

Carrs Billington Agriculture (Sales) Limited  
Annual report and financial statements  
for the 53 week period ended 3 September 2011

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**Carrs Billington Agriculture (Sales) Limited**  
**Annual report and financial statements**  
**for the 53 week period ended 3 September 2011**  
**Contents**

Directors' report for the 53 week period ended 3 September 2011	1
Independent auditors' report to the members of Carrs Billington Agriculture (Sales) Limited	4
Income statement for the 53 week period ended 3 September 2011	5
Balance sheet as at 3 September 2011	6
Statement of changes in shareholders' equity for the 53 week period ended 3 September 2011	8
Statement of cash flows for the 53 week period ended 3 September 2011	9
Statement of accounting policies	10
Notes to the financial statements for the 53 week period ended 3 September 2011	17

# **Carrs Billington Agriculture (Sales) Limited**

## **Directors' report for the 53 week period ended 3 September 2011**

The directors present their report and the audited financial statements of the company for the 53 week period ended 3 September 2011

### **Principal activity**

The principal activity of the company is the supply of agricultural products

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

The results of the company show a pre-tax profit of £3,248,410 (2010 £3,304,517) for the period and sales of £238,413,540 (2010 £190,439,359)

The company gained market share of compound and blended animal feeds against a background of rising and volatile wheat prices for much of the year

Retail sales grew, reflecting a full year's contribution from Forsyths of (Wooler) Limited, acquired in September 2010, and market share gains from the enhanced range of products, from animal health products to silage wraps, sold through the enlarged network of 20 branches. In April 2011, the Group acquired Safe at Work Limited, the specialist supplier of protective clothing to the forestry and agricultural markets, which has been successfully integrated and made a positive contribution in the period. Overall, margins increased as the result of improved terms agreed with suppliers and other benefits of scale.

Farm machinery sales increased by 18.0 per cent on last year with profitability being maintained. The sales of Massey Ferguson tractors and the enlarged machinery range, including the Kuhn franchise established in September 2010, continue to be encouraging.

Fuel oils increased sales by 37.0 per cent on the prior year, reflecting the expansion of the customer base, the steep rise in the oil price, the impact of the depot opened at Lancaster in September 2010 and strong organic growth. Total sales volume was up approximately 15.4 per cent on last year with margins improving. As a result of our strong focus on customer service and competitive pricing, particularly during the winter months, we increased our market share by gaining and retaining new customers. A new depot at Hexham was opened in August 2011 and we are planning further investment in this sector, including a depot at Cockermouth scheduled to open in the Spring of 2012.

Looking forward, as the animal feed compound market is relatively mature, the keys to growth will be product innovation, efficiency and selective acquisitions.

### **Principal risks and uncertainties**

The principal business risks affecting the company are managed at a group level. For this reason, the directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal business risks are described on pages 16 to 17 of the ultimate parent company's annual report.

The entity's financial risk management objectives and policies are described on page 14 of the ultimate parent company's annual report and Note 15 of this report.

### **Key performance indicators ("KPIs")**

The company's directors believe that the most significant KPI is profit before tax as shown on the income statement on page 5. KPIs are also discussed further on page 12 of the ultimate parent company's annual report.

# **Carrs Billington Agriculture (Sales) Limited**

## **Results and dividends**

The results for the period are set out on page 5 No dividends have been paid during the 53 week period ended 3 September 2011 (2010 £Nil)

## **Directors**

The directors who held office during the period and up to the date of signing the financial statements are given below

C N C Holmes	(Chairman)
D Monaghan	(Retired 1 October 2010)
R Tomlinson	
L L R Whiteley	
P Steeples	
S Gooderham	(Resigned 11 November 2011)
I Gate	
K Dixon	(Appointed 1 October 2010)

## **Third party indemnity**

The company has maintained a directors' and officers' liability insurance policy throughout the period and up to the date of signing the financial statements, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006 Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly No claims have been made either under the indemnity or the insurance policy

## **Employment policies**

The company's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the company's operations Employees participate directly in the success of the business by contributing to the SAYE share option schemes

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people

## **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 payables shown in the balance sheet at the end of the financial period represented 37 days (2010 34 days) of average purchases for goods and services made during the period

# **Carrs Billington Agriculture (Sales) Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the company and of the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

## **Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board



R C Wood  
Company secretary

19 December 2011

# **Carrs Billington Agriculture (Sales) Limited**

## **Independent auditors' report to the members of Carrs Billington Agriculture (Sales) Limited**

We have audited the financial statements of Carrs Billington Agriculture (Sales) Limited for the 53 week period ended 3 September 2011 which comprise the income statement, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to 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 financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 3 September 2011 and of its profit and cash flows for the 53 week period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **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 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.

*Mark Webster*

Mark Webster (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

19 December 2011

# Carrs Billington Agriculture (Sales) Limited

## Income statement for the 53 week period ended 3 September 2011

	Note	53 week period 2011 £	52 week period 2010 £
<b>Continuing operations</b>			
Revenue	1	238,413,540	190,439,359
Cost of sales		(220,599,136)	(174,984,287)
<b>Gross profit</b>		<b>17,814,404</b>	<b>15,455,072</b>
Distribution costs		(10,358,388)	(9,712,474)
Administrative expenses		(3,859,606)	(2,167,481)
<b>Operating profit</b>	3	<b>3,596,410</b>	<b>3,575,117</b>
Finance income	5	108,200	56,732
Finance costs	5	(456,200)	(327,332)
<b>Profit before taxation</b>	3	<b>3,248,410</b>	<b>3,304,517</b>
Taxation	6	(1,032,992)	(921,101)
<b>Profit for the period attributable to owners of the company</b>		<b>2,215,418</b>	<b>2,383,416</b>

There is no other comprehensive income for the year

# Carrs Billington Agriculture (Sales) Limited

## Balance sheet as at 3 September 2011

	Note	2011 £	2010 £
<b>Non-current assets</b>			
Goodwill and other intangible assets	7	1,846,013	1,294,651
Property, plant and equipment	8	7,125,535	5,890,372
Investments in subsidiary undertakings	9	3,773,652	2,211,718
Interest in joint venture	9	900,000	900,000
Other investments	9	44,499	44,499
Deferred tax asset	19	11,302	10,530
		<b>13,701,001</b>	<b>10,351,770</b>
<b>Current assets</b>			
Inventories	10	9,304,612	8,365,129
Trade and other receivables	11	28,832,793	22,149,456
Cash and cash equivalents	12	3,838,023	2,407,300
		<b>41,975,428</b>	<b>32,921,885</b>
<b>Total assets</b>		<b>55,676,429</b>	<b>43,273,655</b>
<b>Current liabilities</b>			
Trade and other payables	13	(23,774,916)	(17,798,445)
<i>Financial liabilities</i>			
Borrowings	14	(11,932,004)	(9,513,155)
Current tax liabilities	16	(1,203,586)	(905,317)
		<b>(36,910,506)</b>	<b>(28,216,917)</b>



# Carrs Billington Agriculture (Sales) Limited

## Balance sheet as at 3 September 2011 (continued)

	Note	2011 £	2010 £
<b>Non-current liabilities</b>			
<i>Financial liabilities</i>			
Borrowings	14	(7,165,894)	(5,623,262)
Deferred tax liabilities	19	(288,029)	(345,956)
		<b>(7,453,923)</b>	<b>(5,969,218)</b>
<b>Total liabilities</b>		<b>(44,364,429)</b>	<b>(34,186,135)</b>
<b>Net assets</b>		<b>11,312,000</b>	<b>9,087,520</b>
<b>Shareholders' equity</b>			
Ordinary share capital	20	500,000	500,000
Equity compensation reserve		48,182	70,689
Retained earnings		10,763,818	8,516,831
<b>Total shareholders' equity</b>		<b>11,312,000</b>	<b>9,087,520</b>

The financial statements on pages 5 to 53 were approved by the board of directors on 19 December 2011 and were signed on its behalf by



C N C Holmes  
Director

Carrs Billington Agriculture (Sales) Limited

Registered Number: 00189740

## **Carrs Billington Agriculture (Sales) Limited**

### **Statement of changes in shareholders' equity for the 53 week period ended 3 September 2011**

	Ordinary share capital £	Equity compensation reserve £	Retained earnings £	Total £
At 30 August 2009	500,000	70,233	6,133,415	6,703,648
Profit for the financial period	-	-	2,383,416	2,383,416
Equity settled share based payment transactions (Note 18)	-	456	-	456
At 28 August 2010	500,000	70,689	8,516,831	9,087,520
At 29 August 2010	500,000	70,689	8,516,831	9,087,520
Profit for the financial period	-	-	2,215,418	2,215,418
Equity settled share based payment transactions (Note 18)	-	9,062	-	9,062
Transfer from other reserve	-	(31,569)	31,569	-
At 3 September 2011	500,000	48,182	10,763,818	11,312,000

