

Registration number: 00189740

# Carrs Billington Agriculture (Sales) Limited

Annual Report and Financial Statements

for the period from 3 September 2017 to 1 September 2018

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

Annual Report and Financial Statements  
for the period from 3 September 2017 to 1 September 2018

### **Contents**

|   | Page(s)  |
|---|----------|
| Company Information   | 1        |
| Strategic report  | 2        |
| Directors' report   | 3 to 5   |
| Independent auditors' report to the members of Carrs Billington Agriculture (Sales) Limited | 6 to 8   |
| Profit and loss account   | 9        |
| Balance sheet   | 10       |
| Statement of changes in shareholders' funds   | 11       |
| Notes to the financial statements   | 12 to 40 |

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

### **Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | T J Davies                                   |
|                          | R Tomlinson                                  |
|                          | L L R Whiteley                               |
|                          | P Steeples                                   |
|                          | I Gate                                       |
|                          | K Dixon                                      |
|                          | G M Blake                                    |
| <b>Company secretary</b> | M A Ratcliffe                                |
| <b>Registered office</b> | Old Croft                                    |
|                          | Stanwix                                      |
|                          | Carlisle                                     |
|                          | Cumbria, United Kingdom                      |
|                          | CA3 9BA                                      |
| <b>Auditors</b>          | PricewaterhouseCoopers LLP                   |
|                          | Chartered Accountants and Statutory Auditors |
|                          | Central Square South                         |
|                          | Orchard Street                               |
|                          | Newcastle upon Tyne                          |
|                          | NE1 3AZ                                      |

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

### **Strategic report for the period from 3 September 2017 to 1 September 2018**

The directors present their strategic report for the period from 3 September 2017 to 1 September 2018. The comparative period was the period from 4 September 2016 to 2 September 2017.

#### **Principal activity**

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

#### **Review of the business**

The results of the company show a profit before taxation of £4,134,968 (2017: £2,982,996) for the period and turnover of £298,377,752 (2017: £261,082,890).

The retail business delivered a strong performance during the period, with the country store network reporting an increase of 4.4% in like-for-like sales. In October 2017 the company acquired the entire share capital of Pearson Farm Supplies Limited, an agriculture retail business with locations across Yorkshire, Lancashire and North West Wales. This business has now been successfully integrated and as expected the acquisition has enabled synergies to be achieved with the existing retail business and the team has settled in well. The company's retail footprint currently stands at 43 locations.

Machinery sales revenues were ahead of the prior period, up 7.8%, a new record level of sales, as the business continued to benefit from an improved trading environment. The company also invested in the expansion of its machinery branch at Morpeth, Northumberland, during the period to provide additional workshop capacity, improving after-sales service capacity.

The oil distribution business delivered sales volumes that were 4.6% ahead of the prior period. The business saw higher demand for heating oil in the colder months earlier in the period, partially offset by a reduction in on-farm activity during the drier summer months.

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

The company's directors believe that the most significant KPI is profit before taxation as shown on the profit and loss account on page 9.

By order of the Board on 21 February 2019 and signed on its behalf by:



.....  
M A Ratcliffe  
Company Secretary

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

### **Directors' report for the period from 3 September 2017 to 1 September 2018**

The directors present their report and the audited financial statements for the period from 3 September 2017 to 1 September 2018. The comparative period was the period from 4 September 2016 to 2 September 2017.

#### **Future developments**

The Directors remain confident in the prospects for the company in the near term following the sustained recovery in farm incomes. There is now greater visibility on the impact of Brexit on farming support in the near term, although uncertainty remains over future trade agreements with the EU and the rest of the world.

The company remains alert to suitable acquisition possibilities where it's believed there is a strong commercial and strategic rationale.

#### **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 company'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 discussed on pages 14 to 16 of the ultimate parent company's annual report.

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 16.

In relation to trade receivables, the major source of estimation uncertainty is the recoverable value of those receivables. The judgements applied to this include the credit quality of customers, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors, and provisions for impairment are made using those judgements. Provisions for impairment are reviewed monthly by management.

#### **Price risk**

The company is not exposed to equity securities price risk.

#### **Market risk**

Market risk is the risk that interest rates (interest rate risk) will affect income or the value of financial assets and liabilities. The company finances its operations through a mixture of retained earnings and borrowings. The company borrows at fixed and floating rates of interest.

#### **Currency risk**

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

#### **Results and dividends**

The results for the financial period are set out on page 9.

Dividends of £1,200,000 have been paid during the period (2017: £500,000). The directors do not propose the payment of a final dividend (2017: £nil).

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

### **Directors' report for the period from 3 September 2017 to 1 September 2018**

#### **Directors**

The directors who held office during the period and up to the date of signing the financial statements were as follows:

T J Davies

R Tomlinson

L L R Whiteley

P Steeples

I Gate

K Dixon

G M Blake

#### **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 of disabled persons**

It is the company's policy that people with disabilities should have full and fair consideration for all vacancies and opportunities. The company remains committed to maintaining the current open, fair and non-discriminatory recruitment process and seeks to have full engagement with any employee who becomes disabled during their employment.

#### **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. Employees are provided with information on matters of concern, including the company's performance.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status.

#### **Creditor payment policy**

It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company abides by the agreed payment terms.

Trade creditors shown in the balance sheet at the end of the financial period represented 46 days (2017: 46 days) of average purchases for goods and services made during the period.

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

### **Directors' report for the period from 3 September 2017 to 1 September 2018**

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

#### **Disclosure of information to the auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information 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.

By order of the Board on 21 February 2019 and signed on its behalf by:



M A Ratcliffe  
Company Secretary

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

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

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, Carrs Billington Agriculture (Sales) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 September 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 1 September 2018; the Profit and loss account; the Statement of changes in shareholders' funds for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

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

#### **Report on the audit of the financial statements**

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

##### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 1 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

##### **Responsibilities for the financial statements and the audit**

###### **Responsibilities of the directors for the financial statements**

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

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

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

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

#### **Report on the audit of the financial statements**

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### **Use of this report**

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.

