CARR'S MILLING INDUSTRIES PLC

NEW HORIZONS FOR GROWTH

AGRICULTURE / FOOD / ENGINEERING

CARR'S MILLING INDUSTRIES PLC
ANNUAL REPORT AND ACCOUNTS 2013

CARR'S MILLING INDUSTRIES PLC IS FOCUSSED ON THE PRINCIPAL ACTIVITIES OF AGRICULTURE, FOOD AND ENGINEERING.

The Group's agriculture business comprises retailing of farm machinery/supplies and animal feed manufacture in the UK, USA and Germany.

Carr's principal food business is flour milling based in three UK locations.

Engineering comprises Carrs MSM, Bendalls and R Hind in the UK and Wälischmiller in Southern Germany.

OVERVIEW

BUSINESS REVIEW

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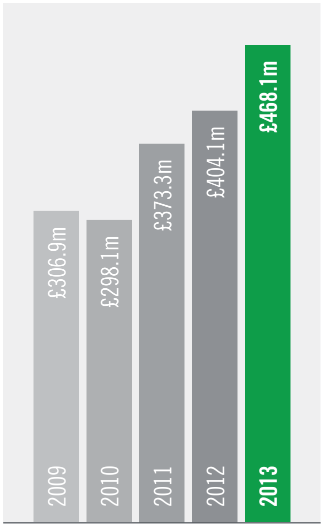
FINANCIAL STATEMENTS

Financial Highlights

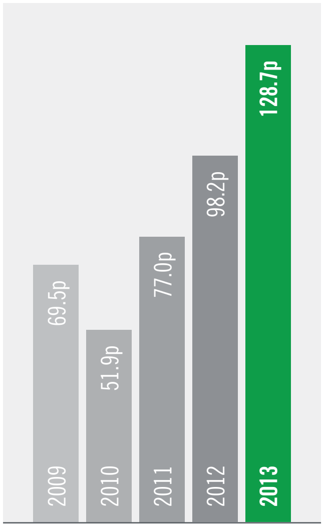


REVENUE

£468.1m

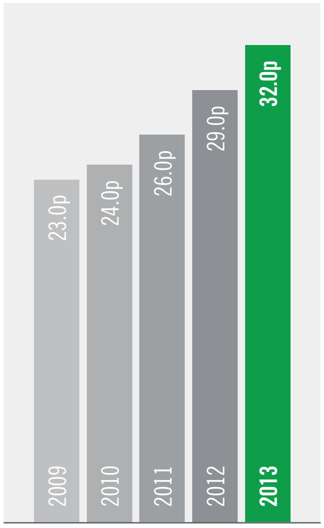
PROFIT BEFORE TAX

£15.9m



EARNINGS PER SHARE

128.7p



DIVIDEND PER SHARE

32.0p

The above revenue and results exclude those of the fertiliser business.

2013 Highlights

- Commissioning of the flour mill at Kirkcaldy
- Upgraded agriculture retail network
- New AminoMax® facility opened in UK
- V1000 prototype developed at Wälischmiller
- Geographical expansion of feed block business in USA

CHAIRMAN'S STATEMENT

CHRIS HOLMES
CHAIRMAN

This has been an exciting year of transition for Carr's with a number of senior Board changes made, underpinned by another strong trading performance.

REVIEW OF THE YEAR

Ron Wood retired as Group Finance Director on 30 April, and I stepped down as Chief Executive on 28 February, taking over as Chairman from Lord Inglewood, who retired on the same date. I am pleased to confirm that Tim Davies, who was appointed as our new Chief Executive Officer on 1 March, and Neil Austin, our new Group Finance Director, have got off to a strong start, building on the established foundations and driving the Group forward. I am sure that this very strong team will help to ensure continuing growth across the Group's three divisions.

In spite of these significant changes, I am pleased to report that the Group achieved a record profit for the year, building on last year's success. This success can be attributed to strong operational performance, on-going pursuit of our strategic aims, benefits from innovation and the investments that we've made, as well as assistance from adverse weather conditions, particularly in the UK and the USA.

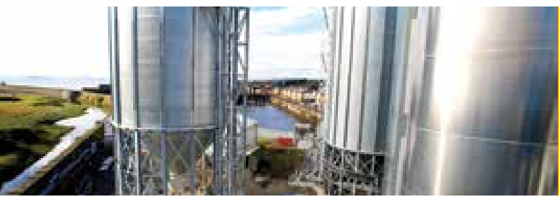
All divisions exceeded budget expectations demonstrating management's ability to adapt to changing environments, as well as continuing to provide our high quality products and excellent customer service, whilst also pursuing new opportunities through geographical expansion and product development.

This commitment from the team, combined with the performance of the Group's strategic investments in joint ventures and associate, resulted in a 21.5% increase in profit before tax. Our international operations contributed 46.6% of the Group's profit before tax.

During the year the Group further capitalised on its well invested assets, expanded trading with new customers and formed new collaborations with a view to further geographical and product expansion. "A perfect storm" of weather conditions, with a wet summer in 2012 followed by a long winter lasting through to Easter 2013 in the UK and widespread droughts covering the majority of the USA in 2012, supported the strong performance of our Agriculture and Food divisions. The Engineering division, particularly Carrs MSM and Wälischmiller, continued to perform well due to our innovative product offering and on-going development in new technologies.

STRATEGY

Our strategic vision is to be recognised as a truly international business at the forefront of innovation and technology across Agriculture, Food and Engineering. The way in which we achieve this must reflect changes in markets and customers, together with a constant assessment of returns for shareholders.



Our aim for this year and beyond is to continue to innovate and drive growth and customer service excellence. To achieve this we are looking at further product research and development and the continued search for complementary acquisitions.

EMPLOYEES

The success of the Group would not be possible without management implementing strategy and our employees adopting our "can do" culture, alongside their own desire to see the Group succeed. Despite the global nature of our business, all our employees have embraced our culture, and on behalf of the Board I would like to thank all of them for their continued dedication and effort throughout a very busy year.

FINANCIAL REVIEW

Revenue for the period increased by 15.8% to £468.1 million (2012: £404.1 million). Profit before tax was up 21.5% to £15.9 million (2012: £13.1 million).

Basic earnings per share for the period were up by 31.1% to 128.7 pence (2012: 98.2 pence) with fully diluted earnings per share of 126.4 pence (2012: 97.5 pence) and adjusted earnings per share of 128.7 pence (2012: 101.5 pence).

Net cash generated from operating activities was £4.0 million (2012: £8.3 million). At the end of the period the Group had net debt of £22.1 million compared to net debt of £2.5 million at 1 September 2012. This increase in net debt largely reflected total capital expenditure during the period of £19.1 million, of which £9.2 million was subsequently refinanced on a long term finance lease, and we continue to operate with ample headroom.

Working capital increased by £9.0 million and contributions to the deficit in the pension scheme totalled £2.9 million.

During the year the Group extended its revolving credit facility from £10.0 million to £15.0 million, and with the exception of the bank overdraft facility of £5.0 million, which is renewed annually, the other facilities are committed through to November 2014.

Even after a period of substantial capital investment, our gearing and interest cover remain well within our conservative levels. This sound financial position means that Carr's is well placed to continue to make strategic investments to drive growth in our businesses.

DIVIDEND

The Board is proposing a 13.8% increase in the final dividend to 16.5 pence per ordinary share, which together with the two interim dividends of 7.75 pence per share each, paid in May and October 2013, make a total of 32.0 pence per share for the year (2012: 29.0 pence per share). The final dividend, if approved by shareholders, will be paid on 17 January 2014 to shareholders on the register at the close of business on 20 December 2013 and the shares will go ex-dividend on 18 December 2013.

BOARD COMPOSITION AND CORPORATE GOVERNANCE

I was delighted that the Board requested that on Tim Davies' appointment as Chief Executive, I take over as Chairman, initially in an Executive capacity before becoming Non-Executive Chairman on 1 August. All the Board changes have been effected very smoothly, assisted by the continuing Non-Executive Directors Alistair Wannop and Robert Heygate, along with the senior management across the Group.

The Company takes its corporate governance responsibilities very seriously and a full report on Corporate Governance is on pages 23 to 26.

I would like to take this opportunity to thank Lord Inglewood for his contribution as both a Non-Executive Director and Chairman of the Company through many successful and challenging years. I would also like to thank Ron Wood for his commitment and dedication to the Company over 25 years. It was a great pleasure to work with Ron and, with his support and financial tenacity, grow the business to the success it has become and will no doubt continue to be.

OUTLOOK

The current financial year has got off to a strong start. The investments that we have made across the Group in terms of acquisitions, organic growth, and in our people are all making a contribution to the year's performance.

While the weather conditions that provided "the perfect storm" are unlikely to be repeated, the Agriculture division will benefit from the investment in the expansion of the UK and USA AminoMax® facilities. The expansion of operations in the USA, with the new business in Silver Springs, Nevada, and the joint venture operation at Iowa, will provide greater geographical coverage in the USA, and expand our existing customer network.

Following the commissioning of our new Kirkcaldy flour mill, further margin improvement is expected in this and future years. The Board is confident in achieving the financial benefits, operational efficiencies and input savings as expected.

Development of Wälischmiller's new factory and office facilities in Markdorf, Germany are due for completion in December and the technologically advanced operations will benefit from this investment, ensuring enhanced production efficiencies. This, coupled with on-going product development, provides us with exciting opportunities in the short to medium term. However, the associated one-off relocation costs, coupled with the decrease in nuclear work for the UK businesses, are expected to result in a reduced level of profitability from this division compared to the current year.

The Group remains ideally placed to capitalise on future opportunities, with a strong balance sheet and well invested assets. The Board will continue to look at how best to achieve its strategic aims and achieve optimal returns for its shareholders.

CHRIS HOLMES
Chairman
15 November 2013

CHIEF EXECUTIVE'S REVIEW

TIM DAVIES
CHIEF EXECUTIVE OFFICER

I am pleased to report record profit before tax for the Group, up 21.5% for the period, building on last year's success.

OVERVIEW

Carr's operates across a variety of markets both in the UK and Internationally. The common thread linking our Agriculture, Food and Engineering divisions together is the level of innovation, technology and research employed by all divisions, which drives current and future growth.

Since taking over as CEO on 1 March 2013, I have had the chance to visit the majority of sites in the countries in which we operate and I have been consistently impressed by our state of the art operations and by the professionalism, ingenuity and skills of our people across the business.

It is my belief that this powerful combination of great people and well invested assets has created a strong platform on which the Group can continue to develop and prosper in the future.

STRATEGY

The strength and potential of the Group lies in its unique market position and focus on product diversification. Our strategic vision is to be a truly international business at the forefront of innovation and technology.

To achieve this vision, we need to build on our investment in key operational assets, expand our research capabilities and ensure we continue to roll out innovative products into the market place. We currently have ten significant research projects commissioned and in progress covering a wide range of activities including product efficacy in differing environments, and enhanced performance and development of new and existing products. This investment will continue to provide all divisions in the Group with new opportunities.

In addition, we will continue to assess potential acquisitions to establish if they complement the business, support our growth plans, further our strategic vision and provide shareholders with a solid return on investment.

INVESTMENT

Our on-going investment programme provides the Group with a platform for future growth across all three of our divisions.

In the period, the major investment projects completed, commenced and proposed include:

- £0.8 million for Western Feed Supplements, Silver Springs, Nevada, low moisture block plant
- Acquired in June 2013

- £0.7 million for joint venture ACC Feed Supplement, Sioux city, low moisture block plant
- Agreement signed in August 2013

- £1.4 million for agriculture retail, branch expansion Carlisle
- Opened in May 2013

- £0.2 million for AminoMax® Plant, Lancaster, UK
- Commenced operation July 2013

- £0.8 million for AminoMax® Watertown, New York State expansion
- Completed November 2013

- £17.0 million for flour mill, Kirkcaldy, Scotland
- Commenced operation September 2013

- £4.5 million for Wälischmiller factory and office development, Germany
- Phase 3 due for completion December 2013

PROFIT BEFORE TAX BY SECTOR

AGRICULTURE	FOOD	ENGINEERING
£8.8m	£0.6m	£4.2m
7.9% up from 2012	**26.5%** up from 2012	**10.6%** down from 2012

AGRICULTURE

Profit before tax for the period increased by 7.9% to £8.8 million (2012: £8.1 million) on revenue up by 15.9% to £340.4 million (2012: £293.8 million). Profit before tax for the period, including contributions from associate and joint ventures, increased by 22.5% to £11.6 million (2012: £9.5 million).

The weather both in the UK and USA had a significant impact on the performance of our Agriculture division driving the sales of feed, feed blocks, fuel and animal health products during the year. In the UK the wet autumn had an adverse impact on the quality of forage available and the duration and intensity of the 2012/13 winter accelerated sales. In the USA, the summer droughts of 2012 covered two thirds of the land area and 80% of the nation's farm land resulting in low quality forage. As in the UK, the subsequent harsh winter conditions have not been favourable for farmers, having a detrimental impact on farm incomes.

Importantly, there was underlying growth and market share gains beyond the impact of the weather that supported the record performance in Agriculture, particularly the increasing recognition and sales of our branded products AminoMax®, Crystalyx®, Smartlic® and Feed in a Drum®.

Retail sales in the UK increased by 23% over the prior year attributable to the prolonged, wet winter and our enhanced Country Store retail network. Despite difficult winter conditions in the UK our high customer service levels were maintained due to the dedication of our staff. Feed sales increased by 15% over the last year as a direct result of the winter conditions and heating oil, gasoline and diesel sales also benefitted from the weather.

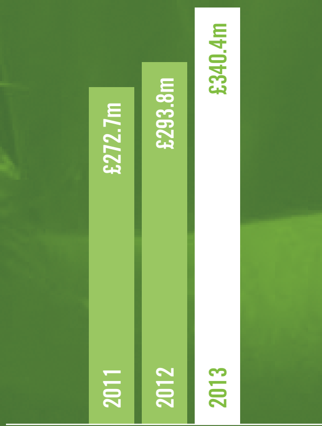
However, we continued to deliver on our strategy of focusing on core trading areas, providing a full complement of products and services for the developing needs of our customers. Previous investments at fuel depot sites in Lancaster, Cockermouth, Hexham and Carlisle also contributed to the improved performance.

Our branded feed blocks (Crystalyx®, Smartlic® and Feed in a Drum®) continue to achieve significant sales growth. We have commissioned university research in four areas, to continue to develop our portfolio of low moisture block products. Significant growth in this area combined with market share gains and favourable weather conditions, resulted in sales of feed blocks increasing by 9%.

To support customer demand and future growth into new markets our USA subsidiary, Animal Feed Supplement Inc ("AFS"), purchased Western Feed Supplements, a low moisture feed block manufacturer in Silver Springs, Nevada in June 2013 for £0.8 million. The plant is strategically located close to the significant cattle populations in California which could not previously be accessed cost effectively from our existing plants. In August 2013, a joint venture company, ACC Feed Supplement LLC, was formed between AFS, our wholly owned USA subsidiary and Consumer Supply Distributing LLC ("CSD") to establish a low moisture feed block plant at CSD's plant in Sioux City, Iowa. The plant will supply products through both companies' existing sales and distribution networks, and is expected to commence production in the fourth quarter of 2014. AminoMax®, the patented rumen bypass protein product, produced at Watertown, New York State, increased sales on the previous year. Based on future customer demand for AminoMax® we have invested with our JV partner a further £1.6 million to increase the plant capacity by 65%. The extended plant commences operation this month.

As a key element of our strategy to be recognised as the leading dairy nutrition company, a new state-of-the-art AminoMax® plant was commissioned at our Lancaster feed mill in July 2013. The successful commissioning process was supported by the management team from Watertown, USA.

We remain positive about the future prospects for the Agriculture division. With ongoing focus on research and development of further beneficial livestock products, we will continue to extend the reach of our products and services both in the UK and internationally.

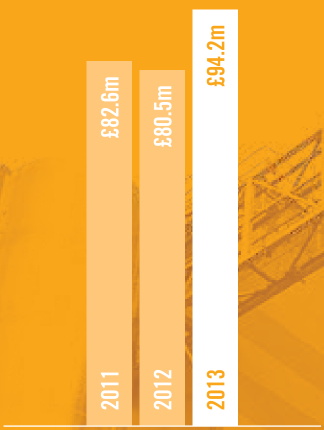


REVENUE

£340.4m

FOOD

Revenue increased for our Food division by 17.0% to £94.2 million and profit increased by 26.5% to £0.6 million.



REVENUE

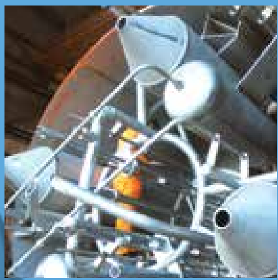
£94.2m

Eighteen months ago the Board approved the £17 million investment in a new state-of–the-art mill at Kirkcaldy, Scotland. In September 2013, flour milling production commenced at the new mill. This strategic investment in a new technologically advanced mill was made against a backdrop of overcapacity in the UK flour milling market, substantial under investment in flour milling assets across the industry and ever increasing demands from customers for higher food safety standards. This investment will allow us not only to meet our customers' needs and expectations but also to return the Food division to improved levels of financial performance. We expect to see the benefits of the Group's investment start to be realised through 2014 with an increase in underlying performance expected to be fully realised in the short to medium term, driven from a mix of cost savings and planned operational efficiencies. The building of the new mill has been completed on time and within budget which is of great credit to all our team who have shown remarkable dedication and skill in delivering this project.

The 2012 wheat harvest in the UK was the worst in living memory both in terms of yield and quality. In contrast, the 2013 UK wheat harvest is expected to be good quality albeit due to the poor weather in 2012 planting was reduced and therefore the crop is the smallest since 2001. The position of our two northern mills, Kirkcaldy, Scotland and Silloth, Cumbria at port locations has been key to the improved performance of the division. Investment by the Forth Ports Authority and ourselves to open the Kirkcaldy harbour in 2012 has reaped significant rewards as we were able to source quality wheat from international markets with great flexibility and lower logistics costs. The ability to source quality wheat from different markets, including the UK, is key to risk management within the division.

ENGINEERING

Profit before tax for the period decreased by 10.6% to £4.2 million (2012: £4.7 million) on revenue up by 12.4% to £33.4 million (2012: £29.7 million).


The objectives of the Engineering division are aligned with those of the Group, and our strategy to achieve this is by investing in the growth and development of the Engineering business through research, innovation and acquisition.

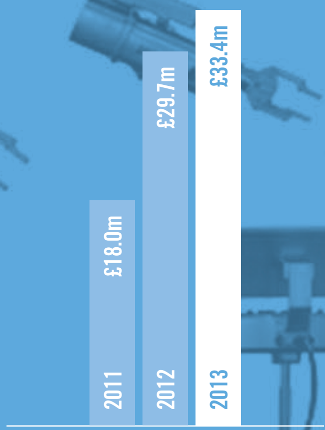
Wälischmiller, the remote handling and robotics business based in Germany, has had an exceptionally successful year. The second phase of the £4.5 million investment in the new factory and offices at Markdorf is in the final phase and will complete in December 2013. The logistics of transferring the final phase of plant across to the new factory will cause a degree of disruption to production with some additional one-off costs to be incurred as a result. The more efficient production layout and the investment in technology will optimise operations in the forthcoming year.

The experienced engineering design team continue to research and develop market leading and bespoke products for the nuclear industry and the oil and gas market, representing significant new opportunities for the business. A development contract with Statoil and Shell in Norway is on-going for the adaptation of Telbot®, the remote controlled robotic arm, for use in tank inspection. Wälischmiller recently exhibited at the International Robot Exhibition in Japan, which is the worldwide exhibition on robots and robotics for many industries including the nuclear and oil and gas industries. At the exhibition, the A100 and Joyarm robotic arm, were exhibited as well as the V1000, a remote-controlled handling vehicle, which is a new innovative product which has the ability to be completely tailored to customer requirements and can work in combination with, alongside or separately to the other products of Wälischmiller.

Carrs MSM based in Swindon, Wiltshire builds and services manipulators used mainly in the nuclear industry and research centres. In the period it has achieved record turnover building on the success of last year as it continues to execute sales based on the "life of plant" contract with Sellafield, signed in 2012. Under the contract Carrs MSM supply master slave manipulator parts critical for the major operating plants at Sellafield.

Bendalls, the specialist fabricator, based in Carlisle is in the process of completing the delayed £4 million pressure vessel contract for a floating production, storage and offloading platform being built by Hyundai for the BP Quad 204 area. The post-delivery contract issues with Bechtel in the USA reported last year have been resolved at an additional cost of £0.5 million. While future contracts remain at a low level due to the lack of activity in the UK nuclear industry, particularly at Sellafield, new decommissioning projects are expected to commence in 2014 and Bendalls is well placed to capitalise on these opportunities. In the short term, the focus of Bendalls' current contracts is with the oil and gas industry.

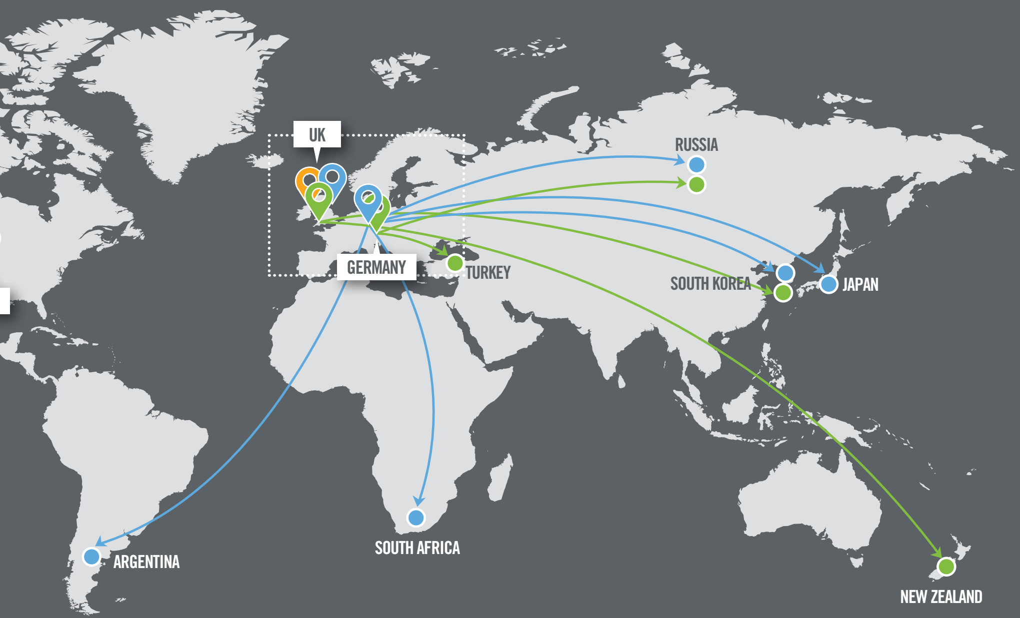
TIM DAVIES
Chief Executive Officer
15 November 2013



REVENUE
£33.4m

International Distribution

Our Engineering and Agriculture divisions distribute to customers all over the world.



