

**CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**for the year ended**

**31st August 2011**

**COMPANY REGISTRATION NO: 3574122**

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## **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

### **Report of the Directors for the year ended 31st August 2011**

The directors present their report and accounts for the year ended 31st August 2011.

#### **Results, dividends and activities**

The principal activity of the company is the manufacture and supply of compound animal feed

The results for the year are shown on the Consolidated Profit and Loss Account on page 4 The profit before taxation amounts to £4,113,548 on sales of £98,758,018.

The directors do not recommend the payment of a dividend for the year.

#### **Review of business and future developments**

The directors are pleased with the results for the year. The company is operating efficiently and we are now seeing the benefits from the investments we have made in our mills The hard winter weather in 2010 also increased the demand for feed which further enhanced our profits.

#### **Financial risk management objectives and policies**

The company uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable The directors receive regular reports on these figures in order to manage the company's requirements

The company does not actively use financial instruments as part of its financial risk management It is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures The company uses forward contracts to purchase certain raw materials. The directors closely monitor current cost price movements in order to manage the risk

#### **Directors**

The directors who served the company during the year and were in office at 31st August 2011 were Mr S N Gooderham, Mr. C.N.C Holmes, Mr P Steeples, Mr R Tomlinson and Mr L.L.R. Whiteley

Mr G M Blake was appointed as a director on 23rd January 2012

Mr S.N. Gooderham resigned as a director on 11th November 2011

#### **Auditors**

Mitchell Charlesworth are deemed to be re-appointed under section 487(2) of the Companies Act 2006

By Order of the Board



D. MARSHALL

Secretary

Cunard Building  
Liverpool L3 1EL

Approved by the directors on 25th January 2012

## **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

### **Statement of Directors' Responsibilities for the year ended 31st August 2011**

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

# Mitchell Charlesworth

Chartered Accountants

5 Temple Square · Temple Street · Liverpool · L2 5RH

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED

We have audited the accounts of Carrs Billington Agriculture (Operations) Limited for the year ended 31st August 2011 on pages 4 to 21 which have been prepared on the basis of the accounting policies set out on pages 8 and 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 auditors' 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.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion

In our opinion the accounts:

- give a true and fair view of the state of the affairs of the group and company as at 31st August 2011 and of the profit of the group for the year 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.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

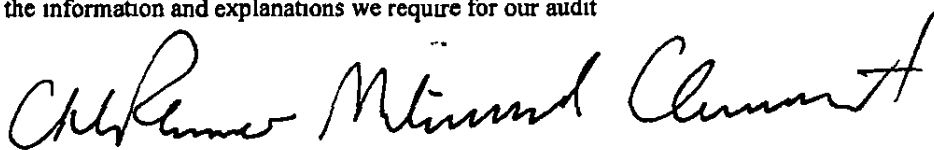
### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 accounts 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.

C H. PLUMMER  
(Senior Statutory Auditor)

For and on behalf of  
MITCHELL CHARLESWORTH  
Chartered Accountants  
Statutory Auditor



25th January 2012

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Consolidated Profit and Loss Account for the year ended 31st August 2011**

	Notes	2011 £'000	2010 £'000
<b>Turnover</b>	2	98,758	85,290
<b>Cost of sales</b>		<u>83,575</u>	<u>73,615</u>
<b>Gross profit</b>		15,183	11,675
Sales and distribution costs		8,771	8,622
Administrative expenses		<u>1,970</u>	<u>1,471</u>
<b>Operating Profit</b>	3	4,442	1,582
<b>Interest payable and similar charges</b>	5	<u>328</u>	<u>327</u>
<b>Profit on ordinary activities before taxation</b>		4,114	1,255
<b>Taxation</b>	6	<u>1,130</u>	<u>411</u>
<b>Profit for the year</b>	18	<u>2,984</u>	<u>844</u>

The turnover and operating profit are wholly attributable to continuing operations.

