CARR'S MILLING
INDUSTRIES PLC

Strategic Diversity Delivering Results

AGRICULTURE / FOOD / ENGINEERING

Annual Report and Accounts
2014

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.

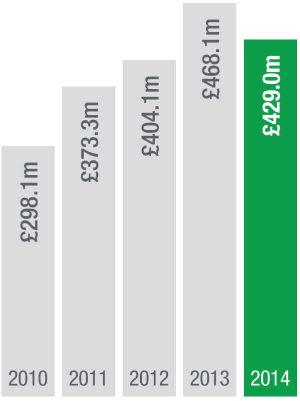
Carr's principal Food business is flour milling based in three UK locations.

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

Contents

STRATEGIC REPORT

Financial Highlights



REVENUE

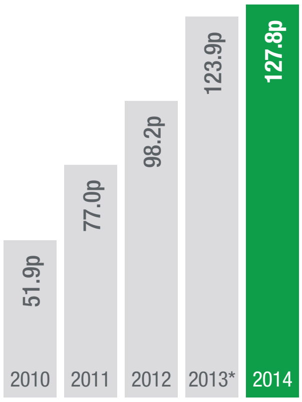
£429.0m

8.4% DOWN from 2013

PROFIT BEFORE TAX

£16.6m

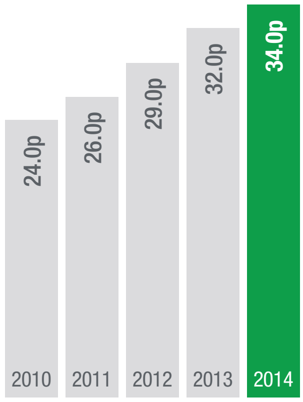
7.8% UP from 2013



EARNINGS PER SHARE

127.8p

3.1% UP from 2013



DIVIDEND PER SHARE

34.0p

6.3% UP from 2013

* restated for IAS 19 Revised

2014 Highlights

Kirkcaldy flour mill delivering efficiencies

Acquisition of B.E. Williams Limited

Acquisition of Chirton Engineering Limited

Further investment in our retail network

Opening of new factory for Wälischmiller

View this report online
www.carrs-milling-ir.co.uk

Group at a Glance: Strength through Diversity

Carr's is an international company focussed on developing innovative solutions for our customers, delivered to where they need them across the globe. The Group's distribution network spans over 30 countries worldwide, and the geographic and sectorial diversity lies at the centre of our strategy. The Group consists of three divisions operating in markets that offer good prospects for growth, delivering products and services to the global agri-food and energy sectors. Our diverse geographic and sectorial exposure provides strength in an increasingly volatile economic environment.

Agriculture

OVERVIEW AND MARKETS

The Agricultural division develops and supplies a range of branded innovative animal nutrition products into the livestock industries as well as servicing the UK farming market through a chain of retail stores and fuel businesses.

Carr's develops and manufactures branded, molasses-based feed supplements in the form of high and low moisture feed blocks which enrich the diet of all types of farm animals.

OPERATIONAL LOCATIONS

The division's products are manufactured in the USA, Germany and the UK and supplied through a vast distributor network across the UK, Europe, New Zealand and North America.

CUSTOMER BASE

Leading livestock farmers across the globe in the dairy, beef, sheep, pig and equine sectors.

REVENUE

£314.9m

OPERATING PROFIT

£10.4m

EMPLOYEES

Total 549

393 156

Food

OVERVIEW AND MARKETS

The Food division supplies bakeries, food manufacturers and multiples across the UK, using the latest milling technologies and sourcing the best wheat, either from the UK or overseas.

Carr's works with its customers to meet their changing requirements in a constantly changing marketplace; developing commercial strategies in response to increasingly volatile commodity markets.

OPERATIONAL LOCATIONS

The division operates from two strategically located dockside sites in the UK, on the coast at Silloth in Cumbria and at the recently commissioned £17 million site at Kirkcaldy in Fife, as well as at Maldon in Essex.

CUSTOMER BASE

Food manufacturers and retailers that use bulk flour as well as ethnic and artisanal flour products.

REVENUE

£87.1m

OPERATING PROFIT

£3.1m

EMPLOYEES

Total 179

148 31

Engineering

OVERVIEW AND MARKETS

The Engineering division designs and manufactures bespoke equipment for use in the nuclear, oil and gas, and petrochemical industries. Products include manipulators, robotics, and specialist fabrication.

Carr's is focussed on the design and manufacture of pressure vessels and steel fabrications as well as specialist remote handling technology, robotics and radiation protection equipment for use in environments inaccessible to humans.

OPERATIONAL LOCATIONS

The division is based in a number of key locations across the UK and in Germany, distributing to clients around the world including in Europe, North and South America, Russia, Japan and South Africa.

CUSTOMER BASE

Key players across the worldwide nuclear, research, oil and gas, and petrochemical industries.

REVENUE

£26.9m

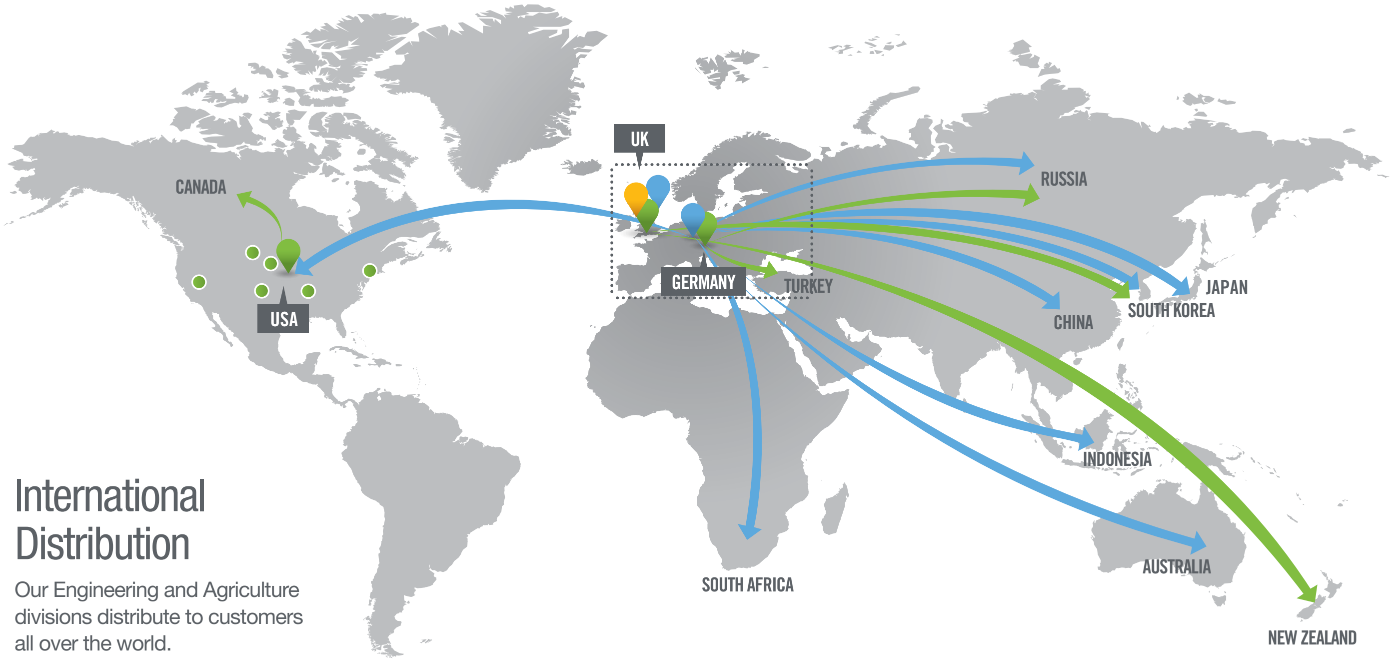
OPERATING PROFIT

£3.8m

EMPLOYEES

Total 304

262 42

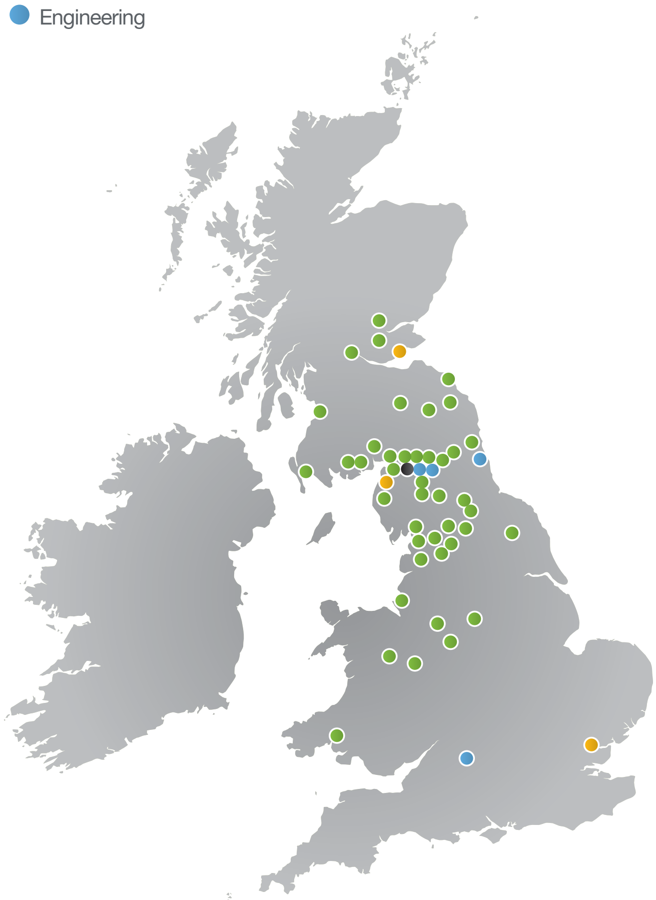


International Distribution

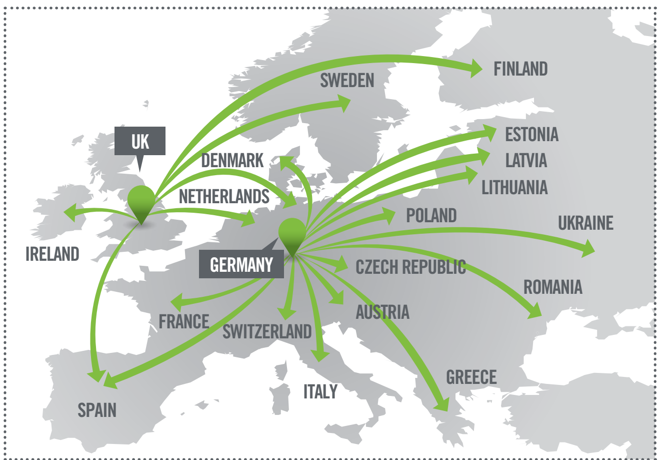
Our Engineering and Agriculture divisions distribute to customers all over the world.

UK Locations

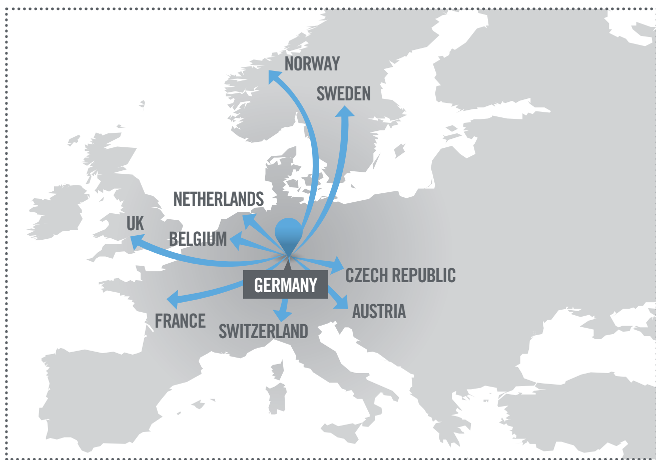
- Head Office
- Agriculture
- Food
- Engineering



Agriculture European Distribution



Engineering European Distribution



CHRIS HOLMES
CHAIRMAN

Another record year building on our operational strength

"Record profits and a robust performance once again underline the benefits of the Group's geographic and operational diversity."

REVIEW OF THE YEAR

I am pleased to report that the Group achieved another record profit before tax this year, building on the successes of recent years. This achievement can be attributed to a strong operational performance across the business. Each division performed well, driven by the benefits from research and development, innovation, global geographic diversity and the strategic investments the Board has made.

In the financial year 2012/2013 the harsh UK weather made a significant positive contribution to the Group's profit before tax in that period. This year the UK experienced a mild winter, resulting in lower revenues, however, the impact of this was offset by the severe weather conditions in the USA, particularly in the Mid-Atlantic States. This resulted in record sales of our feed blocks and increased recognition of our brands. In addition, the Group benefited from the increased sales both in the UK and USA of AminoMax®. Retail sales grew 0.5%, further endorsing our continued investment programme in our Country Stores across Northern England and Southern Scotland, with enlarged branches at Annan and Brock opening during the year.

The now fully operational flour mill at Kirkcaldy has delivered the anticipated benefits to the Food division, and this coupled with the continuing excellent customer service from all our flour mills has resulted in the expected increase to the profit before tax for the division.

Significant investment was made through the year in our Engineering division, particularly with the acquisition of Chirton Engineering Limited in April 2014. The new facility for Wälischmiller at Markdorf, Germany was completed during the year. The Engineering division met its budgetary targets for the year, despite a lack of nuclear contracts in the UK and escalating economic and political issues worldwide.

VISION

In the coming year we will continue to build on our success and make investments across the Group both in the UK and overseas for the future. We expect our innovative approach, in particular in the development of new products, to continue to differentiate us from the competition and we will remain alert to suitable complementary acquisitions.

EMPLOYEES

Our employees across each division and countries in which we operate are our key asset. Their first class skills, knowledge, and commitment are a critical factor in the Group's success. On behalf of the Board I would like to thank all of them for their hard work during the year and their continued support, and to also welcome everyone that has joined the Group during the year.

FINANCIAL REVIEW

Revenue for the period fell by 8.4% to £429.0 million (2013: £468.1 million). Profit before tax was up 7.8% to £16.6 million (2013: £15.4 million).

Basic earnings per share for the period were up by 3.1% to 127.8 pence (2013: 123.9 pence) with fully diluted earnings per share of 123.3 pence (2013: 121.7 pence) and adjusted earnings per share of 130.8 pence (2013: 123.9 pence).

Net cash generated from operating activities was £12.5 million (2013: £4.0 million). At the end of the period the Group had net debt of £24.6 million compared to net debt of £22.1 million at 31 August 2013. This increase reflects acquisition activity in the year and our ongoing significant capital investment programme.

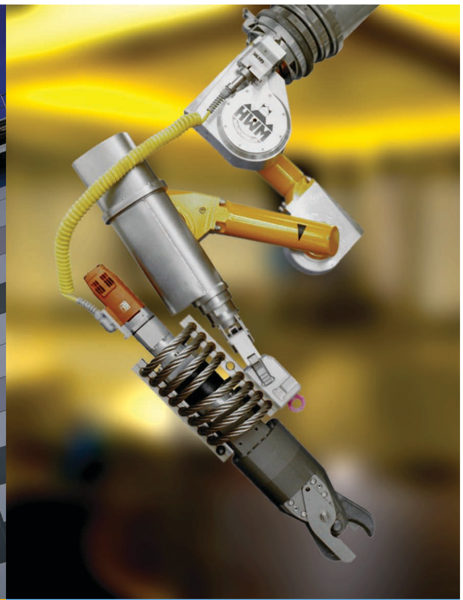
Working capital increased by £1.6 million and contributions to the deficit in the pension scheme totalled £2.8 million.

During the year the Group renewed its banking facilities for a 5 year period at improved margins. Our headroom against existing facilities at the year-end was £17.4 million. Borrowing and interest cover continue to remain well within our conservative levels, meaning that we are well placed to make strategic investments or acquisitions.

SHARE SPLIT

The Board considers it appropriate to propose at the Company's Annual General Meeting on 13 January 2015, a sub-division of the existing ordinary shares on the basis of a ten for one share split, thereby reducing the nominal value of the existing ordinary shares to 2.5 pence each. It is anticipated that such a sub-division will improve the liquidity of the market in the Company's shares and reduce the bid/offer spread of the Company's shares. Further details will be set out in the Notice of the Annual General Meeting.

More information is contained on page 24.



DIVIDEND

The Board is proposing a 3.0% increase in the final dividend to 17.0 pence per ordinary share which, together with the two interim dividends of 8.5p pence per share each paid on 16 May and 10 October 2014, make a total of 34.0 pence per share for the year (2013: 32.0 pence per share). The final dividend, if approved by shareholders, will be paid on 16 January 2015 to shareholders on the register at the close of business on 19 December 2014 and the shares will go ex-dividend on 18 December 2014.

BOARD COMPOSITION AND CORPORATE GOVERNANCE

During the current year ending August 2015, Alistair Wannop, Senior Independent Director and Chairman of the Remuneration Committee, will become non-independent due to his length of service in accordance with the UK Corporate Governance Code 2012. In order to address this and other compliance issues the Board is currently undertaking a search for an additional independent Non-Executive Director.

The Company takes its corporate governance responsibilities very seriously and a full report on Corporate Governance is on pages 22 to 35.

OUTLOOK

The Engineering division will continue to benefit from Wälischmiller's advanced technological capabilities, and several ongoing development projects will continue to be progressed over the next year. Global political and economic conditions in some of its key markets are likely to impact the current financial year, although the medium term prospects remain very positive. Chirton Engineering is expected to start realising benefits in its first full year of trading.

Weak farmgate milk prices will undoubtedly have an adverse effect on the farming community. However, the diversity of the Agriculture division, both operationally and geographically, the technical advances made by our high quality products such as AminoMax®, and our highly regarded customer service levels will help to mitigate some of this impact through this financial year.

The Food division is expecting to realise further efficiencies from the Kirkcaldy mill and will also benefit from some significant new business at the Silloth mill.

Despite the very mild weather the current financial year has started in line with expectations, with a strong balance sheet and well invested assets, and with our continuing investment programme across the Group we remain well placed to capitalise on future opportunities. The Board will continue to look at how best to drive growth and achieve optimal returns for its shareholders via both organic and acquisitive growth, including expanding our geographic footprint.

Chris Holmes

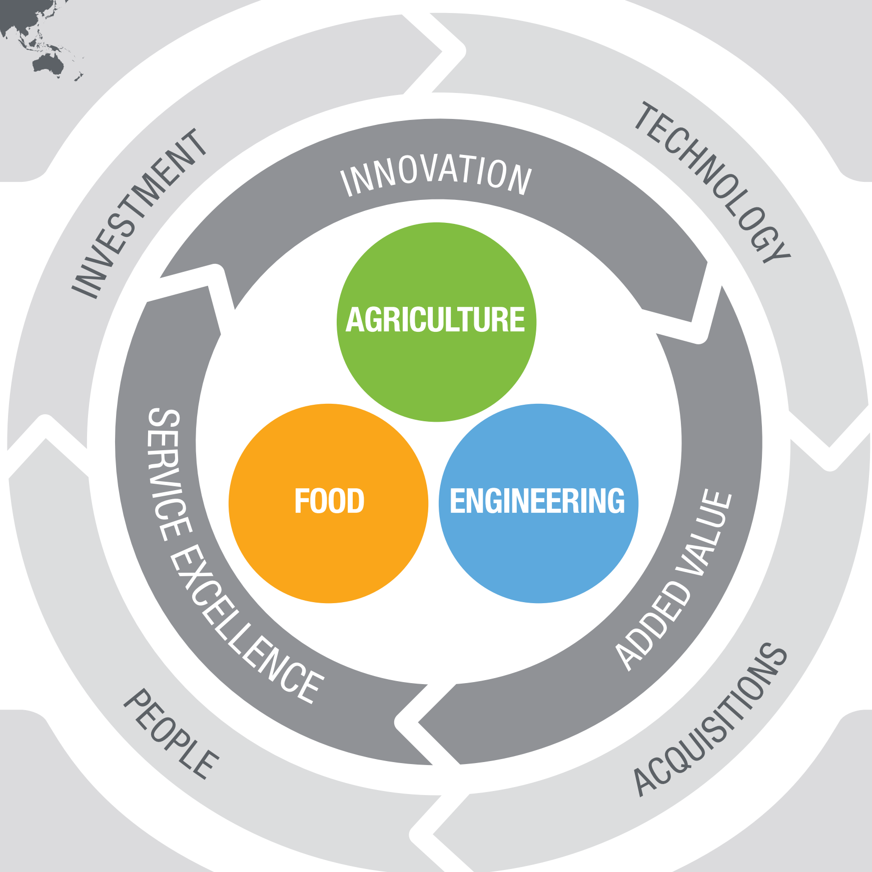
CHRIS HOLMES
Chairman
12 November 2014

Vision

Recognised as a truly international business at the forefront of technology and innovation

Investment in assets to ensure long term competitive advantage

Seen and recognised as leaders in innovation

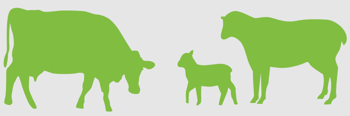


Investing in people that will shape business in ten years' time

Acquisition strategy for growth and joint ventures with strategic purpose

Divisional Highlights

Agriculture



TRADING OVERVIEW
- Weather impact
- AminoMax® growth
- Feed blocks growth
- Investments
  - **Sioux City (USA)**
  - **Silver Springs (USA)**
  - **Retail store upgrades**
- Acquisition of B.E. Williams Limited

DIVISIONAL PLANS
- Lead in dairy nutrition
- Investment in targeted research
- New markets
- Consolidate UK position
- Acquisitions

DELIVERY
- AminoMax®
- Research
- New plants
- New products
- New markets
- Retail development and expansion

INVESTMENT
£5.3m

including new branch at Annan and acquisition of B.E. Williams Limited

Food

TRADING OVERVIEW
- Financial step change
- New flour mill at Kirkcaldy
- Market dynamics
- Volume growth

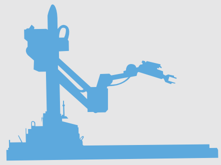
DIVISIONAL PLANS
- Deliver benefits of new mill
- Capitalise on market changes
- Service excellence
- Logistics optimisation
- Exploit new areas of market growth

DELIVERY
- Step change in financial performance
- Continued financial improvement
- Baking category and brand
- New contracts

INVESTMENT
£1.5m

including completion of new flour mill at Kirkcaldy, Scotland

Engineering



TRADING OVERVIEW
- Investment at Wälischmiller
- Strong performance at Carrs MSM
- Bendalls
  - **New contracts oil and gas**
  - **Nuclear contracts**
- Acquisition of Chirton Engineering Limited

DIVISIONAL PLANS
- Product research, innovation and development
- Investment in new products
- Exploit growing market sectors
- Acquisitions

DELIVERY
- Wälischmiller
  - **Telbot**
  - **V1000**
  - **Factory**
  - **USA contracts**
- Chirton Engineering Limited acquisition

INVESTMENT
£7.4m

including £5.3 million acquisition of Chirton Engineering Limited

Key elements of our business model

The business has four key strategic pillars to drive success and long term sustainable value for shareholders in the form of increased earnings and dividends.