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....  
Bill MacLeod (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

21 February 2019

## Carrs Billington Agriculture (Sales) Limited

### Profit and Loss Account for the period from 3 September 2017 to 1 September 2018

|  | Note | 2018<br>£               | 2017<br>£               |
|--|------|-------------------------|-------------------------|
| Turnover                               | 2    | 298,377,752             | 261,082,890             |
| Cost of sales                          |      | <u>(275,928,994)</u>    | <u>(241,745,160)</u>    |
| <b>Gross profit</b>                    |      | 22,448,758              | 19,337,730              |
| Distribution costs                     |      | (14,180,124)            | (12,497,808)            |
| Administrative expenses                |      | (4,198,388)             | (3,575,359)             |
| Other operating income                 | 3    | <u>524,717</u>          | <u>72,256</u>           |
| <b>Operating profit</b>                | 3    | 4,594,963               | 3,336,819               |
| Interest receivable and similar income | 7    | 465                     | 488                     |
| Interest payable and similar expenses  | 8    | <u>(460,460)</u>        | <u>(354,311)</u>        |
| <b>Profit before taxation</b>          |      | 4,134,968               | 2,982,996               |
| Tax on profit                          | 9    | <u>(899,221)</u>        | <u>(596,333)</u>        |
| <b>Profit for the financial period</b> |      | <u><u>3,235,747</u></u> | <u><u>2,386,663</u></u> |

The above results were derived from continuing operations.

There is no other comprehensive income for the current or prior period.

# Carrs Billington Agriculture (Sales) Limited

## Balance sheet as at 1 September 2018

|   | Note | 2018<br>£           | 2017<br>£           |
|---|------|---------------------|---------------------|
| <b>Fixed assets</b>                                     |      |                     |                     |
| Intangible assets                                       | 11   | 5,227,308           | 4,591,306           |
| Tangible assets   | 12   | 11,038,412          | 9,294,926           |
| Investments   | 13   | <u>1,043,075</u>    | <u>1,062,975</u>    |
|   |      | <u>17,308,795</u>   | <u>14,949,207</u>   |
| <b>Current assets</b>                                   |      |                     |                     |
| Stocks  | 15   | 25,483,042          | 21,148,311          |
| Debtors   | 16   | 41,528,444          | 35,453,931          |
| Cash at bank and in hand                                |      | <u>8,624,917</u>    | <u>3,518,683</u>    |
|   |      | 75,636,403          | 60,120,925          |
| <b>Creditors: amounts falling due within one year</b>   | 17   | <u>(61,021,443)</u> | <u>(44,968,071)</u> |
| <b>Net current assets</b>                               |      | 14,614,960          | 15,152,854          |
| <b>Total assets less current liabilities</b>            |      | 31,923,755          | 30,102,061          |
| Creditors: amounts falling due after more than one year | 18   | (1,761,073)         | (2,122,369)         |
| Provisions for liabilities                              | 22   | <u>(134,279)</u>    | <u>(146,426)</u>    |
| <b>Net assets</b>                                       |      | <u>30,028,403</u>   | <u>27,833,266</u>   |
| <b>Capital and reserves</b>                             |      |                     |                     |
| Called up share capital                                 | 23   | 500,000             | 500,000             |
| Equity compensation reserve                             |      | 224,448             | 76,180              |
| Profit and loss account                                 |      | <u>29,303,955</u>   | <u>27,257,086</u>   |
| <b>Total shareholders' funds</b>                        |      | <u>30,028,403</u>   | <u>27,833,266</u>   |

The financial statements on pages 9 to 40 were approved by the Board on 21 February 2019 and were signed on its behalf by:



.....  
T J Davies  
Director

Registered number: 00189740

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

### **Statement of changes in shareholders' funds for the period from 3 September 2017 to 1 September 2018**

|  | <b>Called up<br/>share capital<br/>£</b> | <b>Equity<br/>compensation<br/>reserve<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>shareholders'<br/>funds<br/>£</b> |
|--|--|--|--|--|
| At 3 September 2017                              | 500,000                                  | 76,180   | 27,257,086                               | 27,833,266                                     |
| Profit for the period                            | -  | -  | 3,235,747                                | 3,235,747                                      |
| Equity-settled share based payment transactions  | -  | 154,408  | -  | 154,408  |
| Excess deferred taxation on share based payments | -  | -  | 4,982                                    | 4,982  |
| Dividends (Note 10)                              | -  | -  | (1,200,000)                              | (1,200,000)                                    |
| Transfer between reserves                        | -  | (6,140)  | 6,140                                    | -  |
| At 1 September 2018                              | <u>500,000</u>                           | <u>224,448</u>                                   | <u>29,303,955</u>                        | <u>30,028,403</u>                              |

|   | <b>Called up share<br/>capital<br/>£</b> | <b>Equity<br/>compensation<br/>reserve<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>shareholders'<br/>funds<br/>£</b> |
|---|--|--|--|--|
| At 4 September 2016                             | 500,000                                  | 107,081  | 25,260,553                               | 25,867,634                                     |
| Profit for the period                           | -  | -  | 2,386,663                                | 2,386,663                                      |
| Dividends (Note 10)                             | -  | -  | (500,000)                                | (500,000)                                      |
| Equity-settled share based payment transactions | -  | 78,969   | -  | 78,969   |
| Transfer between reserves                       | -  | (109,870)  | 109,870                                  | -  |
| At 2 September 2017                             | <u>500,000</u>                           | <u>76,180</u>                                    | <u>27,257,086</u>                        | <u>27,833,266</u>                              |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **Basis of preparation**

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

These financial statements have been prepared on a going concern basis and under the historical cost convention.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 25 gives details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The company has adopted the intermediate parent exemption under section 400 of the Companies Act 2006 whereby it is not required to prepare consolidated financial statements as the ultimate parent company prepares publicly available consolidated financial statements in accordance with IFRS.

The disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- Statement of cash flows and associated notes;
- Statement of compliance with IFRS;
- Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- Disclosure of key management personnel compensation;
- Comparative reconciliations for intangible assets and tangible assets;
- Disclosures in respect of cash generating units;
- IFRS7 disclosures of financial instruments;
- Share based payments disclosures in relation to group share based payment arrangements; and
- Business combination disclosures.

The preparation of financial statements in conformity with FRS 101 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.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Dividends**

Dividends payable are recognised in the financial statements in the period in which the dividends are paid or approved by the company's directors, whichever is earlier.

##### **Retirement benefit obligations**

Employees are members of the Carr's Group Pension Scheme, the Carr's Group Retirement Savings Scheme, the Carrs Billington Agriculture Pension Scheme, the Carrs Billington Agriculture Group Personal Pension Scheme, NEST 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 profit and loss account in the period they fall due.

##### **Turnover recognition**

Turnover from the sale of goods is measured at the fair value of the consideration, net of rebates and excluding discounts and value added tax. Turnover 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 turnover can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the company.

##### **Non-recurring items**

Non-recurring items that are material by size and/or by nature are presented within their relevant profit and loss account category. Items that management consider fall into this category are disclosed 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, but are not limited to, gains or losses on the disposal of businesses, gains or losses on the disposal of properties, gains or losses on the disposal of material investments, the restructuring of businesses, the integration of new businesses, acquisition related costs, contingent consideration linked to continued employment of key personnel and asset impairments, including impairment of goodwill.

