

Registered number: 00480341

CARR'S FLOUR MILLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

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CARR'S FLOUR MILLS LIMITED

COMPANY INFORMATION

Directors	R W Butler M D George M Peters (appointed 10 July 2023) R H Munro (resigned 12 July 2023) A W Burns L Kane (resigned 31 July 2023)
Company secretary	S L Large
Registered number	00480341
Registered office	Victoria Mills London Road Wellingborough Northamptonshire NN8 2DT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

CARR'S FLOUR MILLS LIMITED

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CARR'S FLOUR MILLS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2023

Introduction

The directors present their strategic report for the Company for the 52 week period ending 31 March 2023. The comparative information is for the 53 week period ending 1 April 2022. The principal activity of the Company continued to be that of procurement of wheat and milling of flour.

Business review

As presented in the Company's Statement of comprehensive income on page 13 operating profit decreased to £2.4m (2022: £4.3m) with turnover increasing to £139.7m (2022: £109.1m). The increase in turnover was due to the pass through of energy and commodity market prices seen globally during the period.

The Company's long term approach to decision making; focus on first class customer service, quality and technical expertise along with the continued hard work and commitment of all the staff and strong relationships with key customers and suppliers means that it is well placed to meet with any challenges it faces moving forward.

Principal risks and uncertainties

The Company's operations expose it to a variety of commercial and financial risks. The commercial risks include food safety compliance, customer relationship management, demand forecasting and competitor pressure. The financial risks include price risk and credit risk. Given the structure of the Company, the directors have not delegated the responsibility of monitoring financial risks management to a sub committee of the board.

The policies, which are set by the board of directors and implemented by the Company's senior management team, are as follows:

Commercial risks

Competitor pressure within the flour milling market is a continuing risk for the Company. The Company manages this risk by continuing to encourage investment in capital, production processes, quality and service.

The Company maintains a balanced portfolio of customers and products. This ensures that exposure to fluctuations in the performance of specific sub sectors can be reduced. The Company employs a team approach to its relationships with its customers, which reduces reliance on a specific individual.

The Company actively monitors market trends and these are incorporated into the detailed commercial plans of the business. The detailed plans are then used as the basis for commodity purchasing, asset utilisation and staffing plans.

The Company conducts regular staff surveys to increase employee engagement, promote a positive working environment and boost employee retention.

The Company also actively monitors its performance against health and safety and food safety provisions. Food safety risk is mitigated by food standards audits, purchasing policies and quality control procedures.

CARR'S FLOUR MILLS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Principal risks and uncertainties (continued)

Price risk

The Company is exposed to commodity price risk as a result of its operations. Wheat and other raw materials are purchased in advance to ensure continuity of supply and to give certainty of pricing using forward contracts. Detailed reporting of forward wheat and other raw material purchases are made to the board of the Company each month. The directors keep the appropriateness of commodity purchasing policies under review, particularly if there are changes to the size or nature of the Company's operations or structural changes to the commodity markets. Certain key commodities and foreign exchange volatility are also hedged, where appropriate, to manage the exposure to further price increases.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers prior to sales. The debtors ledger is reviewed on a continual basis to identify and highlight overdue debts. The Company also purchases credit insurance to mitigate this risk.

Liquidity risk

Prudent liquidity management includes maintaining sufficient cash resources and adequate committed finance facilities to meet operating and investing requirements. Active management of the cash position is undertaken with future cash flows being reviewed to ensure that sufficient liquid resources are available to the Company. Regular reporting is made to the board of any significant events and their impact on expected cash flows.

Cyber risk

The Company recognises that whilst this risk can be managed it cannot be eliminated. The Company has a range of threat detection and response systems in place, as well as disaster recovery plans and IT policies which are reviewed regularly. The Company also purchases cyber insurance to mitigate this risk.