The notes on pages 8 to 21 form part of these accounts.

## **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

### **Consolidated Statement of Total Recognised Gains and Losses for the year ended 31st August 2011**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year	2,984	844
Actuarial loss on net pension liability	( 55)	(1,044)
Deferred tax associated with net pension liability - actuarial loss	15	292
Deferred tax associated with net pension liability - change of rate	( 90)	-
<b>Total recognised gains and losses relating to the year</b>	<b>2,854</b>	<b>92</b>

### Balance Sheets as at 31st August 2011

		Group		Company	
	Notes	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Fixed assets</b>					
Intangible assets	7	249	382	249	382
Tangible assets	8	10,668	10,259	10,668	10,259
Investments	9	<u>-</u>	<u>-</u>	<u>70</u>	<u>70</u>
		10,917	10,641	10,987	10,711
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current assets</b>					
Stock	10	2,262	1,617	2,262	1,617
Debtors	11	12,476	9,394	12,476	9,394
Cash at bank and in hand		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		14,739	11,012	14,739	11,012
<b>Creditors</b>					
Amounts falling due within one year	12	12,482	10,161	12,552	10,231
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net current assets</b>		2,257	851	2,187	781
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>		13,174	11,492	13,174	11,492
<b>Creditors</b>					
Amounts falling due after more than one year	13	3,232	3,660	3,232	3,660
<b>Provision for liabilities and charges</b>	15	<u>787</u>	<u>829</u>	<u>787</u>	<u>829</u>
<b>Net assets excluding pension liabilities</b>		9,155	7,003	9,155	7,003
Pension liabilities	20	<u>3,315</u>	<u>4,017</u>	<u>3,315</u>	<u>4,017</u>
<b>Net assets</b>		5,840	2,986	5,840	2,986
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	17	500	500	500	500
Profit and loss account	18	<u>5,340</u>	<u>2,486</u>	<u>5,340</u>	<u>2,486</u>
<b>Total shareholders' funds</b>	18	5,840	2,986	5,840	2,986
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

R. TOMLINSON )  
 ) Directors  
L L R. WHITELEY )

**Company Registration No 3574122**

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Consolidated Cash Flow Statement for the year ended 31st August 2011**

	Notes	2011 £'000	2010 £'000
<b>Net cash inflow from operating activities</b>	23	1,104	3,583
<b>Returns on investment and servicing of finance</b>			
Interest paid		( 328)	( 327)
Taxation		( 639)	( 415)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,044)	(2,330)
Proceeds from sale of tangible fixed assets		<u>116</u>	<u>48</u>
		(1,928)	(2,282)
<b>Net cash inflow before financing</b>		(1,791)	559
<b>Financing</b>			
Loan repayments		( 500)	(1,000)
New finance leases		881	362
Capital element of finance lease repayments		( 632)	( 396)
<b>Net cash outflow from financing</b>		( 251)	(1,034)
<b>Decrease in cash in the year</b>	25	(2,042)	( 475)
		<u>          </u>	<u>          </u>



## **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

### **Notes to the Accounts**

#### **1. Accounting policies**

##### **Accounting convention**

These accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

##### **Basis of consolidation**

The group accounts comprise a consolidation of the accounts of the holding company and its subsidiary undertakings, which have been made up to 31st August 2011

##### **Goodwill**

Goodwill on acquisitions is calculated as the difference between the consideration and fair value of net assets acquired. Goodwill is capitalised in accordance with FRS 10 and amortised over its useful economic life, assessed at 8 years.

##### **Turnover**

Turnover, which excludes value added tax, represents the amount receivable for goods and services rendered.