##### **Interest**

Interest is recognised in the profit and loss account on an accruals basis using the effective interest method.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Intangible assets**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

##### **Amortisation**

Amortisation commences when assets are available for use and is charged over their expected useful economic life as follows:

| <b>Asset class</b>     | <b>Amortisation rate</b> |
|------------------------|--------------------------|
| Customer relationships | Between 1 and 5 years    |
| Development costs      | 5 years                  |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Tangible assets**

Tangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

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 tangible assets. Depreciation commences when the asset is ready for use.

The cost of maintenance, repairs and minor equipment is charged to the profit and loss account 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 profit and loss account.

Fixed assets are reviewed for impairment where there are any events or changes in circumstances that would indicate potential impairment. In addition at each reporting date, the company assesses whether there is any indication that goodwill 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.

##### **Depreciation**

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

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

| <b>Asset class</b>  | <b>Depreciation rate</b>                          |
|---------------------|---|
| Buildings           | shorter of 50 years or lease term; up to 50 years |
| Plant and machinery | 3 to 20 years                                     |

##### **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.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Stocks**

Stocks 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 stocks to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise stocks 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.

##### **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 profit and loss account over the period of the lease using the actuarial method.

Rentals paid under operating leases are charged to the profit and loss account 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.

##### **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 profit and loss account with a corresponding adjustment to the equity compensation reserve.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been 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 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 profit and loss account.

##### **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.

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 debtors**

Trade debtors 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 debtors 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 debtors. 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 debtor 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 a provision for impairment and the amount of the loss is recognised in the profit and loss account. The provision is utilised when a trade debtor is uncollectible.

##### **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 creditors**

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

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **Business combinations**

Results of subsidiary undertakings acquired and subsequently hived up into the company are included in the financial statements from the date of hive up.

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.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **New standards and interpretations**

From 3 September 2017 the following became effective and were adopted by the company:

Amendment to IAS 7 on disclosure initiative

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses

Annual improvements 2014-2016 - IFRS 12 'Disclosure of interests in other entities' regarding clarification of the scope of the standard

The adoption of these standards and interpretations has had no impact on the company's profit for the period or equity. The company has not early adopted any standards or interpretations.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **1 Accounting policies (continued)**

##### **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 profit and loss account over the vesting period. The valuation models require certain assumptions to be made as shown in the tables in Note 21. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

##### **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.

No impairment has been identified in the period (Note 11).

##### **Provision for impairment of trade debtors**

The financial statements include a provision for impairment of trade debtors (Note 16) that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade debtors that ultimately prove to be irrecoverable.

#### **2 Turnover**

All activities originated in the United Kingdom. The analysis of the company's turnover for the period from continuing operations is as follows:

|                       | <b>2018</b>        | <b>2017</b>        |
|-----------------------|--------------------|--------------------|
|                       | <b>£</b>           | <b>£</b>           |
| Agricultural products | <u>298,377,752</u> | <u>261,082,890</u> |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **3 Operating profit**

The following items have been included in arriving at operating profit:

|   | <b>2018</b>    | <b>2017</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Staff costs (Note 5)                                    | 14,445,120     | 13,235,339     |
| Depreciation of tangible assets (Note 12)               | 1,705,873      | 1,608,600      |
| Profit on disposal of tangible assets                   | (41,429)       | (31,395)       |
| Amortisation of intangible assets (Note 11)             | 119,935        | 10,000         |
| Operating lease expense - plant and machinery           | 382,575        | 336,367        |
| Operating lease expense - property                      | 1,191,892      | 1,000,286      |
| Dividend received                                       | (524,717)      | (72,256)       |
| Impairment of investments (Note 13)                     | 524,717        | 72,256         |
| Contingent consideration linked to continued employment | <u>214,000</u> | <u>306,000</u> |

Phoenix Feeds Limited was acquired on 1 June 2016. The consideration paid included £490,000 of contingent consideration linked to the continued employment of key personnel and therefore in accordance with IFRS 3 this was not recognised as consideration in the acquisition accounting in 53 weeks ended 3 September 2016. It is instead being recognised in the income statement over a two year period with £184,000 (2017: £306,000) recognised in the current period.

Mortimer Feeds was acquired on 5 June 2017. The consideration paid included £30,000 of contingent consideration linked to the continued employment of key personnel and therefore in accordance with IFRS 3 this was not recognised as consideration in the acquisition accounting in the prior period. It is instead being recognised in the income statement over a one year period with £30,000 (2017: £nil) recognised in the current period.

#### **4 Auditors' remuneration**

##### **Services provided by the company's auditors and network firms**

During the period the company obtained the following service from the company's auditors as detailed below:

|                                   | <b>2018</b>   | <b>2017</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>£</b>      | <b>£</b>      |
| Audit of the financial statements | <u>51,406</u> | <u>49,909</u> |

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

Full disclosure of any non-audit remuneration incurred by the ultimate parent company is included in the consolidated report and accounts published by the ultimate parent company.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **5 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

|  | 2018<br>£         | 2017<br>£         |
|--|-------------------|-------------------|
| Wages and salaries   | 11,906,532        | 10,799,725        |
| Social security costs  | 1,208,643         | 1,097,355         |
| Share-based payment expense  | 154,408           | 78,969            |
| Other pension costs (Note 20)  | 961,537           | 953,290           |
| Contingent consideration linked to the continued employment of key personnel | 214,000           | 306,000           |
|  | <u>14,445,120</u> | <u>13,235,339</u> |

The average monthly number of persons employed by the company (including directors) during the period, analysed by category was as follows:

|                              | 2018<br>No. | 2017<br>No. |
|------------------------------|-------------|-------------|
| Sales, office and management | <u>467</u>  | <u>436</u>  |

#### **6 Directors' remuneration**

The directors' remuneration for the period was as follows:

|  | 2018<br>£      | 2017<br>£      |
|--|----------------|----------------|
| Salaries and short term benefits           | 543,866        | 534,096        |
| Fair value expense on share based payments | 96,752         | 46,689         |
| Other pension costs                        | 55,250         | 38,125         |
|  | <u>695,868</u> | <u>618,910</u> |

The above amounts are in respect of three directors (2017: three). All of the other directors are remunerated by the respective investing companies. Accordingly, the above details include no emoluments in respect of these directors. Retirement benefits are accruing to two (2017: two) directors under a defined contribution scheme.