## Carrs Billington Agriculture (Sales) Limited

### Statement of cash flows for the 53 week period ended 3 September 2011

	Note	53 week period 2011 £	52 week period 2010 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	4,253,730	2,835,667
Interest received		108,200	56,732
Interest paid		(455,318)	(328,911)
Tax paid		(938,028)	(540,743)
<b>Net cash generated from operating activities</b>		<b>2,968,584</b>	<b>2,022,745</b>
<b>Cash flow from investing activities</b>			
Investment in subsidiaries		(2,482,562)	(800,000)
Cash hived up from subsidiaries		733,658	60,343
Proceeds from disposal of trade		160,000	-
Loan to subsidiary		-	(400,000)
Purchase of property, plant and equipment		(1,408,821)	(1,123,153)
Proceeds from sale of property, plant and equipment		176,986	126,463
<b>Net cash used in investing activities</b>		<b>(2,820,739)</b>	<b>(2,136,347)</b>
<b>Cash flows from financing activities</b>			
Increase in other borrowings		2,295,117	1,625,919
Repayment of loan from group companies		(500,000)	(500,000)
Finance lease capital payments		(512,239)	(475,353)
<b>Net cash generated from financing activities</b>		<b>1,282,878</b>	<b>650,566</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,430,723</b>	<b>536,964</b>
Cash and cash equivalents at the start of the period		2,407,300	1,870,336
<b>Cash and cash equivalents at the end of the period</b>	12	<b>3,838,023</b>	<b>2,407,300</b>

# **Carrs Billington Agriculture (Sales) Limited**

## **Statement of accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both the current and prior period, unless otherwise stated.

### **Basis of preparation**

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. No IFRSs have been adopted before their effective date.

The company is a private limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

The financial statements are prepared under the historic cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

### **Consolidation**

The company is a 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 consolidated financial statements under the terms of section 400 of the Companies Act 2006.

### **Revenue recognition**

Revenue from the sale of goods is measured at the fair value of the consideration, net of rebates and excluding discounts and value added tax. Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the company.

# **Carrs Billington Agriculture (Sales) Limited**

## **Retirement benefit obligations**

Employees are members of Carr's Milling Industries Pension Scheme 1993, the Carrs Billington Agriculture Pension Scheme, the Carrs Billington Agriculture Group Personal Pension Scheme and various small money purchase schemes gained through acquisitions

Contributions to the defined benefit pension schemes are across the participating companies. Costs are not defined for each individual company as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are charged to the income statement in the period they fall due.

## **Non-recurring items**

Non-recurring items that are material by size and/or by nature are presented within their relevant income statement category. Items that management consider fall into this category are disclosed on the face of the income statement and within a note to the financial statements. The separate disclosure of non-recurring items helps provide a better indication of the company's underlying business performance. Events which give rise to non-recurring items include gains or losses on the disposal of businesses, the restructuring of businesses, the integration of new businesses and asset impairments.

## **Interest**

Interest is recognised in the income statement on an accruals basis using the effective interest method.

## **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

## **Other intangible assets**

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation commences when assets are available for use. Customer relationships have been amortised in line with the profit streams generated over the life of the relationship. The life of the relationships ranged between 1 and 5 years.

The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs of preparing the assets for use.

# **Carrs Billington Agriculture (Sales) Limited**

## **Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

Freehold land and assets in the course of construction are not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years
Leasehold buildings	shorter of 50 years or lease term
Plant and machinery	3 to 20 years

Residual values and useful lives are reviewed at least at each financial period end.

Assets not fully constructed at the balance sheet date are classified as assets in the course of construction. When construction is complete, these assets are reclassified to the appropriate heading within property, plant and equipment. Depreciation commences when the asset is ready for use.

The cost of maintenance, repairs and minor equipment is charged to the income statement as incurred; the cost of major renovations and improvements is capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

## **Investments**

Investments are initially measured at cost, including transaction costs.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by other means are held at cost.

## **Impairment of non-financial assets**

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset-specific risks and the time value of money are used for the value in use calculation.

## **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise, inventories are valued using the first-in, first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provision has been made, where necessary, for slow moving, obsolete and defective stock.

# **Carrs Billington Agriculture (Sales) Limited**

## **Cash and cash equivalents**

Cash and cash equivalents for the purposes of the statement of cash flows and the balance sheet comprise cash at bank and in hand and bank overdrafts

## **Leasing**

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the company. Assets classified as finance leases are capitalised on the balance sheet and are depreciated over the shorter of the useful life of the asset and the term of the lease. The interest element of the rental obligations is charged to the income statement over the period of the lease using the actuarial method.

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

Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

## **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax is recognised in the income statement.

## **Share based payments**

The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At each balance sheet date the ultimate parent company revises its estimate of the number of options that are expected to vest. Changes to the fair value recognised as a result of this are charged or credited to the income statement with a corresponding adjustment to the equity compensation reserve.

# **Carrs Billington Agriculture (Sales) Limited**

## **Financial instruments**

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

### *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### *Borrowings*

Interest-bearing loans and overdrafts are recognised initially at fair value net of direct issue costs and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### *Trade payables*

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **Business combinations**

Results of subsidiary undertakings acquired during the current period are included in the financial statements from the effective date of control.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments, together with any costs directly attributable to the combination. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

## **Joint ventures**

Joint ventures are entities over which the company has joint control, established by contractual agreement. Joint ventures are accounted for using the equity method. The company's share of its joint ventures' post-tax profits or losses are recognised in the income statement, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. The company's investment in joint ventures includes any goodwill arising on acquisition. If the company's share of losses in a joint venture equals or exceeds its investment in the joint venture, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.



# Carrs Billington Agriculture (Sales) Limited

## Share capital

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

## New standards and interpretations

The following new standards, amendments and interpretations, which are in issue at the balance sheet date but not yet effective, have not been applied in these financial statements

	Effective for periods commencing on or after
IFRS 9 'Financial instruments'	1 January 2015
IFRS 10 'Consolidated financial statements'	1 January 2013
IFRS 11 'Joint arrangements'	1 January 2013
IFRS 12 'Disclosures of interests in other entities'	1 January 2013
IFRS 13 'Fair value measurement'	1 January 2013
IAS 24 (revised) 'Related party disclosures'	1 January 2011
IAS 27 (revised 2011) 'Separate financial statements'	1 January 2013
IAS 28 (revised 2011) 'Associates and joint ventures'	1 January 2013
Amendment to IFRS 1 'Hyperinflation and fixed dates'	1 July 2011
Amendment to IFRS 7 'Financial instruments Disclosures'	1 July 2011
Amendment to IAS 1 'Presentation of financial statements' on OCI	1 July 2012
Amendment to IAS 12 'Income taxes' on deferred tax	1 January 2012
Amendment to IAS 19 (revised 2011) 'Employee benefits'	1 January 2013
Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011
Annual improvements to IFRSs 2010	1 January 2011

It is considered that the above standards, amendments and interpretations will not have a significant effect on the results or net assets of the company but will increase the level of disclosure to be made in the financial statements

From 29 August 2010 the following interpretations became effective and were adopted by the company

IFRIC 18 'Transfer of assets to customers'

IFRIC 19 'Extinguishing financial liabilities with equity instruments'

The adoption of these interpretations has had no impact on the company's profit for the year or equity

## Significant judgements, key assumptions and estimates

Application of certain Company accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below

### *Valuation of share-based payments*

The fair value of share-based payments is determined using valuation models and is charged to the income statement over the vesting period. The valuation models require certain assumptions to be made as shown in the tables in Note 18. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

## **Carrs Billington Agriculture (Sales) Limited**

### *Impairment of goodwill*

The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

Goodwill impairment in the period is shown in Note 7.

### *Impairment of property, plant and equipment*

The financial statements include an impairment of property, plant and equipment as shown in Note 8. The calculation of the impairment requires an estimation of recoverable amount.

### *Provision for impairment of trade receivables*

The financial statements include a provision for impairment of trade receivables (Note 11) that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

# Carrs Billington Agriculture (Sales) Limited

## Notes to the financial statements for the 53 week period ended 3 September 2011

### 1 Segmental information

At 3 September 2011, all of the activities of the company fall into one class of business, namely the supply of agricultural products. All activities originated in the United Kingdom.

