Limited (see note 23) is being amortised on a straight line basis over 10 years. This is the period over which the directors estimate that the value of the underlying business exceeds the value of the underlying assets.

Carr's Flour Mills Limited

11 Tangible fixed assets

	Land and buildings	Plant and equipment	Motor vehicles	Assets in course of construction	Total
	£	£	£	£	£
Cost or valuation					
At 29 August 2004	2,913,360	12,820,864	1,000,103	212,216	16,946,543
Additions	46,382	255,570	222,545	-	524,497
Assets transferred from group companies	2,992,760	7,900,383	101,477	-	10,994,620
Assets transferred to group companies	(277,411)	(77,814)	(80,277)	-	(435,502)
Reclassifications	-	212,216	-	(212,216)	-
Disposals	-	-	(233,485)	-	(233,485)
At 3 September 2005	5,675,091	21,111,219	1,010,363	-	27,796,673
Depreciation					
At 29 August 2004	449,988	8,316,240	502,355	-	9,268,583
Charge for the period	243,583	973,344	132,161	-	1,349,088
Assets transferred from group companies	379,293	5,354,649	89,703	-	5,823,645
Assets transferred to group companies	(41,862)	(56,160)	(61,188)	-	(159,210)
Disposals	-	-	(231,994)	-	(231,994)
At 3 September 2005	1,031,002	14,588,073	431,037	-	16,050,112
Net book amount					
At 3 September 2005	4,644,089	6,523,146	579,326	-	11,746,561
At 28 August 2004	2,463,372	4,504,624	497,748	212,216	7,677,960
Cost or valuation at 3 September 2005 is represented by:					
Valuation in 1995	1,396,000	-	-	-	1,396,000
Cost	4,279,091	21,111,219	1,010,363	-	26,400,673
	5,675,091	21,111,219	1,010,363	-	27,796,673

Land and buildings, with the exception of the mill, were revalued at open market value for existing use at 31 August 1995 by Carigiet Cowan, Chartered Surveyors. The mill at Silloth-on-Solway was revalued on the basis of depreciated replacement cost by G.F. Singleton and Company, Chartered Surveyors.

Carr's Flour Mills Limited

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

	2005 £	2004 £
Cost	5,347,781	2,431,050
Aggregate depreciation	(1,467,397)	(929,584)
Net book amount	3,880,384	1,501,466

Assets held under hire purchase contracts are capitalised as follows:

	2005			2004		
	Plant and equipment	Motor vehicles	Total	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost	2,409,761	470,134	2,879,895	750,690	429,376	1,180,066
Accumulated depreciation	(1,530,949)	(144,123)	(1,675,072)	(143,883)	(142,881)	(286,764)
Net book amount	878,812	326,011	1,204,823	606,807	286,495	893,302

The net book amount of land and buildings comprises:

	2005 £	2004 £
Freehold	4,630,649	2,450,252
Long leaseholds	13,440	13,120
	4,644,089	2,463,372

Carr's Flour Mills Limited

12 Fixed asset investments

	Investment in subsidiary undertakings	Other investments	Total
	£	£	£
Cost			
At 29 August 2004	2	1,464	1,466
Transferred from group companies	-	1,000	1,000
Additions	-	1,797	1,797
At 3 September 2005	2	4,261	4,263

Details of the sole subsidiary, of which the company owns 100% of the ordinary share capital, 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, which are publicly available. See note 28 for further details.

13 Stocks

	2005	2004
	£	£
Raw materials and consumables	1,827,929	1,405,416
Work in progress	-	39,008
Finished goods and goods for resale	529,533	119,268
	2,357,462	1,563,692

Carr's Flour Mills Limited

14 Debtors

	2005	2004
	£	£
Amounts receivable within one year		
Trade debtors	7,896,977	2,979,496
Amounts owed by group undertakings	193,383	449,957
Other debtors	509,329	115,351
Prepayments and accrued income	294,470	63,384
	8,894,159	3,608,188
Amounts receivable after more than one year		
Trade loans	20,400	4,763
	8,914,559	3,612,951

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

15 Creditors - Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	4,170,126	1,504,633
Amounts due to group undertakings	12,999,593	4,185,406
Finance leases (see note 17)	357,858	200,832
Corporation tax	802,762	127,593
Group relief payable	-	110,362
Other taxation and social security	248,633	233,075
Other creditors	16,440	52,490
Accruals and deferred income	878,601	50,062
Proposed dividend	1,238,000	114,000
	20,712,013	6,578,453

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

Carr's Flour Mills Limited

16 Creditors - Amounts falling due after more than one year

	2005	2004
	£	£
Finance leases (see note 17)	536,645	424,566

17 Borrowings

Finance leases

Future minimum payments under finance leases are as follows:

	2005	2004
	£	£
Within one year	405,811	235,411
In more than one year, but not more than five years	614,969	459,619
Total gross payments	1,020,780	695,030
Less: Finance charges included above	(126,277)	(69,632)
	894,503	625,398

18 Provisions for liabilities and charges

	Deferred tax provision
	£
At 29 August 2004	996,011
Transferred from group companies	313,649
Credited to the profit and loss account (see note 8)	(48,802)
At 3 September 2005	1,260,858

	2005	2004
	£	£
Deferred tax liability comprises:		
Accelerated capital allowances	1,266,473	996,011
Other timing differences	(5,615)	-
	1,260,858	996,011

Carr's Flour Mills Limited

19 Deferred income

	Grants £
At 29 August 2004	244,271
Additions	25,400
Released in period	(35,000)
Amortisation for the period	(49,613)
At 3 September 2005	185,058

20 Called up share capital

	2005 £	2004 £
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. The shares have priority to any dividend on any other class of shares.