In respect of the highest paid director:

The directors' remuneration for the period was as follows:

|                      | 2018<br>£      | 2017<br>£      |
|----------------------|----------------|----------------|
| Aggregate emoluments | <u>289,190</u> | <u>281,913</u> |

During the period no (2017: 15,395) share options were exercised by the highest paid director.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 7 Interest receivable and similar income

|                                  | 2018       | 2017       |
|----------------------------------|------------|------------|
|                                  | £          | £          |
| Interest income on bank deposits | 200        | 449        |
| Other interest receivable        | 265        | 39         |
|                                  | <u>465</u> | <u>488</u> |

#### 8 Interest payable and similar expenses

|   | 2018           | 2017           |
|---|----------------|----------------|
|   | £              | £              |
| Interest payable on bank and other borrowings | 352,715        | 285,535        |
| Interest payable on finance leases            | 32,050         | 30,041         |
| Interest payable on other loans               | 75,695         | 38,735         |
|   | <u>460,460</u> | <u>354,311</u> |

#### 9 Tax on profit

##### a) Analysis of charge in the period

|  | 2018            | 2017             |
|--|-----------------|------------------|
|  | £               | £                |
| <b>Current taxation</b>                        |                 |                  |
| Current tax expense                            | 971,861         | 757,943          |
| Adjustment in respect of prior periods         | 15,546          | (52,584)         |
|  | <u>987,407</u>  | <u>705,359</u>   |
| <b>Deferred taxation (Note 22)</b>             |                 |                  |
| Origination and reversal of timing differences | (79,231)        | (65,496)         |
| Adjustments in respect of prior periods        | (8,955)         | (43,530)         |
|  | <u>(88,186)</u> | <u>(109,026)</u> |
| <b>Taxation</b>                                | <u>899,221</u>  | <u>596,333</u>   |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **9 Tax on profit (continued)**

##### **b) Factors affecting tax charge for the period**

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.58%).

The differences are reconciled below:

|   | <b>2018</b>      | <b>2017</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Profit before taxation  | <u>4,134,968</u> | <u>2,982,996</u> |
| Corporation tax at standard rate of 19% (2017: 19.58%)                        | 785,644          | 584,071          |
| Increase/(decrease) in tax from adjustment for prior periods                  | 6,591            | (96,114)         |
| Income not taxable for tax purposes   | (99,696)         | (14,148)         |
| Increase from effect of expenses not deductible in determining taxable profit | 197,361          | 125,928          |
| Deferred tax rate adjustments   | <u>9,321</u>     | <u>(3,404)</u>   |
| Total tax charge  | <u>899,221</u>   | <u>596,333</u>   |

Income not taxable for tax purposes includes dividends received from UK subsidiaries of the company (Note 3).

The main rate of UK corporation tax has been reduced from 19% to 17% with effect from 1 April 2020. This rate reduction was substantively enacted before the period end and as the Directors consider the deferred tax balances are expected to reverse after 1 April 2020 the tax rate used for deferred tax at the period end is 17%.

#### **10 Dividends**

|   | <b>2018</b>      | <b>2017</b>    |
|---|------------------|----------------|
|   | <b>£</b>         | <b>£</b>       |
| Dividend of £2.40 (2017 - £1.00) per ordinary share | <u>1,200,000</u> | <u>500,000</u> |

The directors are proposing a final dividend of £Nil (2017 - £Nil) per share totalling £Nil (2017 - £Nil).

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 11 Intangible assets

|                                 | Goodwill<br>£    | Customer<br>relationships<br>£ | Development<br>costs<br>£ | Total<br>£       |
|---------------------------------|------------------|--------------------------------|---------------------------|------------------|
| <b>Cost or valuation</b>        |                  |                                |                           |                  |
| At 3 September 2017             | 4,792,654        | 36,000                         | 97,874                    | 4,926,528        |
| Additions                       | <u>658,066</u>   | <u>53,000</u>                  | <u>44,871</u>             | <u>755,937</u>   |
| At 1 September 2018             | <u>5,450,720</u> | <u>89,000</u>                  | <u>142,745</u>            | <u>5,682,465</u> |
| <b>Accumulated amortisation</b> |                  |                                |                           |                  |
| At 3 September 2017             | 325,222          | -                              | 10,000                    | 335,222          |
| Amortisation charge             | <u>-</u>         | <u>89,000</u>                  | <u>30,935</u>             | <u>119,935</u>   |
| At 1 September 2018             | <u>325,222</u>   | <u>89,000</u>                  | <u>40,935</u>             | <u>455,157</u>   |
| <b>Carrying amount</b>          |                  |                                |                           |                  |
| At 1 September 2018             | <u>5,125,498</u> | <u>-</u>                       | <u>101,810</u>            | <u>5,227,308</u> |
| At 2 September 2017             | <u>4,467,432</u> | <u>36,000</u>                  | <u>87,874</u>             | <u>4,591,306</u> |

The amortisation charge is included within administrative expenses in the profit and loss account.

For further details of acquisitions in the period see note 14.

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

|                                      | 2018<br>£        | 2017<br>£        |
|--------------------------------------|------------------|------------------|
| Johnstone Wallace Oils profit centre | 715,003          | 715,003          |
| Borders profit centre                | 254,426          | 254,426          |
| Wooler profit centre                 | 362,914          | 362,914          |
| Workware profit centre               | 513,670          | 513,670          |
| Laycocks/Pearsons profit centre      | 782,733          | 124,667          |
| Williams profit centre               | 359,200          | 359,200          |
| Nicholls profit centre               | 266,640          | 266,640          |
| Reid and Robertson profit centre     | 872,772          | 872,772          |
| Morpeth profit centre                | 80,000           | 80,000           |
| Phoenix profit centre                | 703,020          | 703,020          |
| Mortimer profit centre               | <u>215,120</u>   | <u>215,120</u>   |
|                                      | <u>5,125,498</u> | <u>4,467,432</u> |

The recoverable amount of each cash generating unit is in excess of the carrying value and is determined through reference to its value in use.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **11 Intangible assets (continued)**

Departure from the historical cost accounting rules:

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. This accounting policy represents a departure from the historical cost accounting rules and, in particular, paragraph 22 of Schedule 1 of the Companies Act 2006, which requires goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life.

However, the directors consider that these requirements would fail to provide a true and fair view of the profit for the period and the balances carried forward in the financial statements in relation to acquisitions.

On 31 October 2017 the company acquired the entire share capital of Pearson Farm Supplies Limited.

On that date the trade and net assets of Pearson Farm Supplies Limited was hived up for the consideration of £524,817. A transfer was 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 Pearson Farm Supplies Limited at that date. The excess investment of £688,000 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 Pearson Farm Supplies 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.