Agriculture European Distribution

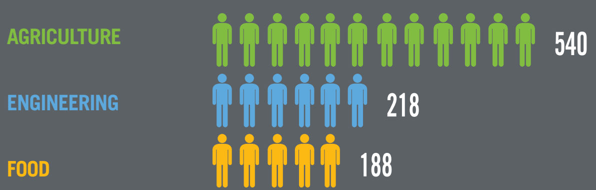
Engineering European Distribution

GROWTH INTERNATIONALLY THROUGH THE HARD WORK OF INNOVATIVE PEOPLE

Carr's is a truly international company with almost half its profit before tax being achieved outside the UK and distributing products to over 30 countries worldwide.

Employees

Below is total number of employees by division.



Profit Before Tax by Sector

CASE STUDY - AMINOMAX®

The Northeast area of the USA has a dairy cow population of 1.4 million within 350 miles of our AminoMax® facility located in Watertown, New York State. Over 50% of the cows are on diets that contain plant based bypass protein such as AminoMax®.

The AminoMax® facility was opened in October 2011 and our sales have continued to grow each year to the point where we are in the process of completing a second plant expansion to keep up with the demand.

Our Watertown facility is fully automated and was designed to produce the most consistent bypass protein product possible by utilising patented state-of-the-art technology.

The process control allows us to track all aspects of the manufacturing process to ensure every production run is identical, which ensures a consistent product and in turn consistent performance for our customers.

We are the only company worldwide that has successfully been able to utilise canola in addition to soybean and obtain excellent bypass protein values for both products.

Our ability to blend soy and canola gives us a unique advantage over our competitors as we are able to deliver a wider range of amino acids to the dairy customer. This places AminoMax® as the most technically advanced bypass protein product in the USA.

The global and domestic interest in AminoMax® is extremely high and we receive weekly enquiries from companies around the world.

We have applied the knowledge, experience, and technology from our Watertown facility in establishing a new AminoMax® facility in Lancaster, UK, to satisfy the increasing demand from the UK dairy market.

CASE STUDY - CARR'S FLOUR MILLS

Scotland is home to many great bakery businesses, that produce some of the finest baked goods in the United Kingdom. They depend on a miller who can consistently supply them with the right flour for the job, whether it is for bread, biscuits, rolls or pastry.

Our Kirkcaldy mill has been supplying these bakers for nearly 200 years. Following the recent major investment in a new mill, we look forward to continuing to supply these same customers for many years to come.

"State-of-the-art" is an over-used description but our new mill in Kirkcaldy can genuinely lay claim to being the world's most advanced.

Two years ago we set about designing a mill which incorporated all the latest thinking with regard to energy efficiency, flour quality and food safety. Following a number of high profile food safety scares in other sectors, provenance and food safety have become increasingly important to our customers. They need to know that we have precise and up-to-the minute control of our processes, thereby minimising the risk of product contamination as well as enabling us to provide detailed and timely product traceability reports. Features of the new mill which address these concerns include:

- An Optical Colour Sorter in the wheat cleaning process. This will detect and eliminate discoloured grains, a possible source of mycotoxins.
- Milling machinery that is designed to be easy to clean.
- A pioneering, fully automated flour sampling, testing and reporting system.
- A process control system which enables us to provide customers with a traceability report within minutes of their flour being milled.
- Interlocking flour redressing systems to control the risk of any foreign body contamination.

By talking to our customers and working closely with our building architect and machinery suppliers, we have designed and built a mill which has taken the control of food safety to a new level. In every sense, it is a mill which is well placed to serve its customers and to provide them with a reliable source of high quality flour.

CASE STUDY - WÄLISCHMILLER

Wälischmiller's specialist engineers have designed a new remote handling vehicle, the **V1000**. It is a fully remote-controlled handling vehicle designed to operate where safe human access is not possible, such as the Fukushima Nuclear Plant.

V1000 with robotic arm attached

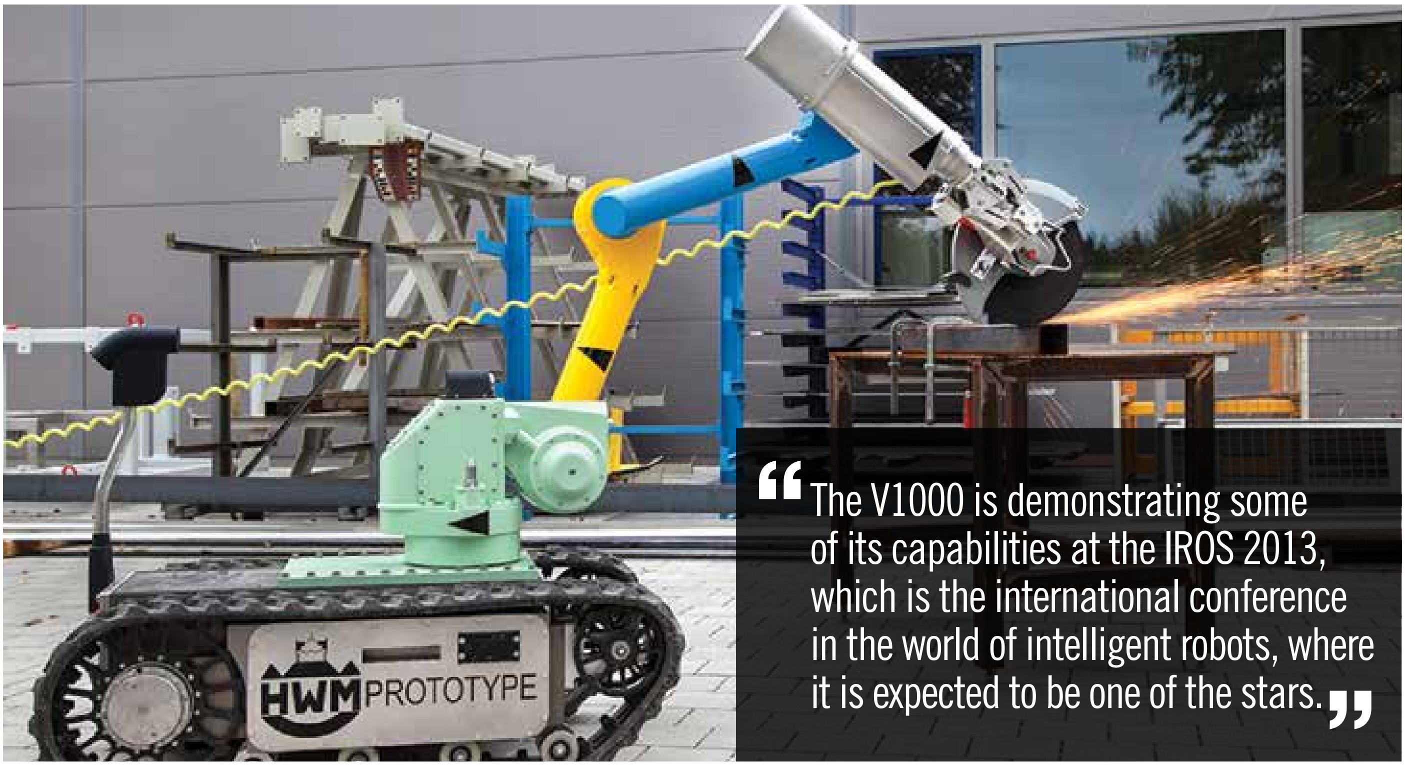
The vehicle can operate inside buildings, outside in all weather conditions, and in water. It can climb stairs, open doors and drive over almost every possible ground condition, and with a robotic arm it can right itself should it ever be knocked over.

It can be operated through a number of walls as well as at distances of 500 metres in line of sight. It has a carry load of 250kg and can pull weight in excess of two tonnes.

The V1000 is unique with its highly flexible design and applicability, which enables it to be built to meet customers' varying requirements. Not only is it variable in terms of scope and control, but it is modular in conception and can be equipped with anything to meet customer requirements. The V1000 is ideally placed to operate in radioactive environments and can be operated both wirelessly or with cables. It has been designed with ease of operation and maintenance in mind, with no licenses to operate required, and all electronics easily removable remotely.

An on-board camera and global-positioning system will help the operator remotely control the vehicle, which in Fukushima will provide scientists and technicians their first sight into certain areas as they try to discover the extent of the clean-up required within the confines of the destroyed reactors.

The V1000 is demonstrating some of its capabilities at the IROS 2013, which is the international conference in the world of intelligent robots, where it is expected to be one of the stars.



“The V1000 is demonstrating some of its capabilities at the IROS 2013, which is the international conference in the world of intelligent robots, where it is expected to be one of the stars.”

FINANCIAL REVIEW

NEIL AUSTIN
GROUP FINANCE DIRECTOR

Nature, objectives and strategies

THE GROUP'S BUSINESS

The Group's operations are organised into three business divisions, Agriculture, Food and Engineering, and the performance of these divisions is discussed in the Chief Executive's Review on pages 4 to 7. The Agriculture business operates in the UK, the USA and Germany. The Food business operates entirely within the UK, and the Engineering business operates from the UK and Germany.

The markets in which all three businesses operate are competitive both in terms of pricing from other suppliers and the retail environment in general which has a direct impact on many of our customers. Despite this, Carr's businesses have a long track record of increasing sales and profits through a combination of investing in modern, efficient factories and equipment, developing a range of quality, value-added products, and making sound acquisitions. The businesses are under the control of stable, experienced and talented operational management teams supported by a skilled workforce.

BUSINESS OBJECTIVES AND PROGRESS

There are six key elements to the Group's strategy for meeting its objectives on continuing growth and profitability:

- Continue research and product development;
- Deliver quality, innovative and cost-effective products and services to our customers;
- Achieve organic growth;
- Seek acquisitions to complement our existing businesses;
- Maximise operational efficiency;
- Secure employee health and safety.

Progress against these strategic objectives is described in the Chief Executive's Review and Corporate Responsibility Statement.

BUSINESS STRATEGIES

The Group's strategy is to achieve growth through a focus on research, innovation and added-value products. Our aim is to achieve this through a combination of factors: investing in our people and developing the people that will drive the business forward in the future; having a focussed acquisition strategy; continuing to deliver service excellence to our expanding customer base; and investing in our assets to ensure long term competitive advantage.

Each business within the Group is given the responsibility for developing its own detailed plans to deliver the Group's strategic objectives. The role of the Board in achieving the Group's objectives has been to support operational management and to identify suitable acquisitions that align to the Group's strategy.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The key features of the period have been the record profit before tax for the Group, for the second successive year, and continued capital investment across all three divisions.

REVENUE

Reported revenues were £468.1 million, 15.8% ahead of last year.

Key factors in this revenue growth were the weather conditions, both in the UK and USA, which were favourable to sales, and fluctuating raw material prices which because of the nature of some of our contracts can directly impact sales values. There is also significant underlying growth in this year's revenues, reflecting the strength of our brands in Agriculture and the delivery of some large contracts in our Engineering division.

OPERATING PROFIT

Group operating profit of £13.8 million is up 14.4% on last year. As a percentage of revenues, Group operating margin is 2.9% compared to 3.0% in 2012.

SHARE OF ASSOCIATE AND JVS

The Group's share of the post-tax result in its associate and joint ventures was £2.9 million, compared to £1.4 million in 2012. The result reflected a large increase in its associate's profitability, primarily due to the weather impact, and also improved profitability in the overseas feed block joint ventures in Germany and the USA.

PROFIT BEFORE TAX

Profit before tax at £15.9 million was 21.5% higher than in the previous year.

TAXATION

The Group's effective tax charge on profit from activities after net finance costs and excluding profits from associate and joint ventures was 24.1% (2012: 25.3%).

A reconciliation of the actual total tax charge to the standard rate of corporation tax in the UK of 23.58% is given in note 6 to the financial statements.

EARNINGS PER SHARE

The profit attributable to the equity holders of the Company amounted to £11.4 million, and basic earnings per share was 128.7p, an increase of 31.1%.

Adjusted earnings per share of 128.7p (2012: 101.5p), is calculated by dividing the profit attributable to equity holders for the period, before non-recurring items and amortisation of intangible assets, by the weighted average number of shares in issue during the period.

FINANCING

Our net debt has increased over the year, reflecting the significant capital investment programme that began in 2012 and increased working capital requirements associated with higher trading volumes.

A free cash flow of £1.8 million (2012: £6.4 million) was generated in the period.

During the year the Group's revolving credit facility with Clydesdale was increased by £5 million to £15 million, and £9.2 million of the expenditure on the new flour mill at Kirkcaldy was refinanced on a fixed interest finance lease over a 7 year term.

Headroom against existing facilities was £17.9 million at the year end. The majority of the Group's existing facilities are due for renewal in November 2014.

PENSIONS

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The defined benefit section is closed to new members and has 66 active members, 86 deferred members and 203 current pensioners. The scheme received £2.3 million additional contributions from the Group in accordance with the latest actuarial valuation as agreed between the Company and the Trustees.

The valuation on an IAS 19 accounting basis showed a deficit before the related deferred tax asset in the scheme at 31 August 2013 of £3.3 million (2012: £5.4 million). Actuarial losses of £0.6 million have been recognised in the Consolidated Statement of Comprehensive Income.

The deficit has declined over recent years as shown in the chart opposite:

Cash flow and net debt	£'000
Group operating profit	13,807
Depreciation	5,227
Amortisation	252
EBITDA (excluding associate and joint ventures)	**19,286**
Increase in inventories	(6,088)
Increase in receivables	(5,699)
Increase in payables	2,787
Other	(3,053)
Net operating cash flow	**7,233**
Net interest	(534)
Taxation	(2,707)
Cash flow from operations	**3,992**
Maintenance capital expenditure net of disposal proceeds	(2,174)
Free cash flow	**1,818**
Expansionary capital expenditure net of disposal proceeds	(7,542)
Acquisitions	(810)
Dividends	(2,619)
Loans received/paid	8,937
Other	15
Decrease in cash and cash equivalents	**(201)**
Opening cash equivalents	22,876
Cash and cash equivalents at the end of the year	**22,675**
Opening net debt	**2,455**
Decrease in cash and cash equivalents	201
Net increase in borrowings	19,453
Closing net debt	**22,109**

The Group and the Trustees continue to look at ways of de-risking the defined benefit scheme to provide less volatility in the scheme's assets and liabilities in the future.

ACQUISITIONS

During the year the Group acquired the trade and assets of Western Feed Supplements in Silver Springs, Nevada, USA. The acquisition was in line with the Group's Agriculture strategy of overseas expansion for feed blocks. The location of the plant gives access to new areas of the USA with large numbers of potential customers, and will complement the Group's two existing USA low moisture feed block plants in South Dakota and Oklahoma.

KEY PERFORMANCE INDICATORS

We monitor our performance against the strategy by means of key performance indicators ('KPIs'):

KPI	DEFINITION
Underlying sales growth	Year on year increase in sales revenue excluding the impact of acquisitions and disposals
Gross margin	Gross profit as a percentage of sales revenue
Underlying Group operating margin	Operating profit before non-recurring items as a percentage of revenue
Free cash flow	Cash generated from operating activities, less maintenance capital expenditure
Return on net assets	Profit before tax and before non-recurring items and amortisation as a percentage of net assets

PERFORMANCE AGAINST KPIs:

KPI	2013	2012
Underlying sales growth	14.6%	8.1%
Gross margin	10.4%	10.9%
Underlying Group operating margin	2.9%	3.0%
Free cash flow	£1.8m	£6.4m
Return on net assets	20.4%	19.9%

TREASURY POLICIES

The Group's policy is structured to ensure adequate financial resources are available for the development of its business while managing its currency and interest rate risks. The Group's strategy, policy and controls are developed centrally and approved by the Board.

The main elements of treasury activity are outlined below.

FUNCTIONAL CURRENCY

The functional currency of the Company is sterling.

The Group contracts to purchase raw materials for its flour milling activities in advance of sales contracts.

FOREIGN CURRENCY RISK

The major transactional foreign currency risk facing the Group is in the purchase of raw materials for the flour milling operation. The major currency involved is the euro. The policy of the Group is to hedge significant exposure using forward foreign exchange contracts with UK banks as soon as commitment has been given to the underlying transaction.

The results of the Group's foreign subsidiaries and joint ventures are translated into sterling at the average rates of exchange for the period concerned. As this translation has no impact on cash flow, the Group chooses not to hedge its foreign subsidiaries' earnings.

The balance sheets of the foreign subsidiaries are translated into sterling at the closing US dollar and euro exchange rates. Any gains or losses on the translation of the balance sheet into sterling are recorded in reserves.

INTEREST RATE RISK

In recent times of low borrowings and low interest rates, the Board has chosen not to manage its cost of borrowing through interest rate hedging instruments. During the year, a proportion of the Group's new longer term borrowings were taken on a fixed interest rate. The Board will continue to keep this under review in light of the level of borrowings and economic indicators.

CREDIT RISK

Practically all sales are made on credit terms to an extensive range of customers, which include UK food producers, agricultural merchants, farmers and the nuclear industry. Overdue accounts are reviewed monthly at divisional management meetings. Historically, the incidence of bad debts is low. The ongoing current financial climate requires the Group's credit control functions to be particularly vigilant.

FUNDING

The Group has historically been cash generative. The bank position for each operation is monitored on a daily basis and capital expenditure above a certain level is approved at the monthly Group board meeting. Each operation has access to the Group's overdraft facility or has facilities specific to that operation and all term debt is arranged centrally. Bank facilities for more than half the Group's funding requirements is agreed for the year to November 2014. The balance of the Group's funding is negotiated annually.

RESOURCES, RISKS AND UNCERTAINTIES

The Group aims to safeguard the assets that give it competitive advantage, being its product quality, product innovation, food safety and service levels, its operational management, skilled workforce and its modern well-equipped factories.

REPUTATION

It is the responsibility of local operational management assisted by the Group Risk Manager to maintain, and where possible enhance, the Group's reputation for product quality, product innovation, food safety service levels and a culture of safe working.

MANUFACTURING FACILITIES

The Group has continued to invest in its production facilities in all three sectors and is completing significant capital projects on its engineering facilities in Germany. It intends to continue investing to ensure that it maintains a competitive edge.

EMPLOYEES

While the Group continues to invest in facilities and equipment we also continue to invest in our people. The Group offers training programmes where additional skills are required to undertake their responsibilities. The businesses have strategies for retaining staff, including the provision of competitive terms and conditions, and a contributory occupational pension scheme.

PRINCIPAL RISKS AND UNCERTAINTIES

Each year the Group carries out a formal exercise to identify and assess the impact of risks on its business, the main risks are set out on pages 16 to 17.

NEIL AUSTIN
Group Finance Director
15 November 2013

THE BOARD

From left to right

TIM DAVIES	ROBERT HEYGATE	KATIE SINCLAIR	CHRIS HOLMES	NEIL AUSTIN	ALISTAIR WANNOP
Chief Executive Officer	Non-Executive Director	Company Secretary	Non-Executive Chairman	Group Finance Director	Non-Executive Director

REGISTERED OFFICE AND ADVISERS

REGISTERED OFFICE
Carr's Milling Industries PLC
Old Croft, Stanwix
Carlisle
CA3 9BA
Registered No. 98221

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

BANKERS
Clydesdale Bank PLC
82 English Street
Carlisle
CA3 8HP

The Royal Bank of Scotland plc
37 Lowther Street
Carlisle
CA3 8EL

FINANCIAL ADVISER AND BROKER
Investec Bank (UK) Limited
2 Gresham Street
London
EC2V 7QP

FINANCIAL AND CORPORATE PR ADVISERS
Powerscourt
1 Tudor Street
London
EC4Y 0AH

SOLICITORS
Hill Dickinson LLP
1 St Paul's Square
Liverpool
L3 9SJ

REGISTRARS
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

RISK MANAGEMENT

Effective risk management underpins the delivery of the Group's strategy and objectives.

The Board is ultimately responsible for the Group's risk management. The risk management process involves the identification and prioritisation of key risks, together with associated controls and plans for mitigation, which are then reported to the Board. The key risks and uncertainties identified as part of this process, together with some of the mitigating actions that we are taking, are listed below.

It is not possible to identify or anticipate every risk that may affect the Group. Our overall success depends, in part, upon our ability to succeed in different economic, social and political environments and to manage and to mitigate these risks.

KEY RISKS

RISK	IMPACT AND DESCRIPTION	EXAMPLES OF MITIGATING ACTIONS
Health, safety, security and environment (HSSE)	There are three main categories of risks associated with HSSE: • Incidents resulting in major injury or fatality of one of our employees, contractors, suppliers, customers at a site, owned, operated or in which the company has an interest; • An incident which results in significant environmental damage; • A security event requiring activation of our business disruption/business continuity plan. These risks may cause disruption, distress and damage our reputation, and the cost of recovery/clean up or litigation could have a material financial impact.	• The Board oversees HSSE risks and it is a permanent agenda item due to its high priority; • Health and safety policies and procedures have been designed specifically for all facilities; • Product safety and quality policies and procedures in place to prevent contamination; • Manage and reduce environmental impact through technology and cultural change; • Monitoring of health and safety/environmental performance across the Group by means of an updated site audit programme; • On-going investment in health and safety and driving training; • Participation in industry sector specific health and safety groups; • Site security and business continuity plans are regularly reviewed.
Failure to attract, develop and retain key personnel	Performance, knowledge and skills of employees are central to success. We must attract, integrate and retain the talent required to fulfil our strategy and growth. Inability to retain key knowledge and adequately plan for succession could have a negative impact on the Group's performance.	• Remuneration policies designed to attract, retain and reward employees with ability and experience to execute Group strategy; • Succession planning takes place at management and Board level; • Management review to ensure the workforce has the capability to progress with the business.