##### **Depreciation**

Depreciation of tangible fixed assets has been calculated to write off the cost of the assets, less their estimated residual value over their estimated useful lives at the following rates

Freehold and long leasehold buildings	5% - 10%
Plant and machinery	10% - 33%
Motor vehicles	25% - 33%

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and an attributable proportion of indirect overhead expenses

##### **Finance leases**

Assets held under finance leases are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest charged to the Profit and Loss Account on a straight line basis

##### **Operating lease agreements**

Rentals applicable to operating leases where substantively all of the benefits and risk of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date

## **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

### **Notes to the Accounts**

#### **1. Accounting policies [continued]**

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Pension schemes**

Contributions in respect of defined contribution pension schemes are charged to the Profit and Loss Account when they become payable.

In accordance with 'FRS17 – Retirement Benefits', the operating and financing costs of defined benefit pension schemes are recognised separately in the Profit and Loss Account. As the Scheme has ceased to accrue further benefits for its members there are no current service costs. Financing costs are recognised in the Profit and Loss Account in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the statement of total recognised gains and losses.

#### **2. Turnover**

All turnover relates to one class of business, being the manufacture and supply of compound animal feed within the United Kingdom.

#### **3. Operating profit**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
The operating profit for the year has been arrived at after.		
<b>Charging</b>		
Directors' emoluments (see note 4)	265	217
Depreciation	1,587	1,512
Amortisation	133	133
Operating lease charges		
- land and buildings	47	47
- motor vehicles	153	183
Auditors' remuneration		
- audit	13	13
- non-audit	8	11
<b>Crediting</b>		
Profit on disposal of fixed assets	68	19

Included in administrative expenses of the comparative year is £333,970 in respect of re-organisation costs incurred in transferring certain elements of the business to a central site.

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Notes to the Accounts**

### **4. Directors' emoluments and employment costs**

#### **Directors' emoluments**

The aggregate amount of directors' emoluments, including contributions to pension schemes in respect of current service were:

	2011 £'000	2010 £'000
Remuneration (including benefits in kind)	236	191
Pension contributions	<u>29</u>	<u>26</u>
	<b>265</b>	<b>217</b>

The above amounts are in respect of one director. All of the other directors are remunerated by the respective investing companies. Charges are raised to reflect the proportionate amount of time spent in the management of the company.

<b>Employees</b>	2011 £'000	2010 £'000
Total cost of employment.		
Wages and salaries	4,679	4,409
Social security costs	467	438
Other pension costs	<u>316</u>	<u>304</u>
	<b>5,462</b>	<b>5,151</b>

<b>Average number of employees</b>	2011 Number	2010 Number
Administration and management	9	8
Production	161	161
Sales	<u>3</u>	<u>4</u>
	<b>173</b>	<b>173</b>

### **5. Interest payable and similar charges**

	2011 £'000	2010 £'000
Bank interest payable	102	50
Hire purchase interest	82	77
Group interest	49	45
Net finance charges on pension scheme (see note 20)	<u>95</u>	<u>155</u>
	<b>328</b>	<b>327</b>

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 6. Taxation

	2011 £'000	2010 £'000
<b>a. Analysis of charge for year</b>		
Current tax:		
Charge for year	849	258
Adjustment in respect of previous year	<u>-</u>	<u>4</u>
	849	262
Deferred tax		
Origination and reversal of timing difference	<u>281</u>	<u>149</u>
Tax charge on profit on ordinary activities	<u>1,130</u>	<u>411</u>
<b>b. Factors affecting the tax charge for the year</b>		
Tax on profit on ordinary activities at the averaged standard rate of corporation tax of 28% (2010 28%)	1,152	352
Effects of:		
Expenses not deductible for tax purposes	18	45
Depreciation in excess of capital allowances	26	( 22)
Other timing differences	( 324)	( 117)
Adjustment in respect of previous year	-	4
Tax charged at lower rate	<u>( 23)</u>	<u>-</u>
	<u>849</u>	<u>262</u>

### 7. Intangible fixed assets

Group and company	Goodwill £'000
At 1st September 2010 and at 31st August 2011	<u>1,065</u>
<b>Amortisation</b>	
At 1st September 2010	683
Charge for the year	<u>133</u>
At 31st August 2011	<u>816</u>
<b>Net book amount</b>	
At 31st August 2011	<u>249</u>
At 31st August 2010	<u>382</u>