In addition negative goodwill of £29,934 was created on the hive up of the trade and net assets from Pearson Farm Supplies Limited. This has been offset against the positive goodwill as it relates to the same business. The total goodwill created through this transaction of £658,066 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.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 12 Tangible assets

|                                 | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Assets in the<br>course of<br>construction<br>£ | Total<br>£ |
|---------------------------------|----------------------------|-----------------------------|---|------------|
| <b>Cost or valuation</b>        |                            |                             |   |            |
| At 3 September 2017             | 4,936,756                  | 14,796,401                  | 85,550  | 19,818,707 |
| Additions                       | 633,701                    | 1,588,367                   | 96,442  | 2,318,510  |
| Disposals                       | -                          | (643,638)                   | -   | (643,638)  |
| Reclassifications               | 34,437                     | 554,113                     | (85,550)  | 503,000    |
| Transfers from group companies  | 550,000                    | 297,751                     | -   | 847,751    |
| At 1 September 2018             | 6,154,894                  | 16,592,994                  | 96,442  | 22,844,330 |
| <b>Accumulated depreciation</b> |                            |                             |   |            |
| At 3 September 2017             | 1,046,552                  | 9,477,229                   | -   | 10,523,781 |
| Charge for the period           | 151,890                    | 1,553,983                   | -   | 1,705,873  |
| Eliminated on disposal          | -                          | (555,364)                   | -   | (555,364)  |
| Transfers from group companies  | -                          | 131,628                     | -   | 131,628    |
| At 1 September 2018             | 1,198,442                  | 10,607,476                  | -   | 11,805,918 |
| <b>Carrying amount</b>          |                            |                             |   |            |
| At 1 September 2018             | 4,956,452                  | 5,985,518                   | 96,442  | 11,038,412 |
| At 2 September 2017             | 3,890,204                  | 5,319,172                   | 85,550  | 9,294,926  |

Carrs Billington Agriculture Pension Scheme holds a security agreement over certain properties. The company's bankers hold 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 £1,972,923 (2017: £980,573). This consists of cost of £2,988,421 (2017: £1,878,480) less accumulated depreciation of £1,015,498 (2017: £897,907).

Depreciation is recognised within the profit and loss account as shown below:

|                         | 2018<br>£        | 2017<br>£        |
|-------------------------|------------------|------------------|
| Cost of sales           | 1,618,573        | 1,540,182        |
| Administrative expenses | 87,300           | 68,418           |
|                         | <u>1,705,873</u> | <u>1,608,600</u> |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **13 Investments**

##### **Investments in subsidiaries**

£

##### **Cost**

|                      |                  |
|----------------------|------------------|
| At 3 September 2017  | 6,586,866        |
| Additions            | 1,212,817        |
| Transfer to goodwill | <u>(688,000)</u> |
| At 1 September 2018  | <u>7,111,683</u> |

##### **Provision for impairment**

|                          |                  |
|--------------------------|------------------|
| At 3 September 2017      | 5,618,390        |
| Impairment in the period | <u>524,717</u>   |
| At 1 September 2018      | <u>6,143,107</u> |

##### **Net book amount**

|                     |                |
|---------------------|----------------|
| At 1 September 2018 | <u>968,576</u> |
| At 2 September 2017 | <u>968,476</u> |

For details of the transfer to goodwill see note 11.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 13 Investments (continued)

Investments in subsidiaries are stated at cost. A list of subsidiary undertakings is given below:

| Name of subsidiary                            | Principal activity | Country of incorporation and principal place of business | Proportion of ownership interest and voting rights held |      |
|---|--------------------|--|---|------|
|   |                    |  | 2018  | 2017 |
| Johnstone Fuels and Lubricants Limited        | Dormant company    | UK<br>Scotland   | 100%  | 100% |
| Wallace Oils Limited                          | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| Carrs Feeds Limited                           | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| Forsyths of (Wooler) Limited                  | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| Safe at Work Limited                          | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| B.E. Williams Limited                         | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| W.M. Nicholls & Company (Crickhowell) Limited | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| Reid and Robertson Limited                    | Dormant company    | UK<br>Scotland   | 100%  | 100% |
| Phoenix Feeds Limited                         | Dormant company    | UK<br>England & Wales                                    | 100%  | 100% |
| Horse and Pet Warehouse Limited               | Dormant company    | UK<br>Scotland   | 100%  | 100% |
| Pearson Farm Supplies Ltd                     | Dormant company    | UK<br>England & Wales                                    | 100%  | 0%   |

All holdings are of ordinary share classes.

Companies registered in England and Wales have a registered office of Old Croft, Stanwix, Carlisle, Cumbria, CA3 9BA. Companies registered in Scotland have a registered office of 13 Whitfield Drive, Heathfield Industrial Estate, Ayr, South Ayrshire, Scotland, KA8 9RX, with the exception of Horse and Pet Warehouse Limited which has a registered office of 1a Whitfield Drive, Heathfield Industrial Estate, Ayr, Scotland, KA8 9RX.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 13 Investments (continued)

##### Joint ventures

|                                 | £               |
|---------------------------------|-----------------|
| <b>Cost</b>                     |                 |
| At 3 September 2017             | 50,000          |
| Redemption of preference shares | <u>(20,000)</u> |
| At 1 September 2018             | <u>30,000</u>   |
| <b>Carrying amount</b>          |                 |
| At 1 September 2018             | <u>30,000</u>   |
| At 2 September 2017             | <u>50,000</u>   |

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 stated at cost. 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 were fully redeemed during the period.

##### Other investments

|   | 2018<br>£     | 2017<br>£     |
|---|---------------|---------------|
| Cost and carrying amount at 1 September 2018 and 2 September 2017 | <u>44,499</u> | <u>44,499</u> |
|   | <u>44,499</u> | <u>44,499</u> |

Other investments principally comprise ordinary shares in several private companies in the agricultural sector. These investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **14 Acquisitions**

##### **Pearson Farm Supplies Ltd**

On 31 October 2017 the company acquired the entire share capital of Pearson Farm Supplies Ltd for cash consideration of £1.2m. Of this cash consideration £0.1m was deferred until February 2018 and a further £0.1m is deferred until the third anniversary of completion.

The principal activity of Pearson Farm Supplies Ltd is that of an agricultural retail business. The primary reason for the business combination was the expansion of the existing agriculture business.

On the date of acquisition the trade and assets of the company were hived up into Carrs Billington Agriculture (Sales) Limited for consideration of £524,817. Since the hive up Pearson Farm Supplies Ltd has been dormant.

Given the size of the acquisitions no separate disclosure has been presented on the face of the income statement as the impact would not be material.