Russian – Ukraine War

The Russian invasion of Ukraine and the resulting sanctions continues to have a severe impact on the global economy and potential volatility therein. During 2022 this led to significant disruption to global supply chains and unprecedented increases in global commodity, energy, and fuel prices. The Company will continue to engage with all stakeholders; including customers, suppliers, and the UK flour milling industry trade body to work through any operational implications and the extremely challenging trading conditions which continue to be faced by all businesses operating in the UK food industry.

CARR'S FLOUR MILLS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Key performance indicators

The Key Performance Indicators ("KPI's") for the Company as disclosed in the Statement of comprehensive income on page 13, are given below:

	2023	2022
Gross Profit	£14.7m	£13.8m
EBITDA (operating profit plus depreciation and amortisation)	£4.4m	£6.3m
Profit before taxation	£2.1m	£4.2m
Return on Capital Employed (profit before/tax/net assets)	11%	24%
Staff turnover	15%	14%

The financial KPI's are in line with forecast expectations which expected a decrease in EBITDA and profit before tax compared to the prior year despite a higher gross profit due to higher costs as a result of energy and commodity inflation. There were unprecedented increases in the price of energy and commodities during the year which the business closely monitored and reacted to however there is a timing delay between these cost increases and price recovery.

Going concern

In preparing these financial statements, the directors have assessed the ability of the Company to continue to operate for a period of at least twelve months from the date of signing the financial statements.

The directors of the Group headed up by the ultimate parent company (of which the Company is a subsidiary) have undertaken a risk assessment and forecasting exercise to assess the Group and parent company's liquidity position and covenant compliance. The forecast for the going concern period has been prepared using the five year plan approved by the Board and takes account of the latest assumptions concerning wheat prices, expected sales tonnage and key cost drivers such as energy prices and inflation. Actual trading performance in the 17 week period to 28 July 2023 is slightly behind forecast at the revenue and EBITDA level but is expected to be on target by the end of the year.

For the purposes of the Group's going concern assessment, the directors have performed sensitivity analysis on cashflows and borrowing covenants based on unforeseen changes in demand and the potential impact of further spikes in energy and commodity markets. In addition, reverse stress testing has been performed to establish the levels of performance where cash availability or covenant compliance would be breached. The results of the analysis demonstrated that there was sufficient cash availability within the current banking facilities to deal with all of the identified plausible scenarios.

The Group's banking facilities were refinanced on 21 July 2023 for a minimum three-year term. Details of the refinancing is contained within the post balance sheet events section of the Directors' Report.

The Company is a significant trading subsidiary of the Group headed up by the ultimate parent company and has net assets as at 31 March 2023. Based on the Group's current trading performance, the sensitivity and reverse stress testing scenarios performed and the additional considerations undertaken by the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of no less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

CARR'S FLOUR MILLS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Section 172 Statement

The directors have long term considerations at their heart. The Company is part of a private, family owned group of businesses, and it is the intention of the family and the Board to have a successful and profitable business for many years to come. The directors understand the business and the evolving environment in which we operate. The strategy set by the Board is intended to strengthen our position as a UK Flour Milling Company recognising the changing requirements of our stakeholders on whom the long term success of our business is dependent.

The directors recognise that its employees are fundamental to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The directors factor and communicate the implications of decisions on employees where relevant and feasible.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and government bodies. The Board continually assess the priorities related to customers and engages with them to ensure the relevance of our business strategy and investment policies. We monitor our suppliers to ensure our product and service supply is maintained to our documented standard whilst also adhering to the required payment practices.

The directors continually assess the impact of the Company's operations on the community and the environment through reviewing our working practices and monitoring and measuring our emissions from energy, fuel, and electricity usage. We continually review our operations to ensure the most modern environmentally efficient machinery and practices are in place and control of fuel emissions through using up to date environmentally regulated transport and extensive employee training. Our investment programmes include environmentally focused projects.