INVESTMENT

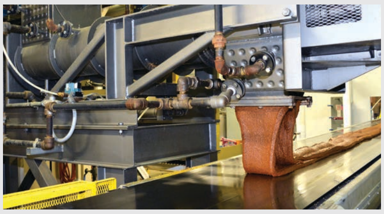
Carr's is an international business with key production facilities in the UK, Germany and the USA.

To drive operational excellence we invest strategically and for the long term across our divisions ensuring we operate in attractive growing markets across the globe.

Our aim is to develop market leadership in all territories in which we are active.

In the UK this means a regional strength across the North of England and Scotland in our flour milling and agricultural retail businesses. Globally this has meant expanding the markets into which we sell our remote handling equipment and animal nutrition products.

USA



The USA operation aims to provide superior livestock products utilising innovative technology and product research that effectively enhances today's livestock performance.

- Sioux City, Iowa, USA – production commenced 2014 in the newly completed manufacturing plant.
- Silver Springs, Nevada, USA – investment programme to redevelop the production facility in advance of main winter season 2014/15.

GERMANY

Carr's has engineering operations as well as manufacturing facilities for animal feed blocks in Germany. Future plans include delivering export growth across Europe using Crystalyx Products GmbH, Germany as a key hub for our animal nutrition business.

- Crystalyx Products GmbH, Germany – new high moisture block plant under construction.
- Investment at Wälischmiller in new factory facilities completed in February 2014.

TECHNOLOGY

Developing new innovative products and services will ensure long-term sales growth and increased market share.

Focussing on innovation and excellent customer service has allowed us to lead in key markets such as nuclear robotics and animal nutrition.

The Agricultural division is responding to the growing global demand for technologies that can help boost productivity across the livestock and dairy sectors.

The Engineering division has built a position as quality leader in the nuclear field through superior innovative products, reliability and a customer orientation. It will continue to lead by focussing on its innovation pipeline not only in the nuclear market but also in oil and gas.

CRYSTALYX

The Crystalyx® range of products produce astounding results with grazing livestock throughout the world. The only way to prove what is giving these improvements is with scientific research practices carried out by independent scientists at reputable establishments across the UK, Germany and the USA. Crystalyx® has had a policy of carrying out such research for almost two decades and continue to invest heavily in a scientific approach to nutrition.

New products in the pipeline include Pig Block and Pick Block with research underway on the effect of Cattle Booster on both beef and dairy cows.

WÄLISCHMILLER ENGINEERING

Wälischmiller Engineering GmbH has an international reputation for its production of remote handling robotics and equipment for the nuclear markets and the petrochemical, oil and gas industries. It has decades of experience in radiation protection and handling technology and with sales in 5 continents seeks to provide all customers with the solution to their individual problems, whilst ensuring the highest possible levels of quality.

Product research and development include work ongoing with clients on V1000 (Robbie) and work with Statoil and Shell progressing with Telbot® in the Demo 2000 Project. See page 13 for further details.

ACQUISITIONS

SUSTAINED ANNUAL GROWTH

Carr's has made substantial progress over the past five years, delivering on a clear strategy and achieving sustainable growth.

Continued investment across the Group combined with a flow of strategic acquisitions has strengthened the Agricultural and Engineering divisions.

Our focus into 2015 and beyond will be to continue along this path with carefully chosen acquisitions across these divisions that not only deliver increased profitability but also fit with our strategic vision of being a leading global player in each of our divisions.

2014 – Chirton Engineering.

2013 – Acquisition of Western Feed Supplements. This acquisition expanded the feed block business in the US with a plant in Silver Springs, Nevada.

2012 – Acquisition of Clive Walton Engineering Ltd as well as three retail outlets.

2011 – Acquisition of Safe at Work, a specialist protective clothing supplier to the forestry and agricultural markets.

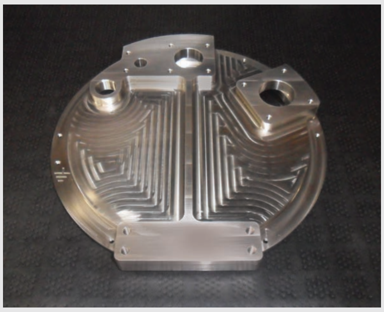
2010 – Acquisition of Scotmin Nutrition which manufactures mineral blocks.

CHIRTON ENGINEERING

Building on the Group's experience in Engineering 2014 saw the acquisition of Chirton Engineering Limited based in North Tyneside in the North East of England. Chirton is a manufacturer of precision engineering components, dealing particularly in the fields of offshore oil & gas manufacturing.

With many years' experience in the business it has a wide customer base in a diverse range of fields including IHC Merwede, Oceaneering, and Proserv Offshore.

Recently Chirton expanded into component manufacturing for high-end motor manufacturers such as McLaren as part of a strategy of collaborative innovation with its core customer base.



PEOPLE

Strong underlying values drive everything we do and underpin the culture in all of our businesses that encourages an approach to doing business 'the Carr's way'.

We can only succeed if everybody works as a team from the senior management down, and collaboration and trust is encouraged at all levels.

Our priority is now to develop our approach to leadership development and to roll-out a strengthened approach to HR across all the Group in the UK and internationally. We aim to offer opportunities for people across the Group to achieve their full potential from apprentices to senior management.

LEADERSHIP PIPELINE

We have increased our focus on succession planning and made good progress in planning the pipeline of talent to take the Group forward into the future.

Ensuring the appropriate HR infrastructure and leadership team are in place to support growth is a key priority and we are encouraging a more collaborative leadership approach across the Group businesses.

TIM DAVIES
CHIEF EXECUTIVE OFFICER

A year of progressive investment

"Our vision is to be recognised as an international business at the forefront of innovation and technology across Agriculture, Food and Engineering."

PROFIT BEFORE TAX BY SECTOR

AGRICULTURE
£9.6m

9.5% UP from 2013

FOOD
£2.3m

309.7% UP from 2013

ENGINEERING
£3.7m

11.7% DOWN from 2013

In order to achieve this we have built on the investment made throughout 2013, and over the last 12 months our investment programme has continued across our three divisions.

Our strategy has four key drivers: outstanding people who will shape our business over the next five to ten years; innovative products and services; acquisitions accelerating our growth; and continued investment in assets to sustain a long term competitive advantage. These elements lie at the heart of all our divisional objectives. Whilst we are tremendously proud of the record results we have delivered again this year, our focus is firmly on the future, ensuring we continue to grow a business that is a success, delivers for its shareholders, and is a great place to work.

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

- £4.5 million Wälischmiller factory and office redevelopment
- Phase 3 completed February 2014

- £5.3 million acquisition of Chirton Engineering Limited
- Completed April 2014

- £2.0 million – Annan Country Store
- Opened June 2014

- £1.2 million acquisition of Merit Feeds Limited by our associate Carrs Billington (Operations) Limited
- Completed July 2014

- $4.1 million ACC Feed Supplement, Sioux City, Iowa, USA the construction of a low moisture block plant
- Operation commenced July 2014

- £0.4 million Brock Country Store, land purchased and redeveloped
- Completed July 2014

- £1.1 million acquisition of B.E. Williams Limited
- Completed July 2014

- £1.1 million acquisition W M Nicholls & Co (Crickhowell) Limited
- Completed October 2014

- $1.9 million AminoMax® expansion Watertown, USA
- Due to be completed in March 2015

- $3.4 million Silver Springs, Nevada, USA low moisture block plant redevelopment
- Due to be completed in summer 2015

Agriculture

Profit before tax for the period increased by **9.5%** to **£9.6 million** (2013: £8.8 million) on revenue down by **7.5%** to **£314.9 million** (2013: £340.4 million). Profit before tax for the period, including contributions from associate and joint ventures, increased by **4.3%** to **£12.1 million** (2013: £11.6 million).

The geographic spread and operational diversity of our Agriculture businesses led to another successful year for our Agriculture Division.

In the UK the winter weather was mild and wet, compared to the extremely cold and long winter of 2012/2013. While this was a relief for our farming customers, who were able to feed good quality home grown forage and reduce costs of production, it had an adverse impact on sales of compound/blended feed, feed blocks and fuel. However, one of our key strengths is our geographic diversity, and sales of feed blocks in the USA increased as a result of one of the coldest winters on record. In addition, livestock farmers were in a position where bought in feed and supplementary feeding regimes were vital to maintain livestock performance. The higher rainfall levels in the South East, Mid-West and North West of the USA ended the drought for the first time in several years, however, California and parts of Nevada remain in severe drought. The slow, but important process of rebuilding livestock numbers in these areas has started and will benefit our USA block business in future years.

FEED BLOCKS

Our ongoing and long term commitment to research and development has been key to delivering sustainable growth. Research is focused on expanding our knowledge, enabling product development and innovation throughout our existing distribution network and into new territories. Our branded feed blocks Crystalyx® continues to show significant underlying growth, with the new distribution network established in New Zealand resulting in an increase in sales of Crystalyx®.

The acquisition of Western Feed Supplements, based in Silver Springs, Nevada, USA by our subsidiary Animal Feed Supplements Inc ("AFS") in June 2013 will be expanded by an investment of $3.4 million to build a new manufacturing system. This efficient plant, similar to our existing production facilities, will enable the production of our branded Smartlic® product by the summer of 2015 with the associated growth in sales and margin expected in year ending 2016. In July 2014, our joint venture company, ACC Feed Supplement LLC, successfully commissioned the new low moisture feed block plant at Sioux City, Iowa, USA. The total investment in this plant of $4.1 million will facilitate the increase in production and sales anticipated in the next financial year. This is in line with our strategy to distribute our low moisture feed blocks across the USA.

AMINOMAX®

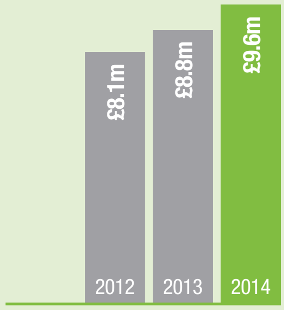
AminoMax®, our patented animal bypass protein product for dairy cows, manufactured at Watertown, New York State, USA and at Lancaster, UK, delivered significant sales growth in the year of 31.5%. The increase in sales was driven by leading dairy farmers recognising the performance benefits of AminoMax®. In order to support further growth and deliver greater levels of production efficiently a further $1.9 million will be invested in the Watertown plant during the second half of 2015.

RETAIL SALES

In the UK we have developed a clear strategy for the growth of our business. We will strengthen our current position by improving our retail offer, leading in dairy nutrition, geographic expansion and developing new products and providing new services which will improve our customers' profitability. Retail sales increased 0.5% over the previous record year; this growth was a direct result of investment in our Country Stores and our ability to source and supply products which provide outstanding value for our customers.

Total sales of feed fell 10.5%, predominantly to the beef and sheep farmers, following the mild winter conditions and the improved quality of home grown forage.

We are cognisant of the volatile weather and pricing dynamics which agriculture is exposed to, but our broad based, strong and diverse division provides us with the opportunity to navigate a successful path through those uncertainties. We will continue to invest in research and development to bring new products, systems and techniques to market which will improve the profitability of our farming customers.



PROFIT
£9.6m
9.5% UP from 2013

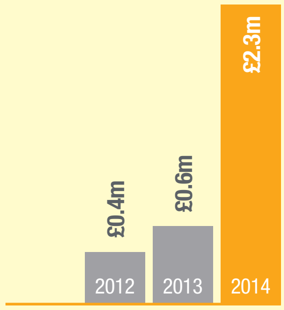
Food

Profit before tax for the period increased **309.7%** from £0.6 million to **£2.3 million** in this financial year on revenue down by **7.5%** to **£87.1 million** (2013: £94.2 million), reflecting lower wheat prices.

The first wheat was milled at our new mill in Kirkcaldy in the summer of 2013. The commissioning process went well and the mill is now meeting all expectations with regard to performance and reliability. The benefits of the new mill have been delivered from improved operational efficiency, and the commercial benefits derived from increased customer confidence in our ability to produce high quality flour, milled to the highest standards of product integrity. We expect to deliver further increased financial benefits from the new mill during the next financial year.

Combined sales volumes of our other mills (Silloth in Cumbria and Maldon in Essex) were positive. Both mills increased sales to bakers supplying the expanding bake-off category. The Maldon mill continued to increase its presence in the markets for ethnic flour. We re-launched our branded retail flour products during the year and the new packaging won first prize at the Marketing Design Awards 2014.

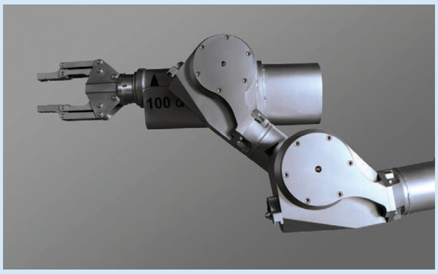
The harvest of 2013 in the UK was of much higher quality than the extremely poor harvest of 2012. Although the quality of the crop was much improved the size of the harvest was small, estimated at 12 million tonnes, circa 2 million tonnes below normal levels. The portside location of our two northern mills at Kirkcaldy in Scotland and Silloth in Cumbria provide us with the flexibility to source wheat from the overseas and UK markets providing both quality and value. This year there has been a switch from sourcing wheat from mainland Europe to a greater proportion sourced and shipped from the South of England. In a market where logistics will always be important, this flexibility is essential.



PROFIT
£2.3m
309.7% UP from 2013

Engineering

Profit before tax for the period fell by **11.7%** to **£3.7 million** (2013: £4.2 million) on revenue down by **19.6%** to **£26.9 million** (2013: £33.4 million).



We continue to expand and develop our Engineering division in size, geography and in niche products, while maintaining our focus on the markets which we have supplied for many years: nuclear, petrochemical, oil and gas.

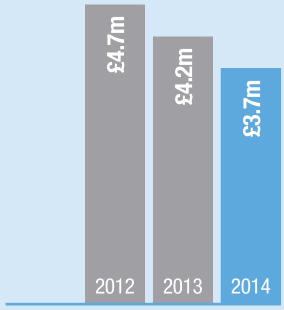
In April 2014 we acquired Chirton Engineering Limited, a precision machining business based in North Tyneside, which recorded sales of £5.0 million in its full financial year ended 30 August 2014. Chirton provides value-added manufacturing and services to businesses operating in offshore oil and gas manufacturing. It services an established global customer base, including IHC Merwede, Oceaneering, and Proserv Offshore. Revenue synergies with Bendalls, our specialist fabrication business based in Carlisle, are anticipated, enabling us to provide a full service offering to our customers from design and precision machining, through to fabrication.

Bendalls has commenced production of 33 pressure vessels for the BP Shah Deniz gas pipeline in Azerbaijan; this is an increase from the 27 pressure vessels previously reported. The value of the contract is now in excess of £8 million and is scheduled to complete in July 2015. The start date for the manufacture of these pressure vessels was delayed due to design and specification changes and this adversely impacted the performance of Bendalls in the year. It is expected that significant orders for the decommissioning of certain nuclear plants in Sellafield will be awarded in 2015, with manufacture commencing towards the end of 2015.

During the year Wälischmiller, the remote handling and robotics business based in Markdorf, Germany, relocated to a new factory and office facility. This £4.5 million investment will provide an improved production environment, and a training and showroom facility. The USA is a key potential market for Wälischmiller and during the year we secured and supplied our first order to the USA. Following the successful testing of our prototype for the Demo 2000 project with Shell and Statoil, we are working with our consortium partners on the development of our Telbot® for the remote inspection of oil and gas tanks. This complex project will conclude next year on schedule, and a video of its progress can be found on our website www.carrs-milling.com. We are committed to research, design and development of the next generation of robots able to operate in hazardous environments.

Due to macro-economic pressures, sales into Japan have declined and it is anticipated that this will continue for at least the next financial year. Further, as a result of the on-going political sanctions with Russia, future contracts with businesses based in Russia are likely to be restricted.

Carrs MSM ("MSM"), based in Swindon, builds and services master slave manipulators for the nuclear industry. This was another successful year for MSM, recording record sales up 5.1%



PROFIT
£3.7m
11.7% DOWN from 2013

on last year, primarily due to the 'life of plant' contract with Sellafield signed in 2012. Under this contract MSM supplies manipulators, parts, and repairs and services existing equipment to the many plants in the Sellafield complex. MSM also won contracts to supply equipment to other UK nuclear plants including Hinkley Point and Hartlepool.

TIM DAVIES
Chief Executive Officer
12 November 2014

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.

Further details of the risk management process are on page 24 and 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
Safety, failure to act safely and to maintain the safe and continuous operation of our facilities	The safety of our employees, contractors, suppliers, and the communities in which we operate is paramount. We must operate within local laws, regulations, rules and ordinances relating to health, safety and the environment, including emissions. The operation of plants involves many risks, which could cause a temporary or permanent stoppage in production and could have a material adverse effect on the Group.	• Health and safety policies and procedures at all facilities with dedicated staff to ensure they are embedded and measured; • Business continuity capabilities in place to enable supply, as quickly as practicable, of product to customers from alternative sources in the event of a natural disaster or major equipment or plant failure; • Maintain suitable insurance programme against customary risks.
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.
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 and legislation, and be able to make correct interpretations across 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 the Group maintains 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.

RISK	IMPACT AND DESCRIPTION	EXAMPLES OF MITIGATING ACTIONS
Commodity costs	Margins may be affected by fluctuations in crop prices due to factors such as harvest and weather conditions, crop disease, crop yields, alternative crops and by-product values. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full amount of raw material price increases or higher energy, freight or other operating costs.	• Strategic long term relationships with suppliers; • Multiple-source suppliers for key ingredient supplies; • Raw material and forward energy purchasing policies to provide security of supply and cost; • 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.
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.
Competitor activity	The Group trades in highly competitive markets which tend to operate without long-term contracts. Product innovation and changing consumer trends provide a constant challenge to the future success of the Group and its ability to compete effectively.	• The Group manages the risk of operating in a competitive sector by developing and maintaining strong customer relationships. This process is supported by delivering high levels of service and quality, and by the continued focus on product development and technical innovation.
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.

NEIL AUSTIN
GROUP FINANCE DIRECTOR

Review of Financial 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 £429.0 million, 8.4% behind last year (2013: £468.1 million). Revenues have fallen primarily as a result of lower raw material prices, which because of the nature of some of our contracts can directly affect sales values. Additionally, as reported last year, non-recurring weather patterns contributed to additional revenues in FY13 which were not repeated. There were also some large contracts in the Engineering division in FY13 which were not repeated.

OPERATING PROFIT

Operating profits per division and as a percentage of divisional revenues are as follows:

	2014 £m	2014 %	2013 £m	2013 %
Agriculture	**10.4**	**3.3**	9.6	2.8
Food	**3.1**	**3.5**	0.9	1.0
Engineering	**3.8**	**14.2**	4.3	12.7

OPERATING PROFIT
Group operating profit of £15.4 million is up 15.7% on last year (2013: £13.3 million). As a percentage of revenues, Group operating margin is 3.6% compared to 2.8% in 2013.

SHARE OF JVs AND ASSOCIATES
The Group's share of the post-tax result in its associate and joint ventures was £2.5 million, compared to £2.8 million in 2013. The result reflected a decline in its associate's profitability, primarily due to the weather impact in the prior year, and also further improved performances in overseas feed block and feed supplement joint ventures.

FINANCE COSTS
Net finance costs of £1.4 million (2013: £0.8 million) were significantly higher than the previous year. This reflected higher average borrowings during the year as a result of the continuing capital investment programme and acquisitions. Interest cover on Group operating profit was 11.3 times compared to 16.6 times in 2013.

PROFIT BEFORE TAX
Profit before tax at £16.6 million was 7.8% higher than in the previous year (2013: £15.4 million).

TAXATION
The Group's effective tax charge on profit from activities after net finance costs and excluding profits from associate and joint ventures was 26.0% (2013: 24.2%). A reconciliation of the actual total tax charge to the standard rate of corporation tax in the UK of 22.17% 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 (2013: £11.0 million), and basic earnings per share was 127.8p, an increase of 3.1% (2013: 123.9p).

Adjusted earnings per share of 130.8p (2013: 123.9p) 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.

ACQUISITIONS
On 8 April 2014 the Group acquired 100% of the issued share capital of Chirton Engineering Limited, a specialist precision engineering

company, for a total consideration capped at £5.3 million. An initial amount of £2.8 million was paid upfront, with a further amount of £0.1 million being paid on finalisation of acquired net assets, and the remaining £2.4 million will be paid out over a maximum 5 year period on achievement of EBITDA growth targets.

On 27 July 2014 the group acquired the entire share capital of B.E. Williams Limited, a supplier and haulier of agricultural feed, for a cash consideration of £1.1 million.

CASH FLOW AND NET DEBT

Our net debt has increased over the year, reflecting the significant capital investment programme that began in 2012 and our acquisition activity over the financial year.

A free cash flow of £11.1 million was generated in the period, representing an increase of 510% on the previous year (2013: £1.8 million).

During the year the Group completed its refinancing ahead of schedule with both of its primary finance providers, Clydesdale Bank and RBS. RBS principally provides working capital facilities to the Agriculture business, and these were renewed on improved terms for a 5 year period. Clydesdale Bank provides the remainder of the Group's primary facilities, and these were also renewed on improved terms for a five year period.

Headroom against existing facilities was £17.4 million at the year end. Other than the Group's overdraft, which is renewable annually, the majority of the Group's existing facilities are due for renewal in July 2019.

CASH FLOW AND NET DEBT

	£'000
Group	
Operating profit	15,427
Depreciation and profit on disposal	4,797
Amortisation	193
EBITDA (excluding associates and joint ventures)	**20,417**
Decrease in inventories	807
Decrease in receivables	4,880
Decrease in payables	(7,329)
Other	(1,650)
Net operating cash flow	**17,125**
Net interest	(1,393)
Taxation	(3,226)
Cash flow from operations	**12,506**
Maintenance capital expenditure net of disposal proceeds	(1,422)
Free cash flow	**11,084**
Expansionary capital expenditure net of disposal proceeds	(5,041)
Acquisitions	(3,649)
Dividends	(2,912)
Loans received/paid	(4,640)
Other	(492)
Decrease in cash and cash equivalents	**(5,650)**
Opening cash equivalents	22,675
Cash and cash equivalents at the end of the year	**17,025**
Opening net debt	**22,109**
Decrease in cash and cash equivalents	5,650
Net decrease in borrowings	(3,150)
Closing net debt	**24,609**

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 57 active members, 82 deferred members and 212 current pensioners. The scheme received £2.3 million during the year in additional contributions from the Group in accordance with the 2011 actuarial valuation as agreed between the Company and the Trustees. These payments are scheduled to continue until 31 December 2015.

The valuation on an IAS 19 accounting basis showed a surplus before the related deferred tax liability in the scheme at 30 August 2014 of £2.1 million (2013: deficit of £3.3 million). Actuarial gains of £3.2 million (2013: losses of £0.1 million as restated) have been recognised in the Consolidated Statement of Comprehensive Income.

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.

RESTATEMENT

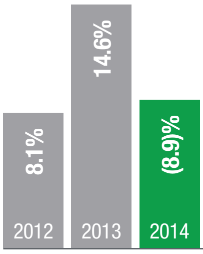
Following the amendment to IAS 19, which came into effect for the Group from 1 September 2013, interest on pension scheme assets is now calculated by reference to the liability discount rate rather than the expected long-term yield on the assets as had previously been the case. Comparative information has been restated accordingly, and further details are set out in note 35 to the financial statements.