### 2 Operating profit

	2011	2010
	£	£
The following items have been included in arriving at operating profit		
Staff costs (Note 4)	9,255,577	8,045,504
Depreciation of property, plant and equipment	1,072,467	792,723
Impairment of property, plant and equipment	121,000	-
Profit on disposal of property, plant and equipment	(5,617)	(38,957)
Amortisation of intangibles	68,000	-
Impairment of goodwill	325,222	-
Profit on disposal of trade	190,000	-
Impairment of investment	51,224	-
Operating lease rentals payable	53,412	68,850
Property rentals payable	344,201	344,201

#### Services provided by the group's auditor and network firms

During the period the company obtained the following service from the group's auditor as detailed below

	2011	2010
	£	£
Statutory audit	40,000	39,500

Taxation and general advice costs have been borne by the ultimate parent company, Carr's Milling Industries PLC, in the current and preceding period.

# Carrs Billington Agriculture (Sales) Limited

## 3 Non-recurring items

	2011		2010	
	Amount	Tax credit/ (charge)	Amount	Tax credit/ (charge)
	£	£	£	£
Operating profit				
Impairment of goodwill	(325,222)	-	-	-
Impairment of property, plant and equipment	(121,000)	30,250	-	-
Impairment of investment	(51,224)	-	-	-
Profit on disposal of trade	190,000	(51,604)	-	-
Non-recurring items	(307,446)	(21,354)	-	-
Profit before taxation and non-recurring items	3,555,856		3,304,517	
Non-recurring items	(307,446)		-	
Profit before taxation	3,248,410		3,304,517	
Operating profit before non-recurring items	3,903,856		3,575,117	
Non-recurring items	(307,446)		-	
Operating profit	3,596,410		3,575,117	

# Carrs Billington Agriculture (Sales) Limited

## 4 Employees and directors

Staff costs for the company during the period	2011	2010
	£	£
Wages and salaries	7,543,044	6,521,044
Social security costs	786,790	664,787
Fair value charge on share based payments (Note 18)	9,062	456
Other pension costs (Note 17)	916,681	859,217
	9,255,577	8,045,504

The average monthly number of people (including executive directors) employed by the company was

By activity	2011	2010
	Number	Number
Sales, office and management	324	294

Key management compensation	2011	2010
	£	£
Salaries and short term benefits	441,614	378,813
Fair value charge on share based payments	372	-
Other pension costs	65,479	54,717
	507,465	433,530

Retirement benefits are accruing to one (2010 two) director under a defined benefit pension scheme and to two (2010 one) directors under a defined contribution scheme

Key management are considered to be the directors of the company

Highest paid director	2011	2010
	£	£
Aggregate emoluments	212,391	143,155
Defined benefit scheme		
Accrued benefit at period end	50,131	37,949

# **Carrs Billington Agriculture (Sales) Limited**

## **5 Finance income and finance costs**

	2011	2010
	£	£
<b>Finance income</b>		
Bank interest	100,215	48,895
Interest receivable from group undertakings (Note 24)	1,501	-
Interest from trade debtors	6,484	6,639
Other interest receivable	-	1,198
<b>Total finance income</b>	<b>108,200</b>	<b>56,732</b>
<b>Finance costs</b>		
Interest payable on borrowings	(363,284)	(242,401)
Interest payable on other loans	(31,087)	(19,310)
Interest payable on finance leases	(59,719)	(63,423)
Interest payable to group undertakings (Note 24)	(2,110)	-
Other interest payable	-	(2,198)
<b>Total finance costs</b>	<b>(456,200)</b>	<b>(327,332)</b>

# Carrs Billington Agriculture (Sales) Limited

## 6 Taxation

Analysis of charge in period	2011 £	2010 £
Current tax		
Current tax expense	1,126,884	902,115
Adjustment in respect of previous periods	(1,228)	(56,030)
	1,125,656	846,085
Deferred tax		
Deferred tax relating to origination and reversal of temporary differences	(90,346)	20,901
Adjustment in respect of previous periods	(2,318)	54,115
	(92,664)	75,016
<b>Taxation</b>	<b>1,032,992</b>	<b>921,101</b>

The tax for the period is higher (2010 lower) than the standard rate of corporation tax in the UK of 27.16% (2010 28%). The differences are explained below

	2011 £	2010 £
<b>Profit on ordinary activities before taxation</b>	<b>3,248,410</b>	<b>3,304,517</b>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 27.16% (2010 28%)	882,268	925,265
<i>Effects of</i>		
Adjustments to tax charge in respect of previous periods	(3,546)	(1,915)
Expenses not deductible for tax purposes	178,367	77,308
Effect of changes in tax rate	(24,097)	(12,423)
Losses utilised	-	(67,134)
<b>Total tax charge for the period</b>	<b>1,032,992</b>	<b>921,101</b>

The Finance Act 2011, which was substantively enacted on 5 July 2011, includes legislation reducing the main rate of corporation tax to 25% from 1 April 2012. As the Finance Act 2011 was substantively enacted at the balance sheet date, deferred tax balances at 3 September 2011 have been calculated using a tax rate of 25%.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These proposed reductions in the main rate of corporation tax are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these were applied to the deferred tax balance at 3 September 2011, would be to reduce the deferred tax net liability by approximately £22,000 (being £11,000 recognised in 2012 and £11,000 in 2013).

# Carrs Billington Agriculture (Sales) Limited

## 7 Goodwill and other intangible assets

	Goodwill	Customer relationships	Total
	£	£	£
<b>Cost</b>			
At 29 August 2010	1,294,651	238,000	1,532,651
Additions (Note 22)	57,500	68,000	125,500
Transfer from investments (Note 9)	869,404	-	869,404
Negative goodwill on acquisition (Note 22)	(50,320)	-	(50,320)
<b>At 3 September 2011</b>	<b>2,171,235</b>	<b>306,000</b>	<b>2,477,235</b>
<b>Accumulated amortisation and impairment</b>			
At 29 August 2010	-	238,000	238,000
Amortisation charge for the period	-	68,000	68,000
Impairment charge for the period	325,222	-	325,222
<b>At 3 September 2011</b>	<b>325,222</b>	<b>306,000</b>	<b>631,222</b>
<b>Net book amount</b>			
<b>At 3 September 2011</b>	<b>1,846,013</b>	<b>-</b>	<b>1,846,013</b>

	Goodwill	Customer relationships	Total
	£	£	£
<b>Cost</b>			
At 30 August 2009	1,040,225	238,000	1,278,225
Transfer from investments	277,502	-	277,502
Negative goodwill on acquisition	(23,076)	-	(23,076)
<b>At 28 August 2010</b>	<b>1,294,651</b>	<b>238,000</b>	<b>1,532,651</b>
<b>Accumulated amortisation and impairment</b>			
<b>At 30 August 2009 and 28 August 2010</b>	<b>-</b>	<b>238,000</b>	<b>238,000</b>
<b>Net book amount</b>			
<b>At 28 August 2010</b>	<b>1,294,651</b>	<b>-</b>	<b>1,294,651</b>

Customer relationships have been amortised in line with the profit streams generated over the life of the relationship. The lives of the relationships were between 1 – 5 years.

Amortisation is recognised within administrative expenses.



# Carrs Billington Agriculture (Sales) Limited

## 7 Goodwill and other intangible assets (continued)

The carrying value of goodwill has been allocated to the following cash generating units

	2011	2010
	£	£
Johnstone Wallace Oils profit centre	715,003	715,003
Spennymoor profit centre	-	325,222
Borders profit centre	254,426	254,426
Wooler profit centre	362,914	-
Safe at Work profit centre	513,670	-
	<b>1,846,013</b>	<b>1,294,651</b>

Goodwill is tested annually for impairment, or more frequently if there are indicators that goodwill might be impaired. Goodwill is tested for impairment by estimating future cash flows from the cash generating units to which goodwill has been allocated and discounting these cash flows to their present value. The key assumptions in these calculations are in respect of discount rates used and the change in cash flows. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units.

Cash flows are estimated using the most recent budget information for the year to August 2012, which has been approved by the Board and extrapolates cash flows based on an estimated growth rate of 1-3% excluding inflation. The pre-tax discount rate used to discount the forecast cash flows for all cash generating units is 8.5% (2010: 8.5%).

The directors consider the assumptions adopted in calculating the cash flows to be consistent with historical performance and to be reasonable given current market conditions.

With the exception of the Spennymoor profit centre, which has been impaired in full in the period, significant headroom exists in each of the cash generating units and, based on the sensitivity analysis performed, reasonable possible changes in the assumptions would not cause the carrying amount of the cash generating units to equal or to exceed their recoverable amount.