The Board periodically reviews and approves its code of conduct, ethics and compliance policies and Modern Slavery Statements to ensure that high standards are maintained within the Company's business and the business relationships we maintain. This, complemented by the ways the Board monitors compliance with relevant governance standards, assures the Company acts in ways that promote high standards of business conduct.

The directors consider which course of action best enables delivery of our strategy through the long term, taking into consideration the impact on stakeholders. In doing so our directors act fairly between members of the Company.

The Board is presented with regular board packs and other information that it needs to fulfil its responsibilities. During the period at Board meetings the Board have discussed and made decisions on a number of specific issues including business priorities and strategy, capital investment and the ongoing management of the current economic situation.

This report was approved by the board and signed on its behalf.


R W Butler
Chairman

Date: 7 September 2023

CARR'S FLOUR MILLS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2023

The directors present their report and the financial statements for the 52-week period ended 31 March 2023. The comparative information is for the 53-week period ended 1 April 2022.

Results and dividends

The profit for the financial period amounted to £1.7m (2022: £3.0m).

The directors do not recommend payment of a dividend (2022: £Nil).

The amount of expenditure incurred in relation to research and development activity is £0.6m (2022: £0.6m). The activity includes scientific and technological advances in flour milling.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

R W Butler
M D George
M Peters (appointed 10 July 2023)
R H Munro (resigned 12 July 2023)
A W Burns
L Kane (resigned 31 July 2023)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

CARR'S FLOUR MILLS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Qualifying third party indemnity provisions

During the period and up to the date of this report, the Company maintained liability insurance and third party indemnification provisions for its directors through a Group policy, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company.

Matters covered in the Strategic report

The financial risk management policies sections are not included in the Directors' report as, under S414C(11), they have instead been included in the Strategic report.

Environmental matters

The Company is committed to a policy which recognises environmental issues in all aspects of its business. Responsibility for compliance with environmental best practice is vested in the directors and environmentally sensitive options are integrated into the Company's business at all levels of operation.

Employee wellbeing

In support of all employees' health and wellbeing, on site medical drop in sessions are available across the Company. These sessions provide general health checks such as BMI, blood pressure and cholesterol levels, as well as offering advice regarding all health related issues including mental health, smoking cessation and dietary advice. The Company offers all employees a benefits portal provided by Lifeworks. This online and telephone provision offers wellbeing resources, access to counselling sessions, assistance with physical, mental, social and financial wellness as well as perks such as coupons and savings.

Employee involvement and engagement

Consultation with employees or their representatives, where not commercially sensitive, occurs at all levels, with the aim of ensuring their views are considered when decisions are made that are likely to affect their interests and that all employees are aware of the operational performance of their business units and of the Company as a whole. This is achieved through regular communication including formal and informal team meetings, individual performance reviews and the annual employee engagement survey.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

CARR'S FLOUR MILLS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2023

Engagement with suppliers, customers and others

Integrity is at the heart of how the Company operates. The Company works collaboratively with its customers and is recognised by them for the consistently high quality, good value and excellent service provided. The Company looks to build long term relationships with customers and constantly works towards developing new products, processes and technologies that satisfy future customer needs. The Sales Director, in conjunction with the Managing Director, is responsible for managing the relationships with customers and maintaining regular contact with them, seeking feedback and reporting to the Board when required.

The relationships both with suppliers of raw material and suppliers of other key goods and services are equally important. In particular the Company develops long standing relationships with key raw material and equipment suppliers who are experts in their field to provide great service and innovation to the business to continually drive the Company forward. The Purchasing Director, in conjunction with the Managing Director, is responsible for managing the relationships with suppliers and maintaining regular contact with them, seeking feedback and reporting to the Board when required.

Post balance sheet events

On 21 July 2023 the Group's banking facilities were refinanced for a minimum three-year term. The refinancing resulted in a new £20m revolving loan facility with a £10m accordion and a new £120m asset based lending facility with a £25m accordion. Both facilities have a minimum three year term with potential extension options.