NEIL AUSTIN
Group Finance Director
12 November 2014

Key Performance Indicators

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

UNDERLYING SALES GROWTH/DECLINE



Performance against KPIs:

(8.9)%

Financial Review
Pages 16 to 17

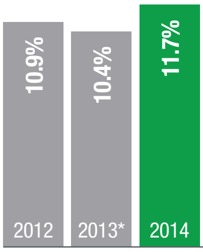
DEFINITION

Year on year increase/(decrease) in sales revenue excluding the impact of acquisitions and disposals.

COMMENTS

Revenues are monitored by the Board, although because of the nature of our businesses it is not, by itself, an indicator of growth. Our volume driven businesses are all subject to significant raw material price variations, the majority of which are passed through to selling prices. Hence, falling raw material prices are expected to lead to falling revenues. Additionally, non-recurring weather related sales from FY13 have not been repeated this year.

GROSS MARGIN



Performance against KPIs:

11.7%

Financial Review
Pages 16 to 17

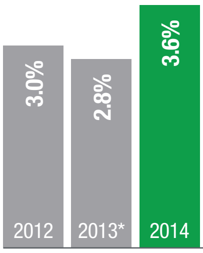
DEFINITION

Gross profit as a percentage of sales revenue.

COMMENTS

Gross margin is a reflection on how successfully we have managed raw material price volatility in our markets, together with how successful we have been in pricing in other areas of our business in competitive markets. Our gross margin grew to 11.7% in the current year, which highlights how we have been able to manage input price volatility.

UNDERLYING GROUP OPERATING MARGIN



Performance against KPIs:

3.6%

Financial Review
Pages 16 to 17

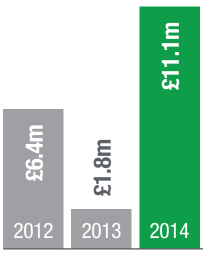
DEFINITION

Operating profit before non-recurring items as a percentage of revenue.

COMMENTS

The underlying Group operating margin reflects the gross margin achieved, which is described above, but also indicates the efficiency of our operations from both an administrative and distribution perspective. The growth in margin to 3.6% relates to both of these aspects.

FREE CASH FLOW



Performance against KPIs:

£11.1m

Financial Review
Pages 16 to 17

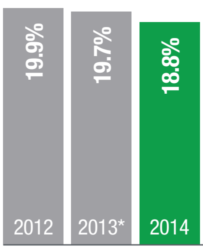
DEFINITION

Cash generated from operating activities, less maintenance capital expenditure.

COMMENTS

This KPI indicates how much cash is available for the Group to utilise for expansionary capital investment, paying dividends, or financing/repaying borrowings. The majority of the growth in FY14 is explained by the fact that working capital did not increase by the same amount as in the previous years, where there was a significant net cash outflow in respect of weather related demand.

RETURN ON NET ASSETS



Performance against KPIs:

18.8%

Financial Review
Pages 16 to 17

DEFINITION

Profit before tax, non-recurring items and amortisation as a percentage of net assets.

COMMENTS

Return on net assets fell this year, however this emphasises the weather related benefits that were highlighted in the previous year. Excluding that effect, which was estimated at £1.9 million (PBT), the prior year comparative would have been 17.3%.

* restated for IAS 19 Revised

The Board

From left to right

Robert Heygate	Neil Austin	Chris Holmes	Tim Davies	Alistair Wannop	Katie Sinclair
Audit Committee Chairman	Group Finance Director	Board Chairman	Chief Executive Officer	Senior Independent Director	Company Secretary

CHRIS HOLMES

Board Chairman
Nominations Committee Chairman

Chris joined Carr's in 1991 as the Managing Director of the Agriculture business, having previously worked for J Bibby & Sons. Chris was appointed Chief Executive in 1994 and remained in that role until he was appointed Chairman in 2013. He commenced as Chairman of Carlisle Youth Zone in 2013 and is a Non-Executive Director of Break 90 Limited.

ALISTAIR WANNOP

Senior Independent Director
Remuneration Committee Chairman

Alistair was appointed a Non-Executive Director in 2005. 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.

ROBERT HEYGATE

Audit Committee Chairman

Robert joined Carr's as a Non-Executive Director in 1991. He is the joint Managing Director of Heygate & Sons Ltd, the UK's largest independent flour milling company, which is also engaged in animal feed compounding and other agricultural activities.

Robert is a member of the executive of Camden BRI Association and for 30 years has been an executive member of the National Association of British and Irish Millers.

TIM DAVIES

Chief Executive Officer

Tim joined Carr's in March 2013 as Chief Executive. Tim was formerly the Group Managing Director at Openfield. Prior to this, he progressed from Sales Director to Managing Director of Grainfarmers plc in 2005. He subsequently led the successful merger of Grainfarmers plc and Centaur Grain Ltd in 2008, forming Openfield, the largest farmer-owned grain marketing business in the UK. Tim continued in his role as Group Managing Director until 2013. He has been a Director of the Agricultural Industries Confederation since 2003.

NEIL AUSTIN

Group Finance Director

Neil joined Carr's in January 2013 and became Group Finance Director in April 2013. Neil was formerly a Director at PwC, having joined as a graduate in their Newcastle office in 1997. He was appointed as a Director of the Newcastle office in 2007 with lead responsibility for part of the Assurance practice, and has experience with FTSE 350 companies and multi-nationals.

KATIE SINCLAIR

Company Secretary

Katie was appointed Counsel and Assistant Company Secretary in 2010. She became Company Secretary in January 2013, whilst maintaining her role as Counsel. Katie is a solicitor and has worked with FTSE and NASDAQ companies, and has a breadth of experience in corporate, commercial and employment matters. She is an Associate of the Chartered Institute of Secretaries.

Our corporate responsibility commitment

Carr's recognises the ever-increasing importance of its ethical responsibilities to all its stakeholders and remains committed to all aspects of corporate social responsibility. Corporate social responsibility brings benefits to stakeholders and the Group, helping to shape future sustainable growth and development.

PEOPLE

People are fundamental to every business and Carr's is very fortunate to have a dedicated, loyal, and enthusiastic workforce.

People management and development is crucial for the Group and a Group Head of Human Resources Manager was appointed during the year to ensure that not only are the values of the Group retained but also to ensure Carr's vision for the future can be realised with a talented workforce.

With the help of Human Resources a strategy has been formed to ensure the attraction and retention of talented individuals who have key core skills and will aid the achievement of the long-term business goals and objectives. Through this the Group will enhance its performance.

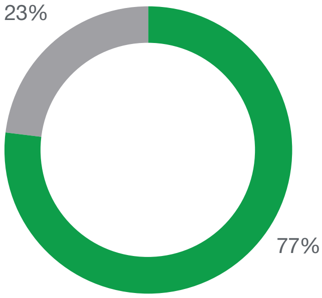
Carr's is continuously reviewing its development and succession needs, to ensure that the right people are available to meet the ever changing demands of the business.

Diversity and equality are exceptionally important, and Carr's continues to be fully committed to treating all employees with dignity and respect. The Group is committed to providing a working environment that:

- is consistent and fair;
- is free from discrimination;
- aids development and skills;
- supports employee engagement.

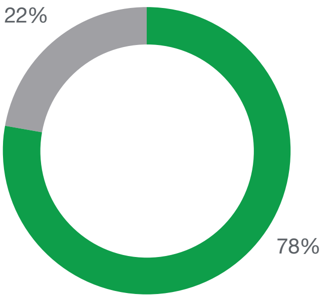
The Group employees 1,056 people. The split of employees is as follows:

Total employees male & female



816 Male
240 Female

Senior Managers & Executives male & female



14 Male
4 Female

HEALTH & SAFETY

Carr's is committed to maintaining high standards of health and safety for all its employees, customers, suppliers, contractors and visitors. Health and safety is reviewed regularly at Board level, including discussion of accidents, claims and health and safety developments and initiatives. There is an ongoing programme of improvements which is also endorsed by the Board.

This year the Group ran an IOSH Managing Safety training programme for key staff across all UK businesses, which was well attended and is being repeated in the next financial year. The Group Risk Manager continuously monitors health and safety performance together with developments in legislation and best practice alongside the needs of our business, to ensure that across all the Group's locations the health and safety management is of a high standard and a culture of safety is adopted by all employees. Notwithstanding this work, unfortunately there has been an increase in the overall total number of accidents in the UK to 48 from 30 in 2013. This increase is in part attributable to an increase in the number of minor injuries; additional training programmes have now been put in place. However, the number of days lost as a result of RIDDOR reportable injuries decreased 35% from 254 in 2013 to 166 this year, despite the number of RIDDOR reportable injuries increasing to 7 from 4 in 2013.

Whilst the Board is obviously disappointed that the number of accidents has increased this year, the overall trend over the last six years has been one of accident reduction despite the expansion of the business, and it is confident that the safety improvement plan for the next financial year will have positive results.

SUSTAINABILITY

During 2013/14 the Group commissioned an independent Group wide energy survey to identify potential improvements in energy efficiencies and renewable and sustainable opportunities for future investment (Energy Intelligent Solutions Programme).

The Group has now appointed a senior manager who reports directly to the Executive Board and is responsible for the co-ordination of environmental improvement initiatives throughout all subsidiary companies.

All Group subsidiaries continue to report monthly energy consumption data relative to monthly production volumes and against annual improvement targets for energy and carbon reduction.

Further expansion of data measuring and monitoring systems is to be introduced during 2014/15 to encompass water usage, waste streams and transport fuel usage. Several of the agriculture Country Stores converted from fossil fuel heating systems to biomass fuelled heat during 2013/14.

CARBON FOOTPRINT

Carr's subsidiaries have been registered in the UK Climate Reduction Scheme Phase 1 since 2010 and report annually on energy performance and carbon generation. The larger subsidiary sites of the flour mills and Caltech are operated under the UK Climate Change Agreement and report annually each location's energy performance and carbon generation to the Environment Agency.

The annual Group carbon (CO_2) consumption totals submitted under the CRC and CCA Schemes is the total CO_2 for the Group.

The Group will be exempted from the CRC Scheme 2 in accordance with the scheme guidelines for participation.

ENERGY

- Annual Group Electricity Consumption for 2013/14 – 31,020,120 Kwh
- Annual Group Gas Consumption for 2013/14 – 9,810,591 Kwh
- Year on year reduction of 0.7% for primary energy consumption
- Target reduction of 5% set for 2014/15.

Energy prices continue to rise with a forecast increase of 2% for the period 2014/15 for both electricity and gas. A long term contract was negotiated for the period 2014-2017 for the large consuming sites of Caltech and the flour mills. A pilot scheme for an automatic monitoring and targeting system is to be implemented during 2014/15 for the flour mills at Silloth and Kirkcaldy.

ENVIRONMENTAL COMPLIANCE & FUTURE TARGETS

The Group is pleased to report no breaches of environmental legislation and the large manufacturing sites continue to operate within the requirements set by the Pollution Prevention Control Permits held. Each site operates within the framework of a full Environmental Management System.

Key performance targets have been set for a reduction in waste and water usage during the period 2014/15. Waste recycling targets will be set for all sites during 2014/15. Further data collection and monitoring procedures are to be introduced during 2014/15 to encompass transport fuel utilisation and set improvement targets.

A number of energy reduction opportunities have been identified from the independent Energy and Sustainability survey carried out during 2014 and these are currently under review. The Group remains positive about future opportunities and progress in sustainability.

COMMUNITY

Interacting with and supporting the communities in which we operate continues to be important to the Group. Support takes many forms, from donations and sponsorship to volunteering and mentoring.

Our employees take part in a variety of community interactions as well as the Group's involvement in a variety of charities and sponsorships.

The Group and the BBSRC (Biotechnology and Bioscience Research Council) are jointly funding a four year PhD Scholar at Lancaster University. The PhD student is researching wheat root systems so as to be able to identify wheat varieties which are better suited to drought conditions.

Charitable donations and sponsorships were in excess of £90,000 this year, and include involvement with a variety of community charities and projects varying from sporting clubs to North Air Ambulance and local hospices.

We maintain our relationship with Carlisle Youth Zone, which serves the social, recreational, and emotional needs of young people in the area.

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 Group.

CO_2 CONSUMPTION

Year	CCA Scheme CO_2	CRC Scheme CO_2	Total CO_2
2010/11	17,689	1,403	19,092
2011/12	18,002	1,462	19,464
2012/13	17,517	1,219	18,736
2013/14	17,149	1,472	18,621

- Year on year reduction of CO_2 for CCA sites
- Fluctuation in annual CO_2 for CRC sites as a result of site acquisitions
- 14% reduction in carbon footprint per unit of production
- Engineering and Retail - 1.8kgs/CO_2 per man hour
- Remaining operations - 0.67kg/CO_2 per tonne of production

Corporate Governance Report

CHRIS HOLMES
CHAIRMAN

> *"The Board and I are committed to the highest standards of corporate governance, which I believe are critical to business integrity, performance and reputation both within the market and with shareholders."*

CHAIRMAN'S OVERVIEW

I value the openness, mutual respect and trust of the Board. It is through this, coupled with the expertise, range of perspectives and probative questioning that the Board is able to assess future opportunities, anticipate risks and build a sustainable business.

Carr's approach to governance is outlined in the following report, which describes how it integrates the main principles of the 2012 UK Corporate Governance Code.

The corporate governance of the Company is continuously being reviewed as the Company develops, to ensure that the stakeholders' interests are always aligned with the Company.

CHRIS HOLMES
Chairman
12 November 2014

Statement by the Directors on compliance with the provisions of the UK Corporate Governance Code 2012.

UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code dated September 2012 (The Code) issued by the Financial Reporting Council is applicable to listed companies, and sets out standards of good practice in relation to issues such as:

- Board composition and effectiveness;
- the role of Board committees;
- risk management;
- remuneration;
- relationships with shareholders.

We are required to state how we have applied the principles contained in the Code and disclose whether we have complied with the provisions of the Code during the year.
The Board consider that the Company has, during the year ended 30 August 2014, complied with the requirements of the Code other than with the following:

- B.1.1. Chris Holmes was the Chief Executive Offer and proceeded immediately to Chairman and therefore does not meet the independence criteria for a Chairman. However, the Group believed that the substantial in-depth knowledge of Chris Holmes was invaluable to the business and it was therefore in the best interests of the shareholders for him to have a continuing role with the Group. Clear division of responsibilities with the Chief Executive ensure there is no conflict, as set out on pages 23 and 24.

- B.1.1. The Board considers Robert Heygate as independent, notwithstanding his longstanding position on the Board and his substantial shareholding. Robert Heygate has a wealth of knowledge in the flour milling industry which the Board values, and despite being a Non-Executive Director for 23 years, he has always continued to question with the impartiality expected of a Non-Executive Director. In addition, his shareholding aligns his interests with the other shareholders.

- B.2.1, B.2.2, B.2.4. A nominations committee was not created within the financial year to 30 August 2014, however it has now been formed and its terms of reference are available on the Company's website www.carrs-milling.com.

- C.3.1. For the financial year to 30 August 2014 there was no member of the Audit Committee with relevant financial experience, however the Board believes the Committee's collective business experience and knowledge is sufficient to discharge the Committee's obligations.

The Company is aware of its ongoing corporate governance obligations and is undertaking a recruitment process to appoint a new independent Non-Executive Director to commence in the forthcoming financial year. It is anticipated that a newly appointed Non-Executive Director will have relevant financial experience, which will ensure future compliance with C.3.1.

THE BOARD

The Directors have a collective duty to promote the long term success of the Company for its shareholders. In determining long-term strategy and objectives of the Group, the Board is mindful of its duties and responsibilities to shareholders as well as employees and other stakeholders. The Board reviews management and financial performance and monitors strategic delivery and achievement of business objectives, resulting in promoting the vision of the Group.

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.

During the year ended 30 August 2014, the Board consisted of two Executive Directors, a Chairman and two Non-Executive Directors. There is a Company Secretary to the Board. The biographies of the Board can be found on page 19.

The Board met ten times throughout the year. 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. 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, however, during this year all Directors were able to attend all Board meetings.

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.

The UK Corporate Governance Code stipulates that there should be a clear division of responsibility between the running of the Board and executive responsibilities for running the company.

The Chairman was responsible for:

- setting the Board agenda;
- the leadership of the Board and ensuring its effectiveness on all aspects of its role;
- providing strategic insight from his long business experience in the industry and with the Company;
- providing a sounding board for the Chief Executive on key business decisions and challenging proposals where appropriate.

The Chief Executive was responsible for:

- the day-to-day management of the Group's business;
- leading the business and the rest of the management team in accordance with the strategy agreed by the Board;
- leading the development of the Group's strategy with input from the rest of the Board;
- leading the management team in the implementation of the Group's strategy;
- bringing matters of particular significance to the Chairman for discussion and consideration by the Board if appropriate.

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 Robert 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, Alistair Wannop will become non-independent this year through his long service on the Board and therefore will stand annually for re-election.

MEETING ATTENDANCE

	Board	Audit Committee	Remuneration Committee
No. of meetings	10	2	4
Chris Holmes	10	2	4
Robert Heygate	10	2	4
Alistair Wannop	10	2	4
Neil Austin	10	2*	—
Tim Davies	10	2*	—

* part of the meetings by invitation

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 above.

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.

The Board's time can be grouped in to six key areas as outlined below. A portion of their time is also spent on administrative matters.

Strategy	Risk	Governance
Setting strategy targets. Reviewing potential acquisitions. Research and technology.	Group's risk and internal control framework.	Legal updates and new disclosure requirements. Internal Board review. Succession planning.
Finance	**Stakeholder engagement**	**Safety**
Oversight of the preparation and management of the financial statements. Dividend policy. Pensions strategy.	AGM and other shareholder feedback. Investor calls, meetings and roadshows.	Health & Safety monthly updates and management.

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
Independent Audit Ltd attended a Board meeting to facilitate discussion and consideration of the implementation of the action plan created last financial year. The action plan had led to improvements throughout the year with new action points set out for the forthcoming year. The Board will review the need for externally facilitated evaluation next year.

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 performance of the external auditor.

The Audit Committee currently comprises the three Non-Executive Directors, Robert Heygate (Chairman), Chris Holmes and Alistair Wannop. The Board considers that the Committee meets the main requirements of the Code for a company of Carr's size. The work, responsibilities and governance of the Audit Committee are set out on pages 25 to 26. The Chair of the Audit Committee will be available at the AGM to answer any shareholder questions on the Committee and its activities.

Remuneration Committee
The Remuneration Committee currently comprises Alistair Wannop (Chairman), Chris Holmes and Robert Heygate. The work, responsibilities and governance of the Remuneration Committee are set out on pages 27 to 32. The Chair of the Committee will be available at the AGM to answer any shareholder questions on the Committee and its 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.

FAIR AND UNDERSTANDABLE
The Directors have also reviewed the financial statements and taken as a whole consider them to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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.

SHARE SPLIT
The Board have decided to put a resolution to the Shareholders at the AGM on 13 January 2015 to split the Company's shares 10 to 1. The Board believe this is in the best interests of the shareholders and would potentially increase the liquidity of the shares. Should the shareholders approve the resolution the record date would be 13 January 2015 and the subdivision of the shares would take place on 14 January 2015.

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 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's internal controls systems cover controls over the financial reporting process, including monthly reporting from subsidiaries, its associate and joint ventures. This reporting is subject to detailed review by the Chief Executive and the Group Finance Director and detailed validation by the Group finance team, and forms the basis for information presented to and reviewed by the Board.
All monthly reporting is prepared in line with Group accounting policies, which are reviewed annually and are also subject to review by the external auditors.

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 on pages 14 and 15.

By order of the Board

KATIE SINCLAIR
Company Secretary
Carlisle
CA3 9BA
12 November 2014

Audit Committee Report

ROBERT HEYGATE
CHAIRMAN OF THE AUDIT COMMITTEE

> *"As Chairman of the Audit Committee I am pleased to present our first report to shareholders following the adoption of the revised UK Corporate Governance Code, which applies for the first time this year."*

INTRODUCTION

The purpose of this report is to highlight the areas that the Committee has reviewed during the year and how we have discharged our responsibilities effectively during the year.

KEY OBJECTIVE

Our key objective is to provide effective governance over the appropriateness of the Group's financial reporting and performance of the external auditor.

RESPONSIBILITIES

The Committee is responsible for monitoring the integrity of the financial statements and considering whether accounting policies adopted are appropriate. 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.

The terms of reference can be found on the Group's website www.carrs-milling.com.

MEETINGS

The Audit Committee met twice during the year, and has an agenda linked to the Group financial calendar. It invites the Chief Executive, Group Finance Director, Group Financial Controller and external auditors to attend its meetings.

The external auditors have the opportunity to access the Committee without the Executive Directors being present, at any time.

MAIN ACTIVITIES DURING THE YEAR

During the year the Audit Committee reviewed reports and information provided by both the external auditors and the Group Finance Director. The Committee has:

- reviewed the Committee's terms of reference and its effectiveness;
- reviewed the reports from the finance team on the financial statements and considering matters such as the accounting judgements and policies being applied by management;
- reviewed the going concern assumption prior to making a recommendation to the board;
- reviewed the audit reports from PwC on the financial statements and tasking management to resolve any issues relating to internal controls and risk management systems;
- reviewed the independence, objectivity and fees of the external auditors and scope of audit and non-audit services.

FAIR, BALANCED & UNDERSTANDABLE

The Committee, further to the Board's request, has reviewed the annual report and financial statements with the intention of providing advice to the Board on whether, as required by the Code, 'the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy'.

To make this assessment, the Committee reviewed the KPIs included in the Strategic Report (see page 18) and concluded that, whilst they were appropriate for our shareholders' understanding of the performance, position and future prospects of the business, there could be inclusion of additional non-financial KPIs and these will be developed in the forthcoming financial year. In addition, the Committee is satisfied that all the key events and issues which have been reported to the Board in the CEO's monthly report during the year, both good and bad, have been adequately referenced or reflected within the annual report.

EXTERNAL AUDITORS

PricewaterhouseCoopers (PwC) and its predecessor firms have been the Auditor for Carr's since the Company first listed on the London Stock Exchange in 1972. The Audit Committee assesses annually the qualification, expertise and independence of the auditors and the effectiveness of the audit process.

The Audit Committee is also responsible for recommendations for the appointment, re-appointment or removal of external auditors. Subject to the ongoing satisfactory performance of the external auditors, the Committee expects to carry out a tendering process for the 2019 year end following the conclusion of the five year term of the current audit partner.

The Audit Committee also approves the terms of engagement and remuneration of the external auditors and monitors their independence.

AUDITOR EFFECTIVENESS

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. PwC present their detailed audit plan to us each year identifying their assessment of these key risks.

Our assessment of the effectiveness and quality of the audit process and addressing these key risks is formed by, amongst other things, the reporting from the auditors and also seeking feedback from management on the audit process.

The Committee remain satisfied with PwC's performance and is of the view that there is nothing of concern that would impact the effectiveness of the external audit process.

INDEPENDENCE

The Group meets its obligations for maintaining an appropriate relationship with the external auditors through the Audit Committee, whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor other than the statutory audit, to ensure such objectivity and independence is safeguarded.