RISK	IMPACT AND DESCRIPTION	EXAMPLES OF MITIGATING ACTIONS
Non-compliance with legislation and regulation	The Group operates in diverse markets and therefore is exposed to a range of legislation and regulation, which are constantly changing. We must comply with and understand all regulation, legislation and be able to make correct interpretations for our diverse business. Any breach could have a financial impact and damage our reputation.	• In-house Counsel provides immediate legal knowledge and understanding to the Board and management; • Legal advisers assist with monitoring external changes in legislation and advise accordingly, and maintain compliance policies in areas such as antitrust, money laundering and bribery laws; • Local legal advisers are used in overseas territories to ensure compliance with all local legislation.
Failure to protect intellectual property	Our commercial success depends, in part, on obtaining and maintaining trademark and patent protection on certain products and technology. We must successfully defend trademarks and patents against third-party challenges or infringements.	• In-house Counsel is supported by expert intellectual property lawyers in multiple jurisdictions; • Organised and secure process for identifying and recording innovations, trade secrets and potential patentable ideas.
Brand and reputation	Not meeting the required service levels, especially where the business is heavily reliant on a particular customer, and/or falling behind on emerging trends could have a negative impact on performance and reputation. Brand awareness and market positioning require constant monitoring as a loss of market could have a detrimental impact on the financial position of the Group.	• Management work closely with customers to identify emerging trends; • Area account managers in place for major customers.
Failure to maintain an effective system of internal financial controls	Without effective internal financial controls, we could be exposed to financial irregularities and losses from acts which could have a significant impact on the ability of the business to operate. We must safeguard business assets and ensure accuracy and reliability of records and financial reporting.	• Authorisation policies ensure that key tasks are segregated to safeguard assets; • Detailed internal finance and capital expenditure policies set out procedures; • Group financial performance monitored with monthly Board reports and regular forecasting; • Chief Executive and Group Finance Director undertake detailed business and financial reviews.
Commodity costs	The Food division purchases a significant quantity of raw materials each year and incurs many other input costs such as utilities. The Group's cost base can be affected by fluctuating raw material services and energy prices. An inability to pass on increases in costs quickly to the customer could adversely affect the results of the Group. As with the Food division, the associate Carrs Billington Agriculture (Operations) Ltd purchases significant quantities of raw materials every year, and an inability to purchase at a reasonable price in the market would adversely affect the Carrs Billington Agriculture Operations and Sales businesses.	• We have strong relationships with suppliers, enabling optimal negotiated prices; • Multiple-source suppliers for key ingredient supplies; • Import facilities direct at mill sites enable cost effective alternatives should local supplies prove challenging; • Forward sales contracts are balanced with raw material purchases to keep exposure within agreed limits; • Derivatives used where most beneficial to hedge exposure to movements in future prices of commodities; • Contract execution is closely monitored to ensure supply is within agreed terms.

OUR CORPORATE RESPONSIBILITY COMMITMENT

The Group has a committed long term approach to Corporate Responsibility recognising the benefits that it brings not only to stakeholders but to the business in general, in terms of both recognition and community support.

Rae Tomlinson (Managing Director of Carrs Billington Agriculture (Sales) Ltd), with Stuart Lancaster

PEOPLE

The culture of the Group is key to its continuing employee retention and ensuring employee satisfaction, and the Group is very proud of the "can do" attitude of its employees. With many employees with over 25 years' service and some in excess of 40 years' service the Group prides itself in having created a happy working environment.

We understand the importance of engaging and developing our employees, as this will underpin the business' success. This year we invited Stuart Lancaster, the Head Coach for the England Rugby Football Union, to come and speak at a seminar held for our managers. His insight into the long term investment in people for the continuing success of the England Rugby Union team was directly applicable to our business environment. We believe that understanding the needs of our employees and maintaining their engagement, alongside the drivers of the business, are essential for the continuing success of the Group, and this is a key component of our people development programme.

EMPLOYMENT POLICIES AND EMPLOYEES

The Group takes its responsibilities for its employees seriously. It also recognises that the commitment of the employees is vital to all areas of the business. The Group values diversity and is fully committed to treating its employees and customers with dignity and respect. The Group is committed to:

- Ensuring there is equality of opportunity for all existing and potential employees;
- The fair treatment of people with disabilities regarding applications, training, promotion and career development. An employee who becomes disabled would, where appropriate, be offered retraining;
- Providing employees with clear and fair terms of employment and competitive remuneration packages; and
- Enabling employees to have access to information allowing them to be able to contribute and participate fully in the Group's objectives and achievements.

The Group has a diverse workforce, with almost 1,000 employees working in the UK, USA and Germany. Across the Group women accounted for 23% of the total number of employees.

SAFETY

We continue with our commitment to achieving and maintaining high standards of health and safety throughout the Group. The Board strive to ensure that the right culture towards health and safety exists throughout all levels of the business, and the Board is regularly updated on progress by the Group Risk Manager.

Providing a safe working environment for our employees and also for our customers and visitors is paramount for the successful running of the business. The Group safety management system is implemented throughout our UK sites and is adopted by any new acquisitions. Monitoring is undertaken primarily by means of the Safety and Loss Prevention Audit Programme, which is used by the Group Risk Manager who also provides additional support, guidance and mentoring as necessary.

Overall, the number of accidents across the Group's UK businesses fell by 40% which demonstrates the effectiveness of the Group's safety management programme, and the culture of safety being adopted by employees.

This overall decrease was due to a reduction in minor accidents by 45%, and a reduction of RIDDOR injuries by 33%. The Group is pleased to report there were no fatalities.

The Group Risk Manager will continue with his on-going safety improvement plan, as well as maintaining regular reviews of the physical conditions of each site.

ENVIRONMENT

On-going progress has been made to continue to reduce our carbon footprint and energy use per unit of production.

The continuing efforts by the Environment Committee to raise awareness of energy usage and implement environmentally friendly projects has resulted in the reduction of our carbon footprint. The Committee reports directly to the Board, ensuring that all the Directors are aware of progress throughout the year and the initiatives that have been undertaken. The Committee is now looking at how to maximise further energy savings and potential renewable energy opportunities with the help of an external specialist energy consultant.

RESULTS

In reducing our energy usage we are able to make financial savings for the Group, as well as helping the environment. Building on last year's success we have managed:

- energy use per unit of production reduced by 1%;
- primary carbon footprint per unit of production reduced by 1.2%.

COMMUNITY

Supporting the local communities in which we operate is very important to the Group. Support takes many forms, from donations and sponsorship to volunteering and mentoring.

Last year we commenced the sponsorship of a research student at Lancaster University, and this continues as the student enters his second year.

We have maintained our relationship with the Lake District Calvert Trust, a charity which enables people of all ages with disabilities, together with their families and friends, to achieve their potential through the challenge of outdoor adventure in the countryside. We have donated £25,000 this year, which we hope will help to enable the Trust to continue with the fantastic work they undertake.

In addition, we have continued our on-going support with Carlisle Youth Zone, which serves the social, recreational and emotional needs of young people in the area. C N C Holmes has become Chairman and other employees are volunteering to provide assistance in other areas. In total we spent in excess of £70,000 on community donations and sponsorship including the above as well the following:

- the local hospice where we have sponsored a bed for the next three years;
- sporting teams, both for children and adults, including the Penrith Scratch League team who got promoted;
- musical groups including the Border Concert Band;
- agricultural endeavours, including £6,000 to RABI who provide support to farmers in need throughout the UK and the Walton and District Ploughing match.

We believe that the projects we sponsor target local needs and deliver the most positive impact, and ensure that our community work reflects our broader responsibilities as a Company.

> "Supporting local communities and charities is important to the Group as a business and to our employees."

Left: Volunteer assisting on outward bound day
Right: Inside Carlisle Youth Zone

The Directors submit their report and the audited consolidated financial statements of the Group for the period ended 31 August 2013.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

Principal activities, business review and future developments

The Group's activities are Agriculture, Food and Engineering. A review of the business and future development of the Group is presented in the Chief Executive's Review on pages 4 to 7 and in the Financial Review on pages 12 to 14. The principal activity of the Company is that of a holding company.

Results and dividends

The Group profit from continuing activities before taxation, was £15.9 million (2012: £13.1 million). After a taxation charge of £3.1 million (2012: £3.0 million), the profit for the year is £12.7 million (2012: £10.1 million).

An interim dividend of 7.75p (2012: 7.25p) per ordinary share was paid on 17 May 2013. A second interim dividend of 7.75p (2012: 7.25p) per ordinary share was paid on 11 October 2013. The Directors recommend the payment of a final dividend for the period, which is not reflected in these accounts, of 16.5p (2012: 14.5p) per ordinary share which, together with the interim dividends, represents 32.0p per ordinary share, totalling £2.8 million (2012: 29.0p per ordinary share, totalling £2.6 million).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 17 January 2014 to members on the register at the close of business on 20 December 2013. Shares will be ex-dividend on 18 December 2013.

Key performance indicators are presented in the Financial Review on pages 13 to 14.

Principal risk identification and management

The Group's principal risks and uncertainties have been reviewed by the Board, and are shown on the Risks section on pages 16 to 17. The Risks section also provides information on the how those risks are managed.

Pensions

Estimates of the amount and timing of future funding obligations for the Group's pension plans are based on various assumptions including, among other things, the actual and projected market performance of the pension plan assets, future long-term corporate bond yields, longevity of members and statutory requirements. The Group continued to make monthly payments to reduce the Group's pension fund deficit, totalling £2.3 million in the year.

The Group continually reviews this risk and takes action to mitigate where possible. In addition, while the Group is consulted by the trustees on the investment strategies of its pension plans, the Group has no direct control over these matters as the trustees are directly responsible for the strategy.

Details of the Group's pension plans are in note 24 in the Notes to the Financial Statements.

Directors and their interests

The Directors of the Company who served during the period and up to the date of signing the financial statements are stated on this page. During the period, R C Wood retired as Group Finance Director on 30 April 2013 and N Austin commenced as Group Finance Director on 1 May 2013. C N C Holmes retired as Chief Executive on 28 February but remained as Executive Chairman until 31 July 2013, when he became a Non-Executive Director and Non-Executive Chairman; he will stand for re-election. T J Davies commenced as Chief Executive on 1 March 2013. T J Davies and N Austin will each stand for election.

A G M Wannop and A R Heygate continued to serve for the whole period under review. A G M Wannop will retire by rotation, and offers himself for re-election and A R Heygate retires in accordance with best practice under the UK Corporate Governance Code 2012, and offers himself for re-election.

In accordance with the UK Corporate Governance Code 2012, the Board confirm that it believes that A R Heygate is an asset to the Board as a result of his great depth of knowledge and expertise in the agriculture and the UK flour milling industry, which the Board view as invaluable.

Biographical details of the Directors are shown below:

Non-Executive Directors

C N C Holmes was appointed to the Board in January 1992, and as CEO in September 1994. Previously he held senior management positions in the agricultural division of J Bibby & Sons. C N C Holmes retired as Chief Executive Officer on 28 February 2013 and commenced as Executive Chairman on that date until becoming Non-Executive Chairman on 1 August 2013. Age 62.

A R Heygate was appointed to the Board in 1991. He is the joint Managing Director of Heygate & Sons Ltd, the UK's largest independent flour milling company. He is the longest standing Non-Executive Director of Carr's and is Chairman of the Audit Committee. He is also a member of the executive of Camden BRI Association and sits as Chairman on its Audit Committee. For almost 30 years he has been a member of the executive of the National Association of British & Irish Millers. Age 68.

A G M Wannop was appointed to the Board in September 2005. He is the Senior Independent Director of the Board and the Chairman of the Remuneration Committee. Alistair has been the Chairman of both the County NFU and the MAFF northern regional advisory panel. He has served as a director of The English Farming and Food Partnership, Rural Regeneration Cumbria, and Cumbria Vision. Alistair is a fellow of the Royal Agricultural Society of England. Age 51.

Lord Inglewood was appointed as Chairman to the Board in 2005. He was a Conservative member of the European Parliament for ten years until his retirement in 2004, a Government Minister from 1995 to 1997 and has been a Member of the House of Lords since 1989. Lord Inglewood retired as a Director on 28 February 2013. Age 62.

C N C Holmes, A R Heygate and A G M Wannop have fixed term contracts which expire on 29 August 2014.

Executive Directors

T J Davies was appointed Chief Executive on 1 March 2013. Tim was Group Managing Director of Grainfarmers PLC, and led its successful merger with Centaur Grain Ltd to become Openfield, the largest farmer-owned grain marketing business in the UK. Tim has been a Board Director of the Agricultural Industries Confederation for over 10 years. Age 50.

N Austin was appointed Group Finance Director on 1 May 2013, joining the Company from PricewaterhouseCoopers where he had been a director since 2007. Whilst at PwC he advised FTSE 350 companies including multi-nationals on internal and external audit, risk assurance, as well as providing due diligence services. He is a Fellow of the Institute of Chartered Accountants. Age 37.

R C Wood was appointed to the Board as Group Finance Director and Company Secretary in January 1988 and is a member of the Chartered Institute of Management Accountants. R C Wood retired as Company Secretary on 31 December 2012 and as a Director of the Company on 30 April 2013. Age 65.

The Executive Directors have service contracts which provide for a one year notice period.

Third party indemnity
The Directors are entitled to be indemnified by the Company to the extent permitted by law and in the Company's Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The Company has executed deeds of indemnity for the benefit of each Director in respect of liabilities which may attach to them in their capacity as Directors of the Company. The Company purchased and maintained Directors' and Officers' liability insurance throughout 2012/13, which has been renewed for 2013/14. Neither the indemnities nor the insurance provide cover in the event the Director is proved to have acted fraudulently.

Employment policies and employees
The Company is committed to its employees and further details on the Company's policies and commitment can be found in the Corporate Responsibility Report on pages 18 to 19.

Acquisitions
In June 2013 Animal Feed Supplement, Inc acquired the business and assets of Western Feed Supplements, a low moisture feed block manufacturer located in Silver Springs, Nevada. The cash consideration paid was £581,000 with a further £229,000 for inventory. The acquisition extends our geographic coverage in the USA in the low moisture feed block market.

Political and charitable donations
During the period ended 31 August 2013 the Group contributed £41,000 (2012: £29,386) in the UK for charitable purposes. Further details have been included with the Corporate Responsibility statement on page 19. There were no political donations during the year (2012: £Nil).

Investment properties
The market value of the Group's investment properties at 31 August 2013 exceeded their net book amount by approximately £390,000. The previous valuation in July 2011 for the majority of the investment properties was undertaken by independent, professionally qualified valuers. The Directors have reviewed the valuations and are satisfied there are no significant changes to the assumptions and the valuations.

Payment of suppliers
Payment terms are agreed with each supplier and every endeavour is made to adhere to the agreed terms. The average credit terms for the Group as a whole, based on the year-end trade payables figure and a 365 day period, is 34 days (2012: 41 days). The Company has no outstanding trade payables at the end of the financial period (2012: £Nil).

Share capital
The Company has a single class of share capital which is divided into Ordinary Shares of £0.25 each.

The movement in the share capital during the year is detailed in note 25 to the financial statements.

At the last Annual General Meeting the Directors received authority from the shareholders to:

Allot Shares – this gives Directors the authority to allot authorised but unissued shares and maintains the flexibility in respect of the Company's financing arrangements. The nominal value of ordinary shares which the Directors may allot in the period up to the next Annual General Meeting to be held on 14 January 2014, is limited to £732,299 which is equal to 33% of the nominal value of the issued share capital on 16 November 2012. The Directors do not have any present intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the Company's share option plans. This authority will expire at the end of the Annual General Meeting to be held on 14 January 2014.

Disapplication of rights of pre-emption – this disapplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority will allow the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash, on a pro rata basis to existing shareholders (but subject to any exclusion or arrangements as the Directors consider necessary or expedient in relation to fractional entitlements, any legal, regulatory or practical problems or costs under the laws or regulations of any overseas territory or the requirements of any regulatory body or stock exchange) and otherwise on a pro rata basis up to an aggregate nominal amount of £110,954, representing 5% of the Company's issued share capital as at 16 November 2012. This authority will expire at the end of the Annual General Meeting to be held on 14 January 2014.

To buy own shares – this authority allows the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 10% of the Company's issued share capital. The price to be paid for any share must not be less than 25p, being the nominal value of a share, and must not exceed 105% of the average middle market quotations for the ordinary shares of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary shares are purchased. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertaken that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. This authority will expire at the end of the Annual General Meeting to be held on 14 January 2014. The Directors would consider holding any of its own shares that it purchases pursuant to this authority as treasury shares.

The interests of the Directors, as defined by the Companies Act 2006, in the ordinary shares of the Company, other than in respect of options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report on pages 27 to 30), are as follows:

	At 31 August 2013 Ordinary Shares	At 1 September 2012 Ordinary Shares
T J Davies	**1,000**	—
N Austin	**1,000**	—
C N C Holmes	**125,250**	127,500
R C Wood	**95,430**	96,430
A R Heygate	**37,225**	37,225
W R Inglewood	**4,410**	4,410
A G M Wannop	**2,261**	2,261

All the above interests are beneficial. There have been no other changes to the current directors interests in the period from 1 September 2013 to 11 November 2013.

Rights and obligations attaching to shares
In a general meeting of the Company, subject to the provisions of the articles of association and to any special rights or restrictions as to voting attached to any class of shares in the Company (of which they are none), the holders of the Ordinary Shares are entitled to one vote in a poll for every Ordinary Share held. No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held if any call or other sum then payable in respect of that share remains unpaid. Currently all issued shares are fully paid.

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 14 January 2014 are set out in the Notice of Annual General Meeting.

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares.

Major shareholders

The Company has been informed of the following interests at 7 November 2013 in the 8,890,230 ordinary shares of the Company, as required by the Companies Act 2006:

	Number of shares	% of issued share capital
Heygate & Sons Limited*	1,265,287	14.2%
T W G Charlton	565,000	6.4%
Rathbone Nominees Limited	441,875	5.0%
Europe Nominees Limited	380,978	4.3%
Barclayshare Nominees Limited	290,233	3.3%
HSBC Global Custody Nominee (UK) Limited	264,094	3.0%
TD Direct Investing Nominees (Europe) Ltd	253,457	2.9%
HSDL Nominees Ltd	214,886	2.4%

* A R Heygate is a Director of Heygate & Sons Ltd.

Change of control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid, other than the following:

- The Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank immediately.

Directors' responsibility statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Responsibility for preparing financial statements

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements and Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

Each of the Directors, whose names and functions are listed on page 15 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Chief Executive and Financial Reviews include a fair review of the development and performance of the business and the position of the Group; and
- the Risk management review provides a description of the principal risks and uncertainties that the Company faces.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 15. Having made enquiries of fellow Directors each of these Directors, at the date of this report, confirms that:

- he is aware there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

Katie Sinclair
Company Secretary
15 November 2013

The Directors have chosen to adopt and comply with the provisions of the UK Corporate Governance Code 2012.

Principles of good governance

The Board is committed to high standards of corporate governance. The adoption and maintenance of good governance is the responsibility of the Board as a whole. This report, together with the Directors' Remuneration Report on pages 27 to 30, describes how the Board applies the principles of good governance and best practice as set out in the UK Corporate Governance Code 2012 (the "Code"). A statement of compliance can be found at the end of this report.

In September 2012 the UK Financial Reporting council published a revised UK Corporate Governance code, which the Company supports and is reporting in accordance with this revised guidance.

The Board

The Board believes that good corporate governance contributes to the Company's performance. A clearly defined framework of roles, responsibilities and delegated authorities is in place and this supports the Board's aim to deliver sustainable growth for the benefit of shareholders, employees and customers.

The powers of the Directors are set out in the Company's Articles of Association. In addition, the Directors have responsibilities and duties under legislation, in particular the Companies Act 2006.

The Board met eleven times throughout the year. To enable the Directors of the Board to carry out their responsibilities all Directors have full and timely access to all relevant information. The Board has a schedule of matters for its discussion, which is reviewed against best practice. A summary is shown below and a full schedule is available on the Company's website.

The Board is responsible for:

- the Group's strategy;
- acquisitions and divestment policy;
- corporate governance, risk and environment policy and management;
- approval of budgets;
- general treasury policy;
- major capital expenditure projects;
- dividend policy;
- monitoring the Group's profit and cash flow performance.

The Board has delegated authority to the Audit and Remuneration Committees to carry out certain tasks as defined in their written terms of reference approved by the Board; these are also available on the Company website.

Members

At the beginning of the year the Board consisted of a Non-Executive Chairman, two Executive Directors and two other Non-Executive Directors. W R Inglewood was Chairman until 28 February. During his time as Chairman he was considered independent and his independence was assessed when he was appointed as Non-Executive Chairman. On 1 March C N C Holmes became Executive Chairman, and on 1 August became Non-Executive Chairman. Due to C N C Holmes previously being the Chief Executive, the Code does not deem him to be independent; this is discussed further below under New Board Structure.

A R Heygate is a Non-Executive Director and the Board considers him to be independent although the Code questions his independence due to his long association with the Company and the fact that he represents a significant shareholder. The Board believes that he acts in the best interests of the Company and that his knowledge and experience are an asset to the Company. In addition, it is felt that his holding of shares in the Company aligns his interests with those of the shareholders. A G M Wannop is the Senior Independent Non-Executive Director. The Code recommends that the Board of Directors of a UK public company should include a balance of Executive and Non-Executive Directors (including independent Non-Executives) such that no individual or small group of individuals can dominate the Board's decision-making. The Board is confident that it meets the requirements of the Code.

Directors' biographies are shown on page 20. The formal terms of reference for the main Board Committees together with the terms and conditions of appointment of Non-Executive Directors are reviewed annually and are available for inspection at the Company's Registered Office and at the Annual General Meeting.

Board Changes

On 31 December R C Wood retired as Company Secretary and was replaced by K Sinclair, Counsel and the previous assistant Company Secretary. N Austin commenced working for the Company on 1 January, working alongside R C Wood until taking over as Group Finance Director on 1 May when R C Wood retired.

On 1 March T J Davies joined the Company as Chief Executive, and C N C Holmes became Executive Chairman. C N C Holmes continued as Executive Chairman until 1 August when he commenced as Non-Executive Chairman.

The Board acknowledged that C N C Holmes continuing as Chairman is in breach of the code, however, it was felt that it was in the best interests of the Company and the shareholders for C N C Holmes' wealth of knowledge and experience to be retained and utilised. Prior to the Board confirming its decision, major shareholders were contacted to seek their opinion. All major shareholders confirmed their support for C N C Holmes becoming Chairman.

As Executive Chairman C N C Holmes has been able to assist T J Davies in becoming familiar with all areas of the Company and provide insight into the strategy that has enabled the Company to grow successfully. However, the Board are aware of the importance in understanding the separation of duties, and the nature of the different roles of not only the Chairman and Chief Executive but also the Non-Executive and Executive Directors.

The Chairman is responsible for:

- leadership of the Board and ensuring its effectiveness;
- providing strategic insight from his long service with the Company, and extensive business experience generally;
- providing a sounding board for the Chief Executive on key issues and decisions;
- ensuring effective communication with shareholders and other major stakeholders;
- supporting the Chief Executive in the effective implementation of Board decisions.

The Chief Executive is responsible for:

- developing and implementing the objectives and strategy set by the Board;
- leading the executive management in the day to day running of the Company;
- ensuring the executive management set out and implement the Company's culture, value and behaviours;
- supporting the Chairman to ensure appropriate standards of governance are adhered to throughout the Company.

The above are a summary of the division of duties of the Chairman and Chief Executive, a comprehensive list along with details of the role of the Non-Executive Directors can be found on the Company's website.