On 14 September 2010 the company acquired the entire share capital of Forsyths of (Wooler) Limited. The transfer from investments arose as a result of the purchase and hive up of the trade and net assets of the subsidiary company, Forsyths of (Wooler) Limited on 14 September 2010. The transfer has been made to reflect the true value of the investment in the subsidiary company at the date of the hive up, which is equal to the net asset value of Forsyths of (Wooler) Limited at that date. The excess investment is now considered to be purchased goodwill. This is due to the fact that the true economic substance of the investment has not changed as Carrs Billington Agriculture (Sales) Limited still owns the trade and net assets of Forsyths of (Wooler) Limited, but the value of their investment in the subsidiary company is now limited to the remaining net assets in the subsidiary as that company no longer has a trade to generate future value. The purchased goodwill transferred is not considered to be impaired given the profitable nature of the trade that has been acquired. The value of the goodwill will be assessed for impairment annually.

Included within goodwill is also an amount of £50,320 which is negative goodwill that was created on the hive up of the trade and net assets from Forsyths of (Wooler) Limited. This has been offset against the positive goodwill as it relates to the same business.

# **Carrs Billington Agriculture (Sales) Limited**

## **7 Goodwill and other intangible assets (continued)**

On 28 April 2011 the company acquired the entire share capital of Safe at Work Limited. The transfer from investments arose as a result of the purchase and hive up of the trade and net assets of the subsidiary company, Safe at Work Limited on 3 September 2011. The transfer was made to reflect the true value of the investment in the subsidiary company at the date of the hive up, which was equal to the net asset value of Safe at Work Limited at that date. The excess investment was considered to be purchased goodwill. This was due to the fact that the true economic substance of the investment had not changed as Carrs Billington Agriculture (Sales) Limited still owned the trade and net assets of Safe at Work Limited, but the value of their investment in the subsidiary company was limited to the remaining net assets in the subsidiary as that company no longer had a trade to generate future value. The purchased goodwill transferred was not considered to be impaired given the profitable nature of the trade that had been acquired. The value of the goodwill will be assessed for impairment annually.

In the prior period the company acquired the entire share capital of A C Burn Limited. The transfer from investments arose as a result of the purchase and hive up of the trade and net assets of the subsidiary company, A C Burn Limited on 26 July 2010. The transfer was made to reflect the true value of the investment in the subsidiary company at the date of the hive up, which was equal to the net asset value of A C Burn Limited at that date. The excess investment was considered to be purchased goodwill. This was due to the fact that the true economic substance of the investment had not changed as Carrs Billington Agriculture (Sales) Limited still owned the trade and net assets of A C Burn Limited, but the value of their investment in the subsidiary company was limited to the remaining net assets in the subsidiary as that company no longer had a trade to generate future value. The purchased goodwill transferred was not considered to be impaired given the profitable nature of the trade that had been acquired.

Included within goodwill in the prior period is also an amount of £23,076 which was negative goodwill that was created on the hive up of the trade and net assets from A C Burn Limited. This was offset against the positive goodwill as it related to the same business.

# Carrs Billington Agriculture (Sales) Limited

## 8 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Assets in the course of construction £	Total £
<b>Cost</b>				
At 29 August 2010	2,281,799	7,831,151	557,223	10,670,173
Additions at cost	5,604	1,385,758	1,083,362	2,474,724
Transfers from group companies	69,601	183,054	-	252,655
Reclassifications	14,256	542,967	(557,223)	-
Disposals	-	(661,394)	-	(661,394)
<b>At 3 September 2011</b>	<b>2,371,260</b>	<b>9,281,536</b>	<b>1,083,362</b>	<b>12,736,158</b>
<b>Accumulated depreciation</b>				
At 29 August 2010	347,509	4,432,292	-	4,779,801
Depreciation charge for the period	143,814	928,653	-	1,072,467
Impairment charge for the period	71,000	50,000	-	121,000
Transfers from group companies	28,764	98,616	-	127,380
Disposals	-	(490,025)	-	(490,025)
<b>At 3 September 2011</b>	<b>591,087</b>	<b>5,019,536</b>	<b>-</b>	<b>5,610,623</b>
<b>Net book amount</b>				
<b>At 3 September 2011</b>	<b>1,780,173</b>	<b>4,262,000</b>	<b>1,083,362</b>	<b>7,125,535</b>

Carrs Billington Agriculture Pension Scheme holds a security agreement over certain properties

Included in the above amounts for plant and machinery are assets held under finance leases with a net book amount of £1,662,321 (2010 £1,193,829) This consists of cost of £2,545,665 (2010 £1,811,045) less accumulated depreciation of £883,344 (2010 £617,216)

Depreciation is recognised within the income statement as shown below

	2011 £	2010 £
Cost of sales	909,003	759,466
Administrative expenses	163,464	33,257
	<b>1,072,467</b>	<b>792,723</b>

## Carrs Billington Agriculture (Sales) Limited

### 8 Property, plant and equipment (continued)

	Land and buildings £	Plant and machinery £	Assets in the course of construction £	Total £
<b>Cost</b>				
At 30 August 2009	1,823,774	7,216,064	502,791	9,542,629
Additions at cost	120,534	631,471	557,223	1,309,228
Transfers from group companies	165,000	86,778	-	251,778
Reclassifications	172,491	330,300	(502,791)	-
Disposals	-	(433,462)	-	(433,462)
<b>At 28 August 2010</b>	<b>2,281,799</b>	<b>7,831,151</b>	<b>557,223</b>	<b>10,670,173</b>
<b>Accumulated depreciation</b>				
At 30 August 2009	303,991	4,014,360	-	4,318,351
Depreciation charge for the period	43,518	749,205	-	792,723
Transfers from group companies	-	14,683	-	14,683
Disposals	-	(345,956)	-	(345,956)
<b>At 28 August 2010</b>	<b>347,509</b>	<b>4,432,292</b>	<b>-</b>	<b>4,779,801</b>
<b>Net book amount</b>				
<b>At 28 August 2010</b>	<b>1,934,290</b>	<b>3,398,859</b>	<b>557,223</b>	<b>5,890,372</b>

# Carrs Billington Agriculture (Sales) Limited

## 9 Investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 29 August 2010	2,294,858
Additions	2,482,562
Transfer to purchased goodwill	(869,404)
<b>At 3 September 2011</b>	<b>3,908,016</b>
<b>Provision for impairment</b>	
At 29 August 2010	83,140
Impairment in the period	51,224
<b>At 3 September 2011</b>	<b>134,364</b>
<b>Net book value</b>	
<b>At 3 September 2011</b>	<b>3,773,652</b>

For details of the transfer to purchased goodwill please see Note 7

The directors believe the carrying value of the investments is supported by their underlying net assets

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 30 August 2009	1,772,360
Additions	800,000
Transfer to purchased goodwill	(277,502)
<b>At 28 August 2010</b>	<b>2,294,858</b>
<b>Provision for impairment</b>	
<b>At 30 August 2009 and 28 August 2010</b>	<b>(83,140)</b>
<b>Net book value</b>	
<b>At 28 August 2010</b>	<b>2,211,718</b>

# Carrs Billington Agriculture (Sales) Limited

## 9 Investments (continued)

Investments in subsidiary undertakings are stated at cost and are classified as held to maturity. A list of principal subsidiary undertakings is given below.

	Country of incorporation	Country of operation	% holding	Class of share	Nature of business
Northern Feeds Solutions Limited	England	UK	100	Ordinary	Dormant company
Wallace Oils Holdings Limited	Scotland	UK	100	Ordinary	Dormant holding company
Johnstone Fuels and Lubricants Limited	Scotland	UK	100	Ordinary	Dormant company
J M Raine Limited	England	UK	100	Ordinary	Dormant company
A C Burn Limited	England	UK	100	Ordinary	Dormant company
Forsyths of (Wooler) Limited	England	UK	100	Ordinary	Dormant company
Safe at Work Limited	England	UK	100	Ordinary	Dormant company

During the period the company acquired 100% of the issued share capital of Forsyths of (Wooler) Limited, a company registered in England, which is now dormant. This was acquired in the period for a total consideration of £722,175. The assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited in the period (see Note 22).

During the period the company acquired 100% of the issued share capital of Safe at Work Limited, a company registered in England, which is now dormant. This was acquired in the period for a total consideration of £1,760,387. The assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited in the period (see Note 22).

Wallace Oils Holdings Limited owns 100% of the issued share capital of Wallace Oils Limited, which is also a dormant company.