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 8. Tangible fixed assets

Group and company	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1st September 2010	6,270	19,441	25,711
Additions	-	2,044	2,044
Disposals	-	( 474)	( 474)
At 31st August 2011	6,270	21,011	27,281
<b>Depreciation</b>			
At 1st September 2010	1,350	14,102	15,452
Charge for year	237	1,350	1,587
Disposals	-	( 426)	( 426)
At 31st August 2011	1,587	15,026	16,613
<b>Net book amount</b>			
At 31st August 2011	4,683	5,985	10,668
At 31st August 2010	4,920	5,339	10,259

The net book value of land and buildings includes £117,101 (2010 £117,101) of long leasehold property. Land and buildings includes, where applicable, fixed plant which forms an integral part of the building structure.

Plant includes motor vehicles having a net book value of £1,916,009 (2010 £1,605,534)

The net book value of tangible fixed assets includes an amount of £1,671,388 (2010 £1,255,628) in respect of assets held under finance leases, and on which depreciation charged in the year was £335,704 (2010 £260,440).

### 9. Investments

Company	2011 £'000	2010 £'000
Investments in subsidiary undertakings	70	70

During the year the company completed the striking off of a number of its dormant subsidiaries. At 31st August 2011, the company continued to hold 100% of the shares of five dormant companies, four of which are registered in England and Wales and one in Scotland. The total cost of the investment in the companies struck off was treated as disposals in the previous year.

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 10. Stocks

	2011 £'000	2010 £'000
<b>Group and company</b>		
Raw materials	1,479	1,083
Finished goods and goods for resale	<u>783</u>	<u>534</u>
	<u>2,262</u>	<u>1,617</u>

### 11. Debtors

	2011 £'000	2010 £'000
<b>Group and company</b>		
Trade debtors	11,905	8,827
Other debtors	228	214
Prepayments and accrued income	<u>343</u>	<u>353</u>
	<u>12,476</u>	<u>9,394</u>

### 12. Creditors - amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank overdraft	5,079	3,037	5,079	3,037
Trade creditors	1,266	1,583	1,266	1,583
Ultimate parent undertaking	2,512	2,515	2,512	2,515
Subsidiaries and fellow subsidiaries	1,259	1,210	1,329	1,280
Finance lease obligations	526	349	526	349
Other creditors	80	82	80	82
Corporation tax	409	199	409	199
Accruals and deferred income	<u>1,351</u>	<u>1,186</u>	<u>1,351</u>	<u>1,186</u>
	<u>12,482</u>	<u>10,161</u>	<u>12,552</u>	<u>10,231</u>

The company has given a debenture incorporating a fixed and floating charge over all the assets of the undertaking together with a cross guarantee with Carrs Billington Agriculture (Sales) Limited and Northern Feeds Solutions Limited as security for the collective bank facilities of these companies

### 13. Creditors - amounts falling due after more than one year

	2011 £'000	2010 £'000
<b>Group and company</b>		
Ultimate parent undertaking	1,275	1,775
Other loan	1,225	1,225
Finance lease obligations	<u>732</u>	<u>660</u>
	<u>3,232</u>	<u>3,660</u>

Details of the parent company loan and the other loan are given in note 21

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 14. Lease obligations

	2011		2010	
Group and company	£'000		£'000	
<b>Finance leases</b>				
Amounts falling due:				
Within one year		526		349
Within two to five years		<u>732</u>		<u>660</u>
		1,258		1,009
		<u>          </u>		<u>          </u>
	<b>Land and buildings</b>		<b>Plant and machinery</b>	
	2011	2010	2011	2010
Group and company	£'000	£'000	£'000	£'000
Leasing commitments				
Leases expiring				
Within one year	-	-	55	13
Within two to five years	-	-	-	142
After five years	<u>47</u>	<u>47</u>	<u>-</u>	<u>-</u>
	47	47	55	155
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The lease commitments relate to future annual rentals payable under non-cancellable operating leases.