Elections
The Company's Articles of Association provide that one third of the Directors retire by rotation each year at the Annual General Meeting which is in compliance with the Code. As a result of A R Heygate's long association with the Company the Board have decided that it would be appropriate to require him to retire annually to ensure that the shareholders are able to approve his continued membership of the Board. In addition, as this year will be the first year's AGM for C N C Holmes as Non-Executive Chairman, he will stand for re-election and it is also the first AGM for T J Davies and N Austin and they will both stand for election.

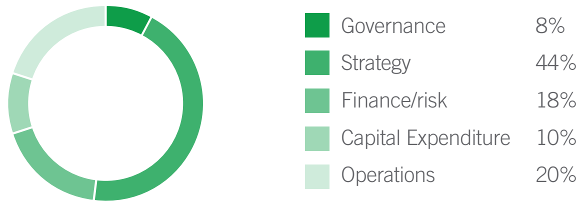
Attendance & Agenda
In advance of all Board meetings the Directors are supplied with detailed and comprehensive papers covering the Group's strategy and operations. Members of the executive management team can attend and make presentations as appropriate at meetings of the Board. The Company Secretary is responsible to the Board for the timeliness and quality of information.

Details of the number of meetings of, and members' attendance at, the Board, Audit and Remuneration Committees during the period are set out in the table below:

	Board	Audit Committee	Remuneration Committee
No. of meetings	**11**	**2**	**4**
W R Inglewood	11	2	4
C N C Holmes	11	—	1
R C Wood*	8	—	—
A R Heygate	10	2	4
A G M Wannop	11	2	4
N Austin**	7	—	—
T J Davies**	5	—	—

* Number of meetings held until retirement
** Number of meeting held since joining the Company

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories:



In addition to the regular scheduled meetings throughout the year, unscheduled supplementary meetings may also take place as and when necessary, although during this financial year there was no reason to hold an unscheduled meeting. The Board meetings are structured to allow open discussion and all Directors participate in discussing strategy, financial performance and risk management.

Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss any issues with the Chairman, the Chief Executive or the Group Finance Director.

Support
Directors can obtain independent professional advice at the Company's expense in performance of their duties as Directors. None of the Directors obtained independent professional advice in the period under review. All Directors have access to the advice and the services of the Company Secretary. In addition to these formal roles, the Non-Executive Directors have access to senior management of the business either by telephone or via involvement at informal meetings.

Directors' conflicts of interest
The Companies Act 2006 and the Company's Articles of Association require the Board to consider any potential conflicts of interest. The Board has a policy and procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. Under those procedures, Directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review Directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to their appointment. In this financial year there have been no declared conflicts of interest.

Board Evaluation
For the first time an external facilitator, Independent Audit Ltd, was used to assist in the evaluation of the performance of the Board and its committees. The evaluation was based on questionnaires and conducted using Independent Audit's web based tool "Thinking Board". Each Director of the Board and the Company Secretary answered a series of questions designed to provide thorough consideration of a range of topics including strategy, risk, culture and the committees.

Independent Audit Ltd produced a report and made recommendations based on the responses. The Board found the evaluation exceptionally useful, in particular in focusing attention on how the Board can enhance its performance. The report highlighted some issues for further consideration and an action plan was created and is being implemented.

Independent Audit Ltd has no other relationship with the Company.

The Chairman appraised the individual performance of the Directors and the Non-Executives met and appraised the performance of the Chairman.

Board Committees
Audit Committee
The Audit Committee's key function is to review the effectiveness of the Company's financial reporting and internal controls.

The Audit Committee currently comprises the three Non-Executive Directors, A R Heygate (Chairman), C N C Holmes and A G M Wannop. The Board considers that the Company meets the main requirements of the Code for a company of Carr's size.

The external auditors have the opportunity for direct access to the Committee without the Executive Directors being present. The Committee meets at least two times a year and such meetings involve a review of the Group's interim and full year financial statements.

Under its terms of reference, the Committee is required amongst other things, to:

- monitor the integrity of the financial statements of the Company;
- review, understand and evaluate the Company's internal financial risk, and other internal controls and their associated systems;
- oversee the relationship with the external auditors, making recommendations to the Board in relation to their appointment, remuneration and terms of engagement;
- monitor and review the external auditors' independence, objectivity and effectiveness and to approve the policy on the engagement of the external auditors to supply non-audit services.

During the year and up to the date of this Annual Report the Committee has:

- reviewed the Committee's terms of reference and its effectiveness;
- reviewed the annual and interim financial statements. In doing so the Committee reviewed significant accounting policies, financial reporting issues and judgements, together with the reports received from the external auditors on their audits;
- reviewed the independence, objectivity and fees of the external auditors and scope of audit and non-audit services.

The Committee has recommended to the Board that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors.

As a result of its work during the year, the Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

The Chairman of the Committee will be available at the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Remuneration Committee

The Remuneration Committee currently comprises A G M Wannop (Chairman), C N C Holmes and A R Heygate. N Austin attends meetings of the Committee by invitation and in an advisory capacity. No Director attends any part of a meeting at which his own remuneration is discussed. The Chairman and the Executive Directors determine the remuneration of the other Non-Executive Directors. The remuneration of the Chairman is determined by the Board. The Committee has access to advice from the Company Secretary and to detailed analysis of executive remuneration in comparable companies.

The Committee is authorised by the Board to:

- determine the total remuneration packages, authorise terms and conditions, and contracts for the Board;
- approve the design and determine the targets for performance related pay schemes of the Executive Directors;
- review the design of any share incentive plans for approval by the Board and shareholders.

Key issues reviewed this year:

- total remuneration and review of base pay;
- annual earnings of the Directors;
- the introduction of the LTIP for the Executive Directors and senior management.

Details of the Committee's current remuneration policy are given in the Directors' Remuneration Report on pages 27 to 30.

The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Relations with Shareholders

The Board recognises and values the importance of good communications with all shareholders. The Group maintains dialogue with institutional shareholders and analysts, and hosts presentations on the preliminary and interim results. Shareholders have access to the Company's website at www.carrs-milling.com.

We engage with our shareholders through our regular communications. Significant matters relating to trading or development of the business are disseminated to the market by way of Stock Exchange announcements. We announce our financial results on a six monthly basis with all shareholders receiving a half year report. In addition, we produce interim management statements. All reports and statements are made available on our website.

The Annual General Meeting provides all shareholders with the opportunity to develop further their understanding of the Company. It is the principal forum for all the Directors to engage in dialogue with private investors. All shareholders are given the opportunity to raise questions on any matter at the meeting. The Group aims to send notices of Annual General Meetings to shareholders at least 20 working days before the meeting, as required by the Code, and it is the Company's practice to indicate the proxy voting results on all resolutions at the meetings. Following the AGM the voting results for each resolution are published and are available on the Company's website.

Going concern

The Directors have prepared the accounts on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current bank facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

Internal control

The Board of Directors has overall responsibility for the Group's systems of internal control and for reviewing its effectiveness, including: financial, operational and compliance controls and risk management, which safeguard the shareholders' investment and the Group's assets. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board of Directors is not aware of any significant losses caused by breaches of internal control in the period.

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to plan, execute, monitor and control the Group's objectives effectively and to ensure that internal control becomes embedded in the operations. The Board confirms that the key on-going processes and features of the Group's internal risk based control system, which accord with the Turnbull guidance, have been fully operative throughout the year and up to the date of the Annual Report being approved. These include: a process to identify and evaluate business risk; a strong control environment; an information and communication process; a monitoring system and a regular Board review for effectiveness. The Group Finance Director is responsible for overseeing the Group's internal controls.

The Group does not have an internal audit function as the Board consider that the Group has not yet reached a size where a separate internal audit function would be an appropriate or cost effective method of ensuring compliance with Group policies, and therefore does not currently propose to introduce a Group internal audit function. This area will be kept under review as part of the Board's assessment of the Group's systems of internal control.

The management of the Group's businesses identified the key business risks within their operations, considered the financial implications and assessed the effectiveness of the control processes in place to mitigate these risks. The Board reviewed a summary of the findings and this, along with direct involvement in the strategies of the businesses, investment appraisal and budgeting process, enabled the Board to report on the effectiveness of internal control. A summary of the key risks to the business is set out at pages 16 to 17.

Compliance with the Code

The Directors consider that the Company has, during the period ended 31 August 2013, complied with the requirements of the Code other than as set out below:

- C N C Holmes retired as Chief Executive and has been appointed as Non-Executive Chairman. Major shareholders were consulted before the position was offered and they unanimously agreed with the decision. Due to C N C Holmes previous role as Chief Executive he does not fulfil the criteria of independence (A.3.1);
- the Non-Executive Director, A R Heygate, is deemed to be independent notwithstanding his long association with the Company and the fact that he represents a significant shareholder (B.1.1);
- the members of the Audit Committee are deemed not to have recent and relevant financial experience in accordance with the Code (C.3.1). However, the Board believes their business knowledge and experience is sufficient to satisfy the Committee's obligations;
- there is no separate Nominations Committee (B.2.1) to assess and recommend new directors. Instead the Board as a whole considers these areas following initial scrutiny and recommendations by the Chief Executive and Chairman. However, it is anticipated that a Nominations Committee will be formed during the next financial year; and
- the Senior Independent Director (A G M Wannop) does not meet with major shareholders to discuss their issues/concerns, other than at the Annual General Meeting (E.1.1). However, a plan for meetings in this financial year is being formulated and will be implemented. Meanwhile, the Chairman, Chief Executive and Group Finance Director will maintain their contact with major shareholders, answer any of their concerns and present any issues to the Board for it to consider.

By order of the Board

Katie Sinclair
Company Secretary
Carlisle
CA3 9BA
15 November 2013

Information not subject to audit.

The Remuneration Committee

The Remuneration Committee is responsible to the Board and during the year it comprised of A G M Wannop (Chairman), A R Heygate, and Lord Inglewood until his retirement on 28 February 2013 when C N C Holmes joined the Committee. The Group Finance Director attends the meetings when requested, and the Company Secretary attends the meetings as Secretary to the Committee. No individual is involved in decisions relating to their own remuneration.

Role of the Committee

The Committee:

- determines the Executive Directors' remuneration;
- reviews and updates the remuneration policy of the company;
- formulates and approves the Executive Directors' annual bonus scheme;
- reviews, updates and approves the Long Term Incentive Plan (LTIP) for the Executive Directors.

The Committee keeps up-to-date with developments in remuneration packages within industry and seeks external advice when necessary.

Remuneration Policy

The Group's policy is that the overall remuneration package offered should be sufficiently competitive to attract, retain and motivate high quality executives and to align the rewards of the executives with the progress of the Group whilst giving consideration to salary levels in similar sized quoted companies in the sector. The remuneration package is in two parts:

- a non-performance part represented by basic salary (including benefits);
- a significant performance related element in the form of a profit related bonus and LTIP.

The details of individual components of the remuneration package and service contracts are set out below:

Element	Opportunity	Objective & Link to Strategy	Performance Measure	Changes for 2014
Base salary	Salaries are reviewed annually, taking into account: performance, pay across the Group and market conditions	Reflects the role and the continuing value of the individual in terms of skills and experience	N/A	No planned changes to current approach
Pension	Executive Directors are entitled to participate in a pension arrangement with employer's contributions set at 15% and employee contributions at 6% of Executive Directors' base salary	Provides a framework to save for retirement	N/A	Review to take place to ensure competitiveness in market place
Other benefits	Entitlements include permanent health insurance, private medical insurance and life assurance	Broad competitiveness in market	N/A	No planned changes to current approach
Annual bonus	Up to 100% of base pay	Designed to reward delivery of key strategic priorities during the year	The entire bonus is based on profit before tax with sliding scales depending on performance in excess of budget. 40% of the bonus is based on the performance of the Group. 60% of the bonus is split equally three ways and is based on the profit before tax of each division	No planned changes to current approach
Save As You Earn (SAYE)	A SAYE share scheme is available to all eligible employees	SAYE options are available to eligible staff, including Executive Directors. A scheme is currently running for all employees as at 1 April 2011 with a 20% discounted share price of £5.72. Employees can save up to £250 per month	N/A	No planned change to current approach
Long Term Incentive Plan (LTIP)	100% of base pay	LTIP awards are made to ensure the interests of Executive Directors are aligned with the long term interests and success of the Group. The Remuneration Committee has complete discretion to change the conditions of the award should deem it necessary	The first LTIP will mature in 2015, based on the EPS growth of the Group during the financial years 2012-2015. A minimum annual average growth EPS of 7.0% is required to vest 25% of the award. Thereafter a sliding scale arrangement is in place up to 100% of the award	Performance criteria are being amended to align with the Group's medium term business plans

Long Term Incentive Plan
The Remuneration Committee awards shares under the LTIP scheme in order to align Executive Directors and senior management interests with the long-term interests of shareholders. Vesting only occurs if certain performance criteria are achieved by the Group.

The shares will vest subject to an earnings per share (EPS) target measured against average annual increases over a three year period.

For the awards granted in 2013 an average annual growth of EPS must exceed 7.0% for 25% of the awards to vest, 50% vest at 8.1% and 100% vest at 10.2%, with a straight line calculation between 25%, 50% and 100% of the award.

The Remuneration Committee, which decides whether performance conditions have been met, considers EPS to be the most appropriate measure for the long-term performance of the Group.

Pay and Conditions across the Group
Pay and employment conditions across the Group are taken into account when setting the remuneration of the Executive Directors.

The Group operates in a number of different environments and has many employees carrying out diverse roles across a number of countries. All employees are paid by reference to market rate and base pay is reviewed annually. A number of performance related bonus schemes and an all employee Save As You Earn scheme operates across the Group. The Group offers employment conditions that are commensurate with a small size quoted company, including high standards of health and safety and equal opportunities.

Service Contracts
The Remuneration Committee's current policy is not to enter into employment contracts with any element of notice period in excess of one year. The following are the contract commencement and cessation dates of the Executive Directors during the year:

T J Davies' dated 18 October 2012 for service starting 1 March 2013 and N Austin's dated 3 January 2013 for service commencing 1 January 2013 shadowing R C Wood. N Austin commenced as a Director on 1 May 2013.

R C Wood's most recently amended contract dated 8 September 2011 ceased on his retirement on 30 April 2013. R C Wood has a consultancy agreement with Carr's dated 1 May 2013 for provision of services relating to the Engineering division. The consultancy agreement is for a period for 18 months. R C Wood is a self-employed contractor, not an employee.

C N C Holmes had a contract as Executive Director, which was most recently amended on 8 September 2011. This contract ceased on 31 July 2013.

For early termination the Remuneration Committee will consider circumstances including any duty to mitigate, and determine any compensation payments accordingly. On change of control resulting in termination of office, T J Davies and N Austin are each entitled to 12 months basic salary.

Non-Executive Directors
Each Non-Executive Director has an appointment letter, C N C Holmes from 1 August 2013 for 13 months, A G M Wannop and A R Heygate from 6 September 2013 for 12 months. The continuing re-appointments are subject to compliance with the UK Code on Corporate Governance 2012, and therefore C N C Holmes and A G M Wannop will stand for election by rotation and A R Heygate will be subject to annual re-election.

The remuneration of the Non-Executive Directors is determined by the Executive Directors and reflects:

- the time, commitment and responsibility of their roles;
- market rate;
- that they do not participate in any bonus, pension or share based scheme. However, C N C Holmes' participation in the Save As Your Earn Scheme will cease in accordance with the rules, with exercise occurring between November 2013 and May 2014.

Performance Graph
The following graph illustrates the Company's total shareholder return performance since 31 August 2008 relative to the FTSE All-share index. The Company considers the FTSE All-share index to be the most appropriate comparator group as it is a broad index and reflects the Company's broad range of activities.

Carr's Milling Industries PLC

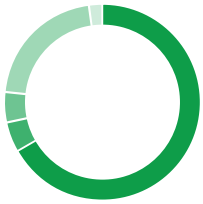
FTSE All-Share Price Index

Source: Thomson Datastream

2013 Cash Flow Distribution to Stakeholders

The below chart indicates the Directors' aggregate total remuneration in the year alongside the cash outflows to other stakeholders.

The aggregate total for the Directors' remuneration amounts to 2% of the Group's operating cash flow.



Staff payment including pension	66%
Tax	5%
Shareholders	5%
Investing in activities	22%
Directors	2%

Information subject to audit

The remuneration of the Directors for the period was as follows:

	2013 £'000	2012 £'000
Salary and fees	**724**	656
Bonuses	**617**	528
Benefits	**28**	20
	1,369	1,204
Pension contribution	**28**	—
	1,397	1,204
Aggregate notional gains by Directors on exercise of options	**—**	—

Individual Directors' remuneration, including pension contributions:

Directors' Remuneration

	Fees and Basic Salary £'000	Annual Bonus £'000	Benefits £'000	**2013 Total Emoluments £'000**	2012 Total Emoluments £'000	**2013 Pension Contributions £'000**	2012 Pension Contributions £'000
Executive Directors							
C N C Holmes to 31 July	261	261	1	**523**	573	**—**	—
R C Wood to 30 April	169	169	1	**339**	503	**—**	—
T Davies	125	125	14	**264**	—	**19**	—
N Austin from 1 May	62	62	12	**136**	—	**9**	—
Non-Executive Directors							
W R Inglewood to 28 February	31	—	—	**31**	60	**—**	—
A R Heygate	35	—	—	**35**	34	**—**	—
A G M Wannop	35	—	—	**35**	34	**—**	—
C N C Holmes from 1 August	6	—	—	**6**	—	**—**	—
	724	617	28	**1,369**	1,204	**28**	—

Savings Related Share Option Scheme

	At 2 September 2012 Number	Granted in the period Number	**At 31 August 2013 Number**	Weighted average exercise price p	Range of exercise dates
C N C Holmes	656	525	**1,181**	572	30 November 2013 31 May 2014
R C Wood	656	525	**1,181**	572	30 November 2013 31 May 2014

By order of the Board

Katie Sinclair
Company Secretary
15 November 2013

We have audited the financial statements of Carr's Milling Industries PLC for the period ended 31 August 2013 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2013 and of the Group's profit and Group's and parent Company's cash flows for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 23 to 26 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 25, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Mark Webster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
15 November 2013

	Notes	52 week period 2013 £'000	52 week period 2012 £'000
Continuing operations			
Revenue	2	468,083	404,058
Cost of sales		(419,270)	(360,124)
Gross profit		48,813	43,934
Distribution costs		(21,001)	(18,362)
Administrative expenses		(14,005)	(13,501)
Group operating profit	3	13,807	12,071
Profit on disposal of property and investment		—	282
Finance income	5	513	673
Finance costs	5	(1,318)	(1,348)
Share of post-tax profit in associate		1,953	1,180
Share of post-tax profit in joint ventures		916	201
Profit before taxation	2	15,871	13,059
Taxation	6	(3,130)	(2,954)
Profit for the period from continuing operations		12,741	10,105
Discontinued operations			
Loss for the period from discontinued operations		—	(202)
Profit for the period		12,741	9,903
Profit attributable to:			
Equity shareholders		11,427	8,510
Minority interests		1,314	1,393
		12,741	9,903
Basic earnings per ordinary share (pence)			
Profit from continuing operations		128.7	98.2
Loss from discontinued operations		—	(2.3)
	8	128.7	95.9
Diluted earnings per ordinary share (pence)			
Profit from continuing operations		126.4	97.5
Loss from discontinued operations		—	(2.3)
	8	126.4	95.2

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME for the period ended 31 August 2013

	Notes	Group		Company	
		52 week period 2013 £'000	52 week period 2012 £'000	**52 week period 2013 £'000**	52 week period 2012 £'000
Profit for the period		**12,741**	9,903	**10,449**	508
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries		**231**	(235)	**(365)**	121
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses on retirement benefit obligation:					
– Group	24	**(566)**	(2,686)	**(566)**	(2,686)
– Share of associate		**(40)**	(419)	**—**	—
Taxation credit on actuarial losses on retirement benefit obligation:					
– Group	16	**113**	618	**113**	618
– Share of associate		**8**	96	**—**	—
Other comprehensive expense for the period, net of tax		**(254)**	(2,626)	**(818)**	(1,947)
Total comprehensive income/(expense) for the period		**12,487**	7,277	**9,631**	(1,439)
Total comprehensive income/(expense) attributable to:					
Equity shareholders		**11,173**	5,884	**9,631**	(1,439)
Minority interests		**1,314**	1,393	**—**	—
		12,487	7,277	**9,631**	(1,439)

		Group		Company	
	Notes	**52 week period 2013 £'000**	52 week period 2012 £'000	**52 week period 2013 £'000**	52 week period 2012 £'000
Assets					
Non-current assets					
Goodwill	9	**5,215**	5,199	**—**	—
Other intangible assets	9	**615**	728	**—**	—
Property, plant and equipment	10	**53,068**	37,158	**—**	—
Investment property	11	**675**	1,005	**—**	—
Investment in subsidiary undertakings	12,15	**—**	—	**12,647**	12,558
Investment in associate	12,13	**7,024**	5,103	**1,470**	1,470
Interest in joint ventures	12,14	**3,299**	2,907	**272**	272
Other investments	12	**72**	71	**—**	—
Financial assets					
– Non-current receivables	18	**1**	2	**—**	775
Deferred tax assets	16	**2,044**	2,480	**655**	1,248
		72,013	54,653	**15,044**	16,323
Current assets					
Inventories	17	**33,445**	27,128	**—**	—
Trade and other receivables	18	**66,434**	59,651	**28,191**	19,266
Current tax assets	19	**178**	—	**991**	1,469
Financial assets					
– Derivative financial instruments	23	**2**	—	**—**	—
– Cash and cash equivalents	20	**22,884**	23,294	**19,822**	22,736
		122,943	110,073	**49,004**	43,471
Total assets		**194,956**	164,726	**64,048**	59,794
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	22	**(15,545)**	(14,176)	**(1,290)**	(10,429)
– Derivative financial instruments	23	**(8)**	(309)	**—**	(70)
Trade and other payables	21	**(58,282)**	(56,108)	**(1,625)**	(1,747)
Current tax liabilities		**(1,639)**	(1,552)	**—**	—
		(75,474)	(72,145)	**(2,915)**	(12,246)
Non-current liabilities					
Financial liabilities					
– Borrowings	22	**(29,448)**	(11,573)	**(15,822)**	(7,470)
Retirement benefit obligation	24	**(3,272)**	(5,351)	**(3,272)**	(5,351)
Deferred tax liabilities	16	**(3,765)**	(3,733)	**—**	—
Other non-current liabilities	21	**(4,956)**	(4,064)	**—**	—
		(41,441)	(24,721)	**(19,094)**	(12,821)
Total liabilities		**(116,915)**	(96,866)	**(22,009)**	(25,067)
Net assets		**78,041**	67,860	**42,039**	34,727
Shareholders' equity					
Share capital	25	**2,223**	2,219	**2,223**	2,219
Share premium		**8,183**	8,118	**8,183**	8,118
Equity compensation reserve		**326**	113	**373**	142
Foreign exchange reserve		**415**	160	**(221)**	144
Other reserve		**888**	901	**—**	—
Retained earnings		**57,396**	49,075	**31,481**	24,104
Total shareholders' equity		**69,431**	60,586	**42,039**	34,727
Minority interests in equity		**8,610**	7,274	**—**	—
Total equity		**78,041**	67,860	**42,039**	34,727

The financial statements set out on pages 32 to 79 were approved by the Board on 15 November 2013 and signed on its behalf by:

Timothy J Davies **Neil Austin**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 31 August 2013

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Minority Interests £'000	Total Equity £'000
At 4 September 2011	2,216	8,059	84	360	913	45,343	56,975	5,869	62,844
Profit for the period	—	—	—	—	—	8,510	8,510	1,393	9,903
Other comprehensive expense	—	—	—	(235)	—	(2,391)	(2,626)	—	(2,626)
Total comprehensive (expense)/income	—	—	—	(235)	—	6,119	5,884	1,393	7,277
Dividends paid	—	—	—	—	—	(2,372)	(2,372)	—	(2,372)
Equity settled share-based payment transactions, net of tax	—	—	29	—	—	8	37	12	49
Allotment of shares	3	59	—	—	—	—	62	—	62
Transfer	—	—	—	35	(12)	(23)	—	—	—
At 1 September 2012	2,219	8,118	113	160	901	49,075	60,586	7,274	67,860
At 2 September 2012	**2,219**	**8,118**	**113**	**160**	**901**	**49,075**	**60,586**	**7,274**	**67,860**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**11,427**	**11,427**	**1,314**	**12,741**
Other comprehensive income/(expense)	**—**	**—**	**—**	**231**	**—**	**(485)**	**(254)**	**—**	**(254)**
Total comprehensive income	**—**	**—**	**—**	**231**	**—**	**10,942**	**11,173**	**1,314**	**12,487**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(2,619)**	**(2,619)**	**—**	**(2,619)**
Equity settled share-based payment transactions, net of tax	**—**	**—**	**213**	**—**	**—**	**9**	**222**	**22**	**244**
Allotment of shares	**4**	**65**	**—**	**—**	**—**	**—**	**69**	**—**	**69**
Transfer	**—**	**—**	**—**	**24**	**(13)**	**(11)**	**—**	**—**	**—**
At 31 August 2013	**2,223**	**8,183**	**326**	**415**	**888**	**57,396**	**69,431**	**8,610**	**78,041**

The equity compensation reserve reflects the cumulative spreading, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the income statement. During the period £9,000 (2012: £8,000) was transferred from the equity compensation reserve to retained earnings in respect of the cumulative spreading on options exercised in the period.