In accordance with the Auditing Practices Board Ethical Standards, PwC has to implement rules and requirements which include that none of their employees working on our audit can hold any shares in Carr's. PwC is also required to tell us about any significant facts and matters that may reasonably be thought to bear on their independence or on the objectivity of the lead partner and the audit team. The lead partner in the audit team must change every five years.

The objective of the non-audit services policy is to ensure that the provision of such services does not impair, or is not perceived to impair, the external auditors' independence or objectivity. The policy imposes guidance on the areas of work that the external auditors may be asked to undertake and those assignments where the external auditors should not be involved. There is a further category of services for which a case-by-case decision is necessary. Examples of the work that can and cannot be undertaken are given below.

Work for which the Group external auditors can be engaged without referral to the Audit Committee:

- regulatory and other specialist financial reporting;
- accountants' reports for any Stock Exchange purposes;
- ad hoc reporting on historical financial information for any other purpose;
- accounting advisory services;
- accounting, forensic and control investigations.

Work from which the Group's external auditors are excluded:

- selection, design or implementation of major financial systems;
- maintaining or preparing financial accounts;
- remuneration advice in respect of senior management;
- valuation services;
- any other services specifically prohibited by the UK or other relevant legislation or regulation.

For the 2014 financial year end, the non-audit to audit services ratio was 0.70:1. Note 3 on page 54 provides further detail on non-audit service fees.

Taking into account our findings in relation to the effectiveness of the audit process and in relation to the independence of PwC, the Committee is satisfied that PwC continues to be independent, and free from any conflicting interest with the Group. As a result, the Committee has recommended to the Board that PwC be proposed for reappointment at the forthcoming AGM in January 2015.

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.

SIGNIFICANT JUDGEMENTS AND ISSUES

An important responsibility of the Audit Committee is to review and agree the most significant management judgements and issues. To satisfy this responsibility, the Committee request updates from the Group Finance Director throughout the period and requires interaction and reporting from the external auditors at each committee meeting. The Committee carefully considers the content of these reports in evaluating the significant issues and areas of judgement across the Group.

The key areas of judgement in the year were as follows:

Defined benefit pension scheme

The Committee discussed with the Group Finance Director the methods, assumptions and benchmarks used by the actuaries to calculate the position of the defined benefit Carr's Milling Industries Pension Scheme 1993 at 30 August 2014. The Committee reviewed the treatment and the corresponding disclosures on this matter and noted a full actuarial valuation will be performed of the scheme at 31 December 2014 in the coming period. More detail on this pension scheme is contained in Note 24 of the financial statements.

Receivable and inventory provisions

The Committee considered the key judgements required in applying provisioning to the receivable and inventory balances held in the Agriculture business. The Committee reviewed the consistency with prior periods of the provisioning methodology applied by management, assessing the impact of these judgements on the Group's reported profit before tax. The Committee determined that the judgments made were appropriate to justify the working capital provision levels at 30 August 2014.

Revenue recognition

The Committee reviewed the key judgements on revenue recognition. Attention was given to contracts in the German Engineering business where stage of completion accounting and adjustments are required from local GAAP accounting to IFRS. Following their review, the Committee concluded that the revenue judgements made were appropriate.

ROBERT HEYGATE
Chairman of the Audit Committee
12 November 2014

Remuneration Committee Report

ALISTAIR WANNOP
CHAIRMAN OF THE REMUNERATION COMMITTEE

> *"As Chairman of the Remuneration Committee I am pleased to present the Remuneration Committee's annual report on Directors' remuneration for the year to 30 August 2014."*

INTRODUCTION

This report sets out the Group's remuneration policy and details of remuneration paid to Executive and Non-Executive Directors during the year.

ROLE

The main role of the Remuneration Committee is to determine the remuneration for the Executive Directors, in agreement with the Board. The Committee is responsible for all aspects of the Executive Directors' remuneration, including bonus and long term incentives, and makes recommendations regarding awarding long term incentives to senior management. It reviews the long term incentives to ensure they are aligned with the development of the Group and the business needs. The policy that has been adopted was created by taking into account the need to create shareholder value and therefore putting in place the appropriate incentives for the Executive Directors.

The Committee considered the following during the year:

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

The Remuneration Committee currently comprises Alistair Wannop (Chairman), Chris Holmes and Robert Heygate.
Neil 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 Chair of the Committee will be available at the AGM to answer any shareholder questions on the Committee and its activities.

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.

ALISTAIR WANNOP
Chairman of the Remuneration Committee
12 November 2014

REMUNERATION POLICY

In this forward looking section we describe our remuneration policy for the Board. This includes considerations when determining policy, a description of the elements of the reward package, and an indication of the potential future value of this package for each Executive Director.

We will be seeking shareholder approval for our remuneration policy at the AGM in January 2015. There have been no changes to the policy during 2013/14, and we do not intend to make any changes over the next three years. However, we will review the policy each year to ensure it continues to support the Group's strategy.

CONSIDERATIONS WHEN DETERMINING 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 Executive Directors with the progress of the Group, whilst giving consideration to salary levels in similar size quoted companies in similar industry sectors.

The remuneration package is split into two parts:

- a non-performance related element represented by basic salary (including benefits);
- a significant performance related element in the form of an annual profit related bonus and a Long Term Incentive Plan.

PERFORMANCE MEASURES AND TARGETS

Our Group strategy and business objectives are the primary consideration when we are selecting performance measures for incentive plans. Targets within incentive plans that are related to internal financial measures, such as profit, are typically determined based on our budgets. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching but achievable levels at maximum.

At the end of each performance period we review performance against the targets, using judgement to account for items such as foreign exchange rate movements, changes in accounting treatment, and significant one-off transactions. The application of judgement is important to ensure that final assessments of performance are fair and appropriate.

In addition, the Remuneration Committee reviews the bonus and incentive plan results before any payments are made to Executive Directors or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe the circumstances warrant it.

REMUNERATION POLICY TABLE

ELEMENT	PURPOSE AND LINK TO STRATEGY	POLICY AND APPROACH	OPPORTUNITY	CHANGE OF POLICY VERSUS 2013?
Base salary	To attract and retain the best talent.	Salaries are reviewed annually and fixed for 12 months commencing 1 September. The decision is influenced by: • level of skill, experience and scope of responsibilities of individual; • business performance, economic climate and market conditions; • increases elsewhere in the Group; • external comparator groups (used for reference purposes only).	Base salary increases are applied in line with the outcome of the annual review.	No.
Pension	To remain competitive in the market place.	Executive Directors are entitled to participate in a defined contribution pension arrangement. Company contributions are 15% of base salary, conditional on individual contributions of 6% also being made.	15% of base salary.	No.
Benefits	To aid retention and remain competitive in the market place.	These include permanent health insurance, private medical insurance and life assurance. Relocation benefits may also be provided in the case of recruitment of a new Executive Director.	Market rates determine value.	No.
Annual cash bonus	Designed to reward delivery of key strategic priorities during the year.	Bonus levels and appropriateness of performance measures and weighting are reviewed annually to ensure they continue to support our strategy. Performance is measured against stretching profit related targets, and is usually paid in November each year for performance in the previous financial year. The bonuses payable are capped at a maximum of 100% of base salary.	Maximum of 100% of base salary.	No.
Save As You Earn (SAYE)	To encourage employee involvement and greater shareholder alignment.	A SAYE scheme is available to eligible staff, including Executive Directors. Currently there is a 3 year and a 5 year scheme in operation.	N/A	No.
Long Term Incentive Plan (LTIP)	To motivate and incentivise delivery of sustained performance over the longer term, and to support and encourage greater shareholder alignment.	Award levels and vesting are reviewed annually to ensure they continue to support the Group's strategy. Awards are capped at the equivalent of 100% of base salary at the date of award. Two awards have been made, one maturing in 2015 and one in 2016. For the 2015 maturing award, the amount vesting will be based on average growth of EPS over the three year period 2013 – 2015. A minimum average annual growth of 7% is required to vest 25% of the award with a sliding scale arrangement up to 10% average annual growth to vest 100% of the award. For the 2016 maturing award, which is based on the three year period 2014-2016, a minimum average annual growth of 3% is required to vest 25%, with a sliding scale up to 100% vesting at an annual average growth of 10%.	Maximum of 100% of base salary.	No.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS' REMUNERATION

Our policy is for the Executive Directors to review the remuneration of Non-Executive Directors annually following consultation with the Chairman. Remuneration reflects:

- the time commitment and responsibility of their roles;
- market rate;
- that they do not participate in any bonus, pension or share based scheme.

Non-Executive Directors are engaged on one year fixed-term letters of appointment that set out their duties and responsibilities.

SHAREHOLDING GUIDELINES

The committee believes that it is important for a significant investment to be made by each Executive Director in the shares of the Company to provide alignment with shareholder interests. Executive Directors are encouraged to build up and retain a shareholding throughout their period of employment with the Company.

APPROACH TO RECRUITMENT REMUNERATION

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment.

BUY-OUT AWARDS

In addition, the Committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the Group (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would reflect the delivery mechanism (i.e. cash and/or share-based), time horizons and whether performance requirements are attached to that remuneration.

MAXIMUM LEVEL OF VARIABLE PAY

The maximum initial level of long-term incentives which may be awarded to a new Executive Director will be limited to the maximum Long Term Incentive Plan limit of 100 per cent of salary. Therefore the maximum initial level of overall variable pay that may be offered will be 200 per cent of salary (i.e. 100 per cent annual bonus plus 100 per cent Long Term Incentive Plan). These limits are in addition to the value of any buy-out arrangements which are governed by the policy above.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next annual report on remuneration.

BASE SALARY AND RELOCATION EXPENSES

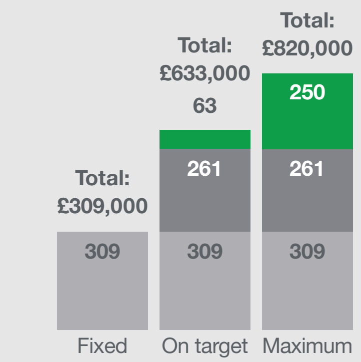
The Committee has the flexibility to set the salary of a new appointment at a discount to the market level initially, with a series of planned increases implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance in the role. For external and internal appointments, the Committee may agree that the Group will meet certain relocation expenses as appropriate.

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

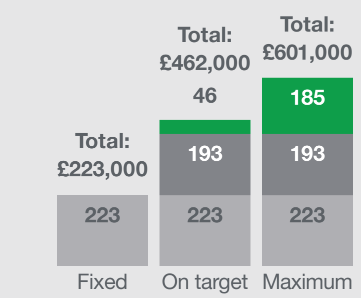
For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

ESTIMATES OF TOTAL FUTURE POTENTIAL REMUNERATION FROM 2015 PAY PACKAGES

Tim Davies – Chief Executive Officer



Neil Austin – Group Finance Director



The tables below provide estimates of the potential future remuneration of each Executive Director based on the remuneration opportunity granted in the 2015 financial year. Potential outcomes based on different scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below.

Fixed — Consists of base salary, pension and other benefits.

Base salaries are as at 1 September 2014.

Benefits are valued using the figures in the total remuneration for the 2014 financial year table.

Pensions are valued by applying the appropriate percentage to the base salary.

	Base £'000	Benefits £'000	Pension £'000	Total £'000
Tim Davies	261	9	39	309
Neil Austin	193	1	29	223

On target — Based on what a Director would receive if performance was in line with plan and the threshold level was achieved under the LTIP.

Maximum — Assumes that the full stretch target for the LTIP is achieved, and maximum performance is obtained under the annual bonus scheme.

■ LTIP ■ Annual bonus ■ Salary and benefits

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The Group's current policy is not to enter into employment contracts with any element of notice period in excess of one year.

Dates of service contracts and first appointment to the Board for all Directors are given below.

	Date of service contract/ letter of appointment	Date first appointed to the Board
Executive Directors		
Tim Davies	18 October 2012	1 March 2013
Neil Austin	1 January 2013	1 May 2013
Non-Executive Directors		
Chris Holmes	1 September 2014	7 January 1992
Alistair Wannop	1 September 2014	1 September 2005
Robert Heygate	1 September 2014	1 May 1991

For early termination, the Remuneration Committee will consider circumstances, including any duty to mitigate, and determine any compensation payments accordingly.

Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal hours of business and will be available at the Company's AGM.

ANNUAL REPORT ON REMUNERATION

REMUNERATION COMMITTEE

In this section we give details of the composition of the Remuneration Committee and activities undertaken during the 2014 financial year.

2014 AGM

The 2013 remuneration report received a 98.4% vote in favour, with 0.56% against and 1.04% abstaining.

SHAREHOLDER CONTACT

No shareholders have contacted the Remuneration Committee during the year to share views regarding remuneration.

2014 REMUNERATION (AUDITED INFORMATION)

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2014 financial year versus 2013.

The table below shows all remuneration that was earned by each Director during the year and includes a single total remuneration figure for the year. The value of the annual bonus was earned in the year but will be paid out as cash in the following financial year.

The Remuneration Committee reviews all incentive awards prior to payment and has full discretion to reduce awards if it believes this is appropriate. The Committee did not exercise any discretion in determining the annual bonus payout for this year.

	Salary/Fees		Benefits		Bonus		LTIP		Pension		Total	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Executive Directors												
Tim Davies	**256**	125	**9**	14	**256**	125	**—**	—	**38**	19	**559**	283[1]
Neil Austin	**189**	62	**1**	12	**189**	62	**—**	—	**28**	9	**407**	145[2]
Non-Executive Directors												
Richard Inglewood	**—**	31	**—**	—	**—**	—	**—**	—	**—**	—	**—**	31
Chris Holmes[3]	**75**	267	**—**	1	**—**	261	**—**	—	**—**	—	**75**	529
Alistair Wannop	**36**	35	**—**	—	**—**	—	**—**	—	**—**	—	**36**	35
Robert Heygate	**36**	35	**—**	—	**—**	—	**—**	—	**—**	—	**36**	35

1 Represents a 6 month period – pro rata would be £566,000
2 Represents a 4 month period – pro rata would be £435,000
3 Chris Holmes was CEO from 2 September 2012 until 28 February 2013, then Executive Chairman from 1 March 2013 to 31 July 2013, then Non-Executive Chairman from 1 August 2013.

2014 ANNUAL BONUS PAYOUT

The annual bonus is payable based on adjusted profit before tax performance (PBT) of different parts of the Group, and an element payable based on total Group performance. If the Group target is achieved, regardless of individual divisional performance, then the maximum bonus is payable. Adjusted PBT is calculated as reported PBT after adding back or deducting any one-off items outside of normal trading that were not anticipated at the time the performance targets were set, such as acquisition related costs.

The targets are split between the different aspects of the Group as follows:

Agriculture	20%
Food	20%
Engineering	20%
Group	40%

In the 2014 financial year the adjusted PBT target for the Group was set at £16.75 million for maximum payout. An adjusted PBT of £16.88 million was achieved, therefore the maximum bonus was awarded.

LONG TERM INCENTIVE PLAN AWARDS DURING THE YEAR

The 2014 long-term awards made in November 2013 were established in line with the 2014 policy as disclosed in our 2013 remuneration report.

The performance conditions are based on annual average growth in adjusted EPS over a three year period.

Average annual growth %	% vesting
3	25
10	100

Nothing is payable below 3%, and a sliding scale operates between this and the maximum available.

ALL EMPLOYEE SHARE PLANS

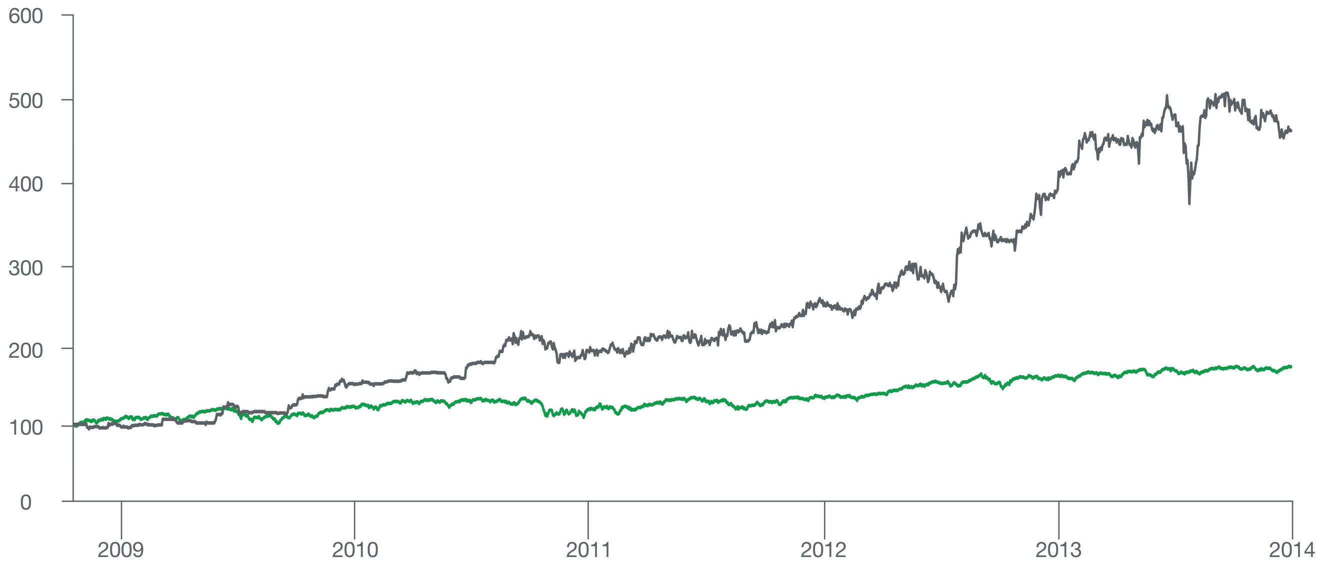
The Executive Directors are also eligible to participate in the UK all-employee plans.

The CMI Sharesave Scheme 2006 is a HM Revenue & Customs ("HMRC") approved scheme open to all staff permanently employed in a UK Group company as of the eligibility date. Options under the plan are granted at a 20% discount to market value. Executive Directors' participation is included in the option table later in this report.

SIX YEAR HISTORICAL TSR PERFORMANCE

Carr's Milling Industries PLC   FTSE All-Share Price Index

Source: Thomson Datastream



DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY (AUDITED INFORMATION)

A summary of interests in shares and scheme interests of the Directors who served during the year is given below, as at the date of this report.

	Total number of interests in shares	Unvested LTIP	SAYE (unvested without performance conditions)
Executive Directors			
Tim Davies	2,000	34,237	38
Neil Austin	2,000	25,335	65
Non-Executive Directors			
Chris Holmes	125,250	—	—
Alistair Wannop	2,261	—	—
Robert Heygate	37,225	—	—

PERFORMANCE SHARES (AUDITED INFORMATION)

The maximum number of outstanding shares that have been awarded to Directors under the LTIP are currently as follows:

	2013 award	**2014 award**
Tim Davies	19,011	**15,226**
Neil Austin	14,068	**11,267**

ASSESSING PAY AND PERFORMANCE

In the table below we summarise the Chief Executive's single remuneration figure over the past 5 years, as well as how variable pay plans have paid out in relation to the maximum opportunity.

	2010 Chris Holmes	2011 Chris Holmes	2012 Chris Holmes	2013 Chris Holmes	2013 Tim Davies	**2014 Tim Davies**
Single figure of total remuneration	730	845	573	286[1]	283[2]	**559**
Annual variable element (actual award versus maximum opportunity)	74%	100%	100%	100%	100%	**100%**
Long-term incentive (vesting versus maximum opportunity)	N/A	N/A	N/A	N/A	N/A	**N/A**

1 Represents a 6 month period – pro rata would be £572,000
2 Represents a 6 month period – pro rata would be £566,000

CHANGE IN CHIEF EXECUTIVE'S REMUNERATION

In the table below we show the percentage change in the Chief Executive's remuneration between 2013 and 2014 financial years compared to the other employees.

	Tim Davies	**Other employees**
Base pay	2.5%	2.5%
Benefits	-35.7%	0%
Annual bonus	2.5%	2.5%

RELATIVE SPEND ON PAY

The chart shows the relative importance of spend on pay compared to distributions to shareholders.

	2014	2013	% change
Employee costs	**35,755**	33,345	7.2%
Dividends paid to shareholders	**2,912**	2,619	11.2%

By order of the Board

KATIE SINCLAIR
Company Secretary
12 November 2014

Directors' Report

"The Directors submit their report and the audited accounts of the Company for the period ended 30 August 2014."

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 Company is involved in Agriculture, Food and Engineering, further details of which can be found on pages 10 to 13.

RESULTS AND DIVIDENDS

A review of the results can be found on pages 16 and 17.

	2014	2013
First Interim dividend per share paid on 16 May 2014	**8.5p**	7.75p
Second Interim dividend per share paid on 10 October 2014	**8.5p**	7.75p
Final dividend per share proposed	**17p**	16.5p

Subject to approval at the Annual General Meeting, the final dividend will be paid on 16 January 2015 to members on the register at the close of business on 19 December 2014. Shares will be ex-dividend on 18 December 2014.

The Group profit from continuing activities before taxation, was £16.6 million (2013: £15.4 million). After taxation charge of £3.7 million (2013: £3.0 million), the profit for the year is £12.9 million (2013: £12.3 million).

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.

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 20 and 21.

ENVIRONMENT

The Company's report on sustainability including carbon footprint and energy usage is on page 21.

ACQUISITIONS

On 8 April 2014 Carrs Engineering Limited acquired the entire issued share capital of Chirton Engineering Limited, a precision engineering company based in North Tyneside. The initial cash consideration payable was £2.75 million with an additional cash sum of up to £2.55 million subject to an earn-out arrangement.

On 28 July 2014 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of B.E. Williams Limited, an agricultural merchant based in Brecon, Wales. The cash consideration payable was £1.1 million.

POLITICAL AND CHARITABLE DONATIONS

During the period ended 30 August 2014 the Group contributed £41,000 (2013: £14,000) in the UK for charitable purposes. Further details have been included with the Corporate Responsibility statement on page 21. There were no political donations during the year (2013: £Nil).

INVESTMENT PROPERTIES

The market value of the Group's investment properties at 30 August 2014 exceeded their net book amount by approximately £409,000. 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.

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 13 January 2015, is limited to £733,444 which is equal to 33% of the nominal value of the issued share capital on 15 November 2013. 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 13 January 2015.

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 £111,128, representing 5% of the Company's issued share capital as at 15 November 2013. This authority will expire at the end of the Annual General Meeting to be held on 13 January 2015.

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 undertake 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 13 January 2015. 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 Remuneration Committee Report on pages 27 to 32), are shown in the table below.

All the above interests are beneficial. On 5 September 2014 T J Davies acquired 1,000 shares taking his total share holding to 2,000, and on 11 September 2014 N Austin acquired 1,000 shares taking his total share holding to 2,000. There have been no other changes to the above interests in the period from 11 September 2014 to 10 November 2014.

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 there 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 13 January 2015 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 interests above at 11 November 2014 in the 8,943,820 ordinary shares of the Company, as required by the Companies Act 2006, as shown in the table above.