### 15. Provision for liabilities and charges

	2011	2010
Group and company	£'000	£'000
<b>Deferred Taxation</b>		
Accelerated capital allowances	787	829
	<u>          </u>	<u>          </u>
At 1st September 2010	829	797
Profit and loss account charge for year	281	149
Pension liability - contributions	<u>(323)</u>	<u>(117)</u>
At 31st August 2011	787	829
	<u>          </u>	<u>          </u>

### 16. Capital commitments

There were capital commitments at 31st August 2011 amounting to £Nil (2010 £600,000)

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 17. Share capital of Carrs Billington Agriculture (Operations) Limited

	Authorised		Allotted, called up and fully paid	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Ordinary A shares of £1 each	245	245	245	245
Ordinary B shares of £1 each	<u>255</u>	<u>255</u>	<u>255</u>	<u>255</u>
	500	500	500	500

Each class of shares is entitled to vote and ranks pari passu with the other

18. Reconciliation of movement in shareholders' funds	Share Capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
<b>Group</b>			
At 1st September 2010	500	2,486	2,986
Actuarial loss on net pension liability	-	( 55)	( 55)
Deferred tax associated with net pension liability	-	( 75)	( 75)
Profit for the year	<u>-</u>	<u>2,984</u>	<u>2,984</u>
At 31st August 2011	<u>500</u>	<u>5,340</u>	<u>5,840</u>
<b>Company</b>			
At 1st September 2010	500	2,486	2,986
Actuarial loss on net pension liability	-	( 55)	( 55)
Deferred tax associated with net pension liability	-	( 75)	( 75)
Profit for the year	<u>-</u>	<u>2,984</u>	<u>2,984</u>
At 31st August 2011	<u>500</u>	<u>5,340</u>	<u>5,840</u>

The Profit and Loss Account of the group and company are stated after deduction of a net pension deficit of £3,315,000 (2010 £4,017,000).

### 19. Profit of holding company

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent undertaking is not presented as part of these accounts. The consolidated profit for the year includes a profit of £2,983,548 (2010 £595,218) which is dealt with in the accounts of Carrs Billington Agriculture (Operations) Limited.



## CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

### Notes to the Accounts

#### 20. Pensions

The company operates a group personal pension scheme for employees. The cost of contributions into the scheme during the year ended 31st August 2011 amounted to £316,103 (2010 £304,180)

Carrs Billington Agriculture (Operations) Limited is the principal employer of the Carrs Billington Agriculture Pension Scheme, a funded defined benefit scheme. The assets of the scheme are held separately from those of the company, and are invested with financial institutions. The scheme ceased to accrue further benefits for its active members with effect from 1 December 2007.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the attained age method of valuation. Contributions paid into the scheme during the year amounted to £1,250,000. The company has agreed to contribute £800,000 to the scheme during the year to 31st August 2012.

The actuarial valuation was updated to 31st August 2011 by an independent qualified actuary in accordance with FRS17. As required by FRS17, the defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out as at 31st August 2011 the fair value of the assets, the present value of the FRS17 liabilities and the surplus or deficit of assets over the FRS17 liabilities (which equals the gross pension deficit), which is included in the balance sheet net of deferred taxation

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Total fair value of assets	20,091	19,564	17,903	19,254	20,661
Present value of liabilities	(24,570)	(25,143)	(22,858)	(21,896)	(22,322)
Gross pension deficit	( 4,479)	( 5,579)	( 4,955)	( 2,642)	( 1,661)
Deferred tax asset	<u>1,164</u>	<u>1,562</u>	<u>1,387</u>	<u>739</u>	<u>466</u>
Net pension deficit	<u>( 3,315)</u>	<u>( 4,017)</u>	<u>( 3,568)</u>	<u>( 1,903)</u>	<u>( 1,195)</u>