The Group has opted to use previous revaluations of property made under UK GAAP as deemed cost. On adoption of IFRS the revaluation reserve was reclassified to other reserves.

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 4 September 2011	2,216	8,059	107	23	28,036	38,441
Profit for the period	—	—	—	—	508	508
Other comprehensive income/(expense)	—	—	—	121	(2,068)	(1,947)
Total comprehensive income/(expense)	—	—	—	121	(1,560)	(1,439)
Dividends paid	—	—	—	—	(2,372)	(2,372)
Equity settled share-based payment transactions, net of tax	—	—	35	—	—	35
Allotment of shares	3	59	—	—	—	62
At 1 September 2012	2,219	8,118	142	144	24,104	34,727
At 2 September 2012	**2,219**	**8,118**	**142**	**144**	**24,104**	**34,727**
Profit for the period	**—**	**—**	**—**	**—**	**10,449**	**10,449**
Other comprehensive expense	**—**	**—**	**—**	**(365)**	**(453)**	**(818)**
Total comprehensive (expense)/income	**—**	**—**	**—**	**(365)**	**9,996**	**9,631**
Dividends paid	**—**	**—**	**—**	**—**	**(2,619)**	**(2,619)**
Equity settled share-based payment transactions, net of tax	**—**	**—**	**231**	**—**	**—**	**231**
Allotment of shares	**4**	**65**	**—**	**—**	**—**	**69**
At 31 August 2013	**2,223**	**8,183**	**373**	**(221)**	**31,481**	**42,039**

The equity compensation reserve reflects the cumulative spreading, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the income statement where it relates to employees of the Company and to investment in subsidiaries where it relates to employees of the subsidiaries. During the period £13,000 (2012: £14,000) was transferred from the equity compensation reserve to investment in subsidiaries in respect of the cumulative spreading on options exercised in the period.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS for the period ended 31 August 2013

	Notes	Group 52 week period 2013 £'000	Group 52 week period 2012 £'000	Company 52 week period 2013 £'000	Company 52 week period 2012 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	28	**7,233**	11,974	**(4,283)**	(5,318)
Interest received		**746**	434	**1,242**	603
Interest paid		**(1,280)**	(1,385)	**(566)**	(556)
Tax (paid)/recovered		**(2,707)**	(2,710)	**901**	461
Net cash generated from/(used in) operating activities		**3,992**	8,313	**(2,706)**	(4,810)
Cash flows from investing activities					
Acquisition of subsidiaries (net of overdraft acquired)	27	**(810)**	(2,063)	**—**	—
Disposal of subsidiary		**—**	(350)	**—**	—
Dividends received from subsidiaries		**—**	—	**5,658**	2,220
Net (payment)/receipt of loans to subsidiaries		**—**	—	**(7,178)**	500
Loan to joint ventures		**(807)**	(881)	**(862)**	(543)
Purchase of intangible assets		**(108)**	(54)	**—**	—
Proceeds from sale of property, plant and equipment		**221**	643	**—**	—
Purchase of property, plant and equipment		**(9,937)**	(8,855)	**—**	—
Proceeds from sale of investment property		**268**	94	**—**	—
Purchase of investment property		**—**	(300)	**—**	—
Purchase of investments		**(26)**	(4)	**(25)**	—
Disposal of investment		**10**	107	**10**	107
Redemption of preference shares in joint venture		**150**	100	**—**	—
Net cash (used in)/generated from investing activities		**(11,039)**	(11,563)	**(2,397)**	2,284
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25	**68**	62	**68**	62
Net (payment)/receipt of loans from subsidiaries		**—**	—	**(3,702)**	5,225
Net proceeds/(costs) from issue of new bank loans		**11,581**	2,381	**9,134**	(119)
Finance lease principal repayments		**(1,118)**	(940)	**—**	—
Repayment of borrowings		**(1,333)**	(5,911)	**(833)**	(5,661)
(Decrease)/increase in other borrowings		**(193)**	628	**—**	—
Dividends paid to shareholders	7	**(2,619)**	(2,372)	**(2,619)**	(2,372)
Receipt of grant income		**350**	—	**—**	—
Net cash generated from/(used in) financing activities		**6,736**	(6,152)	**2,048**	(2,865)
Effects of exchange rate changes		**110**	(171)	**141**	(157)
Net decrease in cash and cash equivalents		**(201)**	(9,573)	**(2,914)**	(5,548)
Cash and cash equivalents at beginning of the period	20	**22,876**	32,449	**22,736**	28,284
Cash and cash equivalents at end of the period	20	**22,675**	22,876	**19,822**	22,736

Basis of accounting
The consolidated financial statements are prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

The preparation of financial statements in conformity with generally accepted accounting principles 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 materially from the estimates.

Accounting policies have been applied consistently, other than where new policies have been adopted.

The consolidated financial statements are prepared under the historic cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

Basis of consolidation
The consolidated financial statements comprise Carr's Milling Industries PLC and all its subsidiaries, together with the Group's share of the results of its associate and joint ventures. The financial information of the subsidiaries, associate and joint ventures is prepared as of the same reporting date and consolidated using consistent accounting policies. Group inter-company balances and transactions, including any unrealised profits arising from Group inter-company transactions, are eliminated in full. Profits and losses on transactions with the associate and joint ventures are recognised in the consolidated income statement.

Results of subsidiary undertakings acquired during the current and prior financial period were included in the financial statements from the effective date of control. The separable net assets, both tangible and intangible, of the acquired subsidiary undertakings were incorporated into the financial statements on the basis of the fair value as at the effective date of the Group acquiring control.

Subsidiaries are entities where the Group has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which the Group ceases to control them.

Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control, established by contractual agreement. Investments in associates and joint ventures are accounted for using the equity method. The Group's share of its associate and joint ventures' post-tax profits or losses are recognised in the income statement, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. The Group's investment in associate and joint ventures includes any goodwill arising on acquisition. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Losses in the prior period have been recognised against loan balances due from joint ventures where those loans are deemed to be, in substance, part of the permanent equity interest in the joint ventures.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. 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 Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Acquisition related costs are expensed to the income statement in the period they are incurred.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

Employee share trust
Standing Interpretations Committee (SIC) 12 requires that the Group consolidate a special purpose entity where the substance of the relationship between the parties indicates that the Group controls the entity. The employee share trust sponsored by the Group falls within this category of special purpose entity and has been accounted for as if it were, in substance, a subsidiary.

Currency translation
The financial statements for the Group's subsidiaries, associate and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Group is Sterling.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation, at exchange rates ruling at the balance sheet date, of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the consolidated income statement.

The balance sheets of foreign operations are translated into sterling using the exchange rate at the balance sheet date and the income statements are translated into sterling using the average exchange rate for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Exchange differences arising are recognised as a separate component of shareholders' equity. On disposal of a foreign operation any cumulative exchange differences held in shareholders' equity are transferred to the consolidated income statement.

Revenue recognition
Revenue from the sale of goods or services is measured at the fair value of the consideration, net of rebates and excluding value added tax. Revenue from the sale of goods or services is recognised when the Group has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Inter segmental transactions are on an arm's length basis.

In respect of construction contracts, revenue is calculated on the basis of the stage of completion and the total sales value of each contract.

The stage of completion is determined as the proportion that contract costs incurred for work performed to date bear to the total estimated total contract costs. No profit is recognised until a contract is at least 30% complete. Amounts invoiced for work completed are deducted from the selling price, while amounts invoiced in excess of work completed are recognised as current liabilities.

Where it is probable that contract costs will exceed total contract revenue the expected loss is recognised immediately as an expense in the consolidated income statement.

Retirement benefit obligations

The Group participates in two defined benefit pension schemes, Carr's Milling Industries Pension Scheme 1993 and Carrs Billington Agriculture Pension Scheme. The Group also offers various defined contribution schemes to its employees.

The assets of the above named schemes are held separately from those of the Group and are invested with independent investment managers.

Contributions to defined contribution schemes are charged to the consolidated income statement in the period to which they relate.
The liability recognised in the consolidated balance sheet at the period end in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service costs are included in operating profit in the consolidated income statement.

A charge is made within net operating expenses which represents the expected increase in the liabilities of the pension schemes during the period. This arises from the liabilities of the schemes being one year closer to payment.

A credit representing the expected return on the assets of the pension schemes during the period is netted against the above charge within net operating expenses. This is based on the market value of the assets of the schemes at the start of the financial period. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income. The pension schemes' deficits or surpluses, to the extent that they are considered recoverable, are recognised in full on the consolidated balance sheet.

The Group's share of the deficit in the Carrs Billington Agriculture Pension Scheme is recognised through its investment in associate.

Share based payments

The Group 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 Group'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 Group 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 consolidated income statement with a corresponding adjustment to the equity compensation reserve.

Interest

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

Operating segments

The Group has adopted the requirements of IFRS8 'Operating segments'. The standard requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources to the segments and to assess their performance.
The CODM has been identified as the Board of Directors.

The Board considers the business from a product/services perspective. Operating segments have been identified as Agriculture, Food and Engineering.

Non-recurring items

Non-recurring items that are material by size and/or by nature are presented within their relevant income statement category. Items that management consider fall into this category are disclosed within a note to the financial statements. The separate disclosure of non-recurring items helps provide a better indication of the Group's underlying business performance. Events which may give rise to non-recurring items include, but are not limited to, gains or losses on the disposal of businesses, derivative gains or losses in respect of capital expenditure, 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 and asset impairments.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition.

At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill is recognised as an asset, which is carried at cost less impairment, and assessed for impairment annually. Any impairment is recognised immediately in the consolidated income statement.
Once recognised, an impairment of goodwill is not reversed under any circumstance.

Where a business combination results in an excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, the excess is credited to the consolidated income statement in the period of acquisition.

Goodwill written off to reserves under UK GAAP prior to 31 August 1998 has not been reinstated and would not form part of the gain or loss on the disposal of a business.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation commences when assets are available for use. The expected useful lives, over which the assets are amortised, are generally as follows:

Customer relationships	1 - 5 years
Brands	15 - 20 years
Know-how	5 years
Patents and trademarks	contractual life
Software	3 - 10 years

Customer relationships and brands are amortised in line with the profit and income streams they are respectively expected to generate over their expected useful life.

Know-how, patents, trademarks and software are amortised on a straight-line basis.

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.

Research and development costs

All research costs are recognised in the consolidated income statement as incurred. Development costs are recognised as an asset only to the extent that specific recognition criteria, as set out in IAS38 'Intangible assets', relevant to the proposed application are met and the amount recognised is recoverable through future economic benefits.

Property, plant and equipment

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

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

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

Residual values and useful lives are reviewed, and adjusted if appropriate, at each financial period-end.

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

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

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

Investment property

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at cost less accumulated depreciation. Freehold land is not depreciated. For all other investment property, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years

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

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

Impairment of non-financial assets

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

Inventories

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

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

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

Contract work in progress is measured at the selling price of the work performed at the balance sheet date. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work.

Progress payments received are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress on any contract where the excess is included in trade and other payables.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprise cash at bank and in hand, money market deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented in borrowings within current liabilities in the consolidated balance sheet.

Grants

Grants received on capital expenditure are recorded as deferred income and taken to the consolidated income statement in equal annual instalments over the expected useful lives of the assets concerned.

Revenue grants and contributions are taken to the consolidated income statement in the period to which they apply.

Leases

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the consolidated 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 consolidated income statement over the period of the lease using the actuarial method.

Rentals paid under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease. Leasehold land is normally classified as an operating lease. Payments made to acquire leasehold land are included in prepayments at cost and are amortised over the life 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.

Tax

The tax charge comprises current tax and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Group's taxable profits.

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 consolidated financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the consolidated income statement, unless the tax relates to items recognised directly in shareholders' equity, in which case the tax is recognised directly in shareholders' equity through the consolidated statement of comprehensive income.

Dividends

Final equity dividends to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised in the period in which they are received.

Financial instruments

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

Trade receivables

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

Investments

Investments are initially measured at cost, including transaction costs. They are classified as 'held to maturity' and are measured at amortised cost using the effective interest method.

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.

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 Group after deducting all of its liabilities.

Bank borrowings

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

Trade payables

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

Equity instruments

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

Derivative financial instruments and hedging activities

The Group primarily uses forward foreign currency contracts and currency swaps to manage its exposures to fluctuating foreign exchange rates. These instruments are initially recognised at fair value and are subsequently re-measured at their fair value at each balance sheet date.

The Group's policy is to hedge its international assets and it has designated foreign currency borrowings as a hedge against net investment in foreign operations. The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined as an effective hedge is recognised directly in equity. The gain or loss on any ineffective portion of the hedge is recognised immediately in the consolidated income statement.

Fair valuation

Fair values are based on market values, where available. Where market values are not readily available, the Group establishes fair valuation techniques; these include the use of recent arm's length transactions, reference to other similar instruments and discounted cash flow analysis.

New standards and interpretations

From 2 September 2012 the following amendments became effective and were adopted by the Group:

- Amendment to IAS 12 'Income taxes' on deferred tax – The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.
- Amendment to IAS 1, 'Presentation of financial statements' on OCI – The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- Amendment to IFRS 7, Financial instruments: Transfers of financial assets – The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

The adoption of these amendments has had no impact on the Group's profit for the year or equity.

New standards, amendments and interpretations issued but not yet effective and not early adopted.

	Effective for periods commencing on or after
IFRS 9: 'Financial instruments'	1 January 2015
IFRS 10: 'Consolidated financial statements'	1 January 2014
IFRS 11: 'Joint arrangements'	1 January 2014
IFRS 12: 'Disclosures of interests in other entities'	1 January 2014
IFRS 13: 'Fair value measurement'	1 January 2013
IAS 27 (revised 2011): 'Separate financial statements'	1 January 2014
IAS 28 (revised 2011): 'Associates and joint ventures'	1 January 2014
Amendments to IFRS 7 on 'Financial instruments' asset and liability offsetting	1 January 2013
Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities	1 January 2014
Amendments to IFRS 10, 11 and 12 on transition guidance	1 January 2014
Amendment to IAS 19: (revised 2011) 'Employee benefits'	1 January 2013
Amendments to IAS 32 on Financial instruments asset and liability offsetting	1 January 2014
Amendments to IAS 36, 'Impairment of assets'	1 January 2014
Annual improvements to IFRSs 2011 and effective for 2014	1 January 2013

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

Significant judgements, key assumptions and estimates

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

Valuation of pension obligations

The valuation of the Group's defined benefit pension scheme is determined each period following advice from the Group's actuary and can fluctuate based on a number of external factors. Such factors include the major assumptions as shown in the table in note 24 and actual returns on scheme assets compared to those predicted in the previous scheme valuation.

Valuation of share-based payments

The fair value of share-based payments is determined using valuation models and is charged to the consolidated income statement over the vesting period.

The valuation models require certain assumptions to be made as shown in the tables in note 26. 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, or more frequently if there are indications that goodwill might be impaired. 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 9).

Revenue recognition on construction contracts

Under long term contracts, the Group recognises revenue and profits based on the percentage completion method. This requires management to make an assessment of the overall profitability and the stage of completion of the entire contract in order to determine the level of revenue and profit to recognise.

Provision for impairment of trade receivables

The financial statements include a provision for impairment of trade receivables (note 18) that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

Valuation of derivative financial instruments

The fair value of derivative financial instruments (note 23) is determined using market factors at the period end over which management have no control. Such factors include the estimation of future currency exchange rates. In addition the fair value of such instruments is affected by the global economic environment and financial institution pricing structures.

1 The Company has taken advantage of the exemption, under section 408 of the Companies Act 2006, from presenting its own income statement. The profit after tax for the period dealt with in the accounts of the Company was £10,449,000 (2012: £508,000).

2 Segmental information

The chief operating decision maker ("CODM") has been identified as the Board of Directors. Management has identified the operating segments based on internal financial information reviewed by the Board. The Board considers the business from a product/services perspective. Operating segments have been identified as Agriculture, Food and Engineering. Operating segments have not been aggregated for the purpose of determining reportable segments.

Agriculture aims to provide for all farming requirements. It derives its revenue from the sale of animal feed and feed blocks together with retail sales of farm equipment, fuels and farm consumables.

Food derives its revenues from the milling of wheat into flour. Customers range from the larger companies, bread and biscuit manufacturers and supermarkets, to smaller owner managed bakeries.

Engineering derives its revenues from the design and manufacture of remote handling equipment for use in research and nuclear industries. In addition the UK business is involved in the design and manufacture of pressure vessels for the oil, petrochemical and gas industry.

Performance is assessed using profit before taxation. For internal purposes profit before taxation is measured in a manner consistent with that in the financial statements, with the exception of material non-recurring items, which are excluded.

Inter-segmental transactions are all undertaken on an arm's length basis.

Adjustments to segmental information and amounts classified as 'other' represents non-reportable segments and consolidation adjustments.

Segment assets for Agriculture, Food and Engineering represent inventories and trade receivables as reported to the CODM.

As segment liabilities are not reviewed by the CODM they are not required to be disclosed under IFRS 8.

The Group has operations in the UK and overseas. In accordance with IFRS 8, entity wide disclosures based on the geography of operations is also presented. The geographical analysis of revenue is presented by revenue origin.

The segmental information for the period ended 31 August 2013 is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total segment revenue	340,505	94,176	33,484	47	468,212
Inter segment revenue	(64)	(4)	(61)	—	(129)
Revenue from external customers	340,441	94,172	33,423	47	468,083
Profit before taxation	8,751	559	4,203	—	13,513
The following are included in segmental profit before taxation:					
Finance income	253	2	50	208	
Finance costs	(1,056)	(353)	(102)	193	
Depreciation of property, plant and equipment	(2,329)	(1,752)	(964)	(120)	
Depreciation of investment property	—	(4)	—	(58)	
Profit on the disposal of property, plant and equipment	4	34	12	58	
Amortisation of intangible assets	(108)	(18)	(126)	—	
Head office net expense					(457)
Retirement benefit charge					(222)
Adjustments related to derivative financial instruments					236
Other adjustments					(68)
Share of post-tax profit of associate					1,953
Share of post-tax profit of joint ventures					916
Profit before taxation					15,871

2 Segmental information (continued)

Assets

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Segment assets	**58,701**	**20,504**	**12,032**	**103,719**	**194,956**

The segmental information for the period ended 1 September 2012 is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total segment revenue	293,838	80,477	29,797	47	404,159
Inter segment revenue	(42)	(5)	(54)	—	(101)
Revenue from external customers	293,796	80,472	29,743	47	404,058
Profit before taxation	8,108	442	4,702	—	13,252
The following are included in segmental profit before taxation:					
Finance income	202	2	84	385	
Finance costs	(865)	(284)	(114)	(85)	
Depreciation of property, plant and equipment	(1,917)	(1,430)	(643)	(175)	
Depreciation of investment property	—	(4)	—	(16)	
Profit on the disposal of property, plant and equipment	12	2	8	—	
Amortisation of intangible assets	(200)	(20)	(150)	(122)	
Head office net expense					(1,034)
Retirement benefit charge					(477)
Adjustments related to derivative financial instruments					(236)
Adjustments related to intangible assets					(122)
Other adjustments					13
Profit on disposal of property and investment					282
Share of post-tax profit of associate					1,180
Share of post-tax profit of joint ventures					201
Profit before taxation					13,059

Assets

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Segment assets	52,829	16,241	9,950	85,706	164,726

Entity wide disclosures

Revenues from external customers are derived from the sale of products by individual business segment. The breakdown of revenue by business segment is provided above.