MAJOR SHAREHOLDERS

	Number of shares	% of issued share capital
Heygate & Sons Limited*	1,265,287	14.1%
T W G Charlton	536,252	6.0%
Europe Nominees Limited	423,594	4.7%
Rathbone Nominees Limited	389,755	4.4%
HSBC Global Custody Nominee (UK) Limited	290,094	3.2%

* Robert Heygate is a director of Heygate & Sons Ltd.

INTERESTS OF THE DIRECTORS

	At 30 August 2014 Ordinary Shares	At 31 August 2013 Ordinary Shares
Tim Davies	**1,000**	1,000
Neil Austin	**1,000**	1,000
Chris Holmes	**125,250**	125,250
Robert Heygate	**37,225**	37,225
Alistair Wannop	**2,261**	2,261

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' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Remuneration Committee 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 elected to prepare 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 those 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.

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 19. 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;
- 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.

RESPONSIBILITY STATEMENT

Each of the Directors, whose names and functions are listed on page 19, 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's Review includes a fair review of the development and performance of the business and the position of the Group;
- the Risk management review provides a description of the principal risks and uncertainties that the Company faces.

By Order of the Board

KATIE SINCLAIR
Company Secretary
12 November 2014

Independent Auditors' Report to the Members of Carr's Milling Industries PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Carr's Milling Industries PLC's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 30 August 2014 and of its profit and cash flows for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Carr's Milling Industries PLC's financial statements comprise:

- the Consolidated and Company Balance Sheets as at 30 August 2014;
- the Consolidated Income Statement and Consolidated and Company Statements of Comprehensive Income for the period then ended;
- the Consolidated and Company Statements of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended;
- the Company Statement of Changes in Equity for the period then ended;
- the principal accounting policies;
- the notes to the financial statements, which include other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

OUR AUDIT APPROACH

Overview

- Overall Group materiality: £830,000 which represents 5% of profit before tax.

- We conducted audit work on nine reporting units including two based overseas.
- The reporting units where we performed audit work accounted for 91% of Group revenue and 79% of Group profit before tax.

- Fraud risk in revenue recognition.
- Defined benefit pension scheme surplus.
- Receivable and inventory provisions.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Fraud risk in revenue recognition *Refer also to the significant judgements, key assumptions and estimates within the principal accounting policies.* ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results.	Our testing of revenue transactions focused on obtaining evidence to demonstrate a service had been provided or a sale had occurred. For the Agriculture and Food divisions this involved testing the operating effectiveness of controls around dispatches and invoicing as well as agreeing revenue to cash received. For the Engineering division we focused on the judgements required to account for long term contracts. This involved reading extracts of the related contracts in order to understand the nature of services provided and evaluating management's assessment of the stage of completion of significant contracts.
Defined benefit pension scheme surplus *Refer also to the significant judgements, key assumptions and estimates within the principal accounting policies and note 24.* The Group has a defined benefit pension scheme with post-retirement assets of £64.0 million and post-retirement liabilities of £61.9 million, which are significant in the context of the overall balance sheet of the Group. The valuation of the pension scheme liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions, a number of which may also have been impacted by the economic downturn. Unfavourable changes in a number of the key assumptions (including salary increases, inflation, discount rates, and mortality) can have a material impact on the calculation of the liability. In addition, the recognition of the post-retirement plan surplus position for accounting purposes is dependent on the rights of the employers to recover any surplus.	We evaluated the assumptions made in relation to the valuations of the liabilities and assets in the pension scheme and compared the assumptions around salary increases and mortality rates to national and industry averages and guidance. We also focused on the valuations of pension plan liabilities and the pension assets as follows: • We compared the discount and inflation rates used in the valuation of the pension liability to our internally developed benchmarks. • We obtained third party confirmations on ownership and valuation of pension assets. • We tested the census data back to the latest triennial valuation provided by the administrator. • We checked that the Company is entitled to any surplus by reviewing the Trust Deed and Rules documentation.
Receivable and inventory provisions *Refer also to notes 17 and 18.* We focused on this area because inventory provisions include subjective estimates and are influenced by assumptions concerning the net realisable value of aged inventory. The Group also has material amounts of trade receivables that are past due and not impaired. We focused in particular on the Agriculture division given the significance of this segment's working capital balances to the Group balance sheet and the slower historic collection pattern in this division. The key associated risks were whether inventory is held at the lower of cost or net realisable value and the recoverability of past due trade receivables. Management's related provisions are subjective and are influenced by assumptions concerning customer credit risk.	When observing inventory counting procedures at the period end we checked for damaged items and out of date retail goods. We then examined management's analysis by category of inventory held at the period end, assessing the risk of diminution in value as well as the provisioning methods applied by management. We tested the operating effectiveness of controls around approval of credit limits for customers and adherence to these limits. We examined individual aged receivable balances, understanding the rationale for management's provisioning decisions by reference to payment patterns during the year. We also assessed the level of cash collected by the business after the period end on past due receivable balances to consider any additional provisioning requirements.

How we approached the audit scope

In identifying these areas of focus and in ensuring that we performed enough work to be able to give an opinion on the financial statements as a whole, we took into account: the geographic structure of the Group; the accounting processes and controls; and the industry in which the Group operates, and tailored the scope of our audit accordingly.

The Group is structured in three business divisions, Agriculture, Food and Engineering. The Group financial statements are a consolidation of 16 reporting units, comprising the Group's operating businesses within these business divisions as well as centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors within PwC UK and from other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

We identified six reporting units which in our view required an audit of their complete financial information, either due to their size, or their risk characteristics. Specific audit procedures on certain balances and transactions were performed on three further units due to specific risks associated with those units, to address certain material balances. These nine reporting units accounted for 91% of Group revenue and 79% of Group profit before tax. The Senior Statutory Auditor visited four of the six reporting units for which we audited their complete financial information, and attended via conference call the clearance meetings for the two other units which are audited by a PwC network firm and another firm operating under our instruction.

Independent Auditors' Report to the Members of Carr's Milling Industries PLC continued

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£830,000
How we determined it	5% of profit before tax
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £42,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 24, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements;
- the information given in the Corporate Governance Statement set out on pages 22 to 24 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• Information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – is otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the Directors on page 24, in accordance with Code Provision C.1.1, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on pages 25 to 26, as required by Code Provision C.3.8, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a Corporate Governance Statement has not been prepared by the parent Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent Company's compliance with nine provisions of the UK Corporate Governance Code ("the Code"). We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 34 and 35, 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 ISAs (UK & 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.

What an audit of financial statements involves

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 circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors;
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

BILL MACLEOD
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
12 November 2014

Consolidated Income Statement for the period ended 30 August 2014

	Notes	52 week period 2014 £'000	(Restated) 52 week period 2013 £'000
Continuing operations			
Revenue	2	**428,956**	468,083
Cost of sales		**(378,670)**	(419,483)
Gross profit		**50,286**	48,600
Distribution costs		**(19,438)**	(21,001)
Administrative expenses		**(15,421)**	(14,262)
Group operating profit	3	**15,427**	13,337
Finance income	5	**264**	513
Finance costs	5	**(1,624)**	(1,318)
Share of post-tax profit in associate		**1,579**	1,903
Share of post-tax profit in joint ventures		**907**	916
Profit before taxation	2	**16,553**	15,351
Taxation	6	**(3,660)**	(3,036)
Profit for the period		**12,893**	12,315
Profit attributable to:			
Equity shareholders		**11,372**	11,001
Non-controlling interests		**1,521**	1,314
		12,893	12,315
Earnings per ordinary share (pence)			
Basic	8	**127.8**	123.9
Diluted	8	**123.3**	121.7

Consolidated and Company Statements of Comprehensive Income

for the period ended 30 August 2014

	Notes	Group 52 week period 2014 £'000	Group (Restated) 52 week period 2013 £'000	Company 52 week period 2014 £'000	Company (Restated) 52 week period 2013 £'000
Profit for the period		**12,893**	12,315	**2,021**	10,073
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries		**(950)**	231	**–**	(365)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains/(losses) on retirement benefit obligation:					
– Group	24	**3,209**	(96)	**3,209**	(96)
– Share of associate		**(619)**	22	**–**	–
Taxation (charge)/credit on actuarial gains/(losses) on retirement benefit obligation:					
– Group	16	**(642)**	19	**(642)**	19
– Share of associate		**124**	(4)	**–**	–
Other comprehensive income/(expense) for the period, net of tax		**1,122**	172	**2,567**	(442)
Total comprehensive income for the period		**14,015**	12,487	**4,588**	9,631
Total comprehensive income attributable to:					
Equity shareholders		**12,494**	11,173	**4,588**	9,631
Non-controlling interests		**1,521**	1,314	**–**	–
		14,015	12,487	**4,588**	9,631

Consolidated and Company Balance Sheets as at 30 August 2014

	Notes	Group 52 week period 2014 £'000	Group 52 week period 2013 £'000	Company 52 week period 2014 £'000	Company 52 week period 2013 £'000
Assets					
Non-current assets					
Goodwill	9	**9,798**	5,215	**—**	—
Other intangible assets	9	**499**	615	**—**	—
Property, plant and equipment	10	**56,626**	53,068	**—**	—
Investment property	11	**656**	675	**—**	—
Investment in subsidiary undertakings	12,15	**—**	—	**12,755**	12,647
Investment in associate	12,13	**6,883**	7,024	**245**	1,470
Interest in joint ventures	12,14	**4,836**	3,299	**272**	272
Other investments	12	**77**	72	**—**	—
Financial assets					
– Non-current receivables	18	**501**	1	**500**	—
Retirement benefit asset	24	**2,056**	—	**2,056**	—
Deferred tax assets	16	**1,507**	2,044	**3**	655
		83,439	72,013	**15,831**	15,044
Current assets					
Inventories	17	**33,315**	33,445	**—**	—
Trade and other receivables	18	**63,623**	66,434	**33,812**	28,191
Current tax assets	19	**47**	178	**1,192**	991
Financial assets					
– Derivative financial instruments	23	**—**	2	**—**	—
– Cash and cash equivalents	20	**17,268**	22,884	**8,822**	19,822
		114,253	122,943	**43,826**	49,004
Total assets		**197,692**	194,956	**59,657**	64,048
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	22	**(19,688)**	(15,545)	**(1,553)**	(1,290)
– Derivative financial instruments	23	**(15)**	(8)	**—**	—
Trade and other payables	21	**(54,236)**	(58,282)	**(1,302)**	(1,625)
Current tax liabilities		**(1,631)**	(1,639)	**—**	—
		(75,570)	(75,474)	**(2,855)**	(2,915)
Non-current liabilities					
Financial liabilities					
– Borrowings	22	**(22,189)**	(29,448)	**(12,047)**	(15,822)
Retirement benefit obligation	24	**—**	(3,272)	**—**	(3,272)
Deferred tax liabilities	16	**(4,111)**	(3,765)	**(412)**	—
Other non-current liabilities	21	**(5,995)**	(4,956)	**—**	—
		(32,295)	(41,441)	**(12,459)**	(19,094)
Total liabilities		**(107,865)**	(116,915)	**(15,314)**	(22,009)
Net assets		**89,827**	78,041	**44,343**	42,039
Shareholders' equity					
Share capital	25	**2,235**	2,223	**2,235**	2,223
Share premium		**8,453**	8,183	**8,453**	8,183
Equity compensation reserve		**640**	326	**699**	373
Foreign exchange reserve		**(535)**	415	**—**	(221)
Other reserve		**875**	888	**—**	—
Retained earnings		**67,996**	57,396	**32,956**	31,481
Total shareholders' equity		**79,664**	69,431	**44,343**	42,039
Non-controlling interests		**10,163**	8,610	**—**	—
Total equity		**89,827**	78,041	**44,343**	42,039

The financial statements set out on pages 40 to 89 were approved by the Board on 12 November 2014 and signed on its behalf by:

Timothy J Davies **Neil Austin**

Consolidated Statement of Changes in Equity for the period ended 30 August 2014

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Non-controlling Interests £'000	Total Equity £'000
At 2 September 2012	2,219	8,118	113	160	901	49,075	60,586	7,274	67,860
Profit for the period	—	—	—	—	—	11,001	11,001	1,314	12,315
Other comprehensive income/(expense)	—	—	—	231	—	(59)	172	—	172
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 (Restated)	2,223	8,183	326	415	888	57,396	69,431	8,610	78,041
At 1 September 2013 (Restated)	**2,223**	**8,183**	**326**	**415**	**888**	**57,396**	**69,431**	**8,610**	**78,041**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**11,372**	**11,372**	**1,521**	**12,893**
Other comprehensive (expense)/income	**—**	**—**	**—**	**(950)**	**—**	**2,072**	**1,122**	**—**	**1,122**
Total comprehensive (expense)/income	**—**	**—**	**—**	**(950)**	**—**	**13,444**	**12,494**	**1,521**	**14,015**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(2,912)**	**(2,912)**	**—**	**(2,912)**
Equity settled share-based payment transactions, net of tax	**—**	**—**	**314**	**—**	**—**	**55**	**369**	**32**	**401**
Allotment of shares	**12**	**270**					**282**	**—**	**282**
Transfer	**—**	**—**	**—**	**—**	**(13)**	**13**	**—**	**—**	**—**
At 30 August 2014	**2,235**	**8,453**	**640**	**(535)**	**875**	**67,996**	**79,664**	**10,163**	**89,827**

The equity compensation reserve reflects the cumulative accounting impact, 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 consolidated income statement. During the period £55,000 (2013: £9,000) was transferred from the equity compensation reserve to retained earnings in respect of the cumulative accounting impact 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.

Company Statement of Changes in Equity for the period ended 30 August 2014

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 2 September 2012	2,219	8,118	142	144	24,104	34,727
Profit for the period	–	–	–	–	10,073	10,073
Other comprehensive expense	–	–	–	(365)	(77)	(442)
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 (Restated)	2,223	8,183	373	(221)	31,481	42,039
At 1 September 2013 (Restated)	**2,223**	**8,183**	**373**	**(221)**	**31,481**	**42,039**
Profit for the period	**–**	**–**	**–**	**–**	**2,021**	**2,021**
Other comprehensive income	**–**	**–**	**–**	**–**	**2,567**	**2,567**
Total comprehensive income	**–**	**–**	**–**	**–**	**4,588**	**4,588**
Dividends paid	**–**	**–**	**–**	**–**	**(2,912)**	**(2,912)**
Equity settled share-based payment transactions, net of tax	**–**	**–**	**326**	**–**	**20**	**346**
Allotment of shares	**12**	**270**	**–**	**–**	**–**	**282**
Transfer	**–**	**–**	**–**	**221**	**(221)**	**–**
At 30 August 2014	**2,235**	**8,453**	**699**	**–**	**32,956**	**44,343**

The equity compensation reserve reflects the cumulative accounting impact, 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 £20,000 (2013: £nil) was transferred from the equity compensation reserve to retained earnings and £58,000 (2013: £13,000) was transferred from the equity compensation reserve to investment in subsidiaries in respect of the cumulative accounting impact on options exercised in the period.

Consolidated and Company Statements of Cash Flows for the period ended 30 August 2014

	Notes	Group 52 week period 2014 £'000	Group 52 week period 2013 £'000	Company 52 week period 2014 £'000	Company 52 week period 2013 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	28	**17,125**	7,233	**(3,677)**	(4,283)
Interest received		**275**	746	**834**	1,242
Interest paid		**(1,668)**	(1,280)	**(534)**	(566)
Tax (paid)/recovered		**(3,226)**	(2,707)	**466**	901
Net cash generated from/(used in) operating activities		**12,506**	3,992	**(2,911)**	(2,706)
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)	27	**(3,649)**	(810)	**–**	–
Dividends received from subsidiaries		**–**	–	**3,510**	5,658
Net payment of loans to subsidiaries		**–**	–	**(5,401)**	(7,178)
Investment in joint venture		**(965)**	–	**–**	–
Loan to joint ventures		**(159)**	(807)	**(223)**	(862)
Loan repaid by associate		**225**	–	**225**	–
Other loans		**(270)**	–	**–**	–
Purchase of intangible assets		**(57)**	(108)	**–**	–
Proceeds from sale of property, plant and equipment		**738**	221	**–**	–
Purchase of property, plant and equipment		**(7,201)**	(9,937)	**–**	–
Proceeds from sale of investment property		**–**	268	**–**	–
Purchase of investments		**–**	(26)	**–**	(25)
Disposal of investment		**32**	10	**29**	10
Redemption of preference shares in joint venture		**150**	150	**–**	–
Net cash used in investing activities		**(11,156)**	(11,039)	**(1,860)**	(2,397)
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25	**283**	68	**283**	68
Net payment of loans from subsidiaries		**–**	–	**(289)**	(3,702)
Net proceeds from issue of new bank loans		**2,731**	11,581	**2,731**	9,134
Finance lease principal repayments		**(2,325)**	(1,118)	**–**	–
Repayment of loan from related party		**(225)**	–	**–**	–
Repayment of borrowings		**(7,077)**	(1,333)	**(5,971)**	(833)
Increase/(decrease) in other borrowings		**2,256**	(193)	**–**	–
Dividends paid to shareholders	7	**(2,912)**	(2,619)	**(2,912)**	(2,619)
Receipt of grant income		**450**	350	**–**	–
Net cash (used in)/generated from financing activities		**(6,819)**	6,736	**(6,158)**	2,048
Effects of exchange rate changes		**(181)**	110	**(71)**	141
Net decrease in cash and cash equivalents		**(5,650)**	(201)	**(11,000)**	(2,914)
Cash and cash equivalents at beginning of the period	20	**22,675**	22,876	**19,822**	22,736
Cash and cash equivalents at end of the period	20	**17,025**	22,675	**8,822**	19,822

Principal Accounting Policies

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.

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 non-controlling 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 consolidated income statement in the period they are incurred.

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

Employee share trust

IFRS 10 requires that the Group consolidate a structured 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 structured 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.

As discussed in new standards and interpretations on page 50 the Group has adopted IAS 19 (Revised 2011) with effect from 1 September 2013.

The service costs, including pension scheme administrative costs previously charged to the expected return on assets, are included in operating profit in the consolidated income statement.

A charge is made within operating profit which represents a net interest amount that is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability at the beginning of the period. The net interest amount also takes into account changes to the net liability during the 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.

IFRIC 14 confirms that where a company has an unconditional right to a refund of surplus from a defined benefit pension plan during the lifetime of that plan or when it winds it up, and where there is expected to be surplus assets, there is no limit on the asset the company can show on its balance sheet. At 30 August 2014 the consolidated balance sheet recognises the full surplus on the Carr's Milling Industries PLC defined benefit pension scheme.

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.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Operating segments

IFRS 8 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 Executive Directors.

The CODM 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, acquisition related costs and asset impairments.

Goodwill

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

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

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

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.

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.

New standards and interpretations
From 1 September 2013 the following became effective and were adopted by the Group:

Amendment to IAS 19 (Revised 2011) 'Employee Benefits'
The Group has adopted 'Amendment to IAS 19: (Revised 2011) Employee Benefits' with effect from 1 September 2013. This has resulted in a change of accounting policy and the restatement of the prior period financial statements. The change to the accounting policy has been to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability at the beginning of the period. The net interest amount also takes into account changes to the net liability during the period. The effect of this is to remove the previous concept of recognising an expected return on plan assets. See note 35 for the impact on the financial statements.

Under the Amendment pension scheme administrative expenses are now charged to the consolidated income statement when the services are performed. Previously these were charged to the expected return on scheme assets.

IFRS 13 'Fair Value Measurement'
IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures. It provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

The adoption of IFRS 13 has had no impact on the financial statements. Additional disclosures in respect of fair value measurement are included in note 23.

Annual improvements to IFRS 2009-2011
These improvements include changes to:
- IFRS 1, 'First time adoption'
- IAS 1, 'Financial statement presentation'
- IAS 16, 'Property, plant and equipment'
- IAS 32, 'Financial instruments: Presentation'
- IAS 34, 'Interim financial reporting'

Other interpretations effective in the period but not currently relevant to the Group:
- Amendment to IFRS 1, 'First time adoption', on government loans (effective for annual periods beginning on or after 1 January 2013).
- Amendment to IFRS 1, 'First time adoption' on fixed dates and hyperinflation (effective for annual periods beginning on or after 1 January 2011 but endorsed for 1 January 2013).
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013).
- IFRIC 20, 'Stripping costs in the production phase of a surface mine' (effective for annual periods beginning on or after 1 January 2013).

The adoption of these interpretations 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 2018
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 14: 'Regulatory deferral accounts'	1 January 2016
IFRS 15: 'Revenue from contracts with customers'	1 January 2017
IAS 27 (revised 2011): 'Separate financial statements'	1 January 2014
IAS 28 (revised 2011): 'Associates and joint ventures'	1 January 2014
Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities	1 January 2014
Amendments to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'	1 January 2014
Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016
Amendments to IFRS 10, 11 and 12 on transition guidance	1 January 2014
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	1 January 2016
Amendment to IAS 19: (revised 2011) 'Employee benefits'	1 July 2014
Amendments to IAS 27, 'Separate financial statements' on the equity method	1 January 2016
Amendments to IAS 32 on Financial instruments asset and liability offsetting	1 January 2014
Amendments to IAS 36, 'Impairment of assets'	1 January 2014
Amendments to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting	1 January 2014
Annual improvements to IFRSs 2012 & 2013	1 July 2014
IFRIC 21, 'Levies'	1 January 2014

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 a qualifying independent 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.

Notes to the Financial Statements

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 £2,021,000 (2013 restated: £10,073,000).