The percentages that each major asset category represents of the fair value of the total scheme assets were as shown below:

	2011	2010
Equities	50%	51%
Bonds	<u>50%</u>	<u>49%</u>
	100%	100%

# CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

## Notes to the Accounts

### 20. Pensions [continued]

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of 5.90% detailed below together with other assumptions

	2011 £'000	2010 £'000
Actual return on scheme assets	310	2,095
<b>Weighted average assumptions used to determine benefit obligations at:</b>	<b>2011</b>	<b>2010</b>
Discount rate	5.40%	5.10%
<b>Weighted average assumptions used to determine net pension cost for the year:</b>	<b>2011</b>	<b>2010</b>
Discount rate	5.10%	5.60%
Expected long-term return on scheme assets	5.90%	6.20%
<b>Weighted average life expectancy for mortality tables used to determine benefit obligations at 31st August 2011:</b>	<b>Male</b>	<b>Female</b>
Member age 65 (current life expectancy)	21.8	24.7
Member age 45 (life expectancy at age 65)	24.7	27.7
<b>Changes in the present value of the defined benefit obligations are as follows:</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Benefit obligation at beginning of year	25,143	22,858
Interest cost	1,256	1,252
Actuarial gain	(796)	2,042
Benefits paid	(1,033)	(1,009)
Benefit obligation at end of year	24,570	25,143
<b>Analysis of defined benefit obligation</b>		
Schemes that are wholly or partly funded	24,570	25,143

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Notes to the Accounts**

### **20. Pensions [continued]**

<b>Change in the fair value of scheme assets are as follows:</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at beginning of year	19,564	17,903
Expected return on scheme assets	1,161	1,097
Actuarial loss	( 851)	998
Employer contribution	1,250	575
Benefits paid	( 1,033)	( 1,009)
Fair value of scheme assets at end of year	20,091	19,564
<b>Analysis of the amount charged to interest payable</b>		
Expected return on pension scheme assets	1,161	1,097
Interest on pension scheme liabilities	(1,256)	(1,252)
Net charge in profit and loss account	( 95)	( 155)
<b>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</b>		
Actuarial loss immediately recognised	55	1,044

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (STRGL) since the implementation of FRS17 amounts to a loss of £7,653,000 at 31st August 2011.

<b>History of experience gains and losses</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Difference between the expected and actual return on the scheme assets:	(851)	998	(2,060)	(3,005)	192
Percentage of scheme assets	(4%)	5%	(12%)	(16%)	1%
Experience gains and losses on scheme liabilities	Nil	(996)	Nil	Nil	844
Percentage of the present value of the scheme liabilities	Nil	(4%)	Nil	Nil	4%

## CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES

### Notes to the Accounts

#### 21. Related party transactions

Details of transactions with Criddle & Co Limited, a subsidiary undertaking of the ultimate parent undertaking, Edward Billington and Son Limited and with the ultimate parent undertaking itself, are as follows.

	Edward Billington and Son Limited		Criddle & Co. Limited	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Sales	56	47	126	155
Purchases	-	-	72,863	63,422
Management charges payable	658	160	-	-
Rent payable	28	28	-	-
Creditors:				
Loans	3,775	4,275	-	-
Other	12	15	1,341	1,281
Debtors	-	-	10	-

The outstanding loans of £3,775,000 (2010 £4,275,000) due to Edward Billington and Son Limited at 31st August 2011, comprise two separate loans. Firstly, £1,775,000 (2010 £2,275,000) of this balance represents an unsecured, interest free loan which is repayable at the rate of £500,000 (2010 £500,000) per annum. The second, which is included entirely within creditors falling due in less than one year and amounts to £2,000,000 (2010 £2,000,000), is also unsecured, subject to interest at 2.25% over base rate and is repayable on demand.

Edward Billington and Son Limited, has a 49% interest in Carrs Billington Agriculture (Sales) Limited, the remainder of whose shares are owned by Carrs Milling Industries PLC.

