

Carrs Agriculture Limited
Annual report
for the year ended 2 September 2000

Registered Number 189740



Carrs Agriculture Limited

Annual report

for the year ended 2 September 2000

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Carrs Agriculture Limited

Directors' report for the year ended 2 September 2000

The directors present their report and the audited financial statements for the year ended 2 September 2000.

Principal activity

The principal activities of the company continued to be the manufacture and supply of agricultural products.

Review of business and future developments

The directors are satisfied with the result for the period and the prospects for the future.

Results and dividends

The results for the year are set out on page 4.

The directors have declared an ordinary dividend payable in respect of the year ended 2 September 2000 of £1,155,000 (1999 - £613,000).

Directors and their interests

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

C N C Holmes (Chairman)
R C Wood
J E Tudor (retired 20 November 1999)
D Monaghan
R Tomlinson
S A Denby
J Crawford
P J Copus
I T Dalton (appointed 1 January 2000)

S A Denby, C N C Holmes and J Crawford retire by rotation and, being eligible, offer themselves for re-election.

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

Other directors who held office had the following interests in the shares of the ultimate parent company:

	<u>Ordinary shares of 25p each</u>	
	2 September 2000	29 August 1999
J Crawford	11,000	11,000
S A Denby	9,000	9,000
P J Copus	4,000	4,000
D Monaghan	10,000	10,000

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

Policy and practice on payment of creditors

It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company abides by the agreed payment terms. Trade creditors at the year end represented 42 days (1999 – 36 days) of purchases.

Statement of directors' responsibilities

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

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 2 September 2000 and that applicable accounting standards have been followed.

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

Auditors

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

By order of the Board



R C Wood
Secretary

13 November 2000

Carrs Agriculture Limited

Auditors' report to the members of Carrs Agriculture Limited

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
13 November 2000

Carrs Agriculture Limited

Profit and loss account for the year ended 2 September 2000

	Note	2000 £	1999 £
Turnover	2		
Continuing operations		52,401,290	52,366,240
Acquisitions		5,867,118	-
		58,268,408	52,366,240
Cost of sales		(49,553,893)	(45,120,684)
Gross profit		8,714,515	7,245,556
Net operating expenses	3	(6,644,065)	(5,943,524)
Operating profit	4		
Continuing operations		2,006,313	1,302,032
Acquisitions		64,137	-
Profit on ordinary activities before interest		2,070,450	1,302,032
Interest receivable and similar income	7	16,103	10,879
Interest payable and similar charges	8	(431,322)	(479,138)
Profit on ordinary activities before taxation		1,655,231	833,773
Tax on profit on ordinary activities	9	(519,380)	(332,000)
Profit for the financial year		1,135,851	501,773
Dividends proposed		(1,155,000)	(613,000)
Retained loss for the financial year	20	(19,149)	(111,227)

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

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Note of historical cost profits and losses

	2000	1999
	£	£
Reported profit on ordinary activities before taxation	1,655,231	833,773
Realisation of property revaluation gains of prior years	-	42,654
Difference between historical cost depreciation charge and actual charge on revalued amount	17,471	13,051
Historical cost profit on ordinary activities before taxation	1,672,702	889,478
Historical cost loss for the year after taxation and dividends	(1,678)	(55,522)

Carrs Agriculture Limited

Balance sheet as at 2 September 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	10		5,411,192		5,443,930
Investments	11		55,474		55,474
			5,466,666		5,499,404
Current assets					
Stocks	12	5,089,973		4,522,070	
Debtors	13	11,053,170		10,986,439	
Cash at bank and in hand		79,374		2,878	
		16,222,517		15,511,387	
Creditors: amounts falling due within one year	14	(19,534,182)		(18,899,866)	
Net current liabilities			(3,311,665)		(3,388,479)
Total assets less current liabilities			2,155,001		2,110,925
Creditors : amounts falling due after more than one year	15		(224,405)		(225,680)
Provisions for liabilities and	17		(150,000)		(78,000)
Deferred income	18		(22,500)		(30,000)
Net assets			1,758,096		1,777,245
Capital and reserves					
Called up equity share capital	19		101,520		101,520
Revaluation reserve	20		896,032		913,503
Profit and loss account	20		760,544		762,222
Equity shareholders' funds	21		1,758,096		1,777,245

The financial statements on pages 4 to 21 were approved by the board of directors on 13 November 2000 and were signed on its behalf by:



R C Wood
Director

Carrs Agriculture Limited

Accounting policies

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

The requirements of FRS 15 are discussed further in 'Revaluation of properties'. The adoption of this standard has not resulted in a restatement of prior year results.