Revenues from external customers:

	2013 £'000	2012 £'000
UK	**421,699**	363,667
Europe	**22,227**	18,817
USA	**24,157**	21,574
	468,083	404,058

2 Segmental information (continued)

Non-current assets excluding deferred tax assets:

	2013				2012			
	UK £'000	**Europe £'000**	**USA £'000**	**Total £'000**	UK £'000	Europe £'000	USA £'000	Total £'000
Goodwill	**4,886**	**313**	**16**	**5,215**	4,886	313	—	5,199
Other intangible assets	**123**	**446**	**46**	**615**	243	437	48	728
Property, plant and equipment	**44,967**	**5,501**	**2,600**	**53,068**	32,083	3,219	1,856	37,158
Investment property	**675**	**—**	**—**	**675**	1,005	—	—	1,005
Investment in associate	**7,024**	**—**	**—**	**7,024**	5,103	—	—	5,103
Interest in joint ventures	**1,579**	**1,775**	**(55)**	**3,299**	1,622	1,285	—	2,907
Other investments	**51**	**—**	**21**	**72**	51	—	20	71
Non-current receivables	**1**	**—**	**—**	**1**	2	—	—	2
	59,306	**8,035**	**2,628**	**69,969**	44,995	5,254	1,924	52,173

Major customers

There are no revenues from transactions with individual customers which amount to ten percent or more of Group revenue.

3 Group operating profit

	2013 £'000	2012 £'000
Group operating profit is stated after (crediting)/charging:		
Amortisation of grants	**(50)**	(50)
Profit on disposal of property, plant and equipment	**(108)**	(22)
Depreciation of property, plant and equipment	**5,165**	4,165
Depreciation of owned investment property	**62**	20
Amortisation of intangible assets	**252**	492
Profit on disposal of investment	**(14)**	—
Foreign exchange (gains)/losses	**(410)**	94
Derivative financial instruments (gains)/losses	**(303)**	309
Operating lease charges	**687**	637
Auditors' remuneration:		
Audit services (Company £14,500; 2012: £14,000)	**73**	71
The auditing of accounts of subsidiaries of the Company pursuant to legislation (including overseas)	**129**	136
Services relating to taxation	**39**	47
Other services	**6**	36
Included within Group operating profit is the following in respect of investment property leased to, and occupied by, external parties:		
Rental income	**(54)**	(54)
Operating expenses	**101**	58
	47	4

4 Staff costs

Group	2013 £'000	2012 £'000
Wages and salaries	**27,915**	25,817
Social security costs	**3,023**	2,776
Other pension costs	**1,693**	1,834
Share based payments	**244**	49
	32,875	30,476

Included within other pension costs is £222,000 (2012: £477,000) in respect of the defined benefit pension scheme.

The average monthly number of employees, including Directors, during the period was made up as follows:

Group	2013 Number	2012 Number
Sales, office and management	**516**	529
Manufacture and distribution	**398**	354
	914	883

Key management are considered to be the Directors of the Group.

Full details of the Directors' emoluments, pension benefits and share options are given in the Directors' Remuneration Report on pages 27 to 30.

5 Finance income and finance costs

	2013 £'000	2012 £'000
Finance income		
Bank interest	**492**	643
Other interest	**21**	30
Total finance income	**513**	673
Finance costs		
Interest payable on bank overdrafts	**(285)**	(258)
Interest payable on bank loans and other borrowings	**(749)**	(820)
Interest payable on finance leases	**(129)**	(119)
Other interest	**(155)**	(151)
Total finance costs	**(1,318)**	(1,348)

6 Taxation

(a) Analysis of the charge in the period

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax		
Current period	669	827
Prior period	25	(160)
Foreign tax		
Current period	1,826	1,931
Prior period	8	—
Group current tax	2,528	2,598
Deferred tax:		
Origination and reversal of timing differences		
Current period	626	275
Prior period	(24)	81
Group deferred tax (note 16)	602	356
Tax on profit from ordinary activities	3,130	2,954

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2012: lower) than the rate of corporation tax in the UK of 23.58% (2012: 25.16%). The differences are explained below:

	2013 £'000	2012 £'000
Profit before taxation	15,871	13,059
Tax at 23.58% (2012: 25.16%)	3,742	3,286
Effects of:		
Tax effect of share of profit in associate and joint ventures	(677)	(347)
Tax effect of expenses that are not allowable in determining taxable profit	153	65
Effects of different tax rates of foreign subsidiaries	353	269
Effects of changes in tax rates	(457)	(262)
Under/(over) provision in prior years	9	(79)
Other	7	22
Total tax charge for the period	3,130	2,954

(c) Factors affecting future tax charges

The Finance Act 2013, which was substantively enacted on 2 July 2013, includes legislation reducing the main rate of corporation tax to 21% from 1 April 2014 with a further reduction to 20% from 1 April 2015. As the Finance Act 2013 was substantively enacted at the balance sheet date, UK deferred tax balances at 31 August 2013 have been calculated using a tax rate of 20%.

7 Dividends

Equity	2013 £'000	2012 £'000
Second interim paid for the period ended 1 September 2012 of 7.25p per 25.0p share (2011: 6.5p)	**644**	576
Final dividend for the period ended 1 September 2012 of 14.5p per 25.0p share (2011: 13.0p)	**1,287**	1,153
First interim paid for the period ended 31 August 2013 of 7.75p per 25.0p share (2012: 7.25p)	**688**	643
	2,619	2,372

Since the period end a second interim dividend of £688,993, being 7.75p per share, has been paid. The financial statements do not reflect this dividend payable.

The proposed dividend to be considered by shareholders at the Annual General Meeting is £1,466,888, being 16.5p per share, making a total for the period of 32.0p (2012: 29.0p). The financial statements do not reflect this dividend payable.

8 Earnings per ordinary share

Earnings per share are calculated by reference to a weighted average of 8,880,841 shares (2012: 8,869,438) in issue during the period.

Non-recurring items and amortisation that are charged or credited to profit do not relate to the profitability of the Group on an ongoing basis. Therefore an adjusted earnings per share is presented as follows:

	2013		2012	
	Earnings £'000	Earnings per share pence	Earnings £'000	Earnings per share pence
Continuing operations				
Earnings per share – basic	**11,427**	**128.7**	8,712	98.2
Amortisation and non-recurring items:				
Amortisation of intangible assets	**252**	**2.8**	492	5.5
Taxation relief on amortisation	**(64)**	**(0.7)**	(120)	(1.3)
Derivative financial instrument (gain)/loss in respect of property, plant and equipment	**(236)**	**(2.7)**	236	2.7
Taxation/(relief) on derivative (gain)/loss	**54**	**0.6**	(54)	(0.6)
Profit on disposal of property	**—**	**—**	(175)	(2.0)
Taxation on profit on disposal of property	**—**	**—**	44	0.5
Profit on disposal of investment	**—**	**—**	(107)	(1.2)
Taxation relief on disposal of investment	**—**	**—**	(23)	(0.3)
Earnings per share – adjusted	**11,433**	**128.7**	9,005	101.5
Discontinued operations				
Earnings per share – basic and adjusted	**—**	**—**	(202)	(2.3)
	11,433	**128.7**	8,803	99.2

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The potentially dilutive ordinary shares, where the exercise price is less than the average market price of the Company's ordinary shares during the period, are disclosed in note 26.

8 Earnings per ordinary share (continued)

	2013 Earnings £'000	2013 Weighted average number of shares	2013 Earnings per share pence	2012 Earnings £'000	2012 Weighted average number of shares	2012 Earnings per share pence
Continuing operations						
Earnings per share	11,427	8,880,841	128.7	8,712	8,869,438	98.2
Effect of dilutive securities:						
Share option scheme	—	51,848	(0.8)	—	42,734	(0.5)
Share save scheme	—	55,607	(0.8)	—	23,524	(0.2)
Long term incentive plan	—	48,938	(0.7)	—	—	—
Diluted earnings per share	11,427	9,037,234	126.4	8,712	8,935,696	97.5
Discontinued operations						
Earnings per share	—	8,880,841	—	(202)	8,869,438	(2.3)
Effect of dilutive securities:						
Share option scheme	—	51,848	—	—	42,734	—
Share save scheme	—	55,607	—	—	23,524	—
Long term incentive plan	—	48,938	—	—	—	—
Diluted earnings per share	—	9,037,234	—	(202)	8,935,696	(2.3)
	11,427	9,037,234	126.4	8,510	8,935,696	95.2

9 Goodwill and other intangible assets

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Know-how £'000	Patents and trademarks £'000	Software £'000	Total £'000
Cost							
At 4 September 2011	4,883	2,974	620	240	135	479	9,331
Exchange differences	—	—	(25)	—	2	(83)	(106)
Subsidiaries acquired	641	184	—	—	—	—	825
Additions	—	—	—	—	10	44	54
At 1 September 2012	**5,524**	**3,158**	**595**	**240**	**147**	**440**	**10,104**
Exchange differences	**—**	**—**	**17**	**—**	**3**	**32**	**52**
Subsidiaries acquired	**16**	**—**	**—**	**—**	**—**	**—**	**16**
Additions	**—**	**—**	**—**	**—**	**3**	**105**	**108**
At 31 August 2013	**5,540**	**3,158**	**612**	**240**	**153**	**577**	**10,280**
Accumulated amortisation and impairment							
At 4 September 2011	325	2,743	240	177	90	169	3,744
Exchange differences	—	—	(5)	—	1	(55)	(59)
Charge for the period	—	314	36	63	8	71	492
At 1 September 2012	**325**	**3,057**	**271**	**240**	**99**	**185**	**4,177**
Exchange differences	**—**	**—**	**4**	**—**	**2**	**15**	**21**
Charge for the period	**—**	**101**	**35**	**—**	**6**	**110**	**252**
At 31 August 2013	**325**	**3,158**	**310**	**240**	**107**	**310**	**4,450**
Net book amount							
At 3 September 2011	4,558	231	380	63	45	310	5,587
At 1 September 2012	5,199	101	324	—	48	255	5,927
At 31 August 2013	**5,215**	**—**	**302**	**—**	**46**	**267**	**5,830**

During the period goodwill of £16,000 arose on acquisitions (note 27).

During the prior period goodwill totalling £641,000 arose on the acquisition of the entire issued share capital of Clive Walton Engineering Limited and J L Marsden & Petsmart Limited t/as Laycocks. Goodwill reflected the value of the employees, which under IFRS should not be recorded as a separately identifiable intangible asset on the balance sheet, and anticipated synergy benefits arising from the acquisitions. Synergy benefits included the rationalisation of the procurement and administration functions.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units that are expected to benefit from the synergies of the acquisition.

9 Goodwill and other intangible assets (continued)

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

	31 August 2013 £'000	1 September 2012 £'000
Carrs Billington Agriculture (Sales) Limited	195	195
Carrs Billington Agriculture (Sales) Limited - Johnstone Wallace Oils profit centre	781	781
Carrs Billington Agriculture (Sales) Limited - Borders profit centre	264	264
Carrs Billington Agriculture (Sales) Limited - Wooler profit centre	369	369
Carrs Billington Agriculture (Sales) Limited - Safe at Work profit centre	568	568
Carrs Billington Agriculture (Sales) Limited - Laycocks profit centre	125	125
Carrs Agriculture Limited - Scotmin profit centre	2,068	2,068
Wälischmiller Engineering GmbH	313	313
Carrs Engineering Limited - Clive Walton Engineering profit centre	516	516
Animal Feed Supplement, Inc. - Silver Springs profit centre	16	—
	5,215	5,199

Goodwill is tested annually for impairment, or more frequently if there are indications 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. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level. The key assumptions in this calculation are in respect of discount rates used and the change in cash flows. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units.

Cash flows are estimated using the most recent budget information for the year to August 2014, which has been approved by the Board and extrapolates cash flows based on an estimated growth rate of 1-3% excluding inflation. The pre-tax discount rate used to discount the forecast cash flows for all cash generating units is 9.5% (2012: 8.5%).

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

Significant headroom exists in each of the cash generating units and, based on the sensitivity analysis performed, reasonable possible changes in the assumptions would not cause the carrying amount of the cash generating units to equal or to exceed their recoverable amount.

Amortisation and impairment charges are recognised within administrative expenses.

There is no goodwill or intangible assets in the Company (2012: none).

10 Property, plant and equipment

Group	Land and buildings £'000	Plant and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 4 September 2011	20,398	49,586	1,445	71,429
Exchange differences	(155)	21	(2)	(136)
Subsidiaries acquired	—	1,063	—	1,063
Additions	42	6,848	2,968	9,858
Disposals	(257)	(1,011)	—	(1,268)
Reclassifications	411	943	(1,354)	—
Transfer from assets for resale	—	25	—	25
Amounts written off	—	(237)	(1)	(238)
At 1 September 2012	**20,439**	**57,238**	**3,056**	**80,733**
Exchange differences	**17**	**136**	**152**	**305**
Subsidiaries acquired	**310**	**255**	**—**	**565**
Additions	**8,724**	**10,305**	**1,333**	**20,362**
Disposals	**(690)**	**(944)**	**—**	**(1,634)**
Reclassifications	**3,338**	**690**	**(4,028)**	**—**
Amounts written off	**—**	**—**	**(7)**	**(7)**
At 31 August 2013	**32,138**	**67,680**	**506**	**100,324**
Accumulated depreciation				
At 4 September 2011	5,769	34,141	—	39,910
Exchange differences	(31)	40	—	9
Subsidiaries acquired	—	531	—	531
Charge for the period	797	3,368	—	4,165
Disposals	(64)	(739)	—	(803)
Amounts written off	—	(237)	—	(237)
At 1 September 2012	**6,471**	**37,104**	**—**	**43,575**
Exchange differences	**(63)**	**100**	**—**	**37**
Charge for the period	**743**	**4,422**	**—**	**5,165**
Disposals	**(743)**	**(778)**	**—**	**(1,521)**
At 31 August 2013	**6,408**	**40,848**	**—**	**47,256**
Net book amount				
At 3 September 2011	14,629	15,445	1,445	31,519
At 1 September 2012	13,968	20,134	3,056	37,158
At 31 August 2013	**25,730**	**26,832**	**506**	**53,068**

Freehold land amounting to £2,920,413 (2012: £2,880,595) has not been depreciated.

The net book amount of plant and equipment includes £12,775,393 (2012: £3,383,618) in respect of assets held under finance leases. This consists of cost of £15,854,048 (2012: £6,492,913) less accumulated depreciation of £3,078,655 (2012: £3,109,295).

The Group's bankers hold legal charges over certain properties.

10 Property, plant and equipment (continued)

Depreciation is recognised within the Consolidated Income Statement as shown below:

	2013 £'000	2012 £'000
Cost of sales	**4,622**	3,137
Distribution costs	**88**	84
Administrative expenses	**455**	944
	5,165	4,165

The Company has no property, plant and equipment (2012: none).

11 Investment property

Group	Total £'000
Cost	
At 4 September 2011	984
Additions	310
Disposals	(62)
At 1 September 2012	**1,232**
Disposals	**(310)**
At 31 August 2013	**922**
Accumulated depreciation	
At 4 September 2011	220
Charge for the period	20
Disposals	(13)
At 1 September 2012	**227**
Charge for the period	**62**
Disposals	**(42)**
At 31 August 2013	**247**
Net book amount	
At 3 September 2011	764
At 1 September 2012	1,005
At 31 August 2013	**675**

Included within investment property are properties occupied by life tenants. The net book amount of these properties at 31 August 2013 is £154,000 (2012: £159,000).

The fair value of investment properties at 31 August 2013 is £1,065,000 (2012: £1,365,000). Investment properties were valued by independent professionally qualified valuers in 2011. The Directors have reviewed the valuations and are satisfied there are no significant changes to the assumptions and the valuations. The Directors have therefore not sought updated professional valuations at 31 August 2013.

There is no investment property in the Company (2012: none).

12 Investments

Group	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost				
At 4 September 2011	4,246	2,519	276	7,041
Exchange difference	—	(123)	—	(123)
Additions	—	—	4	4
Disposals	—	—	(200)	(200)
Redemption of preference shares	—	(100)	—	(100)
Reclassification	—	410	—	410
Share of post-tax profit	1,180	201	—	1,381
Share of losses recognised directly in equity	(323)	—	—	(323)
At 1 September 2012	**5,103**	**2,907**	**80**	**8,090**
Exchange difference	**—**	**85**	**—**	**85**
Additions	**—**	**—**	**1**	**1**
Redemption of preference shares	**—**	**(150)**	**—**	**(150)**
Reclassification	**—**	**(410)**	**—**	**(410)**
Share of post-tax profit	**1,953**	**916**	**—**	**2,869**
Share of losses recognised directly in equity	**(32)**	**(49)**	**—**	**(81)**
At 31 August 2013	**7,024**	**3,299**	**81**	**10,404**
Accumulated provision for impairment				
At 4 September 2011	—	—	209	209
Disposals			(200)	(200)
At 1 September 2012 and 31 August 2013	**—**	**—**	**9**	**9**
Net book amount				
At 3 September 2011	4,246	2,519	67	6,832
At 1 September 2012	5,103	2,907	71	8,081
At 31 August 2013	**7,024**	**3,299**	**72**	**10,395**

During the prior period the initial losses of £410,000 incurred by our three US joint ventures were reclassified to amounts owed by other related parties within trade and other receivables. The cumulative losses on these investments were recognised against the loan balances due from these three joint ventures as the loans were considered to form part of the permanent equity interest. During the period these investments generated profits and the prior period losses were reclassified back to investments.

Other investments comprise shares in several private limited companies. These investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost less accumulated impairment.

12 Investments (continued)

Company	Shares in subsidiaries £'000	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost					
At 4 September 2011	18,031	1,470	320	200	20,021
Exchange difference	—	—	(48)	—	(48)
Share based payment expense in respect of employees of subsidiary undertakings	28	—	—	—	28
Disposals	—	—	—	(200)	(200)
At 1 September 2012	**18,059**	**1,470**	**272**	**—**	**19,801**
Share based payment expense in respect of employees of subsidiary undertakings	**89**	**—**	**—**	**—**	**89**
Disposals	**(120)**	**—**	**—**	**—**	**(120)**
At 31 August 2013	**18,028**	**1,470**	**272**	**—**	**19,770**
Accumulated provision for impairment					
At 4 September 2011	5,086	—	—	200	5,286
Impairment in the period	415	—	—	—	415
Disposals	—	—	—	(200)	(200)
At 1 September 2012	**5,501**	**—**	**—**	**—**	**5,501**
Disposals	**(120)**	**—**	**—**	**—**	**(120)**
At 31 August 2013	**5,381**	**—**	**—**	**—**	**5,381**
Net book amount					
At 3 September 2011	12,945	1,470	320	—	14,735
At 1 September 2012	12,558	1,470	272	—	14,300
At 31 August 2013	**12,647**	**1,470**	**272**	**—**	**14,389**

Other investments comprised shares in several private limited companies. These investments had been classified as unquoted investments for which fair value cannot be reliably measured and were held at cost less accumulated impairment. These investments were disposed in the prior period.

13 Investment in associate

The associated undertaking at 31 August 2013 is:

Group and Company

Name	Proportion of shares held Ordinary %	Country of incorporation	Country of operation	Activity
Carrs Billington Agriculture (Operations) Limited	49	England	UK	Manufacture of animal feed

Associates are accounted for using the equity method.

At the period end the associate had capital commitments of £226,000 (2012: £143,000). No contingent liabilities exist within the associate.

The aggregate amounts relating to the associate, of which the Group recognises 49%, are:

	2013 £'000	2012 £'000
Total assets	**31,724**	29,840
Total liabilities	**(19,890)**	(21,925)
Revenues	**138,406**	103,163
Profit after tax	**3,986**	2,408

Included within the investment in associate is a loan for £1,225,000 (2012: £1,225,000) which is considered to form part of the net investment in associate.

14 Interest in joint ventures

The joint ventures at 31 August 2013 are:

Group

Name	Proportion of shares held Ordinary %	Preference %	Country of incorporation	Country of operation	Activity
Crystalyx Products GmbH	50	—	Germany	Germany	Manufacture of animal feed blocks
Bibby Agriculture Limited	26	26	England	UK	Sale of agricultural products
Afgritech Limited	50	—	England	UK	Holding company
Afgritech LLC	50	—	USA	USA	Producers of ingredients of animal feed
Gold-Bar Feed Supplements LLC	—	—	USA	USA	Manufacture of animal feed blocks
ACC Feed Supplement LLC	—	—	USA	USA	Manufacture of animal feed blocks
Silloth Storage Company Limited	50	—	England	UK	Storage of cane derived livestock feed supplement

Crystalyx Products GmbH has a 31 December accounting period end.

Silloth Storage Company Limited has a 30 June accounting period end.

Interests in the joint ventures listed above are held directly by the holding Company with the following exceptions: Carrs Billington Agriculture (Sales) Limited holds 50% of the ordinary share capital and 50% of the preference share capital in Bibby Agriculture Limited. Carrs Agriculture Limited holds 50% of the ordinary share capital in Silloth Storage Company Limited. Animal Feed Supplement, Inc. holds the interest in Gold-Bar Feed Supplements LLC and ACC Feed Supplement LLC. Afgritech Limited has 100% control of Afgritech LLC. The preference shares in Bibby Agriculture Limited are redeemable with three months notice, carry no dividend entitlement except at the Directors' discretion, and no voting rights.

Gold-Bar Supplements LLC and ACC Feed Supplement LLC have no issued share capital.

Joint ventures are accounted for using the equity method.

At the period end Afgritech LLC had capital commitments of £838,000 (2012: £nil). No contingent liabilities exist within the joint ventures.

The aggregate amounts included in the financial statements relating to the Group's share of joint ventures are:

	2013 £'000	2012 £'000
Non-current assets	**3,479**	2,914
Current assets	**5,690**	3,941
Current liabilities	**(6,061)**	(4,700)
Non-current liabilities	**(446)**	(445)
Income	**27,671**	17,411
Expenses	**(26,441)**	(17,074)
Net finance income	**14**	10

Goodwill of £17,000 arose on the investment in Silloth Storage Company Limited. This is included in the carrying amount of the Group's interest in joint ventures and is not shown as a separate asset.

Included within interest in joint ventures is an amount of £620,000 (2012: £770,000) which relates to the Group's interest in the preference share capital of Bibby Agriculture Limited.

15 Investment in subsidiary undertakings

Name	Proportion of shares held Ordinary %	Country of incorporation	Country of operation	Activity
Carrs Agriculture Limited	100	England	UK	Manufacture of animal feed blocks
Carrs Billington Agriculture (Sales) Limited	51	England	UK	Agricultural retailers
Animal Feed Supplement, Inc.	100	USA	USA	Manufacture of animal feed blocks
Carr's Flour Mills Limited	100	England	UK	Flour milling
Carrs Engineering Limited	100	England	UK	Engineering
Wälischmiller Engineering GmbH	100	Germany	Germany	Engineering
B.R.B. Trust Limited	100	England	UK	Financial services
Carrs Properties Limited	100	England	UK	Property holding

Investments in the subsidiaries listed above are held directly by the Company with the following exception: Carrs Engineering Limited holds 100% of the ordinary share capital in Wälischmiller Engineering GmbH.

Dormant subsidiaries are not shown above because disclosure would be excessively lengthy. A full list of subsidiary undertakings will be annexed to the Company's next annual return.