2 Segmental information

The chief operating decision maker ("CODM") has been identified as the Executive Directors. Management has identified the operating segments based on internal financial information reviewed by the CODM. The CODM 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 precision machining and 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 30 August 2014 is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total segment revenue	315,019	87,107	26,939	47	429,112
Inter segment revenue	(94)	(1)	(61)	—	(156)
Revenue from external customers	314,925	87,106	26,878	47	428,956
EBITDA[1]	12,563	4,955	4,618	(1,719)[2]	20,417
Depreciation of property, plant and equipment	(2,215)	(1,856)	(690)	(121)	(4,882)
Depreciation of investment property	—	(4)	—	(15)	(19)
Profit on the disposal of property, plant and equipment	102	(6)	8	—	104
Amortisation of intangible assets	(56)	(17)	(120)	—	(193)
Operating profit	10,394	3,072	3,816	(1,855)[2]	15,427
Finance income	88	2	3	171	264
Finance costs	(897)	(784)	(107)	164	(1,624)
	9,585	2,290	3,712	(1,520)	14,067
Share of post-tax profit of associate	1,579	—	—	—	1,579
Share of post-tax profit of joint ventures	907	—	—	—	907
Profit before taxation	12,071	2,290	3,712	(1,520)	16,553

1 Earnings before interest, tax, depreciation and amortisation (and before profit on the disposal of property, plant and equipment)
2 Includes Head Office net expense of £(753,000) and retirement benefit charge of £(687,000)

2 Segmental information (continued)

Assets

	Agriculture £'000	**Food £'000**	**Engineering £'000**	**Other £'000**	**Group £'000**
Segment assets	**59,372**	**17,245**	**11,679**	**109,396**	**197,692**

The segmental information for the period ended 31 August 2013 (Restated) 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
EBITDA[1]	11,987	2,650	5,333	(1,262)[3]	18,708
Depreciation of property, plant and equipment	(2,329)	(1,752)	(964)	(120)	(5,165)
Depreciation of investment property	—	(4)	—	(58)	(62)
Profit on the disposal of property, plant and equipment	4	34	12	58	108
Amortisation of intangible assets	(108)	(18)	(126)	—	(252)
Operating profit	9,554	910	4,255	(1,382)[3]	13,337
Finance income	253	2	50	208	513
Finance costs	(1,056)	(353)	(102)	193	(1,318)
	8,751	559	4,203	(981)	12,532
Share of post-tax profit of associate	1,903	—	—	—	1,903
Share of post-tax profit of joint ventures	916	—	—	—	916
Profit before taxation	11,570	559	4,203	(981)	15,351

3 Includes Head Office net expense of £(457,000) and retirement benefit charge of £(692,000)

Assets

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

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:

	2014 £'000	2013 £'000
UK	**391,581**	421,699
Europe	**14,137**	22,227
USA	**23,238**	24,157
	428,956	468,083

2 Segmental information (continued)

Non-current assets excluding deferred tax assets:

	2014 UK £'000	2014 Europe £'000	2014 USA £'000	2014 Total £'000	2013 UK £'000	2013 Europe £'000	2013 USA £'000	2013 Total £'000
Goodwill	9,470	313	15	9,798	4,886	313	16	5,215
Other intangible assets	107	351	41	499	123	446	46	615
Property, plant and equipment	47,620	6,580	2,426	56,626	44,967	5,501	2,600	53,068
Investment property	656	—	—	656	675	—	—	675
Investment in associate	6,883	—	—	6,883	7,024	—	—	7,024
Interest in joint ventures	1,738	1,953	1,145	4,836	1,579	1,775	(55)	3,299
Other investments	61	—	16	77	51	—	21	72
Non-current receivables	501	—	—	501	1	—	—	1
Retirement benefit asset	2,056	—	—	2,056	—	—	—	—
	69,092	9,197	3,643	81,932	59,306	8,035	2,628	69,969

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

	2014 £'000	2013 £'000
Group operating profit is stated after (crediting)/charging:		
Amortisation of grants	(54)	(50)
Profit on disposal of property, plant and equipment	(104)	(108)
Depreciation of property, plant and equipment	4,882	5,165
Depreciation of owned investment property	19	62
Amortisation of intangible assets	193	252
Profit on disposal of investment	—	(14)
Foreign exchange gains	(52)	(410)
Derivative financial instruments losses/(gains)	9	(303)
Operating lease charges	897	687
Auditors' remuneration:		
Audit services (Company £15,000; 2013: £14,500)	74	73
The auditing of accounts of subsidiaries of the Company pursuant to legislation (including overseas)	131	129
Taxation compliance services	30	30
Other taxation advisory services	45	9
Other non-audit services	69	6
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	58	101
	4	47

4 Staff costs

Group	2014 £'000	(Restated) 2013 £'000
Wages and salaries	**29,674**	27,915
Social security costs	**3,292**	3,023
Other pension costs	**2,388**	2,163
Share based payments	**401**	244
	35,755	33,345

Included within other pension costs is £687,000 (2013 restated: £692,000) 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	2014 Number	2013 Number
Sales, office and management	**542**	516
Manufacture and distribution	**423**	398
	965	914

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 Remuneration Committee Report on pages 27 to 32.

5 Finance income and finance costs

	2014 £'000	2013 £'000
Finance income		
Bank interest	**246**	492
Other interest	**18**	21
Total finance income	**264**	513
Finance costs		
Interest payable on bank overdrafts	**(219)**	(285)
Interest payable on bank loans and other borrowings	**(901)**	(749)
Interest payable on finance leases	**(428)**	(129)
Other interest	**(76)**	(155)
Total finance costs	**(1,624)**	(1,318)

6 Taxation

(a) Analysis of the charge in the period

	2014 £'000	(Restated) 2013 £'000
Current tax:		
UK corporation tax		
Current period	**1,480**	669
Adjustment in respect of prior years	**238**	25
Foreign tax		
Current period	**1,722**	1,826
Adjustment in respect of prior years	**98**	8
Group current tax	**3,538**	2,528
Deferred tax:		
Origination and reversal of timing differences		
Current period	**362**	532
Adjustment in respect of prior years	**(240)**	(24)
Group deferred tax (note 16)	**122**	508
Tax on profit from ordinary activities	**3,660**	3,036

(b) Factors affecting tax charge for the period
The tax assessed for the period is lower (2013: lower) than the rate of corporation tax in the UK of 22.17% (2013: 23.58%). The differences are explained below:

	2014 £'000	(Restated) 2013 £'000
Profit before taxation	**16,553**	15,351
Tax at 22.17% (2013: 23.58%)	**3,670**	3,620
Effects of:		
Tax effect of share of profit in associate and joint ventures	**(551)**	(677)
Tax effect of expenses that are not allowable in determining taxable profit	**75**	153
Effects of different tax rates of foreign subsidiaries	**420**	353
Effects of changes in tax rates	**(57)**	(429)
Adjustment in respect of prior years	**96**	9
Other	**7**	7
Total tax charge for the period	**3,660**	3,036

(c) Factors affecting future tax charges
The UK Government announced in Budget 2013 that a single unified rate of corporation tax of 20% will apply on and after 1 April 2015. This legislation was substantively enacted in July 2013. UK deferred tax balances at 30 August 2014 have been calculated using a tax rate of 20%.

7 Dividends

Equity	2014 £'000	2013 £'000
Second interim paid for the period ended 31 August 2013 of 7.75p per 25.0p share (2012: 7.25p)	689	644
Final dividend for the period ended 31 August 2013 of 16.5p per 25.0p share (2012: 14.5p)	1,467	1,287
First interim paid for the period ended 30 August 2014 of 8.5p per 25.0p share (2013: 7.75p)	756	688
	2,912	2,619

Since the period end a second interim dividend of £759,943, being 8.5p 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 £1,520,449, being 17p per share, making a total for the period of 34p (2013: 32.0p). 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 8,899,525 shares (2013: 8,880,841) 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:

	2014		2013 (Restated)	
	Earnings £'000	Earnings per share pence	Earnings £'000	Earnings per share pence
Earnings per share – basic	11,372	127.8	11,001	123.9
Amortisation and non-recurring items:				
Amortisation of intangible assets	193	2.2	252	2.8
Taxation relief on amortisation	(50)	(0.6)	(64)	(0.7)
Derivative financial instrument gain in respect of property, plant and equipment	—	—	(236)	(2.7)
Taxation on derivative gain	—	—	54	0.6
Acquisition related costs[1]	123	1.4	—	—
Earnings per share – adjusted	11,638	130.8	11,007	123.9

1 Disallowable for tax purposes

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.

	2014			2013 (Restated)		
	Earnings £'000	Weighted average number of shares	Earnings per share pence	Earnings £'000	Weighted average number of shares	Earnings per share pence
Earnings per share	11,372	8,899,525	127.8	11,001	8,880,841	123.9
Effect of dilutive securities:						
Share option scheme	—	53,735	(0.8)	—	51,848	(0.7)
Share save scheme	—	175,695	(2.4)	—	55,607	(0.8)
Long term incentive plan	—	96,476	(1.3)	—	48,938	(0.7)
Diluted earnings per share	11,372	9,225,431	123.3	11,001	9,037,234	121.7
Diluted adjusted earnings per share	11,638	9,225,431	126.2	11,007	9,037,234	121.8

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 2 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**
Exchange differences	**(2)**	**—**	**(18)**	**—**	**(11)**	**(41)**	**(72)**
Subsidiaries acquired	**4,585**	**51**	**—**	**—**	**—**	**—**	**4,636**
Additions	**—**	**—**	**—**	**—**	**3**	**54**	**57**
At 30 August 2014	**10,123**	**3,209**	**594**	**240**	**145**	**590**	**14,901**
Accumulated amortisation and impairment							
At 2 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**
Exchange differences	**—**	**—**	**(6)**	**—**	**(7)**	**(26)**	**(39)**
Charge for the period	**—**	**51**	**33**	**—**	**5**	**104**	**193**
At 30 August 2014	**325**	**3,209**	**337**	**240**	**105**	**388**	**4,604**
Net book amount							
At 1 September 2012	5,199	101	324	—	48	255	5,927
At 31 August 2013	5,215	—	302	—	46	267	5,830
At 30 August 2014	**9,798**	**—**	**257**	**—**	**40**	**202**	**10,297**

During the period goodwill of £4,585,000 arose on acquisitions (note 27).

During the prior period goodwill totalling £16,000 arose on the acquisition of the trade and assets of Western Feed Supplements LLC. Goodwill reflected the value of the employees, which under IFRS should not be recorded as a separately identifiable intangible asset on the balance sheet.

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 combination.

9 Goodwill and other intangible assets (continued)

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

	30 August 2014 £'000	31 August 2013 £'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	**14**	16
Chirton Engineering Limited	**4,226**	—
B.E. Williams Limited	**359**	—
	9,798	5,215

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 2015, which has been approved by the Board and forecast information for the three years to August 2018 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 5.97% - 11.41% (2013: 9.5%).

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 (2013: 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 2 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**
Exchange differences	**(402)**	**(501)**	**(12)**	**(915)**
Subsidiaries acquired	**—**	**1,963**	**—**	**1,963**
Additions	**3,656**	**3,252**	**1,134**	**8,042**
Disposals	**(85)**	**(1,253)**	**—**	**(1,338)**
Reclassifications	**154**	**871**	**(1,025)**	**—**
At 30 August 2014	**35,461**	**72,012**	**603**	**108,076**
Accumulated depreciation				
At 2 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**
Exchange differences	**(56)**	**(312)**	**—**	**(368)**
Subsidiaries acquired	**—**	**822**	**—**	**822**
Charge for the period	**730**	**4,152**	**—**	**4,882**
Disposals	**(85)**	**(1,057)**	**—**	**(1,142)**
Reclassifications	**(16)**	**16**	**—**	**—**
At 30 August 2014	**6,981**	**44,469**	**—**	**51,450**
Net book amount				
At 1 September 2012	13,968	20,134	3,056	37,158
At 31 August 2013	25,730	26,832	506	53,068
At 30 August 2014	**28,480**	**27,543**	**603**	**56,626**

Freehold land amounting to £2,833,275 (2013: £2,920,413) has not been depreciated.

The net book amount of plant and equipment includes £12,722,306 (2013: £12,775,393) in respect of assets held under finance leases. This consists of cost of £16,260,825 (2013: £15,854,048) less accumulated depreciation of £3,538,519 (2013: £3,078,655).

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:

	2014 £'000	2013 £'000
Cost of sales	**4,246**	4,622
Distribution costs	**92**	88
Administrative expenses	**544**	455
	4,882	5,165

The Company has no property, plant and equipment (2013: none).

11 Investment property

Group	Total £'000
Cost	
At 2 September 2012	1,232
Disposals	(310)
At 31 August 2013 and at 30 August 2014	**922**
Accumulated depreciation	
At 2 September 2012	227
Charge for the period	62
Disposals	(42)
At 31 August 2013	**247**
Charge for the period	**19**
At 30 August 2014	**266**
Net book amount	
At 1 September 2012	1,005
At 31 August 2013	675
At 30 August 2014	**656**

Included within investment property are properties occupied by life tenants. The net book amount of these properties at 30 August 2014 is £150,000 (2013: £154,000).

The fair value of investment properties at 30 August 2014 is £1,065,000 (2013: £1,065,000). 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 30 August 2014.

There is no investment property in the Company (2013: none).

12 Investments

Group	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost				
At 2 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	1,903	916	—	2,819
Share of losses recognised directly in equity	18	(49)	—	(31)
At 31 August 2013	**7,024**	**3,299**	**81**	**10,404**
Exchange difference	**—**	**(143)**	**(1)**	**(144)**
Subsidiaries acquired	**—**	**—**	**10**	**10**
Additions	**—**	**965**	**—**	**965**
Disposals	**—**	**—**	**(4)**	**(4)**
Redemption of preference shares	**—**	**(150)**	**—**	**(150)**
Reclassification	**(1,225)**	**—**	**—**	**(1,225)**
Share of post-tax profit	**1,579**	**907**	**—**	**2,486**
Share of losses recognised directly in equity	**(495)**	**(42)**	**—**	**(537)**
At 30 August 2014	**6,883**	**4,836**	**86**	**11,805**
Accumulated provision for impairment				
At 2 September 2012, 31 August 2013 and 30 August 2014	**—**	**—**	**9**	**9**
Net book amount				
At 1 September 2012	5,103	2,907	71	8,081
At 31 August 2013	7,024	3,299	72	10,395
At 30 August 2014	**6,883**	**4,836**	**77**	**11,796**

During the period £1,225,000 was reclassified to receivables. At the period end £1,000,000 of this receivable was outstanding. £500,000 is included within current receivables and £500,000 is included within non-current receivables.

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	Total £'000
Cost				
At 2 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**
Share based payment expense in respect of employees of subsidiary undertakings	**114**	**—**	**—**	**114**
Reclassification	**—**	**(1,225)**	**—**	**(1,225)**
At 30 August 2014	**18,142**	**245**	**272**	**18,659**
Accumulated provision for impairment				
At 2 September 2012	5,501	—	—	5,501
Disposals	(120)	—	—	(120)
At 31 August 2013	**5,381**	**—**	**—**	**5,381**
Impairment in the period	**6**	**—**	**—**	**6**
At 30 August 2014	**5,387**	**—**	**—**	**5,387**
Net book amount				
At 1 September 2012	12,558	1,470	272	14,300
At 31 August 2013	12,647	1,470	272	14,389
At 30 August 2014	**12,755**	**245**	**272**	**13,272**

During the period £1,225,000 was reclassified to receivables. At the period end £1,000,000 of this receivable was outstanding. £500,000 is included within current receivables and £500,000 is included within non-current receivables.

13 Investment in associate

The associated undertaking at 30 August 2014 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

The Group does not have the ability to control the financial and operating policies of Carrs Billington Agriculture (Operations) Limited. The Group has a 49% shareholding and a 43% representation on the Board of Directors of this associate.

Associates are accounted for using the equity method.

At the period end the associate had capital commitments of £nil (2013: £226,000). No contingent liabilities exist within the associate.

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

	2014 £'000	2013 £'000
Total assets	**33,244**	31,724
Total liabilities	**(19,197)**	(19,890)
Revenues	**113,984**	138,406
Profit after tax	**3,223**	3,884

Included within the investment in associate is a loan for £nil (2013: £1,225,000) which is considered to form part of the net investment in associate.

14 Interest in joint ventures

The joint ventures at 30 August 2014 are:

Group

Name	Interest held Equity %	Interest held Non-equity %	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	50	—	USA	USA	Manufacture of animal feed blocks
ACC Feed Supplement LLC	50	—	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.

Joint ventures are accounted for using the equity method.

At the period end Afgritech LLC had capital commitments of £580,000 (2013: £838,000) in respect of replacement silos. The prior period capital commitment was in respect of additional finished product storage. 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:

	2014 £'000	2013 £'000
Non-current assets	**5,222**	3,479
Current assets	**5,102**	5,690
Current liabilities	**(5,594)**	(6,061)
Non-current liabilities	**(381)**	(446)
Income	**27,212**	27,671
Expenses	**(26,072)**	(26,441)
Net finance income	**14**	14

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 £470,000 (2013: £620,000) 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
Chirton 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 Chirton Engineering Limited and 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	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Accelerated tax depreciation	**—**	—	**(2,932)**	(2,964)	**(2,932)**	(2,964)
Employee benefits	**—**	654	**(412)**	—	**(412)**	654
Other	**1,507**	1,390	**(767)**	(801)	**740**	589
Tax assets/(liabilities)	**1,507**	2,044	**(4,111)**	(3,765)	**(2,604)**	(1,721)

Movement in deferred tax during the period

	At 1 September 2013 £'000	Exchange differences £'000	In respect of acquisitions £'000	Recognised in income £'000	Recognised in equity £'000	**At 30 August 2014 £'000**
Assets:						
Employee benefits	654	**—**	**—**	**(654)**	**—**	**—**
Other	1,390	**(91)**	**(10)**	**218**	**—**	**1,507**
	2,044	**(91)**	**(10)**	**(436)**	**—**	**1,507**
Liabilities:						
Accelerated tax depreciation	(2,964)	**8**	**(198)**	**222**	**—**	**(2,932)**
Employee benefits	—	**—**	**—**	**230**	**(642)**	**(412)**
Other	(801)	**12**	**160**	**(138)**	**—**	**(767)**
	(3,765)	**20**	**(38)**	**314**	**(642)**	**(4,111)**
Net liabilities	(1,721)	**(71)**	**(48)**	**(122)**	**(642)**	**(2,604)**

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

16 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the prior period (Restated)

	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	—	(596)	19	654
Other	1,249	24	117	—	1,390
	2,480	24	(479)	19	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	(508)	19	(1,721)

	Assets	
Company	**2014 £'000**	2013 £'000
Accelerated tax depreciation	**3**	1
Employee benefits	**—**	654
Tax assets	**3**	655

Movement in deferred tax during the period

	At 1 September 2013 £'000	Recognised in income £'000	Recognised in equity £'000	**At 30 August 2014 £'000**
Assets:				
Accelerated tax depreciation	1	**2**	**—**	**3**
Employee benefits	654	**(654)**	**—**	**—**
	655	**(652)**	**—**	**3**
Liabilities:				
Employee benefits	—	**230**	**(642)**	**(412)**
	—	**230**	**(642)**	**(412)**
Net liabilities	655	**(422)**	**(642)**	**(409)**

Movement in deferred tax assets during the prior period (Restated)

	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	(596)	19	654
Other	16	(16)	—	—
	1,248	(612)	19	655

Tax of £133,000 (2013: £122,000) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

Tax of £43,000 (2013: £43,000) in respect of tax losses has not been recognised as a deferred tax asset in the Company balance sheet.

17 Inventories

Group	2014 £'000	2013 £'000
Raw materials and consumables	**10,968**	13,016
Work in progress	**1,633**	1,080
Finished goods and goods for resale	**20,714**	19,349
	33,315	33,445

Inventories are stated after a provision for impairment of £396,000 (2013: £228,000). The amount recognised as an expense in the period in respect of the write down of inventories is £52,000 (2013: £94,000). The amount recognised as a credit in the period in respect of reversals of write downs of inventories is £nil (2013: £30,000).

The cost of inventories recognised as an expense and included in cost of sales is £376,529,000 (2013: £417,097,000).

The Company has no inventories (2013: none).

Construction contracts disclosures

	2014 £'000	2013 £'000
Contract costs incurred plus recognised profits less recognised losses to date	**3,862**	1,959
Contract advances received	**(3,239)**	(1,379)
Work in progress on construction contracts	**623**	580
Revenue from construction contracts	**19,858**	28,680

18 Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current:				
Trade receivables	**57,830**	61,236	**—**	—
Less: provision for impairment of trade receivables	**(3,065)**	(3,593)	**—**	—
Trade receivables - net	**54,765**	57,643	**—**	—
Amounts recoverable on contracts	**806**	1,222	**—**	—
Amounts owed by Group undertakings (note 33)	**—**	—	**29,983**	24,785
Amounts owed by other related parties (note 33)	**4,200**	3,786	**3,417**	2,879
Loans receivable	**270**	—	**—**	—
Other taxes and social security receivable	**838**	1,423	**—**	4
Other receivables	**736**	553	**210**	245
Prepayments and accrued income	**2,008**	1,807	**202**	278
	63,623	66,434	**33,812**	28,191
Non-current:				
Amounts owed by Group undertakings (note 33)	**—**	—	**—**	—
Amounts owed by other related parties (note 33)	**500**	—	**500**	—
Other receivables	**1**	1	**—**	—
	501	1	**500**	—

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.

18 Trade and other receivables (continued)

During the period a credit of £17,000 (2013: charge of £277,000) 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% or 6.0%. Such amounts are unsecured and repayable on demand.

	2014			2013		
	Gross £'000	Impairment £'000	Past due but not impaired £'000	Gross £'000	Impairment £'000	Past due but not impaired £'000
The ageing of trade receivables is as follows:						
Not past due	**40,529**	**(359)**	**N/A**	42,375	(386)	N/A
Past due 0 - 30 days	**7,187**	**(221)**	**6,966**	7,476	(188)	7,288
Past due 31 - 60 days	**1,921**	**(109)**	**1,812**	2,346	(100)	2,246
Past due 61 - 90 days	**2,367**	**(321)**	**2,046**	2,979	(393)	2,586
Past due 91 - 120 days	**1,702**	**(246)**	**1,456**	1,929	(262)	1,667
Past 121 days	**4,124**	**(1,809)**	**2,315**	4,131	(2,264)	1,867
	57,830	**(3,065)**	**14,595**	61,236	(3,593)	15,654

The Company has no trade receivables (2013: 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 (2013: none).

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
The carrying value of trade receivables are denominated in the following currencies:				
Sterling	**50,812**	51,988	**—**	—
US Dollar	**413**	368	**—**	—
Euro	**3,540**	5,287	**—**	—
	54,765	57,643	**—**	—

19 Current tax assets

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Corporation tax recoverable	**47**	178	**639**	486
Group taxation relief	**—**	—	**553**	505
	47	178	**1,192**	991

20 Cash and cash equivalents and bank overdrafts

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Cash and cash equivalents per the balance sheet	**17,268**	22,884	**8,822**	19,822
Bank overdrafts (note 22)	**(243)**	(209)	**—**	—
Cash and cash equivalents per the statement of cash flows	**17,025**	22,675	**8,822**	19,822

21 Trade and other payables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Current:				
Trade payables	**20,808**	23,077	**—**	—
Payments on account	**3,027**	9,465	**—**	—
Amounts owed to Group undertakings (note 33)	**—**	—	**29**	26
Amounts owed to other related parties (note 33)	**16,072**	15,194	**2**	—
Other taxes and social security payable	**1,175**	763	**447**	257
Deferred employee incentive plan	**2,217**	186	**—**	—
Other payables	**6,978**	5,170	**203**	252
Accruals and deferred income	**3,959**	4,427	**621**	1,090
	54,236	58,282	**1,302**	1,625
Non-current:				
Deferred employee incentive plan	**1,973**	3,776	**—**	—
Contingent consideration (note 27)	**2,394**	—	**—**	—
Accruals and deferred income	**1,628**	1,180	**—**	—
	5,995	4,956	**—**	—

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 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
At the beginning of the period	**1,180**	880	**—**	—
Subsidiaries acquired	**52**	—	**—**	—
Received in the period	**450**	350	**—**	—
Amortisation in the period	**(54)**	(50)	**—**	—
At the end of the period	**1,628**	1,180	**—**	—

22 Borrowings

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Current:				
Bank overdrafts	243	209	–	–
Bank loans and other borrowings	16,711	13,262	1,380	789
Loans from Group undertakings (note 33)	–	–	173	501
Other loans from related parties (note 33)	500	–	–	–
Finance leases	2,234	2,074	–	–
	19,688	15,545	1,553	1,290
Non-current:				
Bank loans	13,427	18,912	12,047	15,822
Other loans from related parties (note 33)	500	1,225	–	–
Finance leases	8,262	9,311	–	–
	22,189	29,448	12,047	15,822
Borrowings are repayable as follows:				
On demand or within one year	19,688	15,545	1,553	1,290
In the second year	4,349	19,781	546	15,822
In the third to fifth years inclusive	16,382	6,672	11,501	–
Over five years	1,458	2,995	–	–
	41,877	44,993	13,600	17,112

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £19,000 (2013: £55,000) of which £4,000 (2013: £44,000) is deducted from current liabilities and £15,000 (2013: £11,000) is deducted from non-current liabilities.