Future developments

The Company manufactures a wide range of flours in some of the most technically advanced mills in the world, ensuring the highest levels of food safety and brand protection for its customers. The Company has built its reputation as a world class miller and market leader through significant and sustained capital investment, and this will continue to be the case moving forwards as the Company continues to develop and improve its milling capacity and facilities

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



R W Butler
Chairman

Date: 7 September 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED

Opinion

We have audited the financial statements of Carr's Flour Mills Limited (the 'Company') for the period from 2 April 2022 to 31 March 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the impact of the war in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED (CONTINUED)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements section of this report.

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our general commercial and sector experience, discussions with management and review of board minutes. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as health and safety and employee matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED
(CONTINUED)**

- We enquired of management concerning the company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular journal entries posted with unusual account combinations that increased revenues or that reduced costs in the Statement of comprehensive income; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual report and financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation and the applicable statutory provision.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARR'S FLOUR MILLS LIMITED
(CONTINUED)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Broadway
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

7 September 2023

CARR'S FLOUR MILLS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Turnover	4	139,669	109,092
Cost of sales		(125,017)	(95,337)
Gross profit		14,652	13,755
Distribution costs		(7,835)	(6,409)
Administrative expenses		(4,626)	(3,245)
Other operating income	5	100	89
Fair value movements in investment property		110	100
Operating profit	6	2,401	4,290
Interest payable and similar expenses		(313)	(89)
Profit before tax		2,088	4,201
Tax on profit	11	(427)	(1,152)
Profit for the financial period		1,661	3,049

All activities derive from continuing operations.

There was no other comprehensive income for 2023 (2022: £Nil).

The notes on pages 17 to 39 form part of these financial statements.

CARR'S FLOUR MILLS LIMITED
REGISTERED NUMBER:00480341

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		31 March 2023 £000	1 April 2022 £000
	Note		
Fixed assets			
Intangible assets	12	715	-
Tangible assets	13	21,616	21,162
Investments	14	1	1
Investment property	15	1,120	1,010
		<u>23,452</u>	<u>22,173</u>
Current assets			
Stocks	16	8,446	10,212
Debtors: amounts falling due within one year	17	21,396	15,871
Cash at bank and in hand		4,583	3,596
		<u>34,425</u>	<u>29,679</u>
Creditors: amounts falling due within one year	18	(35,813)	(31,734)
Net current liabilities		<u>(1,388)</u>	<u>(2,055)</u>
Total assets less current liabilities		<u>22,064</u>	<u>20,118</u>
Creditors: amounts falling due after more than one year	19	(834)	(985)
Provisions for liabilities			
Deferred tax	22	(2,304)	(1,868)
		<u>(2,304)</u>	<u>(1,868)</u>
Net assets		<u><u>18,926</u></u>	<u><u>17,265</u></u>

CARR'S FLOUR MILLS LIMITED
REGISTERED NUMBER:00480341

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

		31 March 2023 £000	1 April 2022 £000
Capital and reserves	Note		
Called up share capital	23	207	207
Revaluation reserve	24	642	642
Capital redemption reserve	24	207	207
Profit and loss account	24	17,870	16,209
		<u>18,926</u>	<u>17,265</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R W Butler
Director

Date: 7 September 2023

The notes on pages 17 to 39 form part of these financial statements.

CARR'S FLOUR MILLS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 2 April 2022	207	207	642	16,209	17,265
Comprehensive income for the period					
Profit for the period	-	-	-	1,661	1,661
Total comprehensive income for the period	-	-	-	1,661	1,661
At 31 March 2023	207	207	642	17,870	18,926

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 APRIL 2022**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 27 March 2021	207	207	642	13,160	14,216
Comprehensive income for the period					
Profit for the 53 week period	-	-	-	3,049	3,049
Total comprehensive income for the 53 week period	-	-	-	3,049	3,049
At 1 April 2022	207	207	642	16,209	17,265

The notes on pages 17 to 39 form part of these financial statements.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

1. General information

Carr's Flour Mills Limited is a private company limited by shares and incorporated in England and Wales. The details of the registered office address, principal place of business and Company number can be found on the Company information page.