Goodwill represents the excess of the consideration paid over the company's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Details of the aggregate assets and liabilities acquired by Carrs Billington Agriculture (Sales) Limited in respect of acquisitions are given below:

|   | <b>Fair Value</b> |
|---|-------------------|
|   | <b>£</b>          |
| Intangible assets                             | 53,000            |
| Property, plant and equipment                 | 166,123           |
| Assets held for resale                        | 100,492           |
| Inventories                                   | 958,012           |
| Receivables                                   | 1,099,336         |
| Bank overdraft                                | (444,654)         |
| Payables                                      | (1,196,294)       |
| Finance leases                                | (108,502)         |
| Corporation tax                               | (32,740)          |
| Deferred tax                                  | (40,022)          |
| <b>Net assets acquired</b>                    | <b>554,751</b>    |
| Goodwill (Note 11)                            | (29,934)          |
|   | <b>524,817</b>    |
| <b>Satisfied by</b>                           |                   |
| Loan payable to Pearson Farm Supplies Limited | 524,817           |
|   | <b>524,817</b>    |

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 15 Stocks

|                | 2018<br>£         | 2017<br>£         |
|----------------|-------------------|-------------------|
| Finished goods | <u>25,483,042</u> | <u>21,148,311</u> |

Stocks are stated after a provision for impairment of £250,000 (2017: £200,000).

The amount of write-down of stocks through the profit and loss account in the period is £50,000 (2017 - £Nil). This is included within cost of sales.

The cost of stocks recognised as an expense in the period amounted to £274,932,617 (2017 - £240,866,185). This is included within cost of sales.

#### 16 Debtors

|  | 2018<br>£          | 2017<br>£          |
|--|--------------------|--------------------|
| <b>Amounts receivable within one year:</b>                           |                    |                    |
| Trade debtors  | 40,997,057         | 35,322,341         |
| Less: Provision for impairment of trade debtors                      | <u>(1,191,232)</u> | <u>(1,418,060)</u> |
| Trade debtors - net  | 39,805,825         | 33,904,281         |
| Amounts owed by group, associated and related undertakings (Note 24) | 207,481            | 149,392            |
| Other taxes and social security                                      | 383,254            | 142,300            |
| Other debtors  | 669,345            | 684,276            |
| Prepayments and accrued income                                       | <u>420,408</u>     | <u>572,550</u>     |
|  | 41,486,313         | 35,452,799         |
| <b>Amounts receivable after more than one year:</b>                  |                    |                    |
| Deferred tax asset (Note 22)   | <u>42,131</u>      | <u>1,132</u>       |
|  | <u>41,528,444</u>  | <u>35,453,931</u>  |

The movement in the provision for impaired trade debtors consists of increases for additional provisions offset by debtors written off and unused provision released back to the profit and loss account. The provision is utilised when there is no expectation of recovering additional cash.

A credit of £210,585 (2017: £146,628) is recognised within administrative expenses in the profit and loss account in respect of the provision for impairment of trade debtors.

There is no impairment of other debtors 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.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 17 Creditors: amounts falling due within one year

|  | 2018<br>£         | 2017<br>£         |
|--|-------------------|-------------------|
| Bank loan  | 406,250           | 812,500           |
| Other bank borrowings  | 15,921,843        | 6,987,636         |
| Trade creditors  | 9,102,526         | 10,593,193        |
| Amounts owed to group, associated and related undertakings (Note 24) | 25,490,150        | 19,559,017        |
| Finance leases (Note 19)   | 466,859           | 423,677           |
| Current tax creditor   | 943,148           | 748,805           |
| Other creditors  | 8,219,461         | 5,404,594         |
| Accruals and deferred income   | 471,206           | 438,649           |
|  | <u>61,021,443</u> | <u>44,968,071</u> |

Loans from group undertakings and loans from other related parties are unsecured and interest free. The bank loan is secured over certain properties. Other bank borrowings are secured on trade debtors. Finance lease obligations are secured on the assets to which they relate.

#### 18 Creditors: amounts falling due after more than one year

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| Bank loan  | -                | 406,250          |
| Finance leases (Note 19)   | 797,716          | 752,862          |
| Amounts owed to group, associated and related undertakings (Note 24) | <u>963,357</u>   | <u>963,257</u>   |
|  | <u>1,761,073</u> | <u>2,122,369</u> |

#### 19 Obligations under leases and hire purchase contracts

##### Finance lease obligations

|                         | Repayment profile |                  |
|-------------------------|-------------------|------------------|
|                         | 2018<br>£         | 2017<br>£        |
| <b>Amounts payable:</b> |                   |                  |
| Within one year         | 466,859           | 423,677          |
| In two to five years    | <u>797,716</u>    | <u>752,862</u>   |
|                         | <u>1,264,575</u>  | <u>1,176,539</u> |

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **19 Obligations under leases and hire purchase contracts (continued)**

##### **Operating leases**

Total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

|                             | <b>2018</b>      | <b>2017</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>£</b>         | <b>£</b>         |
| Falling due before one year | 836,379          | 929,911          |
| Between one to five years   | 1,495,194        | 1,892,710        |
| After more than five years  | 1,943,472        | 2,056,597        |
|                             | <u>4,275,045</u> | <u>4,879,218</u> |

#### **20 Pension and other schemes**

##### **(a) Carr's Group Pension Scheme**

The company participates in a group pension scheme sponsored by Carr's Group plc, its ultimate parent company. The pension scheme offered a defined benefit and a defined contribution section. The defined benefit section shares risks between entities under common control. The assets of the scheme are held separately from those of the sponsoring company and are invested with independent investment managers.

From 1 September 2015 the defined contribution section was closed. Members of that section were enrolled in a new defined contribution scheme, the Carr's Group Retirement Savings Scheme (Carr's Group RSS), set up under a Master Trust arrangement.

The defined benefit section of the scheme was previously closed to new members, and has closed to future accrual with effect from 31 December 2015. Members of this section became entitled to become members of the Carr's Group RSS from 1 January 2016. The pension expense for the defined benefit section of the scheme for the period was £nil (2017: £nil).

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. Common contribution rates apply across the Carr's Group plc group as a whole. The last finalised full actuarial assessment of the scheme was at 31 December 2017.

There is neither a contractual agreement nor a stated policy for allocating the net defined benefit cost to the individual group entities. 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. Accordingly, the net defined benefit cost for the scheme as a whole is recognised in the financial statements of Carr's Group plc, the sponsoring employer of the scheme. Contributions payable by the company are charged to the profit and loss account in the period they fall due.

Recognition of the defined benefit asset and related disclosures required by IAS 19 Revised: 'Employee benefits' in respect of the group scheme are provided in the Carr's Group plc financial statements.