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
The net borrowings are:				
Borrowings as above	41,877	44,993	13,600	17,112
Cash and cash equivalents	(17,268)	(22,884)	(8,822)	(19,822)
Net borrowings/(cash)	24,609	22,109	4,778	(2,710)

Bank loans and other borrowings includes an amount of £13,622,000 (2013: £11,366,000) 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 Bank of England base rate + 2.50%. Such amounts are unsecured and repayable on demand.

Other loans are non-interest bearing. The bank loans are repayable by instalments and the overdraft is repayable on demand.

Bank loans includes a drawn down revolving credit facility of £10.0 million (2013: £15.0 million) which is repayable in June 2019. At the period end £5.0 million is undrawn (2013: £nil).

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. These policies have remained unchanged throughout the period.

Financial Instruments by currency

Group	2014 Sterling £'000	2014 US Dollar £'000	2014 Euro £'000	2014 Total £'000	2013 Sterling £'000	2013 US Dollar £'000	2013 Euro £'000	2013 Total £'000
Assets								
Other investments	61	16	–	77	51	21	–	72
Non-current receivables	501	–	–	501	1	–	–	1
Current trade and other receivables	55,895	4,031	3,697	63,623	56,935	3,828	5,671	66,434
Current derivatives	–	–	–	–	–	–	2	2
Cash and cash equivalents	13,136	2,996	1,136	17,268	16,152	162	6,570	22,884
	69,593	7,043	4,833	81,469	73,139	4,011	12,243	89,393
Liabilities								
Current borrowings	19,445	243	–	19,688	15,336	209	–	15,545
Current derivatives	–	8	7	15	–	8	–	8
Current trade and other payables	46,168	3,078	4,990	54,236	46,356	1,063	10,863	58,282
Non-current borrowings	22,189	–	–	22,189	29,448	–	–	29,448
Other non-current liabilities	4,022	1,973	–	5,995	1,179	3,777	–	4,956
	91,824	5,302	4,997	102,123	92,319	5,057	10,863	108,239

Company	2014 Sterling £'000	2014 US Dollar £'000	2014 Euro £'000	2014 Total £'000	2013 Sterling £'000	2013 US Dollar £'000	2013 Euro £'000	2013 Total £'000
Assets								
Non-current receivables	500	–	–	500	–	–	–	–
Current trade and other receivables	29,124	4,451	237	33,812	25,778	2,413	–	28,191
Cash and cash equivalents	8,368	399	55	8,822	16,232	159	3,431	19,822
	37,992	4,850	292	43,134	42,010	2,572	3,431	48,013
Liabilities								
Current borrowings	1,553	–	–	1,553	969	321	–	1,290
Current trade and other payables	1,302	–	–	1,302	1,625	–	–	1,625
Non-current borrowings	12,047	–	–	12,047	15,822	–	–	15,822
	14,902	–	–	14,902	18,416	321	–	18,737

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 5% weakening or strengthening in Sterling against the Euro and a 10% weakening or strengthening in Sterling against other currencies represents reasonable possible changes.

	2014 5%/10% weakening £'000	2014 5%/10% strengthening £'000	2013 5%/10% weakening £'000	2013 5%/10% strengthening £'000
Impact on profit after taxation	389	(333)	878	(732)
Impact on total equity	1,502	(1,275)	1,198	(1,267)

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 %	2014 £'000	Weighted average effective interest rate %	2013 £'000
Bank overdrafts	5.08	243	5.75	209
Bank loans and other borrowings	2.13	30,138	2.76	32,174
Other loans	—	1,000	—	1,225
Finance lease liabilities	2.10	10,496	8.40	11,385
		41,877		44,993
Fixed rate		10,496		11,385
Floating rate		30,381		32,383
Non-interest bearing		1,000		1,225
		41,877		44,993

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

Bank overdrafts	US prime rate + 1.0% margin; US prime rate + 2.25% margin
Bank loans and other borrowings	Libor + 1.8%; Libor + 2.25%; Libor + 2.0%; Bank of England base rate + 1.25% margin

Company	Weighted average effective interest rate %	2014 £'000	Weighted average effective interest rate %	2013 £'000
Bank loans	2.40	13,427	3.02	16,611
Loans from Group undertakings	3.00	173	1.76	501
Floating rate		13,600		17,112

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

Bank loans	Libor + 1.8%

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.

	2014		2013	
	1% decrease £'000	1% increase £'000	1% decrease £'000	1% increase £'000
Impact on profit after taxation	312	(312)	117	(117)
Impact on total equity	312	(312)	117	(117)

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.

	2014					2013				
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	Over five years £'000
Bank overdrafts	243	243	—	—	—	209	209	—	—	—
Bank loans and other borrowings	31,530	17,068	2,227	12,235	—	32,982	13,883	17,716	1,383	—
Other loans	1,000	500	500	—	—	1,225	—	—	1,225	—
Finance lease liabilities	11,590	2,602	2,196	5,312	1,480	12,747	2,463	2,100	5,089	3,095
Derivatives	15	15	—	—	—	8	8	—	—	—
Trade and other payables	53,061	53,061	—	—	—	57,519	57,519	—	—	—
Other non-current liabilities	5,995	—	4,367	1,628	—	4,956	—	—	4,956	—
	103,434	73,489	9,290	19,175	1,480	109,646	74,082	19,816	12,653	3,095

	2014				2013			
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	13,427	1,380	546	11,501	17,270	1,317	15,953	—
Loans from Group undertakings	173	173	—	—	501	501	—	—
Trade and other payables	855	855	—	—	1,368	1,368	—	—
	14,455	2,408	546	11,501	19,139	3,186	15,953	—

23 Derivatives and other financial instruments (continued)

Future minimum lease payments of finance leases

Group	2014 £'000	2013 £'000	Repayment profile 2014 £'000	Repayment profile 2013 £'000
Amount payable:				
Within one year	**2,602**	2,463	**2,234**	2,074
In the second year	**2,196**	2,100	**1,923**	1,789
In the third to fifth years inclusive	**5,312**	5,089	**4,881**	4,527
Over five years	**1,480**	3,095	**1,458**	2,995
	11,590	12,747	**10,496**	11,385
Less: future finance charges	**(1,094)**	(1,362)		
Present value of lease obligations	**10,496**	11,385		

The Company has no finance lease obligations (2013: none).

Borrowing facilities

The Group has various undrawn committed facilities. The undrawn facilities available at 30 August 2014, in respect of which all conditions precedent had been met, were as follows:

	2014 Floating rate £'000	2013 Floating rate £'000
Expiring in one year or less	**12,449**	17,853
Expiring within two and five years inclusive	**5,000**	—
	17,449	17,853

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 30 August 2014 the Group had net debt of £24.6 million (2013: £22.1 million) and gearing of 27.4% (2013: 28.3%).

The Group monitors cash balances and net debt on a daily basis to ensure adequate headroom exists on banking facilities and that it is compliant with banking covenants.

Fair value hierarchy

IFRS 13 requires financial instruments that are measured at fair value to be classified according to the valuation technique used:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3 – unobservable inputs

All derivative financial instruments are measured at fair value using Level 2 inputs. There were no transfers between levels in the above hierarchy in either the current or prior period.

The Group holds shares in several private limited companies. These have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost less accumulated impairment. Had fair value been applied this financial asset would have been Level 3.

23 Derivatives and other financial instruments (continued)

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.

Derivative financial instruments

Hedge of net investment in foreign subsidiaries

The Group hedges foreign denominated borrowings against its investment in foreign subsidiaries. A foreign exchange pre-tax loss of £174,000 (2013: £142,000) was recognised in equity during the year on translation of US dollar denominated borrowings to sterling. A foreign exchange pre-tax loss of £2,000 (2013: £223,000) was recognised in equity during the year on translation of Euro denominated borrowings 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:

Group	2014 Fair value £'000	2014 Contractual or notional amount £'000	2013 Fair value £'000	2013 Contractual or notional amount £'000
At beginning of period	**(6)**	**2,120**	(239)	7,693
(Losses)/gains during the period	**(9)**	**(1,605)**	233	(5,573)
At end of period	**(15)**	**515**	(6)	2,120
Included within:				
Current assets	**–**	**–**	2	399
Current liabilities	**(15)**	**515**	(8)	1,721
	(15)	**515**	(6)	2,120

The Company has no forward foreign currency contracts (2013: 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:

Group and Company	2014 Fair value £'000	2014 Contractual or notional amount £'000	2013 Fair value £'000	2013 Contractual or notional amount £'000
At beginning of period	**–**	**–**	(70)	4,042
Gains during the period	**–**	**–**	70	(4,042)
At end of period	**–**	**–**	–	–

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 £635,000 (2013: £510,000). Contributions totalling £41,000 (2013: £33,000) were payable to the fund at the period end and are included in other payables.

The defined benefit section of the scheme is closed to new members. The pension contribution made by the Group over the period to the defined benefit section was £2,806,000 (2013: £2,867,000). Contributions to the scheme for the year ending August 2015 are expected to be £2,720,000.

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 £229,000 (2013: £228,000).

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 30 August 2014 by a qualified independent actuary.

Major assumptions:

	2014 %	2013 %
Inflation (RPI)	3.00	3.30
Inflation (CPI)	2.10	2.50
Salary increases	2.55	3.30
Rate of discount	4.00	4.60
Pension in payment increases:		
RPI or 5.0% per annum if less	2.90	3.20
RPI or 5.0% per annum if less, minimum 3.0% per annum	3.50	3.60

The mortality tables used in the valuation as at 30 August 2014 are 100% of S2PMA (males) and S2PFA (females) with allowance for mortality improvements using CMI_2013 with a 1.25%pa underpin. The mortality assumptions adopted imply the following life expectancies at age 65 as at 30 August 2014:

	At 30 August 2014	At 31 August 2013
Males currently age 45	24.1 years	25.0 years
Females currently age 45	26.5 years	27.2 years
Males currently age 65	22.4 years	22.7 years
Females currently age 65	24.6 years	24.7 years

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

	2014 £'000	2013 £'000
Service cost - including current service costs, past service costs and settlements	430	425
Service cost - administrative cost	170	82
Net interest on the net defined benefit liability	87	185
Total expense	687	692

24 Retirement benefit obligation (continued)

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

	2014 £'000	2013 £'000
Cost of sales	306	313
Administrative expenses	381	379
Total expense	687	692

Remeasurements of the net defined benefit asset/(liability) to be shown in the Statement of Comprehensive Income:

	2014 £'000	2013 £'000
Net measurement - financial	(3,147)	(2,762)
Net measurement - demographic	1,667	—
Net measurement - experience	335	(571)
Return on assets, excluding interest income	4,354	3,237
Total remeasurement of the net defined benefit asset/(liability)	3,209	(96)

Amounts included in the Balance Sheet:

	2014 £'000	2013 £'000
Present value of funded defined benefit obligations	(61,948)	(59,509)
Fair value of scheme assets	64,004	56,237
Surplus/(deficit) in funded scheme	2,056	(3,272)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2014 £'000	2013 £'000
Benefit obligation at the beginning of the period	59,509	55,472
Service cost	430	425
Interest cost	2,696	2,410
Contributions by scheme participants	266	300
Net measurement losses - financial	3,147	2,762
Net measurement gains - demographic	(1,667)	—
Net measurement (gains)/losses - experience	(335)	571
Benefits paid	(2,098)	(2,431)
Benefit obligation at the end of the period	61,948	59,509

Reconciliation of opening and closing balances of the fair value of scheme assets:

	2014 £'000	2013 £'000
Fair value of scheme assets at the beginning of the period	56,237	50,121
Interest income on scheme assets	2,609	2,225
Return on assets, excluding interest income	4,354	3,237
Contributions by employers	2,806	2,867
Contributions by scheme participants	266	300
Benefits paid	(2,098)	(2,431)
Scheme administrative cost	(170)	(82)
Fair value of scheme assets at the end of the period	64,004	56,237

24 Retirement benefit obligation (continued)

Analysis of the scheme assets and actual return:

	Fair value of assets 2014 £'000	2013 £'000
Equity instruments	**32,524**	29,024
Debt instruments	**26,276**	22,292
Property	**5,038**	4,409
Other assets	**166**	512
	64,004	56,237
Actual return on scheme assets	**6,963**	5,380

Sensitivity analysis

A sensitivity analysis of the principal assumptions used to measure the scheme liabilities:

	Change in assumption	Impact on scheme liabilities 30 August 2014
Discount rate	Increase by 0.25%	**Decrease by £2.2 million**
Rate of inflation	Increase by 0.25%	**Increase by £1.7 million**
Assumed life expectancy at age 65	Increase by 1 year	**Increase by £1.9 million**

Extrapolation or combination of the sensitivity analysis beyond the ranges shown may not be appropriate.

Characteristics of the Scheme and the risks associated with the Scheme

a) Information about the characteristics of the Scheme

i. The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to member's final salary at retirement and their length of service.

ii. The Plan is a registered scheme under UK legislation and is contracted out of the State Second Pension.

The plan is subject to the scheme funding requirements outlined in UK legislation. The last scheme funding valuation of the Scheme was as at 31 December 2011 and revealed a deficit of £9.9 million. In the recovery plan dated August 2012 the Employer has agreed to pay contributions of £195,000 per month with the view to eliminating the shortfall by 31 December 2015.

In line with previous years there is no additional liability recognised on the balance sheet as a result of the recovery plan dated August 2012.

iii. The Scheme was established under trust and is governed by the Scheme's trust deed and rules dated June 2008. The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Employer.

b) Information about risks of the Scheme to the Employer

In general, the risk to the Employer is that the assumptions underlying the disclosures, or the the calculation of contribution requirements are not borne out in practice and the cost to the Employer is higher than expected. This could result in higher contributions required from the Employer and a higher deficit disclosed. This may also impact the Employer's ability to grant discretionary benefits or other enhancements to members.

i. The return on the Scheme's assets being lower than assumed, resulting in an unaffordable increase in the required Employer contribution rate.

ii. Falls in asset values (particularly equities) not being matched by similar falls in the value of liabilities.

iii. Unanticipated future changes in mortality patterns leading to an increase in the Scheme's liabilities. Future mortality rates cannot be predicted with certainty. This is especially so bearing in the mind that the youngest Scheme members could be expected to still be alive in 50 years or more and it is not possible to reliably predict what medical advances may or may not have occurred by this time. The average duration of the Scheme's liabilities is approximately 16 years.

iv. The potential exercise (by members or others) of options against the Scheme for example taking early retirement or exchanging a portion of pension for a cash lump sum.

24 Retirement benefit obligation (continued)

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 (2013: £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 £414,000 (2013: £383,000).

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 £22,946 (2013: £16,000).

25 Share capital

Group and Company	2014 Shares	2014 £'000	2013 Shares	2013 £'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	8,890,230	2,223	8,876,182	2,219
Allotment of shares	49,960	12	14,048	4
At end of period	8,940,190	2,235	8,890,230	2,223

The consideration received on the allotment of shares during the period was £283,000 (2013: £68,000).

For details of share based payment schemes see note 26.

Since the period end there was a further allotment of 3,630 shares with a nominal value of £908 due to the exercise of share options.

26 Share-based payments

Group

The Group operates three active share based payment schemes at 30 August 2014.

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 May 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. For the awards granted in November 2013 an average annual growth of EPS must exceed 3.0% for 25% of the awards to vest and 100% vest at 10.0%, with a straight line calculation between 25% and 100% of the award.

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 November 2013	Long Term Incentive Plan May 2013	Share Save Scheme (3-Year Plan 2014)	Share Save Scheme (5-Year Plan 2014)	Share Save Scheme (3-Year Plan 2011)	Share Save Scheme (5-Year Plan 2011)	Approved Executive Share Option Scheme 2006
Grant date	11/11/13	1/5/13	9/6/14	9/6/14	10/5/11	10/5/11	24/2/06
Share price at grant date (weighted average)	£16.83	£13.15	£18.70	£18.70	£7.20	£7.20	£4.76
Exercise price (weighted average)	£0.00	£0.00	£15.20	£15.20	£5.72	£5.72	£4.76
Number of employees	8	5	212	63	3	74	16
Shares under option	47,538	48,938	54,446	32,396	819	77,789	71,000
Vesting period (years)	3	3	3	5	3	5	3
Model used for valuation	Market value*	Market value*	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Binomial
Expected volatility	—	—	30.0%	26.9%	25.00%	24.00%	22.44%
Option life (years)	10	10	3.5	5.5	3.5	5.5	10
Expected life (years)	6.5	6.5	3.25	5.25	3.25	5.25	6.5
Risk-free rate	—	—	1.51%	2.07%	1.620%	2.450%	4.224%
Expected dividends expressed as a dividend yield	3.02%	2.42%	1.93%	1.93%	3.90%	3.90%	3.36%
Expectations of vesting	100%	100%	95%	95%	100%	95%	100%
Expectations of meeting performance criteria	50%	100%	N/A	N/A	N/A	N/A	100%
Fair value per option	£15.97	£12.37	£4.90	£5.29	£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.

26 Share-based payments (continued)

Number of options

	Long Term Incentive Plan November 2013 Number '000	Long Term Incentive Plan May 2013 Number '000	Share Save Scheme (3-Year Plan 2014) Number '000	Share Save Scheme (5-Year Plan 2014) Number '000	Share Save Scheme (3-Year Plan 2011) Number '000	Share Save Scheme (5-Year Plan 2011) Number '000	Approved Executive Share Option Scheme 2006 Number '000
Outstanding:							
At 2 September 2012	—	—	—	—	51	86	87
Granted in the period	—	49	—	—	—	—	—
Exercised in the period	—	—	—	—	—	—	(13)
Forfeited in the period	—	—	—	—	(2)	(8)	—
At 31 August 2013	**—**	**49**	**—**	**—**	**49**	**78**	**74**
Granted in the period	**48**	**—**	**54**	**32**	**—**	**—**	**—**
Exercised in the period	**—**	**—**	**—**	**—**	**(48)**	**—**	**(3)**
Forfeited in the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 30 August 2014	**48**	**49**	**54**	**32**	**1**	**78**	**71**
Exercisable:							
At 31 August 2013	—	—	—	—	—	—	74
At 30 August 2014	**—**	**—**	**—**	**—**	**1**	**—**	**71**
Weighted average:							
Remaining contractual life (years)	**9.00**	**8.00**	**3.25**	**5.25**	**0.25**	**2.25**	**1.50**
Remaining expected life (years)	**5.50**	**4.50**	**3.00**	**5.00**	**—**	**2.00**	**—**

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

	2014 £'000	2013 £'000
Long Term Incentive Plan November 2013	**127**	—
Long Term Incentive Plan May 2013	**202**	202
Share Save Scheme (3-Year Plan 2014)	**21**	—
Share Save Scheme (5-Year Plan 2014)	**8**	—
Share Save Scheme (3-Year Plan 2011)	**20**	22
Share Save Scheme (5-Year Plan 2011)	**23**	20
	401	244

26 Share-based payments (continued)

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:

	2014 £'000	2013 £'000
Long Term Incentive Plan November 2013	83	—
Long Term Incentive May Plan 2013	137	137
Share Save Scheme (3-Year Plan 2014)	3	—
Share Save Scheme (3-Year Plan 2011)	5	5
Share Save Scheme (5-Year Plan 2011)	1	1
	229	143

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

	2014 £'000	2013 £'000
Long Term Incentive Plan November 2013	44	—
Long Term Incentive Plan May 2013	130	65
Share Save Scheme (3-Year Plan 2014)	18	—
Share Save Scheme (5-Year Plan 2014)	8	—
Share Save Scheme (3-Year Plan 2011)	1	41
Share Save Scheme (5-Year Plan 2011)	74	49
Approved Executive Share Option Scheme 2006	64	67
Total carrying amount of investments	339	222

27 Acquisitions

Chirton Engineering Limited

On 8 April 2014 Carrs Engineering Limited acquired the entire issued share capital of Chirton Engineering Limited for cash consideration of £5,300,000. £2,394,000 of this is contingent consideration and is payable subject to certain growth criteria being met subsequent to the acquisition.

The principal activity of Chirton Engineering Limited is that of precision engineering.

The primary reason for the business combination was that the acquired business complimented the existing engineering business enabling a wider set of skills to be offered to customers.

B.E. Williams Limited

On 27 July 2014 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of B.E. Williams Limited for cash consideration of £1,096,000.

The principal activity of B.E. Williams Limited is that of the supply and haulage of agricultural feed.

The primary reason for the business combination was that the acquired business complimented the existing agriculture business.

Silver Springs

In the prior period 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.

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.

27 Acquisitions (continued)

All of the above purchases have been accounted for as acquisitions. Given the size of the acquisitions no separate disclosure has been presented on the face of the consolidated income statement as the impact would not be material.

Aggregate disclosures

The total goodwill arising from acquisitions in the period amounts to £4,585,000 (2013: £16,000). Goodwill, in both the current and prior period, reflects the value of the employees, which under IFRS should not be recorded as a separately identifiable intangible asset on the consolidated balance sheet.

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

	2014 £'000	2013 £'000
Revenue	**2,312**	295
Profit/(loss) before taxation	**129**	(36)

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

Acquisition related costs amounted to £123,000, which have been recognised within administrative expenses in the consolidated income statement.

The aggregate assets and liabilities acquired are set out below:

	2014 Fair value £'000	2013 Fair value £'000
Intangible assets	**51**	—
Property, plant and equipment	**1,141**	565
Investment	**10**	—
Inventories	**677**	229
Receivables	**1,390**	—
Assets held for resale	**439**	—
Cash at bank	**222**	—
Payables	**(1,468)**	—
Finance Leases	**(555)**	—
Grants	**(52)**	—
Taxation		—
- Current	**4**	—
- Deferred	**(48)**	—
Net assets acquired	**1,811**	794
Goodwill	**4,585**	16
	6,396	810
Satisfied by:		
Cash consideration (2014 includes £131,000 unpaid by period end)	**4,002**	810
Contingent consideration	**2,394**	—
Total consideration	**6,396**	810

Intangible assets represents the fair value of customer relationships of B.E. Williams Limited. The fair value exercise on the acquisition of Chirton Engineering Limited resulted in no significant intangible assets being identified other than the value of employees, which is not permitted to be recognised on the balance sheet.

Assets held for resale were sold before the period end.

27 Acquisitions (continued)

Pro forma full year information

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

The unaudited pro forma summary below presents the Group as if the acquisitions had been acquired on 1 September 2013 (2013: 2 September 2012).

The pro forma amounts include the results of the acquisitions and the interest expense on the increase in net debt as a result of the acquisitions. 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.