The principal activity of the Company is the procurement of wheat and milling of flour.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified by the revaluation of investment property and derivatives, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling and are values are rounded to the nearest thousand (£) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Whitworths Holdings Limited as at 31 March 2023 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 Going concern

In preparing these financial statements, the directors have assessed the ability of the Company to continue to operate for a period of at least twelve months from the date of signing the financial statements.

The directors of the Group headed up by the ultimate parent company (of which the Company is a subsidiary) have undertaken a risk assessment and forecasting exercise to assess the Group and parent company's liquidity position and covenant compliance. The forecast for the going concern period has been prepared using the five year plan approved by the Board and takes account of the latest assumptions concerning wheat prices, expected sales tonnage and key cost drivers such as energy prices and inflation. Actual trading performance in the 17 week period to 28 July 2023 is slightly behind forecast at the revenue and EBITDA level but is expected to be on target by the end of the year.

For the purposes of the Group's going concern assessment, the directors have performed sensitivity analysis on cashflows and borrowing covenants based on unforeseen changes in demand and the potential impact of further spikes in energy and commodity markets. In addition, reverse stress testing has been performed to establish the levels of performance where cash availability or covenant compliance would be breached. The results of the analysis demonstrated that there was sufficient cash availability within the current banking facilities to deal with all of the identified plausible scenarios.

The Group's banking facilities were refinanced on 21 July 2023 for a minimum three-year term. Details of the refinancing is contained within the post balance sheet events section of the Directors' Report.

The Company is a significant trading subsidiary of the Group headed up by the ultimate parent company and has net assets as at 31 March 2023. Based on the Group's current trading performance, the sensitivity and reverse stress testing scenarios performed and the additional considerations undertaken by the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of no less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- when specific criteria relating to each of the Company's sales channels have been met, which is delivery to the customer.

Rebate agreements

Some customer contracts include rebate agreements for trade or volume discounts, which are granted to the customer based upon prices, volume and product mix. Revenue is recognised net of rebates given in the period/year and an accrual is made to the period/year end based on the directors best estimate of amounts due to customers in respect of these rebate agreements.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software - 10 years

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Freehold land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- up to 50 years
Leasehold property	- shorter of 50 years or lease term
Plant and machinery	- 4 to 15 years

Assets under construction are not depreciated. The assets in this category are transferred to the appropriate categories and depreciated at the relevant rates at the point that they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.7 Investment property

Investment property is carried at fair value determined annually by the directors as informed by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.8 Investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding each period.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on weighted average cost. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Bank balances are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including forward fuel contracts and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within the statutory headings to which the underlying transaction relates. The Company does not apply hedge accounting for forward fuel contracts and foreign exchange derivatives.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within interest payable and similar expenses.

2.17 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Pensions

Defined contribution pension plan

The Company participates in a group defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.19 Borrowing costs

Borrowing costs relating specifically to the financing of assets in the course of construction are capitalised during the period of construction. All other borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.20 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying accounting policies

There are no critical judgements that have been made in the application of the Company's accounting policies.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

3. Judgements in applying accounting policies (continued)

3.2 Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives of tangible assets

The annual depreciation charge is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Please refer to note 13 for the carrying amount of these assets.

(b) Investment property valuations

In determining the fair value of investment property, management use independent valuers to estimate the fair value of investment property as at the period end. Currently, the Company uses the services of Mark Klesel & Co Ltd. In determining the fair value of the investment property the valuers take into account market data and previous external valuations at the dates the valuations are made. Please refer to note 15 for the carrying amount of these assets.

4. Turnover

The whole of the turnover is attributable to the procurement of wheat and milling of flour.