##### **(b) Carr's Group Retirement Savings Scheme (Carr's Group RSS)**

Carr's Group plc offers membership to the company's employees in a Master Trust arrangement, Carr's Group RSS, following the closure of both sections of the Carr's Group Pension Scheme. The pension expense for this scheme in the period was £846,325 (2017: £287,715).

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **20 Pension and other schemes (continued)**

##### **(c) Carrs Billington Agriculture Pension Scheme**

The company is a participating employer of the Carrs Billington Agriculture Pension Scheme, which is a multi-employer defined benefit scheme. For the reasons explained below this scheme is accounted for as a defined contribution scheme.

The scheme is closed to new entrants and has been closed to future accrual since 1 December 2007. There is currently a surplus, calculated in accordance with IAS 19, of £2.0m (2017: deficit of £2.3m). The sponsoring employer, Carrs Billington Agriculture (Operations) Limited, is currently paying £0.8m per annum under the terms of the recovery plan agreed between them and the Trustees of the scheme.

Under the rules of the scheme, any employer wishing to exit the scheme would trigger a partial wind-up of the scheme and would therefore be responsible for their s75 debt. A full wind-up of the plan would also trigger s75 debts for each participating employer.

The history of the scheme is that it was brought together from many other pension schemes and employers following multiple acquisitions over several years. Many of those acquisitions had little or no records of employee histories. Because of this, approximately 85% of the scheme liabilities are 'Orphan Liabilities'. Under the rules of the scheme, on a wind-up the orphan liabilities would be split between the participating employers in the same proportion as their calculated share of non-orphan liabilities. At the last actuarial valuation, the buy-out deficit was £15.7m and the company's estimated liability on the wind-up of the scheme was £7.6m.

Because of the scheme history described above, it is not possible to calculate the company's share of the assets and liabilities of the scheme, and consequently despite it being a defined benefit pension scheme the company treats it as a defined contribution pension scheme for accounting purposes. The company does not expect to pay any contributions to the scheme in the next reporting period (2017: £nil). Currently the deficit repair contributions are being funded solely by the sponsoring employer and this is expected to remain the case in the future. Those deficit repair contributions are based on the last triennial valuation of the scheme as at 31 December 2015, which showed that the scheme had a deficit of £4.4m on a technical provisions basis.

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

The company offered a Group Personal Pension Plan, a defined contribution pension scheme, to some of its employees. From 1 September 2017 contributions into this plan ceased and employees were instead offered membership in the Carr's Group RSS. The pension expense for this plan in the period was £nil (2017: £520,944).

##### **(e) Other pension plans**

Various defined contribution pension schemes have been brought into the company following the hive up of the trade and net assets of various businesses. Contributions of £17,426 have been made into these schemes in the period (2017: £16,847).

The company contributes into NEST on behalf of certain employees. Contributions of £38,089 have been made in the period (2017: £24,397).

##### **(f) Pension scheme related costs**

During the period the company incurred costs associated with pension schemes of £59,697 (2017: £103,387).

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

#### **21 Share-based payments**

##### **Scheme details and movements**

###### **Long Term Incentive Plan**

Under the long term incentive plan shares will be awarded to eligible individuals subject to a Carr's Group plc group earnings per share (EPS) target measured against average annual increases over a three year period. For the awards granted in November 2015, November 2016 and December 2017 an average annual growth of EPS must exceed 3.0% for 25% of the awards to vest and 100% vest at 10.0%, with a straight line calculation between 25% and 100% of the award.

###### **SAYE Share Plan**

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 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.

During the period 59,217 options were granted under the Long Term Incentive Plan December 2017 with a weighted average exercise price of £0.00 and 734,465 options were granted with 53,265 options subsequently lapsed in the Share Save Scheme 2018 (3 year plan) with a weighted average exercise price of £1.061. In addition 44,110 (2017: nil) options did not meet the performance criteria and therefore were not exercisable under the Long Term Incentive Plan November 2014 with a weighted average exercise price of £0.00 (2017: £0.00) and 75,350 (2017: nil) options were forfeited in the Share Save Scheme 2014 (5 year plan) with a weighted average exercise price of £1.520 (2017: £1.520).

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 21 Share-based payments (continued)

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

|   | Long Term<br>Incentive<br>Plan<br>December<br>2017 | Long Term<br>Incentive<br>Plan<br>November<br>2016 | Long Term<br>Incentive<br>Plan<br>November<br>2015 | Share Save<br>Scheme<br>(3-Year<br>Plan 2018) | Share Save<br>Scheme<br>(5-Year<br>Plan 2014) |
|---|--|--|--|---|---|
| <b>Share table variables</b>                        |  |  |  |   |   |
| Grant date  | 22/12/17   | 14/11/16   | 09/11/15   | 18/12/17                                      | 9/6/14  |
| Share price at grant date (weighted average)        | £1.240   | £1.440   | £1.460   | £1.20   | £1.870  |
| Exercise price (weighted average)                   | £0.00  | £0.00  | £0.00  | £1.061  | £1.520  |
| Fair value per option at grant                      | £1.119   | £1.324   | £1.344   | £0.280  | £0.529  |
| Number of employees                                 | 1  | 1  | 1  | 143   | 11  |
| Shares under option                                 | 59,217   | 49,993   | 48,820   | 681,200                                       | 26,780  |
| Vesting period (years)                              | 3  | 3  | 3  | 3   | 5   |
| Model used for valuation                            | Market value*                                      | Market value*                                      | Market value*                                      | Binomial                                      | Black Scholes                                 |
| Expected volatility                                 | -  | -  | -  | 32.7%   | 26.9%   |
| Option life (years)                                 | 10   | 10   | 10   | 3.5   | 5.5   |
| Expected life (years)                               | 6.5  | 6.5  | 6.5  | 3.25  | 5.25  |
| Weighted average remaining contractual life (years) | 9  | 8  | 7  | 2.83  | 2.25  |
| Risk-free rate                                      | -  | -  | -  | 0.6%  | 2.07%   |
| Expected dividends expressed as a dividend yield    | 1.68%  | 1.78%  | 2.54%  | 2.7%  | 1.93%   |
| Expectations of vesting                             | 100%   | 100%   | 100%   | 95%   | 95%   |

\* discounted for dividends forgone over the three year vesting period.