Interest in joint venture	£
Cost and net book value	
At 29 August 2009, 28 August 2010 and 3 September 2011	900,000

Bibby Agriculture Limited is a joint venture in which Carrs Billington Agriculture (Sales) Limited is a 50% shareholder and Wynnstay Group PLC is a 50% shareholder. The investment in the joint venture is classified as held to maturity. The joint venture markets and sells animal feed, fertilisers and other farm requirements in Wales. Carrs Billington Agriculture (Sales) Limited owns 50% of the ordinary share capital and 50% of the preference share capital in Bibby Agriculture Limited. The preference shares are redeemable with three months notice, carry no dividend entitlement except at the directors' discretion and no voting rights.

## **Carrs Billington Agriculture (Sales) Limited**

### **9 Investments (continued)**

<b>Other investments</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Cost and net book value</b>		
<b>At 28 August 2010 and 3 September 2011</b>	<b>44,499</b>	<b>44,499</b>

Other investments principally comprise ordinary shares in several private companies in the agricultural sector and are classified as held to maturity. As a result of adoption of IAS 32 'Financial instruments: Presentation' and IAS 39 'Financial instruments: Recognition and measurement', these investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost.

### **10 Inventories**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Work in progress	<b>91,526</b>	<b>74,501</b>
Finished goods	<b>9,213,086</b>	<b>8,290,628</b>
	<b>9,304,612</b>	<b>8,365,129</b>

Inventories is stated after a provision for impairment of £75,000 (2010: £75,000).

£Nil (2010: £Nil) has been recognised as an expense within the income statement in respect of inventory write-downs.

# Carrs Billington Agriculture (Sales) Limited

## 11 Trade and other receivables

	2011 £	2010 £
Trade receivables	30,298,479	23,563,763
Less Provision for impairment of trade receivables	(2,736,966)	(2,243,602)
Trade receivables – net	27,561,513	21,320,161
Amounts owed by group undertakings (Note 24)	33,822	60,773
Amounts owed by joint ventures (Note 24)	22,722	18,737
Amounts owed by other related parties (Note 24)	154,283	151,059
Other receivables	785,521	345,799
Prepayments and accrued income	274,932	252,927
	28,832,793	22,149,456

The movement in the provision for impaired trade receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

A net amount of £600,228 (2010: £416,000) is recognised within administrative expenses in the income statement in respect of the provision for impairment of trade receivables.

There is no impairment of other receivables to be recognised in the current or preceding period.

The amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

	2011			2010		
	Gross £'000	Impairment £'000	Past due but not impaired £'000	Gross £'000	Impairment £'000	Past due but not impaired £'000
The ageing of trade receivables is as follows						
Not past due	17,468	(351)	N/A	13,916	(268)	N/A
Past due 0 – 30 days	6,143	(294)	5,849	4,687	(194)	4,493
Past due 31 – 60 days	2,759	(337)	2,422	1,828	(249)	1,579
Past due 61 – 90 days	1,475	(391)	1,084	1,083	(301)	782
Past due 91 – 120 days	838	(318)	520	860	(288)	572
Past 121 days	1,615	(1,046)	569	1,190	(944)	246
	30,298	(2,737)	10,444	23,564	(2,244)	7,672

No renegotiation of terms has taken place during the current period or preceding period.



# Carrs Billington Agriculture (Sales) Limited

## 11 Trade and other receivables (continued)

The credit quality of customers is assessed by the company taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

It is policy that overdue accounts are reviewed monthly to mitigate exposure to credit risk and are provided for where appropriate.

The maximum exposure to credit risk at the period end is the carrying value, net of provision for impairment, of each receivable.

Trade receivables are denominated in Sterling.

## 12 Cash and cash equivalents

	2011 £	2010 £
Cash and cash equivalents	3,838,023	2,407,300

## 13 Trade and other payables

	2011 £	2010 £
Trade payables	10,878,080	8,006,375
Amounts owed to group undertakings (Note 24)	165,084	973,534
Amounts owed to other related parties (Note 24)	10,771,284	7,398,857
Other payables	1,641,285	858,858
Accruals and deferred income	319,183	560,821
	23,774,916	17,798,445

The amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

# Carrs Billington Agriculture (Sales) Limited

## 14 Borrowings

	2011 £	2010 £
<b>Current</b>		
Other borrowings	10,930,814	8,635,697
Loans from group undertakings (Note 24)	500,000	500,000
Finance leases	501,190	377,458
	<b>11,932,004</b>	<b>9,513,155</b>
<b>Non-current</b>		
Loans from group undertakings (Note 24)	5,043,432	3,930,274
Loans from other related parties (Note 24)	1,225,000	1,225,000
Finance leases	897,462	467,988
	<b>7,165,894</b>	<b>5,623,262</b>
Fixed rate	1,398,652	845,446
Floating rate	10,930,814	8,635,697
Non-interest bearing	6,768,432	5,655,274
	<b>19,097,898</b>	<b>15,136,417</b>

Borrowings are repayable as follows

	2011 £	2010 £
On demand or within one year	11,932,004	9,513,155
In the second year	949,293	739,484
In the third to fifth years inclusive	948,169	728,504
More than five years	5,268,432	4,155,274
	<b>19,097,898</b>	<b>15,136,417</b>

Loans from group undertakings and loans from other related parties are unsecured and interest free Other borrowings are secured on trade receivables Finance lease obligations are secured on the assets to which they relate

The effective interest rates at the balance sheet date were as follows

	2011 %	2010 %
Other borrowings	2.40	2.25
Finance lease liabilities	3.30	4.20

# Carrs Billington Agriculture (Sales) Limited

## 14 Borrowings (continued)

	Future minimum lease payments		Repayment profile	
	2011	2010	2011	2010
Finance lease obligations	£	£	£	£
Amounts payable				
Within one year	566,049	418,366	501,190	377,458
In the second year	486,661	259,954	449,293	239,484
In the third to fifth years inclusive	473,074	237,430	448,169	228,504
	1,525,784	915,750	1,398,652	845,446
Less future finance charges	(127,132)	(70,304)		
Present value of lease obligations	1,398,652	845,446		

## 15 Financial instruments

The company's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

### Credit risk

The company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The credit quality of trade and other receivables is detailed in Note 11.

The majority of company revenues are made up on credit terms. It is company policy that overdue accounts are reviewed monthly at divisional management meetings to mitigate exposure to credit risk and are provided for where appropriate. The current financial climate requires the company's credit control function to be particularly vigilant.

### Price risk

The company is not exposed to equity securities or commodity price risks.

### Market risk

Market risk is the risk that interest rates (interest rate risk) will affect income or the value of financial assets and liabilities.

### Currency risk

The company publishes its financial statements and conducts its business in Sterling.

# Carrs Billington Agriculture (Sales) Limited

## 15 Financial instruments (continued)

In accordance with IAS 39, 'Financial instruments Recognition and measurement', Carrs Billington Agriculture (Sales) Limited has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives were identified from this review.

There are no outstanding financial instruments that are designated as hedges at the balance sheet date.

### Fair values of financial assets and financial liabilities

Where market values are not available and the directors consider there to be a material difference between the book value and the fair value, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying period end exchange rates.

	2011	2011	2010	2010
	Book value	Fair value	Book value	Fair value
	£	£	£	£
<b>Fair value of non-current financial assets and financial liabilities</b>				
Other investments (Note 9)	44,499	44,499	44,499	44,499
Non-current borrowings (Note 14)	(7,165,894)	(7,165,894)	(5,623,262)	(5,623,262)
<b>Fair value of current financial assets and financial liabilities</b>				
Trade and other receivables (Note 11)	28,832,793	28,832,793	22,149,456	22,149,456
Cash and cash equivalents (Note 12)	3,838,023	3,838,023	2,407,300	2,407,300
Trade and other payables (Note 13)	(23,774,916)	(23,774,916)	(17,798,445)	(17,798,445)
Current borrowings (Note 14)	(11,932,004)	(11,932,004)	(9,513,155)	(9,513,155)

The fair values are based on the book values as the directors consider that there is no material difference between the book value and the fair value.

Financial assets and liabilities are denominated in Sterling.

# Carrs Billington Agriculture (Sales) Limited

## 15 Financial instruments (continued)

### Liquidity risk

The company's policy throughout the period has been to maintain a mix of short and medium term borrowings. Short term flexibility is achieved by overdraft facilities. In addition it is the company's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the company's liquidity.

For the maturity profile of borrowings see Note 14

The table below analyses the company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant balance sheet date.