Turnover

Turnover represents the value of goods invoiced to customers during the year less returns and excluding VAT.

Depreciation

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

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

Revaluation of properties

Prior to 1999, some freehold and leasehold properties were revalued. On adoption of FRS 15 in 1999, the company has followed the transitional rules to retain the book value of land and buildings. Transfers are made to retained profits each year in order to amortise surpluses over the remaining useful lives of the properties. On disposal the profit or loss is calculated by reference to the net book value and any unamortised revaluation surplus is transferred from revaluation reserves to retained profit.

Stocks

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

Deferred taxation

Provision is made for deferred taxation on the liability method in respect of timing differences only to the extent that a liability is expected to arise in the foreseeable futures.

Grants

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

Leases

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

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

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

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Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. Employees are members of the Carr's Milling Industries PLC defined benefit pension scheme. See note 23 for details of this scheme.

Goodwill

Goodwill in respect of acquisitions prior to September 1998 remains eliminated against reserves. This goodwill had been eliminated as a matter of accounting policy and will be charged or credited in the profit and loss account on subsequent disposal.

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Notes to the financial statements for the year ended 2 September 2000

1 Cash flow statement and related party transactions

The company is a wholly-owned subsidiary of Carr's Milling Industries PLC and is included in the consolidated financial statements of Carr's Milling Industries PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Carr's Milling Industries PLC group or investees of the Carr's Milling Industries PLC group.

2 Segmental reporting

All the activities of the company fall into one class of business, namely the manufacture and supply of agricultural products.

3 Net operating expenses

	2000	1999
	£	£
Distribution costs	3,422,353	3,105,116
Administrative expenses	3,221,712	2,838,408
	6,644,065	5,943,524

Carrs Agriculture Limited

4 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging/(crediting)		
Wages and salaries	3,402,807	3,165,868
Social security costs	306,489	279,359
Other pension costs	238,300	254,930
Staff costs	3,947,596	3,700,157
Depreciation of tangible fixed assets		
- owned assets	440,119	431,807
- leased assets	224,196	186,125
Profit on disposal of tangible fixed assets	(19,063)	(51,944)
Operating lease charges		
- Plant and machinery	138,636	21,731
- Other	66,067	65,515
Rent receivable	(41,593)	(59,563)
Amortisation of grants	(7,500)	(7,500)
Auditors' remuneration		
- Audit services	40,829	32,400

5 Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	457,158	337,777
Company contributions to money purchase pension schemes	38,482	29,000
	495,640	366,777

Retirement benefits are accruing to one (1999 - one) directors under a money purchase pension scheme and six directors (1999 - five) under a defined benefit scheme.

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Highest paid director

	2000	1999
	£	£
Total amount of emoluments	138,477	118,883
Company contributions to money purchase scheme	38,482	29,000
Defined benefit scheme:		
- Accrued pension at end of year	56,000	56,000

6 Employee information

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

By activity	2000	1999
Sales, office and management	158	117
Manufacturing and distribution	47	81
	205	198

7 Interest receivable and similar income

	2000	1999
	£	£
Interest from trade debtors	7,288	3,855
Bank interest receivable	1,677	1,132
Interest on advance payments	6,738	-
Interest receivable on amounts owed by group companies	400	5,892
	16,103	10,879

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8 Interest payable and similar charges

	2000 £	1999 £
Interest payable on bank overdraft	180,374	213,628
Finance leases	40,184	55,794
Interest payable on amounts owed to group companies	167,206	154,130
Other	43,558	55,586
	431,322	479,138

9 Tax on profit on ordinary activities

	2000 £	1999 £
Taxation on profit for the year		
UK corporation tax at 30% (1999 – 30.58%)	400,000	157,105
Consortium tax relief payable	125,000	-
Group relief payable	-	96,895
Deferred tax	61,800	78,000
Over provision on prior year	(67,420)	-
	519,380	332,000

Consortium tax relief is payable to a related party, disclosed in note 26.