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2013 £'000**	2012 £'000	**2013 £'000**	2012 £'000	**2013 £'000**	2012 £'000
Accelerated tax depreciation	**—**	—	**(2,964)**	(2,981)	**(2,964)**	(2,981)
Employee benefits	**654**	1,231	**—**	—	**654**	1,231
Other	**1,390**	1,249	**(801)**	(752)	**589**	497
Tax assets/(liabilities)	**2,044**	2,480	**(3,765)**	(3,733)	**(1,721)**	(1,253)

Movement in deferred tax during the period

	At 2 September 2012 £'000	Exchange differences £'000	Recognised in income £'000	Recognised in equity £'000	**At 31 August 2013 £'000**
Assets:					
Employee benefits	1,231	**—**	**(690)**	**113**	**654**
Other	1,249	**24**	**117**	**—**	**1,390**
	2,480	**24**	**(573)**	**113**	**2,044**
Liabilities:					
Accelerated tax depreciation	(2,981)	**(1)**	**18**	**—**	**(2,964)**
Other	(752)	**(2)**	**(47)**	**—**	**(801)**
	(3,733)	**(3)**	**(29)**	**—**	**(3,765)**
Net liabilities	(1,253)	**21**	**(602)**	**113**	**(1,721)**

Other deferred tax assets and liabilities includes deferred tax on short term timing differences, rolled over capital gains, capital losses, business combinations and overseas deferred tax.

16 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the prior period

	At 4 September 2011 £'000	Exchange differences £'000	In respect of acquisitions and disposals £'000	Recognised in income £'000	Recognised in equity £'000	At 1 September 2012 £'000
Assets:						
Employee benefits	1,490	—	—	(877)	618	1,231
Other	1,029	16	—	204	—	1,249
	2,519	16	—	(673)	618	2,480
Liabilities:						
Accelerated tax depreciation	(3,195)	(2)	(12)	228	—	(2,981)
Other	(812)	—	(29)	89	—	(752)
	(4,007)	(2)	(41)	317	—	(3,733)
Net liabilities	(1,488)	14	(41)	(356)	618	(1,253)

	Assets	
Company	**2013 £'000**	2012 £'000
Accelerated tax depreciation	**1**	1
Employee benefits	**654**	1,231
Other	**—**	16
Tax assets	**655**	1,248

Movement in deferred tax assets during the period

	At 2 September 2012 £'000	Recognised in income £'000	Recognised in equity £'000	**At 31 August 2013 £'000**
Accelerated tax depreciation	1	**—**	**—**	**1**
Employee benefits	1,231	**(690)**	**113**	**654**
Other	16	**(16)**	**—**	**—**
	1,248	**(706)**	**113**	**655**

Movement in deferred tax assets during the prior period

	At 4 September 2011 £'000	Recognised in income £'000	Recognised in equity £'000	At 1 September 2012 £'000
Accelerated tax depreciation	2	(1)	—	1
Employee benefits	1,490	(877)	618	1,231
Other	—	16	—	16
	1,492	(862)	618	1,248

Tax of £122,000 (2012: £176,000) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

Tax of £43,000 (2012: £54,000) in respect of tax losses has not been recognised as a deferred tax asset in the Company balance sheet.

17 Inventories

Group	2013 £'000	2012 £'000
Raw materials and consumables	13,016	7,726
Work in progress	1,080	1,497
Finished goods and goods for resale	19,349	17,905
	33,445	27,128

Inventories are stated after a provision for impairment of £228,000 (2012: £164,000).

The Company has no inventories (2012: none).

18 Trade and other receivables

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current:				
Trade receivables	61,236	56,069	—	—
Less: provision for impairment of trade receivables	(3,593)	(4,273)	—	—
Trade receivables - net	57,643	51,796	—	—
Amounts recoverable on contracts	1,222	984	—	—
Amounts owed by Group undertakings (note 33)	—	—	24,785	16,731
Amounts owed by other related parties (note 33)	3,786	2,607	2,879	1,929
Other receivables	1,976	2,251	249	451
Prepayments and accrued income	1,807	2,013	278	155
	66,434	59,651	28,191	19,266
Non-current:				
Amounts owed by Group undertakings (note 33)	—	—	—	775
Other receivables	1	2	—	—
	1	2	—	775

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

During the period a charge of £277,000 (2012: £441,000) has been recognised within administrative expenses in the consolidated income statement in respect of the provision for impairment of trade receivables.

No impairment of other receivables has been recognised in the current or preceding period.

Interest bearing, non-trading amounts owed by Group undertakings carry interest at Bank of England base rate + 2.50%. Such amounts are unsecured and repayable on demand.

18 Trade and other receivables (continued)

	2013 Gross £'000	2013 Impairment £'000	2013 Past due but not impaired £'000	2012 Gross £'000	2012 Impairment £'000	2012 Past due but not impaired £'000
The ageing of trade receivables is as follows:						
Not past due	**42,375**	**(386)**	**N/A**	36,362	(351)	N/A
Past due 0 - 30 days	**7,476**	**(188)**	**7,288**	8,269	(219)	8,050
Past due 31 - 60 days	**2,346**	**(100)**	**2,246**	3,566	(282)	3,284
Past due 61 - 90 days	**2,979**	**(393)**	**2,586**	2,432	(423)	2,009
Past due 91 - 120 days	**1,929**	**(262)**	**1,667**	1,413	(397)	1,016
Past 121 days	**4,131**	**(2,264)**	**1,867**	4,027	(2,601)	1,426
	61,236	**(3,593)**	**15,654**	56,069	(4,273)	15,785

The Company has no trade receivables (2012: none).

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

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

The maximum exposure to credit risk at the period end is the carrying value, net of provision for impairment, of each receivable. The Group and Company do not hold any significant collateral as security (2012: none).

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
The carrying value of trade receivables are denominated in the following currencies:				
Sterling	**51,988**	46,404	**—**	—
US Dollar	**368**	879	**—**	—
Euro	**5,287**	4,513	**—**	—
	57,643	51,796	**—**	—

19 Current tax assets

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Corporation tax recoverable	**178**	—	**486**	517
Group taxation relief	**—**	—	**505**	952
	178	—	**991**	1,469

20 Cash and cash equivalents and bank overdrafts

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash and cash equivalents per the balance sheet	**22,884**	23,294	**19,822**	22,736
Bank overdrafts (note 22)	**(209)**	(418)	**—**	—
Cash and cash equivalents per the statement of cash flows	**22,675**	22,876	**19,822**	22,736

21 Trade and other payables

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Current:				
Trade payables	**23,077**	25,008	**—**	—
Payments on account	**9,465**	8,903	**—**	—
Amounts owed to Group undertakings (note 33)	**—**	—	**26**	46
Amounts owed to other related parties (note 33)	**15,194**	13,901	**—**	—
Other taxes and social security payable	**763**	855	**257**	258
Other payables	**5,356**	2,666	**252**	179
Accruals and deferred income	**4,427**	4,775	**1,090**	1,264
	58,282	56,108	**1,625**	1,747
Non-current:				
Other payables	**3,776**	3,184	**—**	—
Accruals and deferred income	**1,180**	880	**—**	—
	4,956	4,064	**—**	—

Amounts owed to Group undertakings and other related parties are interest free, unsecured and repayable on demand.

Included within non-current accruals and deferred income is the following in respect of government grants:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
At the beginning of the period	**880**	930	**—**	—
Received in the period	**350**	—	**—**	—
Amortisation in the period	**(50)**	(50)	**—**	—
At the end of the period	**1,180**	880	**—**	—

22 Borrowings

	Group		Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Current:				
Bank overdrafts	**209**	418	**—**	—
Bank loans and other borrowings	**13,262**	12,864	**789**	805
Loans from Group undertakings (note 33)	**—**	—	**501**	9,624
Finance leases	**2,074**	894	**—**	—
	15,545	14,176	**1,290**	10,429
Non-current:				
Bank loans	**18,912**	9,220	**15,822**	7,470
Other loans (note 33)	**1,225**	1,225	**—**	—
Finance leases	**9,311**	1,128	**—**	—
	29,448	11,573	**15,822**	7,470
Borrowings are repayable as follows:				
On demand or within one year	**15,545**	14,176	**1,290**	10,429
In the second year	**19,781**	1,961	**15,822**	805
In the third to fifth years inclusive	**6,672**	9,612	**—**	6,665
Over five years	**2,995**	—	**—**	—
	44,993	25,749	**17,112**	17,899

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £55,000 (2012: £63,000) of which £44,000 (2012: £28,000) is deducted from current liabilities and £11,000 (2012: £35,000) is deducted from non-current liabilities.

	Group		Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
The net borrowings are:				
Borrowings as above	**44,993**	25,749	**17,112**	17,899
Cash and cash equivalents	**(22,884)**	(23,294)	**(19,822)**	(22,736)
Net borrowings/(cash)	**22,109**	2,455	**(2,710)**	(4,837)

Bank loans and other borrowings includes an amount of £11,366,000 (2012: £11,559,000) which is secured on trade receivables. The Company, together with certain subsidiaries, act as guarantors on the bank loans. In addition, The Royal Bank of Scotland PLC and Clydesdale Bank PLC have legal charges over certain properties. Finance lease obligations are secured on the assets to which they relate.

Interest bearing loans from Group undertakings carry interest at 1.68%, Bank of England base rate + 1.00% or Bank of England base rate + 2.50%. Such amounts are unsecured and repayable on demand.

Other loans are non-interest bearing and have no fixed date for repayment. The bank loans are repayable by instalments and the overdraft is repayable on demand.

Bank loans includes a drawn down revolving credit facility of £15.0 million (2012: £5.8 million) which is subject to renewal in November 2014. At the period end £nil million is undrawn (2012: £4.2 million).

23 Derivatives and other financial instruments

The Group's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing its risk and they are summarised in the Financial Review on page 14. These policies have remained unchanged throughout the period.

Financial Instruments by currency

Group	2013 Sterling £'000	2013 US Dollar £'000	2013 Euro £'000	2013 Swiss Franc £'000	2013 Total £'000	2012 Sterling £'000	2012 US Dollar £'000	2012 Euro £'000	2012 Swiss Franc £'000	2012 Total £'000
Assets										
Other investments	51	21	—	—	72	51	20	—	—	71
Non-current receivables	1	—	—	—	1	2	—	—	—	2
Current trade and other receivables	56,935	3,828	5,671	—	66,434	50,368	3,806	5,477	—	59,651
Current derivatives	—	—	2	—	2	—	—	—	—	—
Cash and cash equivalents	16,152	162	6,570	—	22,884	21,264	922	1,103	5	23,294
	73,139	4,011	12,243	—	89,393	71,685	4,748	6,580	5	83,018
Liabilities										
Current borrowings	15,336	209	—	—	15,545	13,758	418	—	—	14,176
Current derivatives	—	8	—	—	8	—	3	70	236	309
Current trade and other payables	46,356	1,063	10,863	—	58,282	44,213	1,645	10,250	—	56,108
Non-current borrowings	29,448	—	—	—	29,448	11,573	—	—	—	11,573
Other non-current liabilities	1,179	3,777	—	—	4,956	880	3,184	—	—	4,064
	92,319	5,057	10,863	—	108,239	70,424	5,250	10,320	236	86,230

Company	2013 Sterling £'000	2013 US Dollar £'000	2013 Euro £'000	2013 Total £'000	2012 Sterling £'000	2012 US Dollar £'000	2012 Euro £'000	2012 Total £'000
Assets								
Non-current receivables	—	—	—	—	775	—	—	775
Current trade and other receivables	25,778	2,413	—	28,191	17,361	1,905	—	19,266
Cash and cash equivalents	16,232	159	3,431	19,822	21,657	786	293	22,736
	42,010	2,572	3,431	48,013	39,793	2,691	293	42,777
Liabilities								
Current borrowings	969	321	—	1,290	984	5,482	3,963	10,429
Current derivatives	—	—	—	—	—	—	70	70
Current trade and other payables	1,625	—	—	1,625	1,747	—	—	1,747
Non-current borrowings	15,822	—	—	15,822	7,470	—	—	7,470
	18,416	321	—	18,737	10,201	5,482	4,033	19,716

The Group and Company have right of offset on certain bank accounts.

Sensitivity analysis

The impact of a weakening or strengthening in Sterling against other currencies at the balance sheet date is shown in the table below. The Directors consider that a 10% weakening or strengthening in Sterling against the Euro and a 5% weakening or strengthening in Sterling against other currencies represents reasonable possible changes.

	2013 5%/10% weakening £'000	2013 5%/10% strengthening £'000	2012 5%/10% weakening £'000	2012 5%/10% strengthening £'000
Impact on profit after taxation	878	(732)	600	(505)
Impact on total equity	1,198	(1,267)	410	(348)

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

23 Derivatives and other financial instruments (continued)

Interest rate risk

The Group finances its operations through a mixture of retained earnings and bank borrowings. The Group borrows in the desired currencies at fixed and floating rates of interest.

Group	Weighted average effective interest rate %	2013 £'000	Weighted average effective interest rate %	2012 £'000
Bank overdrafts	5.75	209	5.75	418
Bank loans and other borrowings	2.76	32,174	2.75	22,084
Other loans	—	1,225	—	1,225
Finance lease liabilities	8.40	11,385	4.30	2,022
		44,993		25,749
Fixed rate		11,385		2,022
Floating rate		32,383		22,502
Non-interest bearing		1,225		1,225
		44,993		25,749

The Group's floating rate financial liabilities bear interest determined as follows:

Bank overdrafts	US prime rate + 2.5% margin
Bank loans and other borrowings	Libor + 2.5%; Libor + 2.25%; Libor + 2.0%; Bank of England base rate + 1.9% margin

Company	Weighted average effective interest rate %	2013 £'000	Weighted average effective interest rate %	2012 £'000
Bank loans	3.02	16,611	3.18	8,275
Loans from Group undertakings	1.76	501	1.59	9,624
		17,112		17,899
Fixed rate		—		3,963
Floating rate		17,112		13,936
		17,112		17,899

The Company's floating rate financial liabilities bear interest determined as follows:

Bank loans	Libor + 2.5%

23 Derivatives and other financial instruments (continued)

Sensitivity analysis

The impact of a decrease or increase in interest rates during the period is shown in the table below. The Directors consider that a 1% movement in interest rates represents reasonable possible changes.

	2013 1% decrease £'000	2013 1% increase £'000	2012 1% decrease £'000	2012 1% increase £'000
Impact on profit after taxation	117	(117)	92	(88)
Impact on total equity	117	(117)	92	(88)

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

Liquidity risk

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

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

	2013					2012			
Group	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Over five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank overdrafts	209	209	—	—	—	418	418	—	—
Bank loans and other borrowings	32,982	13,883	17,716	1,383	—	22,788	13,199	1,599	7,990
Other loans	1,225	—	—	1,225	—	1,225	—	—	1,225
Finance lease liabilities	12,747	2,463	2,100	5,089	3,095	2,174	980	699	495
Derivatives	8	8	—	—	—	309	309	—	—
Trade and other payables	58,282	58,282	—	—	—	56,108	56,108	—	—
Other non-current liabilities	4,956	—	—	4,956	—	4,064	—	—	4,064
	110,409	74,845	19,816	12,653	3,095	87,086	71,014	2,298	13,774

	2013				2012			
Company	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank loans	17,270	1,317	15,953	—	8,856	1,079	1,052	6,725
Loans from Group undertakings	501	501	—	—	9,624	9,624	—	—
Derivatives	—	—	—	—	70	70	—	—
Trade and other payables	1,625	1,625	—	—	1,747	1,747	—	—
	19,396	3,443	15,953	—	20,297	12,520	1,052	6,725

23 Derivatives and other financial instruments (continued)

Future minimum lease payments of finance leases

Group	2013 £'000	2012 £'000	Repayment profile 2013 £'000	Repayment profile 2012 £'000
Amount payable:				
Within one year	**2,463**	980	**2,074**	894
In the second year	**2,100**	699	**1,789**	656
In the third to fifth years inclusive	**5,089**	495	**4,527**	472
Over five years	**3,095**	—	**2,995**	—
	12,747	2,174	**11,385**	2,022
Less: future finance charges	**(1,362)**	(152)		
Present value of lease obligations	**11,385**	2,022		

The Company has no finance lease obligations (2012: none).

Borrowing facilities

The Group has various undrawn committed facilities. The undrawn facilities available at 31 August 2013, in respect of which all conditions precedent had been met, were as follows:

	2013 Floating rate £'000	2012 Floating rate £'000
Expiring in one year or less	**17,853**	19,144

The Company's overdraft is within a Group facility and it is therefore not possible to determine the Company's undrawn committed facilities at the balance sheet date.

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet.

At 31 August 2013 the Group had net debt of £22.1m (2012: £2.5m).

Fair values of financial assets and liabilities

The fair value of Group and Company financial assets and liabilities are not materially different to book value, with the following exception:

Group	2013 Book value £'000	2013 Fair value £'000	2012 Book value £'000	2012 Fair value £'000
Non-current borrowings	**29,448**	**30,617**	11,573	11,686

23 Derivatives and other financial instruments (continued)

Derivative financial instruments

Hedge of net investment in foreign subsidiaries

The Company has US dollar denominated borrowings totalling $500,000 (2012: $8,700,000) which act as a partial hedge against the investment in its US subsidiary. The fair value of the US dollar borrowings at 31 August 2013 was £321,000 (2012: £5,482,000) and a foreign exchange pre-tax loss of £142,000 (2012: £78,000) was recognised in equity during the year on translation of this loan to sterling.

The Company has Euro denominated borrowings totalling €nil (2012: €5,000,000) which act as a partial hedge against the investment in its European subsidiary. The fair value of the Euro borrowings at 31 August 2013 was £nil (2012: £3,963,000) and a foreign exchange pre-tax loss of £223,000 (2012: pre-tax gain of £199,000) was recognised in equity during the year on translation of this loan to sterling.

Currency derivatives

The Group uses forward foreign currency contracts to manage exchange risk exposure. At the balance sheet date, the fair value of outstanding forward foreign currency contracts are as below:

	2013		2012	
Group	**Fair value £'000**	**Contractual or notional amount £'000**	Fair value £'000	Contractual or notional amount £'000
At beginning of period	**(239)**	**7,693**	—	—
Gains/(losses) during the period	**233**	**(5,573)**	(239)	7,693
At end of period	**(6)**	**2,120**	(239)	7,693
Included within:				
Current assets	**2**	**399**	—	—
Current liabilities	**(8)**	**1,721**	(239)	7,693
	(6)	**2,120**	(239)	7,693

The Company has no forward foreign currency contracts (2012: none).

The Group and Company use currency swaps to manage exchange risk exposure. At the balance sheet date, the fair value of outstanding currency swaps are as below:

	2013		2012	
Group and Company	**Fair value £'000**	**Contractual or notional amount £'000**	Fair value £'000	Contractual or notional amount £'000
At beginning of period	**(70)**	**4,042**	—	—
Gains/(losses) during the period	**70**	**(4,042)**	(70)	4,042
At end of period	**—**	**—**	(70)	4,042
Included within:				
Current liabilities	**—**	**—**	(70)	4,042
	—	**—**	(70)	4,042

Fair value has been determined by reference to the value of equivalent forward foreign currency contracts and currency swaps at the balance sheet date.

All forward foreign currency contracts and currency swaps have a maturity of less than one year after the balance sheet date. Gains and losses on currency related derivatives are included within administrative expenses.

24 Retirement benefit obligation

The Group participates in two defined benefit pension schemes, Carr's Milling Industries Pension Scheme 1993 and Carrs Billington Agriculture Pension Scheme.

Carr's Milling Industries

The Company sponsors the Carr's Milling Industries Pension Scheme 1993 and offers a defined contribution and a defined benefit section. The assets of the scheme are held separately from those of the Group and are invested with independent investment managers.

The pension expense for the defined contribution section of the scheme for the period was £510,000 (2012: £403,000). Contributions totalling £33,000 (2012: £22,000) were payable to the fund at the period end and are included in other payables.

The defined benefit section of the scheme is funded to cover future pension liabilities (including expected future earnings and pension increases). It is subject to an independent valuation on a triennial basis by a qualified actuary who determines the rate of the employer's contribution. The most recent valuation of the scheme was at 31 December 2011 and adopted the Projected Unit Method. It was assumed that the investment returns would be 5.7% per annum and that the salary increases would average 4.05% per annum. It was also assumed that present and future pensions would increase up to a maximum of 5% per annum.

The actuarial valuation as at 31 December 2011 shows a funding shortfall (technical provisions minus value of assets) of £9,945,000.

The pension contribution made by the Group over the period to the defined benefit section was £2,867,000 (2012: £3,772,000).

In addition, the Group offers a Group Personal Pension plan to certain employees of Carr's Flour Mills Limited. The pension expense for this scheme for the period was £228,000 (2012: £274,000).

The following disclosures relate to the defined benefit section of the Carr's Milling Industries Pension Scheme 1993. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2011 and updated on an approximate basis to 31 August 2013.

Major assumptions:

	2013 **%**	2012 %
Inflation (RPI)	**3.30**	2.55
Inflation (CPI)	**2.50**	1.85
Salary increases	**3.30**	3.05
Rate of discount	**4.60**	4.40
Pension in payment increases:		
RPI or 5.0% per annum if less	**3.20**	2.55
RPI or 5.0% per annum if less, minimum 3.0% per annum	**3.60**	3.00
Allowance for revaluation of deferred pensions of CPI or 5.0% per annum if less	**2.50**	1.85

24 Retirement benefit obligation (continued)

The mortality tables used in the valuation as at 31 August 2013 are 100% of S1PMA (males) and S1PFA (females) with allowance for mortality improvements using CMI_2009 with a 1.5%pa underpin. The mortality assumptions adopted imply the following life expectancies at age 65 as at 31 August 2013:

	At 31 August 2013	At 1 September 2012
Males currently age 45	**25.0 years**	24.8 years
Females currently age 45	**27.2 years**	27.0 years
Males currently age 65	**22.7 years**	22.5 years
Females currently age 65	**24.7 years**	24.6 years

Amounts recognised in the Income Statement in respect of defined benefit schemes:

	2013 £'000	2012 £'000
Current service cost	**507**	510
Interest on pension scheme liabilities	**2,410**	2,591
Expected return on pension scheme assets	**(2,695)**	(2,624)
	222	477

The expense is recognised within the Income Statement as shown below:

	2013 £'000	2012 £'000
Cost of sales	**100**	224
Administrative expenses	**122**	253
	222	477

Actuarial losses of £566,000 (2012: £2,686,000) have been reported in the Statement of Comprehensive Income.

The cumulative amounts of actuarial losses recognised in the Statement of Comprehensive Income since adoption of IAS19 is £8,826,000 (2012: £8,260,000).