	2011 Total £	2011 Within one year £	2011 One to two years £	2011 Two to five years £	2011 More than five years £
Other borrowings	10,930,814	10,930,814	-	-	-
Loans from group undertakings	5,572,702	500,000	500,000	500,000	4,072,702
Loans from other related parties	1,225,000	-	-	-	1,225,000
Finance leases	1,525,784	566,049	486,661	473,074	-
Trade and other payables	23,774,916	23,774,916	-	-	-
	43,029,216	35,771,779	986,661	973,074	5,297,702

	2010 Total £	2010 Within one year £	2010 One to two years £	2010 Two to five years £	2010 More than five years £
Other borrowings	8,635,697	8,635,697	-	-	-
Loans from group undertakings	4,430,274	500,000	500,000	500,000	2,930,274
Loans from other related parties	1,225,000	-	-	-	1,225,000
Finance leases	915,750	418,366	259,954	237,430	-
Trade and other payables	17,798,445	17,798,445	-	-	-
	33,005,166	27,352,508	759,954	737,430	4,155,274

### Borrowing facilities

The company has the following undrawn committed borrowing facilities available at 3 September 2011 in respect of which all conditions precedent had been met at that date.

	2011 Floating rate £	2010 Floating rate £
Expiring within one year	7,055,329	6,577,246

# Carrs Billington Agriculture (Sales) Limited

## 15 Financial instruments (continued)

### Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital

Capital is monitored at a group level on the basis of the gearing ratio and is discussed further on page 69 of the ultimate parent company's annual report

## 16 Current tax liabilities

	2011 £	2010 £
Current tax	1,203,586	905,317

## 17 Retirement benefits

### (a) Carr's Milling Industries Pension Scheme 1993

The company participates in a group pension scheme operated by Carr's Milling Industries PLC. The pension scheme offers a defined benefit and a defined contribution section. The assets of the scheme are held separately from those of the company and are invested with an independent manager. The defined benefit section of the scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 1 January 2009.

The pension expense for the defined benefit section of the scheme for the period was £353,449 (2010 £339,866). The pension expense for the defined contribution section of the scheme for the period was £147,559 (2010 £157,003).

Recognition of the defined benefit deficit and related disclosures required by IAS 19 'Employee benefits' in respect of the group scheme are provided in the Carr's Milling Industries PLC financial statements. This includes details of the pension deficit of £6.0 million (2010 £10.7 million) on the group scheme at 3 September 2011. This was calculated in accordance with the pension scheme requirements of IAS 19 and reflected pension scheme assets of £43.0 million (2010 £37.8 million) and £48.9 million (2010 £48.5 million) of pension scheme liabilities.

Costs are not defined for each individual company as the company is unable to identify its underlying share of the pension scheme assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are therefore charged to the income statement in the period they fall due. Common contribution rates apply across the Carr's Milling Industries PLC group as a whole and a number of company reorganisations have occurred.

The Group expects to contribute approximately £3,881,000 to the defined benefit scheme in the next financial period.

# Carrs Billington Agriculture (Sales) Limited

## 17 Retirement benefits (continued)

### Major assumptions

	2011 %	2010 %
Inflation (2011 CPI, 2010 RPI)	2.3	2.8
Salary increases	4.0	3.8
Rate of discount	5.4	5.1
Pension in payment increases.		
Pre 1 September 2001	3.3	3.1
Post 1 September 2001	3.0	2.8
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or CPI (2010 RPI) if less	2.3	2.8

The UK Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Prices Index measure of price inflation from 2011, rather than the Retail Prices Index measure of price inflation. The Trustees have received legal advice which states that pension increases in the Scheme will continue to be linked to RPI and deferred increases will in the future be based on the statutory CPI increases.

The mortality tables used in the valuation are 130% of PNxA00 (Year of Birth) with an allowance for mortality improvements in line with long cohort improvement factors with a 1% underpin. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 3 September 2011	At 28 August 2010
Males currently age 45	23.7 years	23.6 years
Females currently age 45	26.1 years	26.0 years
Males currently age 65	21.8 years	21.7 years
Females currently age 65	24.3 years	24.2 years

Movements in the present value of defined benefit obligations	2011 £'000	2010 £'000
At the beginning of the period	48,551	46,763
Current service cost	644	588
Interest cost	2,496	2,592
Changes in assumptions underlying the defined benefit obligation	(1,296)	6
Benefits paid	(1,477)	(1,398)
At the end of the period	48,918	48,551

# Carrs Billington Agriculture (Sales) Limited

## 17 Retirement benefits (continued)

Movements in the fair value of scheme assets	2011 £'000	2010 £'000
At the beginning of the period	37,806	32,090
Expected return on scheme assets	2,398	1,993
Actual return less expected return on scheme assets	(570)	2,300
Contributions by employer	4,801	2,821
Benefits paid	(1,477)	(1,398)
At the end of the period	42,958	37,806

### Analysis of the scheme assets, expected rate of return and actual return

	Expected return		Fair value of assets	
	2011 %	2010 %	2011 £'000	2010 £'000
Equity instruments	6.65	6.96	21,975	18,643
Debt instruments	5.1	4.2	16,841	15,688
Property	6.45	6.76	3,758	3,321
Other assets	5.1	4.2	384	154
	6.01	5.79	42,958	37,806
Actual return on scheme assets			1,828	4,293

The expected long term return on cash is based on the rate of return on bonds. The expected return on bonds is determined by reference to corporate bond yields at the balance sheet date. The expected rate of return on equities and property is based on the rate of return on bonds with an allowance for out-performance.

### (b) Carrs Billington Agriculture Pension Scheme

The company is a participating employer of the Carrs Billington Agriculture Pension Scheme, another funded defined benefit scheme. On 30 November 2007, following consultation with the active members, the company and Trustees agreed to close the scheme to future service accrual.

The pension contributions made by Carrs Billington Agriculture (Sales) Limited over the period to the Carrs Billington Agriculture Pension Scheme were £Nil (2010: £Nil). The latest actuarial assessment of the scheme was at 31 December 2009.



# Carrs Billington Agriculture (Sales) Limited

## 17 Retirement benefits (continued)

The disclosures required by IAS 19 in respect of the group scheme are provided in the Carr's Milling Industries PLC financial statements. This includes details of the pension deficit of £4.5 million (2010: £5.6 million) on the group scheme at 3 September 2011. This was calculated in accordance with the pension scheme requirements of IAS 19 and reflected pension scheme assets of £20.1 million (2010: £19.6 million) and £24.6 million (2010: £25.2 million) of pension scheme liabilities.

Costs are not defined for each individual company as the company is unable to identify its underlying share of the pension scheme assets and liabilities in the scheme. Contributions payable by Carrs Billington Agriculture (Sales) Limited are therefore charged to the income statement in the period they fall due. Common contribution rates apply and a number of company reorganisations have occurred.

It is expected that contributions of approximately £800,000 will be paid to the defined benefit scheme in the next financial period.

### Major assumptions

	2011 %	2010 %
Inflation (RPI)	3.2	2.8
Inflation (CPI)	2.5	N/A
Salary increases	N/A	N/A
Rate of discount	5.4	5.1
Pension in payment increases		
LPI max 5%	3.1	2.8
LPI max 3%	2.7	2.5
LPI max 2.5%	2.25	2.25
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or CPI (2010: RPI) if less	2.5	2.8

The UK Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Prices Index measure of price inflation from 2011 rather than the Retail Prices Index measure of price inflation. The Trustees have received legal advice which states that pension increases in the Scheme will continue to be linked to RPI and deferred increases will in the future be based on the statutory CPI increases.

Mortality rates used in the valuation are based on the SINMA and SINFA tables, projected, medium cohort, allowing for members' actual year of birth with a 1.5% underpin for future improvements. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 3 September 2011	At 28 August 2010
Males currently age 45	24.7 years	24.5 years
Females currently age 45	27.7 years	27.5 years
Males currently age 65	21.8 years	21.6 years
Females currently age 65	24.7 years	24.6 years

# Carrs Billington Agriculture (Sales) Limited

## 17 Retirement benefits (continued)

### Movements in the present value of defined benefit obligations

	2011 £'000	2010 £'000
At the beginning of the period	25,143	22,858
Interest cost	1,256	1,252
Changes in assumptions underlying the defined benefit obligation	(796)	2,042
Benefits paid	(1,033)	(1,009)
<b>At the end of the period</b>	<b>24,570</b>	<b>25,143</b>

### Movements in the fair value of scheme assets

	2011 £'000	2010 £'000
At the beginning of the period	19,564	17,903
Expected return on scheme assets	1,161	1,097
Actual return less expected return on scheme assets	(851)	998
Contributions by employer	1,250	575
Benefits paid	(1,033)	(1,009)
<b>At the end of the period</b>	<b>20,091</b>	<b>19,564</b>

### Analysis of the scheme assets, expected rate of return and actual return

	Expected return		Fair value of assets	
	2011	2010	2011	2010
	%	%	£'000	£'000
Equity instruments	7.0	7.2	10,046	9,978
Debt instruments	4.8	4.6	10,045	9,586
	5.9	5.9	20,091	19,564
<b>Actual return on scheme assets</b>			<b>310</b>	<b>2,095</b>

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 the 5.9% (2010: 5.9%) assumption at 3 September 2011.