Carr's Flour Mills Limited

21 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 29 August 2004	961,906	3,499,727
Loss for the financial period	-	(397,270)
Transfer of difference between depreciation based on historical costs and on revalued amounts	(10,138)	10,138
Transfer of revaluation surplus realised on disposal of property	(197,900)	197,900
At 3 September 2005	753,868	3,310,495

22 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial period	840,730	176,607
Dividends	(1,238,000)	(114,000)
Net (reduction)/addition to shareholders' funds	(397,270)	62,607
Opening shareholders' funds	4,876,226	4,813,619
Closing shareholders' funds	4,478,956	4,876,226

Carr's Flour Mills Limited

23 Acquisitions

On 18 November 2004 Carr's Milling Industries PLC, the ultimate parent undertaking of Carr's Flour Mills acquired the whole of the issued share capital of Carrs Animal Feed Supplements Limited (formerly Meneba UK Holdings Limited) for a total cash consideration including costs of £5,121,000. Full details of the acquisition have been provided in the financial statements of Carr's Milling Industries PLC.

On 27 March 2005, the trade and net assets of Carrs Animal Feed Supplements (formerly Meneba UK Holdings Limited) and its wholly owned subsidiary undertakings, Greens Flour Mills Limited and Robert Hutchison Limited, were hived up into Carrs Flour Mills Limited. Details of the assets and liabilities acquired by the Company as a result of the hive up are given below.

	Book value and fair value £'000
Tangible fixed assets	5,170
Stock	1,034
Debtors	5,975
Creditors	(7,735)
Taxation:	
- Current	(315)
- Deferred	(313)
Cash at bank and in hand	460
Net assets acquired	4,276
Goodwill	1,032
	5,308
Satisfied by:	
Loan from Robert Hutchison Limited	4,108
Loan from Greens Flour Mills Limited	999
Loan from Carrs Animal Feed Supplements Limited	201
	5,308

The goodwill acquired will be amortised over 10 years (see note 10).

Carr's Flour Mills Limited

24 Pension commitments

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 investment 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 2003. Particulars of the scheme are contained in the financial statements of Carr's Milling Industries PLC.

The total pension cost for the period charged to the profit and loss account for this scheme is £167,380. There were no outstanding contributions for the scheme at the period end (2004: £Nil).

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 £12.1 million (2004: £10.9 million) on the group scheme at 3 September 2005. This was calculated in accordance with the pension scheme requirements of FRS 17 and reflected pension scheme assets of £27.4 million (2004: £23.1 million) and £39.5 million (2004: £34.0 million) of pension scheme liabilities. The group increased the employer contribution rate in January 2003 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.

The company also participates in a Group Personal Pension plan which was established on the acquisition of a new fellow subsidiary undertaking Carrs Animal Feed Supplements Limited (formerly Meneba UK Holdings Limited) by Carr's Milling Industries PLC. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total pension cost for the period charged to the profit and loss account for this scheme is £94,743 (2004: £Nil). There were no outstanding contributions due for the scheme at the period end (2004: £Nil).

Carr's Flour Mills Limited

25 Financial commitments

At 3 September 2005 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Within one year	-	-	2,071	48
Within two to five years	-	-	60,357	29,908
After five years	9,305	9,305	-	-
	9,305	9,305	62,428	29,956

26 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 3 September 2005 the aggregate amount outstanding under these group banking arrangements was £9,467,665 (2004: £2,102,156).

27 Related party transactions

The company trades with Carrs Billington Agriculture (Sales) Limited which is a 51% subsidiary of Carr's Milling Industries PLC, the company's immediate parent. During the period the company made purchases from Carrs Billington Agriculture (Sales) Limited of £27,772 (2004: £346) and made sales to Carrs Billington Agriculture (Sales) Limited of £1,862 (2004: £2,849).

At 3 September 2005 debtors included £190 (2004: £9,620) due from Carrs Billington Agriculture (Sales) Limited and creditors included £35,094 (2004: £349) due to Carrs Billington Agriculture (Sales) Limited.

During the period purchases on normal commercial terms from Carrs Billington Agriculture (Operations) Limited, which is an associate company 49% owned by Carr's Milling Industries PLC, amounted to £nil (2004: £564) and sales amounted to £15,309 (2004: £17,548).

Period end trade debtors includes £1,300 (2004: £1,887) receivable from Carrs Billington Agriculture (Operations) Limited and trade creditors includes £1,101 (2004: £564) payable to Carrs Billington Agriculture (Operations) Limited.

28 Immediate and 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.