Carrs Milling Industries PLC, its joint venture companies Bibby Agriculture Limited and Afritech Limited, and five of its subsidiaries, Carrs Billington Agriculture (Sales) Limited, Carrs Agriculture Limited, Carrs Flour Mills Limited, Carrs Engineering Limited and Carrs Properties Limited entered into the following transactions with the company during the year and had outstanding balances as follows:

31st August 2011	Sales £'000	Purchases £'000	Creditors £'000	Debtors £'000
Carrs Milling Industries PLC	-	15	1,225	4
Carrs Billington Agriculture (Sales) Ltd	85,784	473	17	10,771
Carrs Agriculture Limited	3	9	3	1
Carrs Flour Mills Limited	-	-	-	2
Carrs Engineering Limited	-	140	22	-
Carrs Properties Limited	-	18	-	-
Bibby Agriculture Limited	11,631	-	1	887
Afritech Limited	-	454	30	38

The balance of £1,225,000 due to Carrs Milling Industries PLC represents an unsecured, interest free loan of £1,225,000 (2010 £1,225,000). Whilst there are no set repayment dates, Carrs Milling Industries PLC will only seek repayment after more than one year in accordance with the loan agreement.

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Notes to the Accounts**

### **21. Related party transactions [continued]**

<b>31st August 2010</b>	<b>Sales £'000</b>	<b>Purchases £'000</b>	<b>Creditors £'000</b>	<b>Debtors £'000</b>
Carrs Milling Industries PLC	-	15	1,225	£
Carrs Billington Agriculture (Sales) Limited	73,805	263	25	7,399
Carrs Agriculture Limited	-	5	-	£
Carrs Flour Mills Limited	-	-	-	1
Carrs Engineering Limited	-	133	31	£
Carrs Properties Limited	-	18	-	-
Bibby Agriculture Limited	9,670	1	-	1,279
Afgritech Limited	-	652	50	12

The amounts noted above are also applicable to the company.

### **22. Ultimate parent undertaking**

The ultimate parent undertaking is Edward Billington and Son Limited which is incorporated in England

The remainder of the company's shares are under the control of Carrs Milling Industries PLC.

### **23. Reconciliation of operating profit to operating cashflows**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Operating Profit	4,442	1,582
Depreciation charge	1,587	1,512
Amortisation of goodwill	133	133
Profit on sale of fixed assets	( 68)	( 19)
Increase in stock	( 645)	206
Increase in debtors	(3,082)	( 524)
Increase in creditors	( 108)	1,113
Defined benefit pension schemes	(1,155)	( 420)
<b>Net cash inflow from operating activities</b>	<b>1,104</b>	<b>3,583</b>

# **CARRS BILLINGTON AGRICULTURE (OPERATIONS) LIMITED AND SUBSIDIARIES**

## **Notes to the Accounts**

### **24. Analysis of changes in net debt**

	2010 £'000	Cashflow £'000	Other non- cash changes £'000	2011 £'000
Cash in hand and at bank	1	-	-	1
Overdrafts	( 3,037)	( 2,042)	-	( 5,079)
	( 3,036)	( 2,042)	-	( 5,078)
Loans due within one year	( 2,500)	500	( 500)	( 2,500)
Loans due after one year	( 3,000)	-	500	( 2,500)
Finance leases	( 1,009)	( 249)	-	( 1,258)
	( 9,545)	( 1,791)	-	(11,336)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### **25. Reconciliation of net cash flow to movement in net debt**

	2011 £'000	2010 £'000
Decrease in cash in the year	( 2,042)	( 475)
Cash outflow from decrease in debt and lease financing	<u>251</u>	<u>1,034</u>
Movement in net debt in the year	( 1,791)	559
Net debt at 1st September 2010	( 9,545)	(10,104)
Net debt at 31st August 2011	<u>(11,336)</u>	<u>( 9,545)</u>