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 22 Provisions for liabilities

##### Deferred tax

Deferred tax movement during the period:

|                              | At 3 September<br>2017<br>£ | Recognised in<br>income<br>£ | Arising on<br>acquisition<br>£ | Recognised in<br>equity<br>£ | At 1 September<br>2018<br>£ |
|------------------------------|-----------------------------|------------------------------|--------------------------------|------------------------------|-----------------------------|
| Accelerated tax depreciation | (146,426)                   | 47,500                       | (35,353)                       | -                            | (134,279)                   |
| Other items                  | 1,132                       | 40,686                       | (4,669)                        | 4,982                        | 42,131                      |
| Net tax assets/(liabilities) | <u>(145,294)</u>            | <u>88,186</u>                | <u>(40,022)</u>                | <u>4,982</u>                 | <u>(92,148)</u>             |

Deferred tax movement during the prior period:

|                              | At 4 September<br>2016<br>£ | Recognised in<br>income<br>£ | Arising on<br>acquisition<br>£ | At<br>2 September<br>2017<br>£ |
|------------------------------|-----------------------------|------------------------------|--------------------------------|--------------------------------|
| Accelerated tax depreciation | (246,426)                   | 102,284                      | (2,284)                        | (146,426)                      |
| Other items                  | 510                         | 6,742                        | (6,120)                        | 1,132                          |
| Net tax assets/(liabilities) | <u>(245,916)</u>            | <u>109,026</u>               | <u>(8,404)</u>                 | <u>(145,294)</u>               |

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 company did not recognise deferred tax assets of £1,248 (2017: £1,248) in respect of losses that can be carried forward against future taxable income.

Deferred tax assets and liabilities:

|                              | Asset<br>£    | Liability<br>£   | Net deferred<br>tax<br>£ |
|------------------------------|---------------|------------------|--------------------------|
| <b>2018</b>                  |               |                  |                          |
| Accelerated tax depreciation | -             | (134,279)        | (134,279)                |
| Other items                  | 42,131        | -                | 42,131                   |
|                              | <u>42,131</u> | <u>(134,279)</u> | <u>(92,148)</u>          |

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 22 Provisions for liabilities (continued)

|                              | Asset<br>£   | Liability<br>£   | Net deferred<br>tax<br>£ |
|------------------------------|--------------|------------------|--------------------------|
| 2017                         |              |                  |                          |
| Accelerated tax depreciation | -            | (146,426)        | (146,426)                |
| Other items                  | 1,132        | -                | 1,132                    |
|                              | <u>1,132</u> | <u>(146,426)</u> | <u>(145,294)</u>         |

#### 23 Called up share capital

##### Allotted, called up and fully paid shares

|                                | 1 September 2018 |                | 2 September 2017 |                |
|--------------------------------|------------------|----------------|------------------|----------------|
|                                | No.              | £              | No.              | £              |
| 'A' Ordinary shares of £1 each | 255,000          | 255,000        | 255,000          | 255,000        |
| 'B' Ordinary shares of £1 each | 245,000          | 245,000        | 245,000          | 245,000        |
|                                | <u>500,000</u>   | <u>500,000</u> | <u>500,000</u>   | <u>500,000</u> |

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.

#### 24 Related party transactions

The company has the following transactions with ultimate parent company and fellow group companies:

|   | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| Sales to Carr's Group plc                         | 147              | -                |
| Management charges from Carr's Group plc          | (690,437)        | (690,437)        |
| Sales to Carrs Agriculture Limited                | 824              | 3,362            |
| Purchases from Carrs Agriculture Limited          | (5,132,087)      | (4,277,407)      |
| Management charges from Carrs Agriculture Limited | (12,613)         | (12,246)         |
| Management charges to Carrs Agriculture Limited   | 151,140          | 146,730          |
| Sales to Carr's Engineering Limited               | 11,512           | 8,901            |
| Purchases from Carr's Engineering Limited         | (30,799)         | (30,395)         |
| Rent payable to Carr's Engineering Limited        | (64,000)         | (65,000)         |
| Rent payable to Carrs Properties Limited          | <u>(411,407)</u> | <u>(411,407)</u> |

## Carrs Billington Agriculture (Sales) Limited

### Notes to the financial statements for the period from 3 September 2017 to 1 September 2018

#### 24 Related party transactions (continued)

The company has the following balances with ultimate parent company and fellow group companies:

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| Amounts owed to Carr's Group plc           | (86,494)         | (92,408)         |
| Amounts owed by Carrs Agriculture Limited  | 1,072            | 7,583            |
| Amounts owed to Carrs Agriculture Limited  | (319,971)        | (167,032)        |
| Amounts owed by Carr's Engineering Limited | 4,273            | 1,262            |
| Amounts owed to Carr's Engineering Limited | (18,771)         | (1,577)          |
| Amounts owed by Carrs Properties Limited   | 32,954           | 35,988           |
| Amounts owed to Carrs Properties Limited   | -                | (88)             |
| Amounts owed to dormant group companies    | <u>(963,357)</u> | <u>(963,257)</u> |

The company has the following transactions with other related party companies:

|   | 2018<br>£     | 2017<br>£     |
|---|---------------|---------------|
| Sales to Carrs Billington Agriculture (Operations) Limited                | 49,591        | 122,286       |
| Purchases from Carrs Billington Agriculture (Operations) Limited          | (114,349,118) | (97,922,324)  |
| Management charges from Carrs Billington Agriculture (Operations) Limited | (65,373)      | (63,760)      |
| Management charges to Carrs Billington Agriculture (Operations) Limited   | 49,220        | 47,786        |
| Sales to Bibby Agriculture Limited  | 7,375         | 9,222         |
| Purchases from Bibby Agriculture Limited                                  | (352,376)     | (36,442)      |
| Management charges to Bibby Agriculture Limited                           | <u>70,000</u> | <u>61,525</u> |

The company has the following balances with other related party companies:

|   | 2018<br>£       | 2017<br>£      |
|---|-----------------|----------------|
| Amounts owed by Carrs Billington Agriculture (Operations) Limited | 15,352          | 20,022         |
| Amounts owed to Carrs Billington Agriculture (Operations) Limited | (25,053,058)    | (19,294,942)   |
| Amounts owed by Bibby Agriculture Limited                         | 9,613           | 10,645         |
| Amounts owed to Bibby Agriculture Limited                         | <u>(11,856)</u> | <u>(2,970)</u> |

#### Other related party transactions

The company made sales of £165,822 (2017: £296,126) to businesses in which Mr A Wannop has a significant interest. At the period end £144,217 (2017: £73,892) was outstanding. Mr A Wannop is a non-executive director of the ultimate parent company, Carr's Group plc.

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

### **Notes to the financial statements for the period from 3 September 2017 to 1 September 2018**

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

Carr's Group plc is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The company's immediate parent is Carr's Group plc.

The most senior parent entity producing publicly available financial statements is Carr's Group plc. These financial statements are available upon request from the Company Secretary at Old Croft, Stanwix, Carlisle, Cumbria, CA3 9BA.