	2014 £'000	2013 £'000
Revenue	**435,441**	469,607
Profit before taxation	**16,600**	15,804

28 Cash generated from/(used in) operations

	Group		**Company**	
	2014 £'000	(Restated) 2013 £'000	**2014 £'000**	(Restated) 2013 £'000
Profit for the period	**12,893**	12,315	**2,021**	10,073
Adjustments for:				
Tax	**3,660**	3,036	**(127)**	222
Tax credit in respect of R & D	**(102)**	—	**—**	—
Dividends received from subsidiaries	**—**	—	**(3,516)**	(11,445)
Depreciation of property, plant and equipment	**4,882**	5,165	**—**	—
Depreciation of investment property	**19**	62	**—**	—
Intangible asset amortisation	**193**	252	**—**	—
Profit on disposal of property, plant and equipment	**(104)**	(108)	**—**	—
Profit on disposal of investment	**—**	(14)	**—**	(14)
Amounts written off property, plant and equipment	**—**	7	**—**	—
Impairment of investment	**—**	—	**6**	—
Amortisation of grants	**(54)**	(50)	**—**	—
Net fair value loss on share based payments	**401**	244	**229**	143
Net foreign exchange differences	**160**	(220)	**246**	(196)
Net fair value losses/(gains) on derivative financial instruments in operating profit	**9**	(303)	**—**	(70)
Finance costs:				
Interest income	**(264)**	(513)	**(822)**	(1,008)
Interest expense and borrowing costs	**1,679**	1,354	**531**	633
Share of profit from associate and joint ventures	**(2,486)**	(2,819)	**—**	—
IAS19 income statement credit in respect of employer contributions (note 24)	**(2,806)**	(2,867)	**(2,806)**	(2,867)
IAS19 income statement charge (note 24)	**687**	692	**687**	692
Changes in working capital (excluding the effects of acquisitions):				
Decrease/(increase) in inventories	**807**	(6,088)	**—**	—
Decrease/(increase) in receivables	**4,880**	(5,699)	**101**	(259)
(Decrease)/increase in payables	**(7,329)**	2,787	**(227)**	(187)
Cash generated from/(used in) operations	**17,125**	7,233	**(3,677)**	(4,283)

29 Analysis of net debt

Group	At 1 September 2013 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	**At 30 August 2014 £'000**
Cash and cash equivalents	22,884	**(5,616)**	**–**	**–**	**17,268**
Bank overdrafts	(209)	**147**	**–**	**(181)**	**(243)**
	22,675	**(5,469)**	**–**	**(181)**	**17,025**
Loans and other borrowings:					
– current	(13,262)	**(160)**	**(3,789)**	**–**	**(17,211)**
– non-current	(20,137)	**2,475**	**3,735**	**–**	**(13,927)**
Finance leases:					
– current	(2,074)	**2,325**	**(2,485)**	**–**	**(2,234)**
– non-current	(9,311)	**–**	**1,049**	**–**	**(8,262)**
Net debt	(22,109)	**(829)**	**(1,490)**	**(181)**	**(24,609)**

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

Company	At 1 September 2013 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	**At 30 August 2014 £'000**
Cash and cash equivalents	19,822	**(10,929)**	**–**	**(71)**	**8,822**
Loans and other borrowings:					
– current	(1,290)	**3,529**	**(3,794)**	**2**	**(1,553)**
– non-current	(15,822)	**–**	**3,775**	**–**	**(12,047)**
Net cash/(debt)	2,710	**(7,400)**	**(19)**	**(69)**	**(4,778)**

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	**2014 £'000**	2013 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the accounts	**–**	1,662

The Company has no capital commitments (2013: none).

31 Other Financial Commitments

Group

At 30 August 2014 the Group had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2014 £'000	2013 £'000
Within one year	**520**	436
Within two and five years inclusive	**1,024**	575
	1,544	1,011

The Company has no commitments under non-cancellable operating leases (2013: 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 30 August 2014 amounted to £10,609,000 (2013: £15,832,000).

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 30 August 2014 was £1,267,000 (2013: £3,652,000).

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 30 August 2014 the contracts under guarantee that have still to be completed have a total contract value of £8,430,000 (2013: £nil).

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 (2013: £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 Remuneration Committee Report.

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Balances reported in the Balance Sheet				
Amounts owed by key management personnel (in a trading capacity):				
Trade receivables	**84**	74	**–**	–
Transactions reported in the Income Statement				
Revenue	**329**	417	**–**	–
Purchases	**–**	(8)	**–**	–

33 Related parties (continued)

Transactions with subsidiaries

	Company 2014 £'000	Company 2013 £'000
Balances reported in the Balance Sheet		
Amounts owed by subsidiary undertakings:		
Loans	**29,869**	24,662
Other receivables	**114**	123
	29,983	24,785
Amounts owed to subsidiary undertakings:		
Loans	**(173)**	(501)
Other payables	**(29)**	(26)
	(202)	(527)
Transactions reported in the Income Statement		
Management charges receivable	**2,351**	2,139
Dividends received	**3,516**	11,445
Interest receivable	**652**	655
Interest payable	**(2)**	(150)

Transactions with associate

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Balances reported in the Balance Sheet				
Amounts owed by associate:				
Non-current receivables	**500**	—	**500**	—
Trade and other receivables	**619**	84	**522**	8
	1,119	84	**1,022**	8
Amounts owed to associate:				
Trade and other payables	**(16,067)**	(15,191)	**(2)**	—
Transactions reported in the Income Statement				
Revenue	**1,148**	1,079	**—**	—
Rental income	**19**	19	**—**	—
Management charges receivable	**107**	46	**58**	42
Management charges payable	**(149)**	(97)	**—**	—
Purchases	**(98,526)**	(118,749)	**—**	—

33 Related parties (continued)

Transactions with joint ventures

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Balances reported in the Balance Sheet				
Amounts owed by joint ventures: Trade and other receivables	**3,497**	3,628	**2,895**	2,871
Amounts owed to joint ventures: Trade and other payables	**(5)**	(3)	**–**	–

Included within Group trade and other receivables is £3,459,000 (2013: £3,512,000) in respect of loans owed by joint ventures.

Included within Company trade and other receivables is £2,888,000 (2013: £2,833,000) in respect of loans owed by joint ventures.

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Transactions reported in the Income Statement				
Revenue	**114**	59	**–**	–
Management charges receivable	**146**	100	**–**	–
Purchases	**(274)**	(374)	**–**	–

Transactions with other related parties

Other loans of £500,000 (2013: £1,225,000) included within non-current borrowings and £500,000 (2013: £nil) included within 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 and unsecured. Edward Billington and Son Limited has a 49% shareholding in Carrs Billington Agriculture (Sales) Limited.

34. Post balance sheet event

On 20 October 2014, after the period end, the Group completed the acquisition of the entire issued share capital of W M Nicholls (Crickhowell) Limited, a manufacturer of animal feed.

The net cash consideration paid was £1.1 million.

The primary reason for the business combination was the expansion of the existing Agriculture business.

Given that this has been a recent acquisition the assets and liabilities at completion have yet to be finalised.

35. Restatement of prior period financial statements

The Group has adopted 'Amendment to IAS19: (revised 2011) Employee benefits' with effect from 1 September 2013. The effect on the financial statements for the period ended 31 August 2013 is as follows.

	IAS 19 adjustments £'000
Consolidated income statement	
Net operating expenses	(470)
Group operating profit	(470)
Share of post-tax profit in associate and joint ventures	(50)
Profit before taxation	(520)
Taxation	94
Profit for the period	(426)
Earnings per share	
Basic	(4.8)
Diluted	(4.7)
Consolidated statement of comprehensive income	
Profit for the period	(426)
Actuarial (losses)/gains on retirement benefit obligation – Group	470
Actuarial (losses)/gains on retirement benefit obligation – Share of associate	62
Taxation credit/(charge) on actuarial movement on retirement benefit obligation – Group	(94)
Taxation credit/(charge) on actuarial movement on retirement benefit obligation – Share of associate	(12)
Other comprehensive (expense)/income for the period, net of tax	426
Cash generated from/(used in) operations	
Profit the period	(426)
Tax	(94)
Share of profit from associate and joint ventures	50
IAS 19 income statement charge	470
Cash generated from/(used in) operations	–

The change in accounting policy has not impacted the consolidated balance sheet or consolidated statement of cash flows.

Five Year Statement

Continuing operations Revenue and Results	2010 £'000	2011 £'000	2012 £'000	(Restated) 2013 £'000	**2014** **£'000**
Revenue	298,110	373,318	404,058	468,083	**428,956**
Group operating profit	7,445	9,156	12,071	13,337	**15,427**
Analysed as:					
Operating profit before non-recurring items	7,445	9,907	12,307	13,101	**15,550**
Non-recurring items	—	(751)	(236)	236	**(123)**
Group operating profit	7,445	9,156	12,071	13,337	**15,427**
Profit on the disposal of property and investment	—	—	282	—	**—**
Finance income	404	410	673	513	**264**
Finance costs	(1,224)	(1,332)	(1,348)	(1,318)	**(1,624)**
Share of post-tax profit in associate and joint ventures	799	1,776	1,381	2,819	**2,486**
Profit before taxation	7,424	10,010	13,059	15,351	**16,553**
Taxation	(1,663)	(1,973)	(2,954)	(3,036)	**(3,660)**
Profit for the period from continuing operations	5,761	8,037	10,105	12,315	**12,893**
Profit/(loss) for the period from discontinued operations	1,074	16,598	(202)	—	**—**
Profit for the period	6,835	24,635	9,903	12,315	**12,893**
Ratios (continuing operations)					
Operating margin (excluding non-recurring items)	2.5%	2.7%	3.0%	2.8%	**3.6%**
Return on net assets (excluding non-recurring items and amortisation)	19.4%	17.9%	19.9%	19.7%	**18.8%**
Earnings per share – basic	51.9p	77.0p	98.2p	123.9p	**127.8p**
– adjusted	53.5p	88.4p	101.5p	123.9p	**130.8p**
Dividends per ordinary share	24.0p	26.0p	29.0p	32.0p	**34.0p**

Net assets employed	2010 £'000	2011 £'000	2012 £'000	2013 £'000	**2014 £'000**
Non-current assets					
Goodwill	4,336	4,558	5,199	5,215	**9,798**
Other intangible assets	1,362	1,029	728	615	**499**
Property, plant and equipment	32,588	31,519	37,158	53,068	**56,626**
Investment property	699	764	1,005	675	**656**
Investments	5,018	6,832	8,081	10,395	**11,796**
Financial assets					
– Non-current receivables	5	2	2	1	**501**
Retirement benefit asset	—	—	—	—	**2,056**
Deferred tax assets	3,924	2,519	2,480	2,044	**1,507**
	47,932	47,223	54,653	72,013	**83,439**
Current assets					
Inventories	27,015	22,793	27,128	33,445	**33,315**
Trade and other receivables	48,810	56,988	59,651	66,434	**63,623**
Current tax assets	303	9	—	178	**47**
Financial assets					
– Derivative financial instruments	—	—	—	2	**—**
– Cash and cash equivalents	13,695	33,282	23,294	22,884	**17,268**
	89,823	113,072	110,073	122,943	**114,253**
Total assets	137,755	160,295	164,726	194,956	**197,692**
Current liabilities					
Financial liabilities					
– Borrowings	(11,478)	(26,436)	(14,176)	(15,545)	**(19,688)**
– Derivative financial instruments	(127)	—	(309)	(8)	**(15)**
Trade and other payables	(49,468)	(53,469)	(56,108)	(58,282)	**(54,236)**
Current tax liabilities	(1,129)	(1,688)	(1,552)	(1,639)	**(1,631)**
	(62,202)	(81,593)	(72,145)	(75,474)	**(75,570)**
Non-current liabilities					
Financial liabilities					
– Borrowings	(17,732)	(2,274)	(11,573)	(29,448)	**(22,189)**
Retirement benefit obligation	(10,745)	(5,960)	(5,351)	(3,272)	**—**
Deferred tax liabilities	(4,960)	(4,007)	(3,733)	(3,765)	**(4,111)**
Other non-current liabilities	(2,797)	(3,617)	(4,064)	(4,956)	**(5,995)**
	(36,234)	(15,858)	(24,721)	(41,441)	**(32,295)**
Total liabilities	(98,436)	(97,451)	(96,866)	(116,915)	**(107,865)**
Net assets	39,319	62,844	67,860	78,041	**89,827**

Directory of Operations

Carr's Milling Industries PLC
Old Croft, Stanwix, Carlisle,
Cumbria CA3 9BA
Tel: 01228 554600
Fax: 01228 554601
Website: www.carrs-milling.com

Animal Feed Supplement, Inc
East Highway 212,
PO Box 188, Belle Fourche,
South Dakota 57717 USA
Tel: 001 605 892 3421
Fax: 001 605 892 3473

Animal Feed Supplement, Inc
PO Box 105, 101 Roanoke
Avenue, Poteau, Oklahoma
74953 USA
Tel: 001 918 647 8133
Fax: 001 918 647 7318

Animal Feed Supplement, Inc
PO Box 569, 1700 US 50 East,
Silver Springs, Nevada 89429
Tel: 001 775 577 2002
Fax: 001 775 577 4625

Caltech
Solway Mills, Silloth, Wigton,
Cumbria CA7 4AJ
Tel: 016973 32592
Fax: 016973 32339

Scotmin
13 Whitfield Drive, Heathfield
Ind Est, Ayr KA8 9RX
Tel: 01292 280 909
Fax: 01292 280 919

Aminomax
Old Croft, Stanwix, Carlisle
Tel: 01228 554 600
Fax: 01228 554 601

Gold-Bar Feed Supplements LLC*
783 Eagle Boulevard, Shelbyville,
TN 37160, USA
Tel: 001 877 618 6455
Fax: 001 877 618 6489

Crystalyx Products GmbH*
Am Stau 199-203, 26122,
Oldenburg, Germany
Tel: 00 49 441 2188 92142
Fax: 00 49 441 2188 92177

ACC Feed Supplement LLC*
5101 Harbor Drive,
Sioux City, Iowa 51111
Tel: 001 712 255 6927
Fax: 001 712 252 4845

Carrs Billington Agriculture (Operations)**
Warren Road, Brecon,
Powys LD3 8EF
Tel: 01874 623 470

Carrs Billington Agriculture (Operations)**
Parkhill Road, Kingstown Ind Est,
Carlisle CA3 0EX
Tel: 01228 529 021
Fax: 01228 554 397

Carrs Billington Agriculture (Operations)**
Lansil Way, Lancaster LA1 3QY
Tel: 01524 597 200
Fax: 01524 597 229

Carrs Billington Agriculture (Operations)**
High Mill, Langwathby,
Penrith CA10 1NB
Tel: 01768 889 800
Fax: 01768 889 887

Carrs Billington Agriculture (Operations)**
Cold Meece, Stone ST15 0QW
Tel: 01785 760 535
Fax: 01785 760 888

Carrs Billington Agriculture (Sales), Annan
Annan Business Park, Annan,
Dumfriesshire DG12 6TZ
Tel: 01461 202 772
Fax: 01461 202 712

Carrs Billington Agriculture (Sales), Appleby
Crosscroft Industrial Estate,
Appleby, Cumbria CA16 6HX
Tel: 01768 352 999

Carrs Billington Agriculture (Sales), Askrigg
Uredale Mill, Askrigg, Leyburn,
North Yorkshire DL8 7HZ
Tel: 01969 650 229
Fax: 01969 650 770

Carrs Billington Agriculture (Sales), Barnard Castle
Montalbo Road, Barnard Castle,
Co Durham DL12 8ED
Tel: 01833 637 537
Fax: 01833 638 010

Carrs Billington Agriculture (Sales), Bakewell
Unit 4-6, Kingfisher Building,
Buxton Road, Bakewell,
Derbyshire DE45 1GZ
Tel: 01629 814 126
Fax: 01629 814 804

Carrs Billington Agriculture (Sales), Berwick upon Tweed
29 Northumberland Road,
Berwick upon Tweed,
Northumberland TD15 2AS
Tel: 01289 307 245
Fax: 01289 305 727

Carrs Billington Agriculture (Sales), Brock
Brockholes Way, Claughton
Trading Estate, Lancaster Old
Road, Claughton on Brock,
Preston PR3 0PZ
Tel: 01995 643 200
Fax: 01995 643 220

Carrs Billington Agriculture (Sales), Carlisle
Montgomery Way, Rosehill
Estate, Carlisle CA1 2UY
Tel: 01228 520 212
Fax: 01228 817 800

Carrs Billington Agriculture (Sales), Cockermouth
Unit 5, Lakeland Agricultural
Centre, Cockermouth CA13 0QQ
Tel: 01900 824 105
Fax: 01900 826 860

Carrs Billington Agriculture (Sales) t/a Nicholls Agriculture, Crickhowell
Ty-Berllan Mill, High Street,
Crickhowell, Powys NP8 1BW
Tel: 01873 811 255

Carrs Billington Agriculture (Sales), Gisburn
Pendle Mill, Mill Lane, Gisburn,
Clitheroe, Lancashire BB7 4LN
Tel: 01200 445 491
Fax: 01200 445 305

Carrs Billington Agriculture (Sales), Hawes
Burtersett Road, Hawes,
North Yorkshire DL8 3NP
Tel: 01969 667 334
Fax: 01969 667 335

Carrs Billington Agriculture (Sales), Hexham
Tyne Mills Industrial Estate,
Hexham, Northumberland
NE46 1XL
Tel: 01434 605 371
Fax: 01434 608 938

Carrs Billington Agriculture (Sales), Jedburgh
Mounthooly, Crailing,
Jedburgh, TD8 6TJ
Tel: 01835 850 250
Fax: 01835 850 748

Carrs Billington Agriculture (Sales), Kendal
Unit 1, J36, Rural Auction
Centre, Crooklands, Kendal,
Cumbria LA7 7FP
Tel: 01539 566 035
Fax: 01539 566 042

Carrs Billington Agriculture (Sales), Leek
Macclesfield Road, Leek,
Staffordshire ST13 8NR
Tel: 01538 383 277
Fax: 01538 385 731

Carrs Billington Agriculture (Sales), Malton
31 Horsemarket, Malton,
North Yorkshire YO17 7NB
Tel: 01653 600 328
Fax: 01653 690 338

Carrs Billington Agriculture (Sales), Milnathort
Stirling Road, Milnathort,
Kinross KY13 9UZ
Tel: 01577 862 381
Fax: 01577 863 057

Carrs Billington Agriculture (Sales), Morpeth
20c Coopies Lane
Industrial Estate, Morpeth,
Northumberland NE61 6JN
Tel: 01670 503 930
Fax: 01670 504 404

Carrs Billington Agriculture (Sales), Penrith
Haweswater Road, Penrith
Industrial Estate, Penrith,
Cumbria CA11 9EH
Tel: 01768 862 160
Fax: 01768 899 345

Carrs Billington Agriculture (Sales), Perth
17/18 Arran Place, Arran Road,
Perth PH1 3RN
Tel: 01738 643 022
Fax: 01738 442 122

Carrs Billington Agriculture (Sales), Selkirk
The Old Pump House,
Dunsdale Road, Selkirk,
Selkirkshire TD7 5EB
Tel: 01750 720 734
Fax: 01750 722 725

Carrs Billington Agriculture (Sales), t/a B.E. Williams, Sennybridge
Station Court, Sennybridge,
Powys LD3 8RR
Tel: 01874 636 711
Fax: 01874 638 902

Carrs Billington Agriculture (Sales), Settle
Unit 6, The Sidings Industrial
Estate, Settle, North Yorkshire
BD24 9RP
Tel: 01729 825 812
Fax: 01729 825 812

Carrs Billington Agriculture (Sales), Skipton
Skipton Auction Mart,
Gargrave Road, Skipton,
North Yorkshire BD23 1UD
Tel: 01756 792 166
Fax: 01756 701 008

Registered Office and Advisers

Carrs Billington Agriculture (Sales), Spennymoor
Southend Works, Byers Green,
Spennymoor, Co. Durham,
DL16 7NL
Tel: 01388 662 266
Fax: 01388 603 743

Carrs Billington Agriculture (Sales), Stirling
Stirling Agricultural Centre,
Stirling FK9 4RN
Tel: 01786 474 826
Fax: 01786 472 933

Carrs Billington Agriculture (Sales), Wooler
Bridge End, South Road,
Wooler, Northumberland,
NE71 6QE
Tel: 01668 281 567
Fax: 01668 283 453

Workware
Kingstown Broadway,
Kingstown Industrial Estate,
Carlisle CA3 0HA
Tel: 01228 591 091
Fax: 01228 590 026

Wallace Oils, Carlisle
Kingstown Broadway,
Kingstown Industrial Estate,
Carlisle CA3 0HA
Tel: 01228 534 342
Fax: 01228 590 820

Johnstone Wallace Fuels, Castle Douglas
Abercromby Industrial Park,
Castle Douglas, Dumfriesshire,
DG7 1BA

Johnstone Wallace Fuels, Dumfries
Dargavel Stores, Lockerbie Road,
Dumfries, Dumfriesshire DG1 3PG
Tel: 01387 750 747
Fax: 01387 750 747

Johnstone Wallace Fuels, Stranraer
Droughduil, Dunragit,
Stranraer DG9 8QA
Tel: 01581 400 356
Fax: 01581 400 356

Afgritech LLC*
200 Willow Street, Watertown,
New York 13601, USA
Tel: 001 315 785 3625
Fax: 001 315 785 3627

Bibby Agriculture*
Priory House, Priory Street,
Carmarthen SA31 1NE
Tel: 01267 232 041
Fax: 01267 232 374

Bibby Agriculture*
1A Network House,
Badgers Way,
Oxon Business Park,
Shrewsbury, Shropshire,
SY3 5AB
Tel: 01743 237 890
Fax: 01743 351 552

Bendalls
Brunthill Road,
Kingstown Industrial Estate,
Carlisle CA3 0EH
Tel: 01228 526 246
Fax: 01228 525 634

R Hind
Kingstown Broadway,
Kingstown Industrial Estate,
Carlisle CA3 0HA
Tel: 01228 523 647
Fax: 01228 512 712

Carrs MSM
Unit 1 Spitfire Way, Hunts Rise,
South Marston Park, Swindon,
Wiltshire SN3 4TX
Tel: 01793 824 891
Fax: 01793 824 894

Chirton Engineering
Unit 3, West Chirton South
Industrial Estate, North Shields,
Tyne & Wear NE29 7TY
Tel: 0191 296 2020
Fax: 0191 296 2062

Wälischmiller Engineering GmbH
Schießstattweg 16, 88677
Markdorf, Germany
Tel: 0049 7544 95140
Fax: 0049 7544 951499

Carr's Flour, Silloth
Solway Mills, Silloth, Wigton,
Cumbria CA7 4AJ
Tel: 01697 333 700
Fax: 01697 332 543

Carr's Flour, Maldon
Station Road, Maldon,
Essex CM9 4LQ
Tel: 01621 852 696
Fax: 01621 854 525

Carr's Flour, Scotland
East Bridge, Kirkcaldy,
Fife KY1 2SR
Tel: 01592 267 191
Fax: 01592 641 805

Silloth Storage Company*
Station Road, Silloth,
Wigton, Cumbria,
CA7 4JQ

* joint venture company
** associate company

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

Chartered Accountants and Statutory Auditors
PricewaterhouseCoopers LLP
Central Square South,
Orchard Street,
Newcastle upon Tyne,
NE1 3AZ

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

Designed and produced by corporateprm, Edinburgh and London. www.corporateprm.co.uk

CARR'S MILLING INDUSTRIES PLC

Old Croft, Stanwix
Carlisle CA3 9BA

www.carrs-milling.com