Amounts included in the Balance Sheet:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	**(59,509)**	(55,472)
Fair value of scheme assets	**56,237**	50,121
Deficit in scheme	**(3,272)**	(5,351)

24 Retirement benefit obligation (continued)

Movements in the present value of defined benefit obligations:

	2013 £'000	2012 £'000
At the beginning of the period	**55,472**	48,918
Current service cost	**507**	510
Interest cost	**2,410**	2,591
Changes in assumptions underlying the defined benefit obligation	**3,251**	5,490
Benefits paid	**(2,131)**	(2,037)
At the end of the period	**59,509**	55,472

Movements in the fair value of scheme assets:

	2013 £'000	2012 £'000
At the beginning of the period	**50,121**	42,958
Expected return on scheme assets	**2,695**	2,624
Actual return less expected return on scheme assets	**2,685**	2,804
Contributions by employer	**2,867**	3,772
Benefits paid	**(2,131)**	(2,037)
At the end of the period	**56,237**	50,121

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

	Expected return		Fair value of assets	
	2013 %	2012 %	2013 £'000	2012 £'000
Equity instruments	**6.80**	6.20	**29,024**	25,384
Debt instruments	**4.20**	4.10	**22,292**	20,659
Property	**6.80**	6.20	**4,409**	3,895
Other assets	**3.50**	4.10	**512**	183
	5.74	5.33	**56,237**	50,121
Actual return on scheme assets			**5,380**	5,428

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), and the historical level of the risk premium associated with the other asset classes in which the portfolio was invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.74% at 31 August 2013.

24 Retirement benefit obligation (continued)

History of scheme:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of the defined benefit obligation	**(59,509)**	(55,472)	(48,918)	(48,551)	(46,763)
Fair value of scheme assets	**56,237**	50,121	42,958	37,806	32,090
Deficit	**(3,272)**	(5,351)	(5,960)	(10,745)	(14,673)
Difference between expected and actual returns on scheme assets:					
Amount £'000	**2,685**	2,804	(570)	2,300	(2,090)
Percentage of scheme assets	**4.8%**	5.6%	1.3%	6.1%	6.5%
Gains and losses on scheme liabilities:					
Amount £'000	**(3,251)**	(5,490)	1,296	(6)	3,041
Percentage of scheme liabilities	**5.5%**	9.9%	2.6%	0%	6.5%

The Group expects to contribute approximately £2,885,000 to the defined benefit scheme in the next financial period, of which the Company expects to contribute approximately £2,283,000.

Carrs Billington Agriculture
Carrs Billington Agriculture (Sales) Limited, one of the Group's subsidiary undertakings, is a participating employer of the Carrs Billington Agriculture Pension Scheme, another funded defined benefit scheme. On 30 November 2007, following consultation with the active members, the Company and Trustees agreed to close the scheme to future service accrual. The most recent actuarial assessment of the scheme was at 31 December 2012.

The pension contribution made by Carrs Billington Agriculture (Sales) Limited over the period to the Carrs Billington Agriculture Pension Scheme was £nil (2012: £nil).

It is not possible to identify the underlying share of the pension scheme assets and liabilities that relate to the Group. At inception in June 2000 approximately 50% of the assets and liabilities of the pension scheme related to the Group and under IFRS approximately 50% of the assets and liabilities are included in the Group's financial statements through the investment in associate, which is the sponsoring employer of the scheme.

Details and disclosures in respect of the scheme are provided in the financial statements of Carrs Billington Agriculture (Operations) Limited which are publicly available.

Carrs Billington Agriculture (Sales) Limited offers a Group Personal Pension Plan to its employees and the pension expense for this plan in the period was £383,000 (2012: £358,000).

During the period contributions were also payable to a defined contribution pension scheme for certain employees of Carrs Billington Agriculture (Sales) Limited. The pension expense for this scheme for the period was £16,000 (2012: £15,000).

25 Share capital

Group and Company	2013 Shares	2013 £'000	2012 Shares	2012 £'000
Authorised:				
Ordinary shares of 25p each	**14,000,000**	**3,500**	14,000,000	3,500
Allotted and fully paid ordinary shares of 25p each:				
At start of period	**8,876,182**	**2,219**	8,863,056	2,216
Allotment of shares	**14,048**	**4**	13,126	3
At end of period	**8,890,230**	**2,223**	8,876,182	2,219

The consideration received on the allotment of shares during the period was £68,000 (2012: £62,000).

For details of share based payment schemes see note 26.

26 Share-based payments

Group

The Group operates three active share based payment schemes at 31 August 2013.

In 2013 the Group entered into a long term incentive plan. Shares will be awarded to eligible individuals subject to an earnings per share (EPS) target measured against average annual increases over a three year period. For the awards granted in 2013 an average annual growth of EPS must exceed 7.0% for 25% of the awards to vest, 50% vest at 8.1% and 100% vest at 10.2%, with a straight line calculation between 25%, 50% and 100% of the award.

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

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

	Long Term Incentive Plan 2013	Share Save Scheme 2011 (3-Year Plan)	Share Save Scheme 2011 (5-Year Plan)	Approved Executive Share Option Scheme 2006
Grant date	1/5/13	10/5/11	10/5/11	24/2/06
Share price at grant date (weighted average)	£13.15	£7.20	£7.20	£4.78
Exercise price (weighted average)	£0.00	£5.72	£5.72	£4.78
Number of employees	5	76	75	17
Shares under option	48,938	48,564	78,328	74,000
Vesting period (years)	3	3	5	3
Model used for valuation	Market value*	Black Scholes	Black Scholes	Binomial
Expected volatility	—	25.00%	24.00%	22.44%
Option life (years)	10	3.5	5.5	10
Expected life (years)	6.5	3.25	5.25	6.5
Risk-free rate	—	1.620%	2.450%	4.224%
Expected dividends expressed as a dividend yield	2.4%	3.90%	3.90%	3.36%
Expectations of vesting	100%	95%	95%	100%
Expectations of meeting performance criteria	100%	N/A	N/A	100%
Fair value per option	£12.37	£1.49	£1.56	£0.99

* discounted for dividends forgone over the three year vesting period

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.

Long Term Incentive Plan 2013

The number and weighted average exercise prices are as follows:

	2013		2012	
	Weighted average exercise price £	**Number of options ('000)**	Weighted average exercise price £	Number of options ('000)
Outstanding at the beginning of the period	**—**	**—**	—	—
Granted during the period	**—**	**49**	—	—
Outstanding at the end of the period	**—**	**49**	—	—
Exercisable at the end of the period	**—**	**—**	—	—

At the period end the weighted average remaining contractual life of the options is 9 years with a weighted average remaining expected life of 5.5 years.

26 Share-based payments (continued)

Share Save Scheme 2011 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2013 Weighted average exercise price £	2013 Number of options ('000)	2012 Weighted average exercise price £	2012 Number of options ('000)
Outstanding at the beginning of the period	5.72	51	5.72	56
Forfeited during the period	5.72	(2)	5.72	(5)
Outstanding at the end of the period	5.72	49	5.72	51
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 1.25 years (2012: 2.25 years) with a weighted average remaining expected life of 1 year (2012: 2 years).

Share Save Scheme 2011 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2013 Weighted average exercise price £	2013 Number of options ('000)	2012 Weighted average exercise price £	2012 Number of options ('000)
Outstanding at the beginning of the period	5.72	86	5.72	90
Forfeited during the period	5.72	(8)	5.72	(4)
Outstanding at the end of the period	5.72	78	5.72	86
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 3.25 years (2012: 4.25 years) with a weighted average remaining expected life of 3 years (2012: 4 years).

Approved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows:

	2013 Weighted average exercise price £	2013 Number of options ('000)	2012 Weighted average exercise price £	2012 Number of options ('000)
Outstanding at the beginning of the period	4.78	87	4.78	99
Exercised during the period	4.78	(13)	4.78	(12)
Outstanding at the end of the period	4.78	74	4.78	87
Exercisable at the end of the period	4.78	74	4.78	87

At the period end the weighted average remaining contractual life of the options is 2.5 years (2012: 3.5 years) with a weighted average remaining expected life of nil years (2012: nil years).

26 Share-based payments (continued)

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

	2013 £'000	2012 £'000
Long Term Incentive Plan 2013	202	—
Share Save Scheme 2011 - 3 Year Plan	22	24
Share Save Scheme 2011 - 5 Year Plan	20	25
	244	49

Company

The movement in the number of outstanding options under the share schemes for the company is not shown as it is immaterial and disclosure would be excessively lengthy.

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

	2013 £'000	2012 £'000
Long Term Incentive Plan 2013	137	—
Share Save Scheme 2011 - 3 Year Plan	5	5
Share Save Scheme 2011 - 5 Year Plan	1	1
	143	6

Share based payments awarded to employees of subsidiary undertakings and recognised as an investment in subsidiary undertakings in the Company are as follows:

	2013 £'000	2012 £'000
Long Term Incentive Plan 2013	65	—
Share Save Scheme 2011 - 3 Year Plan	41	24
Share Save Scheme 2011 - 5 Year Plan	49	30
Approved Executive Share Option Scheme 2006	67	80
Total carrying amount of investments	222	134

27 Acquisitions

Silver Springs

In June 2013 Animal Feed Supplement, Inc. acquired the trade and assets of Western Feed Supplements LLC for cash consideration of £810,000.

The principal activity of the acquired business is that of a low moisture feed block manufacturer.

This purchase has been accounted for as an acquisition. Given the size of the acquisition no separate disclosure has been presented on the face of the income statement as the impact would not be material.

The acquisition was in line with the Group's agriculture strategy of overseas expansion for feed blocks. The location of the plant gives access to new areas of the USA with large numbers of potential customers, and will complement the Group's two existing USA low moisture feed block plants in South Dakota and Oklahoma.

Goodwill arising from the acquisition amounts to £16,000. Goodwill reflects the value of the employees, which under IFRS should not be recorded as a separately identifiable intangible asset on the balance sheet.

The following amounts have been recognised within the consolidated income statement in respect of the acquisition:

	£'000
Revenue	295
Loss before taxation	(36)

There were no other recognised gains and losses other than the profit shown above.

The assets and liabilities acquired in the period are set out below:

	Fair value £'000
Property, plant and equipment	565
Inventories	229
Net assets acquired	794
Goodwill	16
Satisfied by cash	810

Pro forma full year information

IFRS3 (revised) requires disclosure of information as to the impact on the financial statements if the acquisition had occurred at the beginning of the accounting period.

The unaudited pro forma summary below presents the Group as if the acquisition had been acquired on 2 September 2012.

The pro forma amounts include the results of the acquisition and the interest expense on the increase in net debt as a result of the acquisition. The pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results.

	£'000
Revenue	469,607
Profit before taxation	15,804

28 Cash generated from/(used in) operations

	Group		Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Profit for the period	**12,741**	10,105	**10,449**	508
Adjustments for:				
Tax	**3,130**	2,954	**316**	(107)
Dividends received from subsidiaries	**—**	—	**(11,445)**	(2,220)
Depreciation of property, plant and equipment	**5,165**	4,165	**—**	—
Depreciation of investment property	**62**	20	**—**	—
Intangible asset amortisation	**252**	492	**—**	—
Profit on disposal of property, plant and equipment	**(108)**	(153)	**—**	—
Profit on disposal of investment property	**—**	(45)	**—**	—
Profit on disposal of investment	**(14)**	(107)	**(14)**	(107)
Amounts written off property, plant and equipment	**7**	1	**—**	—
Impairment of investment	**—**	—	**—**	415
Loan forgiven in the period	**—**	—	**—**	13
Amortisation of grants	**(50)**	(50)	**—**	—
Net fair value loss on share based payments	**244**	49	**143**	6
Net foreign exchange differences	**(220)**	138	**(196)**	183
Net fair value (gains)/losses on derivative financial instruments in operating profit	**(303)**	309	**(70)**	70
Finance costs:				
Interest income	**(513)**	(673)	**(1,008)**	(841)
Interest expense and borrowing costs	**1,354**	1,403	**633**	583
Share of profit from associate and joint ventures	**(2,869)**	(1,381)	**—**	—
IAS19 income statement credit in respect of employer contributions (note 24)	**(2,867)**	(3,772)	**(2,867)**	(3,772)
IAS19 income statement charge (note 24)	**222**	477	**222**	477
Changes in working capital (excluding the effects of acquisitions):				
Increase in inventories	**(6,088)**	(3,868)	**—**	—
Increase in receivables	**(5,699)**	(896)	**(259)**	(147)
Increase/(decrease) in payables	**2,787**	2,806	**(187)**	(379)
Cash generated from/(used in) operations	**7,233**	11,974	**(4,283)**	(5,318)

29 Analysis of net cash/(net debt)

Group	At 2 September 2012 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	**At 31 August 2013 £'000**
Cash and cash equivalents	23,294	**(410)**	**—**	**—**	**22,884**
Bank overdrafts	(418)	**99**	**—**	**110**	**(209)**
	22,876	**(311)**	**—**	**110**	**22,675**
Loans and other borrowings:					
– current	(12,864)	**1,094**	**(1,492)**	**—**	**(13,262)**
– non-current	(10,445)	**(11,149)**	**1,457**	**—**	**(20,137)**
Finance leases:					
– current	(894)	**1,118**	**(2,298)**	**—**	**(2,074)**
– non-current	(1,128)	**—**	**(8,183)**	**—**	**(9,311)**
Net debt	(2,455)	**(9,248)**	**(10,516)**	**110**	**(22,109)**

Other non-cash changes relate to finance leases and transfers between categories of borrowings. It also includes the release of deferred borrowing costs to the consolidated income statement.

29 Analysis of net cash/(net debt) (continued)

Company	At 2 September 2012 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	**At 31 August 2013 £'000**
Cash and cash equivalents	22,736	**(3,055)**	**—**	**141**	**19,822**
Loans and other borrowings:					
– current	(10,429)	**(4,599)**	**14,103**	**(365)**	**(1,290)**
– non-current	(7,470)	**—**	**(8,352)**	**—**	**(15,822)**
Net cash	4,837	**(7,654)**	**5,751**	**(224)**	**2,710**

Other non-cash changes relate to the release of deferred borrowing costs to the consolidated income statement and transfers between categories of borrowings.

30 Capital Commitments

Group	**2013 £'000**	2012 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the accounts	**1,662**	8,985

The Company has no capital commitments (2012: none).

31 Other Financial Commitments

Group

At 31 August 2013 the Group had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2013 £'000	2012 £'000
Within one year	**436**	514
Within two and five years inclusive	**575**	1,007
After five years	**—**	30
	1,011	1,551

The Company has no commitments under non-cancellable operating leases (2012: none).

32 Financial guarantees

The Company, together with certain subsidiary undertakings, has entered into a guarantee with Clydesdale Bank PLC in respect of the Group loans, overdraft, asset finance and guarantee facilities with that bank, which at 31 August 2013 amounted to £15,832,000 (2012: £8,776,000).

Certain subsidiary undertakings utilise guarantee facilities with financial institutions which include their own bankers. These financial institutions in the normal course of business enter into certain specific guarantees with some of the subsidiaries' customers. All these guarantees allow the financial institutions to have recourse to the subsidiaries if a guarantee is enforced. The total outstanding of such guarantees at 31 August 2013 was £3,652,000 (2012: £3,977,000).

The Company has provided specific guarantees to certain customers of a subsidiary. These are in place to guarantee the completion of the contract in any event. At 31 August 2013 the contracts under guarantee that have still to be completed have a total contract value of £nil (2012: £377,000).

The Company has entered into a guarantee with the Trustees of the Carrs Billington Agriculture Pension Scheme in respect of the punctual payment of obligations due to the pension scheme by the participating employers of the scheme. The Company's total liability shall not exceed £1,500,000 (2012: £1,500,000).

The Group and Company does not expect any of the above guarantees to be called in.

33 Related parties

Group and Company

Identity of related parties

The Group has a related party relationship with its subsidiaries, associate and joint ventures and with its Directors. The balances and transactions shown below were all undertaken on an arm's length basis in the normal course of business.

Transactions with key management personnel

Key management personnel are considered to be the Directors and their remuneration is disclosed within the Directors' Remuneration Report.

	Group		Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Balances reported in the Balance Sheet				
Amounts owed by key management personnel (in a trading capacity):				
Trade receivables	**74**	95	**—**	—
Transactions reported in the Income Statement				
Revenue	**417**	626	**—**	—
Purchases	**(8)**	(5)	**—**	—

During the prior period the Group incurred recruitment related costs in respect of Neil Austin, who was appointed Finance Director on 1 May 2013.

Transactions with subsidiaries

	Company	
	2013 £'000	2012 £'000
Balances reported in the Balance Sheet		
Amounts owed by subsidiary undertakings:		
Loans	**24,662**	17,484
Other receivables	**123**	22
	24,785	17,506
Amounts owed to subsidiary undertakings:		
Loans	**(501)**	(9,624)
Other payables	**(26)**	(46)
	(527)	(9,670)
Transactions reported in the Income Statement		
Management charges receivable	**2,139**	1,688
Dividends received	**11,445**	2,220
Interest receivable	**655**	342
Interest payable	**(150)**	(115)

33 Related parties (continued)

Transactions with associate

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Balances reported in the Balance Sheet				
Amounts owed by associate:				
Trade and other receivables	**84**	185	**8**	2
Amounts owed to associate:				
Trade and other payables	**(15,191)**	(13,888)	**—**	—
Transactions reported in the Income Statement				
Revenue	**1,079**	563	**—**	—
Rental income	**19**	19	**—**	—
Management charges receivable	**46**	60	**42**	15
Management charges payable	**(97)**	(67)	**—**	—
Purchases	**(118,749)**	(89,762)	**—**	—

Transactions with joint ventures

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Balances reported in the Balance Sheet				
Amounts owed by joint ventures:				
Trade and other receivables	**3,628**	2,327	**2,871**	1,927
Amounts owed to joint ventures:				
Trade and other payables	**(3)**	(13)	**—**	—

Included within Group trade and other receivables is £3,512,000 (2012: £2,224,000) in respect of loans owed by joint ventures. The loan balance for the prior period is stated after the recognition of the cumulative losses of £410,000 on the three US joint ventures (note 12).

Included within Company trade and other receivables is £2,833,000 (2012: £1,916,000) in respect of loans owed by joint ventures.

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Transactions reported in the Income Statement				
Revenue	**59**	91	**—**	—
Management charges receivable	**100**	100	**—**	—
Purchases	**(374)**	—	**—**	—

Transactions with other related parties

Other loans of £1,225,000 (2012: £1,225,000) included within non-current borrowings is in respect of a loan from Edward Billington and Son Limited to Carrs Billington Agriculture (Sales) Limited. This loan is interest free, unsecured, and has no set repayment date. Edward Billington and Son Limited has a 49% shareholding in Carrs Billington Agriculture (Sales) Limited.

Continuing operations Revenue and Results	2009 £'000	2010 £'000	2011 £'000	2012 £'000	**2013 £'000**
Revenue	350,023	298,110	373,318	404,058	**468,083**
Group operating profit	7,295	7,445	9,156	12,071	**13,807**
Analysed as:					
Operating profit before non-recurring items	7,295	7,445	9,907	12,307	**13,571**
Non-recurring items	—	—	(751)	(236)	**236**
Group operating profit	7,295	7,445	9,156	12,071	**13,807**
Profit on the disposal of property and investment	—	—	—	282	**—**
Finance income	211	404	410	673	**513**
Finance costs	(1,522)	(1,224)	(1,332)	(1,348)	**(1,318)**
Share of post-tax profit in associate and joint ventures	1,051	799	1,776	1,381	**2,869**
Profit before taxation	7,035	7,424	10,010	13,059	**15,871**
Taxation	(1,829)	(1,663)	(1,973)	(2,954)	**(3,130)**
Profit for the period from continuing operations	5,206	5,761	8,037	10,105	**12,741**
Profit/(loss) for the period from discontinued operations	—	1,074	16,598	(202)	**—**
Profit for the period	5,206	6,835	24,635	9,903	**12,741**
Ratios (continuing operations)					
Operating margin (excluding non-recurring items)	2.1%	2.5%	2.7%	3.0%	**2.9%**
Return on net assets (excluding non-recurring items and amortisation)	21.4%	19.4%	17.9%	19.9%	**20.4%**
Earnings per share – basic	50.4p	51.9p	77.0p	98.2p	**128.7p**
– adjusted	51.0p	53.5p	88.4p	101.5p	**128.7p**
Dividends per ordinary share	23.0p	24.0p	26.0p	29.0p	**32.0p**

Revenue and results for the year ended 2009 include the revenue and results from the fertiliser blending operations which were disposed of in the year ended 2011.

Net assets employed	2009 £'000	2010 £'000	2011 £'000	2012 £'000	**2013 £'000**
Non-current assets					
Goodwill	1,654	4,336	4,558	5,199	**5,215**
Other intangible assets	764	1,362	1,029	728	**615**
Property, plant and equipment	31,764	32,588	31,519	37,158	**53,068**
Investment property	718	699	764	1,005	**675**
Investments	4,626	5,018	6,832	8,081	**10,395**
Financial assets					
– Non-current receivables	53	5	2	2	**1**
Deferred tax assets	5,015	3,924	2,519	2,480	**2,044**
	44,594	47,932	47,223	54,653	**72,013**
Current assets					
Inventories	23,860	27,015	22,793	27,128	**33,445**
Trade and other receivables	43,059	48,810	56,988	59,651	**66,434**
Current tax assets	119	303	9	—	**178**
Financial assets					
– Derivative financial instruments	16	—	—	—	**2**
– Cash and cash equivalents	10,304	13,695	33,282	23,294	**22,884**
	77,358	89,823	113,072	110,073	**122,943**
Total assets	121,952	137,755	160,295	164,726	**194,956**
Current liabilities					
Financial liabilities					
– Borrowings	(10,226)	(11,478)	(26,436)	(14,176)	**(15,545)**
– Derivative financial instruments	(43)	(127)	—	(309)	**(8)**
Trade and other payables	(35,928)	(49,468)	(53,469)	(56,108)	**(58,282)**
Current tax liabilities	(708)	(1,129)	(1,688)	(1,552)	**(1,639)**
	(46,905)	(62,202)	(81,593)	(72,145)	**(75,474)**
Non-current liabilities					
Financial liabilities					
– Borrowings	(19,403)	(17,732)	(2,274)	(11,573)	**(29,448)**
Retirement benefit obligation	(14,673)	(10,745)	(5,960)	(5,351)	**(3,272)**
Deferred tax liabilities	(4,840)	(4,960)	(4,007)	(3,733)	**(3,765)**
Other non-current liabilities	(2,834)	(2,797)	(3,617)	(4,064)	**(4,956)**
	(41,750)	(36,234)	(15,858)	(24,721)	**(41,441)**
Total liabilities	(88,655)	(98,436)	(97,451)	(96,866)	**(116,915)**
Net assets	33,297	39,319	62,844	67,860	**78,041**

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