# **Carrs Billington Agriculture (Sales) Limited**

## **17 Retirement benefits (continued)**

### **(c) Carrs Billington Agriculture Group Personal Pension Plan**

In October 2001 Carrs Billington Agriculture (Sales) Limited introduced a Group Personal Pension Plan, a defined contribution pension scheme, for its employees and the pension expense for this plan in the period was £401,998 (2010 £357,399)

### **(d) Wallace Oils Stakeholder Pension Scheme**

A defined contribution pension scheme was brought into the company following the hive up of the trade and assets of Wallace Oils Holdings Limited on 30 June 2005 Contributions of £4,559 (2010 £4,469) have been made to this scheme in the period

### **(e) Others**

A defined contribution pension scheme was brought into the company following the hive up of the trade and net assets of Johnstone Fuels and Lubricants Limited Contributions of £520 (2010 £480) have been made to the scheme in the period

A defined contribution pension scheme was brought into the company following the hive up of the trade and net assets of Forsyths of (Wooler) Limited Contributions of £200 (2010 £Nil) have been made to the scheme in the period

A defined contribution pension scheme was brought into the company following the hive up of the trade and net assets of A C Burn Limited Contributions of £8,396 (2010 £Nil) have been made to the scheme in the period

# Carrs Billington Agriculture (Sales) Limited

## 18 Share-based payments

In 2011 the company participated in a new 3-year and 5-year plan under the existing 2006 approved discretionary employee share save scheme

In 2006 the company participated in two new group schemes, granted by the ultimate parent company, an HM Revenue and Customs approved discretionary employee share option scheme and a share save scheme (comprising a 3-year and a 5-year plan)

The approved share options were granted to certain senior employees and directors. Options are exercisable between three and ten years from the date of grant, subject to the movement of the Carr's Milling Industries PLC Group's adjusted earnings per share over the three years to 31 August 2008 exceeding that of the RPI by an average of 2% per annum

All employees, subject to eligibility criteria, may participate in the share save scheme. Under this scheme employees are offered savings contracts for both 3 year and 5 year vesting period plans. The exercise period is 6 months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values are as follows

	Share Save Scheme 2011 (3-year plan)	Share Save Scheme 2011 (5-year plan)	Approved Executive Share Option Scheme 2006	Share Save Scheme 2006 (3-year plan)	Share Save Scheme 2006 (5-year plan)
Grant date	10/5/11	10/5/11	24/2/06	1/6/06	1/6/06
Share price at grant date (weighted average)	£7.20	£7.20	£4.76	£4.64	£4.64
Exercise price (weighted average)	£5.72	£5.72	£4.76	£4.79	£4.79
Number of employees	44	39	10	-	2
Shares under option	26,678	38,867	42,000	-	738
Vesting period (years)	3	5	3	3	5
Model used for valuation	Black Scholes	Black Scholes	Binomial	Black Scholes	Black Scholes
Expected volatility	25.00%	24.00%	22.44%	20.18%	21.37%
Option life (years)	3.5	5.5	10	3.5	5.5
Expected life (years)	3.25	5.25	6.5	3.25	5.25
Risk-free rate	1.620%	2.450%	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.90%	3.90%	3.36%	3.56%	3.56%
Expectations of vesting	95%	95%	100%	0%	100%
Expectations of meeting performance criteria	N/A	N/A	100%	N/A	N/A
Fair value per option	£1.49	£1.56	£0.99	£0.60	£0.78

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of each option. The expected life is the midpoint of the exercise period. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

# Carrs Billington Agriculture (Sales) Limited

## 18 Share-based payments (continued)

### Share Save Scheme 2011 – 3 year plan

The number and weighted average exercise prices are as follows

	2011	2011	2010	2010
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	£		£	
Granted during the period	5.72	26,678	-	-
Outstanding at the end of the period	5.72	26,678	-	-
Exercisable at the end of the period	-	-	-	-

At the period end the weighted average remaining contractual life of the option is 3.25 years with a weighted average remaining expected life of 3 years

### Share Save Scheme 2011 – 5 year plan

The number and weighted average exercise prices are as follows

	2011	2011	2010	2010
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	£		£	
Granted during the period	5.72	38,867	-	-
Outstanding at the end of the period	5.72	38,867	-	-
Exercisable at the end of the period	-	-	-	-

At the period end the weighted average remaining contractual life of the options is 5.25 years with a weighted average remaining expected life of 5 years

# Carrs Billington Agriculture (Sales) Limited

## 18 Share-based payments (continued)

### Approved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows

	2011	2011	2010	2010
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	£		£	
Outstanding at the beginning of the period	4.76	57,000	4.76	57,000
Exercised during the period	4.76	(15,000)	-	-
Outstanding at the end of the period	4.76	42,000	4.76	57,000
Exercisable at the end of the period	4.76	42,000	4.76	57,000

At the period end the weighted average remaining contractual life of the options is 4.5 years (2010 5.5 years) with a weighted average remaining expected life of 1 year (2010 2 years)

### Share Save Scheme 2006 – 3 year plan

The number and weighted average exercise prices are as follows

	2011	2011	2010	2010
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	£		£	
Outstanding at the beginning of the period	-	-	4.79	858
Forfeited during the period	-	-	4.79	(858)
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

No participants in this scheme exercised their rights to purchase shares by the end of the exercise period

# Carrs Billington Agriculture (Sales) Limited

## 18 Share-based payments (continued)

### Share Save Scheme 2006 – 5 year plan

The number and weighted average exercise prices are as follows

	2011	2011	2010	2010
	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at the beginning of the period	4.79	22,172	4.79	22,575
Exercised during the period	4.79	(21,233)	-	-
Forfeited during the period	4.79	(201)	4.79	(403)
Outstanding at the end of the period	4.79	738	4.79	22,172
Exercisable at the end of the period	4.79	738	-	-

At the period end the weighted average remaining contractual life of the options is 0.25 years (2010: 1.25 years) with a weighted average remaining expected life of Nil years (2010: 1 year)

The total expense recognised for the period arising from share based payments are as follows

	2011 £	2010 £
Share Save Scheme 2011 - 3 year plan	3,147	-
Share Save Scheme 2011 - 5 year plan	2,880	-
Share Save Scheme 2006 – 3 year plan	-	(2,701)
Share Save Scheme 2006 – 5 year plan	3,035	3,157
	9,062	456

The Share Save Scheme 2006 – 3 year plan cumulative charge reversed in the prior period as none of the participants in the scheme exercised their rights to purchase shares

# Carrs Billington Agriculture (Sales) Limited

## 19 Deferred taxation

The movement on the deferred tax account is shown below

	2011 £	2010 £
Brought forward net liability	335,426	300,761
Transferred from other group companies	33,965	(40,351)
Income statement (credit)/charge (Note 6)	(92,664)	75,016
<b>Carried forward net liability</b>	<b>276,727</b>	<b>335,426</b>

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered

The movements in deferred tax assets and liabilities during the period are shown below

Deferred tax assets	Short term timing differences £
At 29 August 2010	(10,530)
Transferred from other group companies	17,680
Income statement credit (Note 6)	(18,452)
<b>At 3 September 2011</b>	<b>(11,302)</b>

Deferred tax liabilities	Accelerated capital allowances £
At 29 August 2010	345,956
Transferred from other group companies	16,285
Income statement credit (Note 6)	(74,212)
<b>At 3 September 2011</b>	<b>288,029</b>

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The company did not recognise deferred tax assets of £1,836 (2010 £1,983) in respect of losses that can be carried forward against future taxable income



# Carrs Billington Agriculture (Sales) Limited

## 20 Ordinary share capital

	2011 £	2010 £
<b>Authorised, issued and fully paid</b>		
255,000 (2010 255,000) 'A' ordinary shares of £1 each	255,000	255,000
245,000 (2010 245,000) 'B' ordinary shares of £1 each	245,000	245,000
	<b>500,000</b>	<b>500,000</b>

The 'A' ordinary and 'B' ordinary shares rank pari passu, have the same rights to dividends, the same priority to receive payment on winding up and the same voting rights