Analysis of turnover by country of destination:

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
United Kingdom	134,809	104,500
Republic of Ireland	4,860	4,592
	139,669	109,092

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

5. Other operating income

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Research and development credit	84	89
Rental income	16	-
	<u>100</u>	<u>89</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Loss/(profit) on disposal of fixed assets	88	(6)
Exchange differences	(16)	43
Depreciation of tangible assets	1,970	2,001
Amortisation of intangible assets	5	-
Amortisation of government grants	(116)	(119)
Other operating lease rentals	748	708
Research and development expenditure	<u>630</u>	<u>617</u>

7. Auditor's remuneration

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Audit of the Company's annual financial statements	<u>108</u>	<u>41</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	52 week period ended 31 March 2023 £000	<i>53 week period ended 1 April 2022 £000</i>
Wages and salaries	8,363	7,267
Social security costs	820	771
Other pension costs	819	668
	<u>10,002</u>	<u>8,706</u>

The average monthly number of employees, including the directors, during the period was as follows:

	52 week period ended 31 March 2023 No.	<i>53 week period ended 1 April 2022 No.</i>
Administration	14	13
Sales and distribution	85	87
Production	95	88
	<u>194</u>	<u>188</u>

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

9. Directors' remuneration

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Directors' emoluments	605	641
Contributions to defined contribution pension schemes	102	39
	707	680

The above amounts are in respect of four (2022: *three*) directors. The other two directors are remunerated by the parent company as their services to the Company are incidental to their services of the wider group of companies. Accordingly, the above details include no emoluments in respect of these directors.

The highest paid director received remuneration of £255k (2022: £266k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £43k (2022: £20k).

The Company made contributions to a defined contribution pension scheme in respect of 4 (2022: 4) directors.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration paid by the Company in respect of these individuals was £968k (2022: £899k).

10. Interest payable and similar expenses

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Bank interest payable	307	36
Finance leases and hire purchase contracts	6	53
	313	89

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

11. Tax on profit

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Corporation tax		
Current tax on profits for the period	3	613
Adjustments in respect of previous periods	(12)	4
Total current tax	<u>(9)</u>	<u>617</u>
Deferred tax		
Origination and reversal of timing differences	425	116
Adjustments in respect of previous periods	11	(2)
Effect of increased tax rate on opening balance	-	421
Total deferred tax	<u>436</u>	<u>535</u>
Tax on profit	<u>427</u>	<u>1,152</u>

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

11. Tax on profit (continued)

Factors affecting tax charge for the period

The tax assessed for the 52 week period is higher than (2022: *higher than*) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	52 week period ended 31 March 2023 £000	53 week period ended 1 April 2022 £000
Profit before tax	2,088	4,201
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	397	798
Effects of:		
Fixed asset differences	(54)	24
Expenses not deductible for tax purposes	5	4
Adjustments in respect of previous periods	(1)	2
Non-taxable income	(43)	(142)
R&D tax credits	-	(2)
Chargeable gains/(losses)	21	19
Remeasurement of deferred tax for changes in tax rates	102	449
Total tax charge for the period	427	1,152

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%, which was substantively enacted on 24 May 2021. As at 31 March 2023, deferred tax has been measured and reflected in the financial statements using the expected tax rate of 25%.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

12. Intangible assets

	Software £000
Cost	
At 2 April 2022	-
Additions	720
	<hr/>
At 31 March 2023	720
	<hr/>
Amortisation	
At 2 April 2022	-
Charge for the period	5
	<hr/>
At 31 March 2023	5
	<hr/>
Net book value	
At 31 March 2023	715
	<hr/> <hr/>
At 1 April 2022	-
	<hr/> <hr/>