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10 Tangible assets

	Land and buildings £	Plant and equipment £	Assets in course of construction £	Total £
Cost or valuation				
At 29 August 1999	3,539,613	4,255,742	19,178	7,814,533
Transfers from group companies	-	378,539	-	378,539
Additions	47,733	485,944	8,150	541,827
Reclassifications	-	19,178	(19,178)	-
Disposals	-	(481,350)	-	(481,350)
At 2 September 2000	3,587,346	4,658,053	8,150	8,253,549
Depreciation				
At 29 August 1999	274,583	2,096,020	-	2,370,603
Reclassifications	(540)	540	-	-
Charge for the year	71,830	592,485	-	664,315
Transfer from group companies	-	232,370	-	232,370
Disposals	-	(424,931)	-	(424,931)
At 2 September 2000	345,873	2,496,484	-	2,842,357
Net book amount				
At 2 September 2000	3,241,473	2,161,569	8,150	5,411,192
At 28 August 1999	3,265,030	2,159,722	19,178	5,443,930
Cost or valuation at 2 September 2000 is represented by:				
Valuation in 1998	498,000	-	-	498,000
Valuation in 1995	1,129,763	-	-	1,129,763
Cost	1,959,583	4,658,053	8,150	6,625,786
	3,587,346	4,658,053	8,150	8,253,549

Land and buildings with the exception of the mill and properties constructed or land acquired since 1995, were revalued at open market value for existing use at 31 August 1995 by Carigiet Cowen, Chartered Surveyors. Following the decommissioning of the mill in August 1998 the portion of the building that remained in use was revalued on the basis of depreciated replacement cost by G F Singleton and Company, Chartered Surveyors at 29 August 1998.

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The net book amount of land and buildings comprises

	2000	1999
	£	£
Freeholds	2,879,343	2,893,510
Long leaseholds	362,130	371,520
	3,241,473	3,265,030

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

	2000	1999
	£	£
Cost	2,586,895	2,539,162
Aggregate depreciation	(530,517)	(476,158)
Net book amount	2,056,378	2,063,004

Assets held under finance leases and capitalised in plant and machinery

	2000	1999
	£	£
Cost	1,091,833	894,595
Aggregate depreciation	(494,526)	(387,641)
Net book amount	597,307	506,954

11 Fixed asset investments

	2000	1999
	£	£
Investment in subsidiaries	55,421	55,421
Unlisted investments	53	53
	55,474	55,474

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The company holds 100% of the ordinary share capital of Thos Edmondson Limited, a dormant company registered and incorporated in England and Wales. Consolidated accounts have not been prepared as the company is exempt from preparing and delivering to the Registrar of Companies consolidated financial statements. This is because it is included in the consolidated financial statements of a larger group drawn up to the same date, by a parent established in the EEA. See note 27 for further details.

12 Stocks

	2000	1999
	£	£
Raw materials and consumables	2,066,141	1,358,301
Work in progress	37,008	53,449
Finished goods and goods for resale	2,986,824	3,110,320
	5,089,973	4,522,070

13 Debtors

	2000	1999
	£	£
Trade debtors	8,816,966	8,424,434
Amounts owed by group undertakings	2,062,629	2,245,215
Other debtors	67,777	164,236
Prepayments and accrued income	105,798	152,554
	11,053,170	10,986,439

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14 Creditors : amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	-	1,925,621
Finance leases	230,030	195,019
Payments on account	355,864	409,050
Trade creditors	7,422,022	6,331,908
Amounts owed to group undertakings	8,526,598	8,061,297
Corporation tax	387,106	123,496
Consortium tax relief payable	125,000	-
Group taxation relief payable	-	223,975
Other taxation and social security payable	437,236	253,851
Other creditors	43,227	173,441
Accruals	852,099	589,208
Proposed dividend	1,155,000	613,000
	19,534,182	18,899,866

Consortium tax relief is payable to a related party, disclosed in note 26.