## 21 Cash flow from operating activities

Reconciliation of net profit for the period to net cash generated from operating activities

Continuing operations	2011 £	2010 £
Net profit	2,215,418	2,383,416
Adjustments for		
Taxation	1,032,992	921,101
Finance income	(108,200)	(56,732)
Finance costs	456,200	327,332
Impairment of property, plant and equipment	121,000	-
Depreciation	1,072,467	792,723
Impairment of goodwill	325,222	-
Intangible asset amortisation	68,000	-
Impairment of investment	51,224	-
Profit on disposal of trade	(190,000)	-
Net fair value charge on share based instruments	9,062	456
Profit on disposal of property, plant and equipment	(5,617)	(38,957)
Changes in working capital		
Increase in inventories	(353,465)	(238,538)
Increase in trade and other receivables	(6,035,972)	(1,981,725)
Increase in trade and other payables	5,595,399	726,591
<b>Cash generated from operating activities</b>	<b>4,253,730</b>	<b>2,835,667</b>

### Non cash transactions

The principal non-cash transactions are the acquisition of assets by means of finance leases of £1,064,279 (2010 £273,030)

## **Carrs Billington Agriculture (Sales) Limited**

### **22 Acquisitions**

On 28 April 2011 the company acquired the entire share capital of Safe at Work Limited for a total cash consideration of £1,760,387

The primary reason for the business combination was the expansion of the company's product range sold through our existing branch network

Subsequently, on 3 September 2011 the trade and assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited. Since hive up Safe at Work Limited has been dormant. Details of the assets and liabilities acquired by that company as a result of the hive up are given below

	<b>Fair value £</b>
Property, plant and equipment	26,059
Inventories	432,849
Receivables	777,010
Cash and cash equivalents	235,599
Payables	(143,405)
Taxation	
- Current	(78,897)
- Deferred	(2,498)
<b>Net assets acquired</b>	<b>1,246,717</b>
Goodwill (Note 7)	57,500
	<b>1,304,217</b>
<b>Satisfied by:</b>	
Loan payable to Safe at Work Limited	<b>1,304,217</b>

# Carrs Billington Agriculture (Sales) Limited

## 22 Acquisitions (continued)

On 14 September 2010 the company acquired the entire share capital of Forsyths of (Wooler) Limited for a total cash consideration of £722,175

The primary reason for the business combination was the geographical expansion of the existing Agriculture business into Northumberland. Synergies are expected following the rationalisation of the procurement and administration functions.

On the date of acquisition the trade and assets of that company were hived up into Carrs Billington Agriculture (Sales) Limited. Since hive up Forsyths of (Wooler) Limited has been dormant. Details of the assets and liabilities acquired by that company as a result of the hive up are given below.

	Fair value £
Intangible assets	68,000
Property, plant and equipment	99,216
Inventories	153,169
Receivables	340,355
Cash and cash equivalents	95,621
Overdraft	(97,562)
Payables	(236,327)
Taxation	
- Current	(31,744)
- Deferred	(31,467)
<b>Net assets acquired</b>	<b>359,261</b>
Goodwill (Note 7)	(50,320)
	<b>308,941</b>
<b>Satisfied by:</b>	
Loan payable to Forsyths of (Wooler) Limited	<b>308,941</b>

Negative goodwill of £50,320 has been offset against the positive goodwill arising on the acquisition of Forsyths of (Wooler) Limited as it relates to the same business (Note 7).

## **Carrs Billington Agriculture (Sales) Limited**

### **23 Commitments under operating leases**

	<b>2011</b>	<b>2010</b>
	<b>Plant and machinery</b>	<b>Plant and machinery</b>
	<b>£</b>	<b>£</b>
<b>Total future aggregate minimum lease payments under non-cancellable operating leases are as follows:</b>		
Within one year	<b>48,807</b>	<b>53,820</b>
Later than one year and less than five years	<b>65,300</b>	<b>107,484</b>
	<b>114,107</b>	<b>161,304</b>

# Carrs Billington Agriculture (Sales) Limited

## 24 Related party transactions

The company had the following related party transactions

In respect of the period ended 3 September 2011

Transactions with ultimate parent company and fellow group companies:

	Sales to £	Purchases from £	Rent payable to £	Management charges from £	Management charges to £	Interest from £	Interest to £	Amounts owed by £	Amounts owed to £
Carr's Milling Industries PLC	959	-	-	(944,226)	-	-	(2,110)	392	(1,791,485)
Carrs Agriculture Limited	58,251	(16,511,902)	-	(10,872)	107,850	1,501	-	1,213	(127,086)
Carr's Flour Mills Limited	17,240	(4,856)	-	-	-	-	-	58	(377)
Carrs Engineering Limited	38,788	(64,864)	-	(11,000)	-	-	-	4,127	(21,136)
Carrs Properties Limited	-	-	(344,201)	-	-	-	-	28,032	-
Scotmin Nutrition Limited	748	(172,284)	-	-	-	-	-	-	-
Origin Fertilisers 2011 Limited	5,606	(1,165,123)	-	-	-	-	-	-	-
Safe at Work Limited	-	(6,307)	-	-	-	-	-	-	(1,304,217)
Forsyths of (Wooler) Limited	-	-	-	-	-	-	-	-	(308,941)
Inter company balances with dormant group companies	-	-	-	-	-	-	-	-	(2,155,274)
	121,592	(17,925,336)	(344,201)	(966,098)	107,850	1,501	(2,110)	33,822	(5,708,516)

Transactions with other related party companies

	Sales to £	Purchases from £	Rent payable to £	Management charges from £	Management charges to £	Interest from £	Interest to £	Amounts owed by £	Amounts owed to £
Carrs Billington Agriculture (Operations) Limited	312,176	(85,784,396)	-	(63,975)	42,444	-	-	17,445	(10,771,284)
Bibby Agriculture Limited	22,350	-	-	-	54,647	-	-	22,722	-
Afgritech Limited	-	-	-	-	3,091	-	-	-	-
	334,526	(85,784,396)	-	(63,975)	100,182	-	-	40,167	(10,771,284)

# Carrs Billington Agriculture (Sales) Limited

## 24 Related party transactions (continued)

In respect of the period ended 28 August 2010

Transactions with ultimate parent company and fellow group companies:

	Sales to £	Purchases from £	Rent payable to £	Management charges from £	Management charges to £	Amounts owed by £	Amounts owed to £
Carr's Milling Industries PLC	-	-	-	(159,742)	-	-	(2,314,914)
Carrs Agriculture Limited	50,315	(14,240,162)	-	-	66,485	25,221	(911,220)
Carr's Flour Mills Limited	111,526	(6,208)	-	-	-	94	(297)
Carrs Engineering Limited	35,983	(55,610)	-	(10,000)	-	5,649	(15,208)
Carrs Properties Limited	-	-	(344,201)	-	-	28,683	-
Scotmin Nutrition Limited	958	(10,461)	-	-	-	1,126	(6,895)
Inter company balances with dormant group companies	-	-	-	-	-	-	(2,155,274)
	198,782	(14,312,441)	(344,201)	(169,742)	66,485	60,773	5,403,808

Transactions with other related party companies

	Sales to £	Purchases from £	Rent payable to £	Management charges from £	Management charges to £	Amounts owed by £	Amounts owed to £
Carrs Billington Agriculture (Operations) Limited	263,368	(73,804,590)	-	58,178	41,616	25,041	(7,398,857)
Bibby Agriculture Limited	19,638	-	-	-	53,628	18,737	-
Afgriotech Limited	-	-	-	-	3,030	-	-
	283,006	(73,804,590)	-	58,178	98,274	43,778	(7,398,857)

## **Carrs Billington Agriculture (Sales) Limited**

### **24 Related party transactions (continued)**

#### **Other related party transactions**

Edward Billington & Son Limited, which has a 49% shareholding in the company, has provided a loan to the company and at 3 September 2011 the outstanding balance payable to Edward Billington & Son Limited was £1,225,000 (2010 £1,225,000)

The company also made sales of £302,657 (2010 £258,334) and £469,253 (2010 £287,289) respectively to businesses in which Lord Inglewood and Mr A Wannop have a significant interest Lord Inglewood and Mr A Wannop also made purchases of £7,972 (2010 £6,906) and £Nil (2010 £Nil) respectively At the period end £50,373 (2010 £33,607) and £86,465 (2010 £92,411) was outstanding from each business Lord Inglewood and Mr A Wannop are non executive directors of the ultimate parent company, Carr's Milling Industries PLC

### **25 Ultimate parent undertaking and controlling party**

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