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

13. Tangible assets

	Freehold land and buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 2 April 2022	14,536	48,162	-	62,698
Additions	175	1,186	1,199	2,560
Disposals	-	(4,364)	-	(4,364)
At 31 March 2023	<u>14,711</u>	<u>44,984</u>	<u>1,199</u>	<u>60,894</u>
Depreciation				
At 2 April 2022	4,704	36,832	-	41,536
Charge for the period	295	1,675	-	1,970
Disposals	(1)	(4,227)	-	(4,228)
At 31 March 2023	<u>4,998</u>	<u>34,280</u>	<u>-</u>	<u>39,278</u>
Net book value				
At 31 March 2023	<u>9,713</u>	<u>10,704</u>	<u>1,199</u>	<u>21,616</u>
At 1 April 2022	<u>9,832</u>	<u>11,330</u>	<u>-</u>	<u>21,162</u>

Included in the above amounts for plant and machinery are assets held under equipment finance or finance leases with a net book value of £191,843 (2022: £263,987).

The Company's bankers held legal charges over certain properties at the period end.

Freehold land of £482,000 (2022: £482,000) is not depreciated.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

14. Investments

	Trade investments £000
Cost	
At 2 April 2022 and 31 March 2023	1
Net book value	
At 31 March 2023	1
At 1 April 2022	1

15. Investment property

	Freehold investment property £000
Valuation	
At 2 April 2022	1,010
Surplus on revaluation	110
At 31 March 2023	1,120

Investment property consists of a number of residential properties and are valued using a market appraisal undertaken on a comparable basis method.

There is a full valuation performed by appropriately qualified external valuation experts every five years, in the intervening years a desktop review is performed by the valuation expert, Mark Klesel & Co Ltd.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

16. Stocks

	31 March 2023 £000	1 April 2022 £000
Raw materials and consumables	7,090	8,995
Finished goods and goods for resale	1,356	1,217
	<u>8,446</u>	<u>10,212</u>

Stocks are stated after a provision for impairment of £Nil (2022: £Nil).

There is no significant difference between the replacement cost of the stocks and its carrying value.

17. Debtors: amounts falling due within one year

	31 March 2023 £000	1 April 2022 £000
Trade debtors	19,403	14,574
Amounts owed by group undertakings	-	41
Other debtors	584	484
Prepayments and accrued income	289	293
Corporation tax	1,120	-
Financial instruments	-	479
	<u>21,396</u>	<u>15,871</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated net of provisions for impairment of £138k (2022: £92k).

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

18. Creditors: amounts falling due within one year

	31 March 2023 £000	1 April 2022 £000
Receivables financing facility	3,644	-
Trade creditors	12,478	11,676
Amounts owed to group undertakings	17,912	17,779
Corporation tax	-	148
Other taxation and social security	243	218
Obligations under finance lease and hire purchase contracts	39	51
Other creditors	72	57
Accruals and deferred income	1,185	1,805
Derivative financial instruments	240	-
	35,813	31,734

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

Obligations under equipment finance loans and hire purchase contracts are secured on the assets to which they relate and carry a fixed interest rate between 1.79% and 1.82% and have maturity dates falling between July 2023 and June 2028.

A receivables financing facility which bears interest at 1.4% plus base and expires on 28 August 2023. The facility is repaid as and when customers pay their outstanding invoices which is typically in line with the agreed upon credit terms. The facility is secured against trade debtors. Subsequent to the year-end, the facility was refinanced. Details of the refinancing are contained within the post-balance sheet events section of the Directors' Report.

A stock facility which bears interest at 2.55% plus base and expires on 28 August 2023. The facility is secured against stock. Subsequent to the year-end, the facility was refinanced. Details of the refinancing are contained within the post-balance sheet events section of the Directors' Report. The facility was undrawn as at 31 March 2023.

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

19. Creditors: amounts falling due after more than one year

	31 March 2023 £000	1 April 2022 £000
Obligations under finance leases and hire purchase contracts	153	192
Accruals and deferred income	681	793
	<u>834</u>	<u>985</u>

Obligations under equipment finance loans and hire purchase contracts are secured on the assets to which they relate and carry a fixed interest rate between 1.79% and 1.82% and have maturity dates falling between July 2023 and June 2028.