15 Creditors : amounts falling due after more than one year

	2000	1999
	£	£
Finance leases	224,405	195,680
Other creditors	-	30,000
	224,405	225,680

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16 Loans and other borrowings

	2000 £	1999 £
Bank loans and overdrafts	-	1,925,621
Finance leases	454,435	390,699
	454,435	2,316,320
Maturity of debt		
In one year or less, or on demand	230,030	2,120,640
In more than one year, but not more than two years	161,384	135,358
In more than two years, but not more than five years	63,021	60,322
Amount repayable otherwise than by instalments after more than five years	454,435	2,316,320

17 Provisions for liabilities and charges

	Deferred tax provision £	Total £
At 29 August 1999	78,000	78,000
Business transfer	10,200	10,200
Charged to the profit and loss account	61,800	61,800
At 2 September 2000	150,000	150,000

	2000 £	1999 £
Deferred taxation provided in the financial statements is as follows:		
Accelerated capital allowances	172,000	145,000
Other timing differences	(22,000)	(67,000)
Deferred tax provision	150,000	78,000

Full provision has been made for all aspects of deferred taxation.

Carrs Agriculture Limited

18 Deferred income

	Grants £
At 29 August 1999	30,000
Amortisation for the year	(7,500)
At 2 September 2000	22,500

19 Called up equity share capital

	2000 £	1999 £
Authorised		
120,000 ordinary shares of £1 each	120,000	120,000
Allotted and fully paid		
101,520 ordinary shares of £1 each	101,520	101,520

20 Reserves

	Revaluation reserve £	Profit and loss account £
At 29 August 1999	913,503	762,222
Retained loss for the financial year	-	(19,149)
Transfer of difference between depreciation based on historical costs and revalued amounts	(17,471)	17,471
At 2 September 2000	896,032	760,544

Cumulative goodwill relating to acquisitions prior to September 1998, which has been eliminated against reserves amounts to £161,352 (1999 - £161,352).

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21 Reconciliation of movements in equity shareholders' funds

	2000	1999
	£	£
Profit for the year	1,135,851	501,773
Dividends	(1,155,000)	(613,000)
Net deduction to shareholders' funds	(19,149)	(111,227)
Opening shareholders' funds	1,777,245	1,888,472
Closing shareholders' funds	1,758,096	1,777,245

22 Acquisition of business

At the close of business on 5 November 1999, the trade and net assets of Champion Fertilisers Limited, a fellow subsidiary undertaking of Carr's Milling Industries PLC, were transferred to the company at their book value.

The assets and liabilities transferred are set out below:

	£
Tangible fixed assets	146,167
Stocks	630,947
Debtors	412,297
Cash at bank and in hand	(373,859)
Creditors	(333,740)
Provisions for liabilities and charges	(10,200)
	471,612

Consideration of £471,612 was settled via the intercompany creditor account.

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23 Pension commitments

The company participates in a group pension scheme operated by Carr's Milling Industries PLC. The pension scheme is primarily of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 1 January 1998. Particulars of the scheme are contained in the financial statements of Carr's Milling Industries PLC.

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

The total pension cost for the year charged to the profit and loss account is shown in note 4.

24 Financial commitments

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Within one year	43,620	-	139	10,183
Within two to five years	-	-	132,787	220,397
After five years	21,890	21,890	-	-
	65,510	21,890	132,926	230,580

25 Contingent liabilities

The company has given an unlimited cross guarantee with regard to all amounts owing to Clydesdale Bank PLC by its parent company and fellow subsidiary companies. At 2 September 2000 the aggregate amount outstanding under these group banking arrangements was £4,542,502 (1999 - £4,457,796).

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26 Other related party transactions

The company trades with Carrs Billington Agriculture Limited which is a joint venture between Carr's Milling Industries PLC, the company's immediate parent and Billington Agriculture Limited. The company principally purchases ruminant animal feed compound from Carrs Billington Agriculture Limited. During the year the company made purchases amounting to £7,502,073 (1999 - £6,607,972) and sales amounting to £109,919 (1999 - £30,398). At 2 September 2000 the outstanding balance payable to Carrs Billington Agriculture Limited was £121,969 (1999 - £167,783) and the outstanding balance receivable was £111,212 (1999 - £11,258).

Creditors falling due within one year includes £125,000 payable to Carrs Billington Agriculture Limited, a related party for consortium tax relief.

27 Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Carr's Milling Industries PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Carr's Milling Industries PLC is registered in England and Wales. Copies of Carr's Milling Industries PLC consolidated financial statements can be obtained from the company secretary at Carr's Milling Industries PLC, Old Croft, Stanwix, Carlisle, CA3 9BA.