20. Obligations under equipment finance loans and hire purchase contracts

Minimum lease payments under equipment finance loans and hire purchase fall due as follows:

	31 March 2023 £000	1 April 2022 £000
Not later than 1 year	44	57
Later than 1 year and not later than 5 years	164	167
Later than 5 years	9	49
	<u>217</u>	<u>273</u>
Interest	(24)	(30)
	<u>193</u>	<u>243</u>

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

21. Financial instruments

	31 March 2023 £000	<i>1 April 2022 £000</i>
Financial assets		
Derivative financial assets measured at fair value through profit or loss	-	479
	<u> </u>	<u> </u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(240)	-
	<u> </u>	<u> </u>

The financial assets and liabilities above are measured at fair value at the year-end date based on mark to market valuations as provided by the providers of the derivatives. The derivatives include forward fuel contracts and forward foreign exchange contracts. The movement in the fair value of these derivatives, recognised in profit or loss in the Statement of comprehensive income is a loss of £609k (2022: gain of £640k).

22. Deferred tax

	2023 £000	<i>2022 £000</i>
At beginning of period	(1,868)	(1,333)
Charged to Statement of comprehensive income	(436)	(535)
At end of period	<u>(2,304)</u>	<u><i>(1,868)</i></u>

The provision for deferred taxation is made up as follows:

	31 March 2023 £000	<i>1 April 2022 £000</i>
Accelerated capital allowances	(2,166)	(1,711)
Capital gains	(185)	(157)
Short term timing differences	47	-
	<u>(2,304)</u>	<u><i>(1,868)</i></u>

There is no material reversal of the deferred tax liability expected to occur during the next reporting period for the Company.

CARR'S FLOUR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

23. Called up share capital

	31 March 2023 £000	1 April 2022 £000
Allotted, called up and fully paid		
207,307 (2022: 207,307) Ordinary shares of £1 each	<u>207</u>	<u>207</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves

Revaluation reserve

This reserve represents the surplus or deficit arising on the revaluation of assets prior to the transition to FRS 102.

Capital redemption reserve

This reserve includes reserves previously used to redeem share capital.

Profit and loss account

This reserve includes all current and prior periods retained profits and losses.

25. Contingent liabilities

The Company is party to an unlimited bank guarantee with its ultimate parent company and certain fellow subsidiary companies. There is a fixed and floating charge over all the assets of the Company which supports the guarantee. Total net debt across all group companies amounts to £72.8m (2022: £68.9m). In the opinion of the directors the probability of cash outflows in respect of these contingencies is considered to be remote.

26. Capital commitments

At 31 March 2023 the Company had capital commitments as follows:

	31 March 2023 £000	1 April 2022 £000
Contracted for but not provided in these financial statements	<u>50</u>	<u>382</u>

CARR'S FLOUR MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 March 2023 £000	1 April 2022 £000
Not later than 1 year	510	612
Later than 1 year and not later than 5 years	647	653
	<u>1,157</u>	<u>1,265</u>

28. Other financial commitments

The Company has unfulfilled purchase commitments for wheat totalling £42.4m (2022: £47.2m). These commitments are for own use purchases rather than commodity trading purposes.

29. Pension commitments

The Company participates in a group defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £819k (2022: £668k). Contributions totalling £72k (2022: £57k) were payable to the fund at the balance sheet date and are included in creditors.

30. Related party transactions

The Company has taken advantage of the exemption under the terms of Financial reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the Group.

31. Controlling party

The Company's immediate and ultimate parent undertaking is Whitworths Holdings Limited, a company registered in England and Wales at the same registered office address as that of the Company. The consolidated financial statements of the group are available to the public from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

No individual shareholder holds a majority of voting rights in the ultimate parent undertaking. Therefore, there is no ultimate controlling party by virtue of shareholdings.