7 December 2021

CARR'S GROUP PLC
("Carr's" or the "Group")

FULL YEAR RESULTS
For the year ended 28 August 2021

"A strong performance ahead of expectations"

Carr's (CARR.L), the Agriculture and Engineering Group, announces its full year results for the year ended 28 August 2021.

Financial highlights

Adjusted[1]	FY21	FY20 (restated)[2]	+/-
Revenue (£m)	**417.3**	395.6	**+5.5%**
Adjusted[1] operating profit (£m)	**17.6**	16.3	**+7.9%**
Adjusted[1] profit before tax (£m)	**16.6**	15.0	**+11.1%**
Adjusted[1] EPS (p)	**13.2**	12.0	**+10.0%**

Statutory	FY21	FY20 (restated)[2]	+/-
Revenue (£m)	**417.3**	395.6	**+5.5%**
Operating profit (£m)	**13.0**	12.3	**+6.1%**
Profit before tax (£m)	**12.1**	10.9	**+10.3%**
Basic EPS (p)	**8.3**	9.1	**-8.8%**
Dividend (p per share)	**5.00**	4.75	**+5.3%**
Net debt[3] (£m)	**10.0**	18.9	**-47.2%**

Commercial and strategic highlights

- Results ahead of Board's improved expectations, despite COVID-19 and oil price volatility
- Substantial increase in profitability of both Agriculture divisions:
  - Strong performance in Speciality Agriculture assisted by livestock prices in the UK and USA
  - Successful year in Agricultural Supplies with feed volumes, machinery revenues, and retail sales all improved
- Engineering adjusted operating profits marginally higher, despite lower oil prices and COVID-19 impact in Q1
- Year end Engineering order book 15.9% higher than prior year
- Very strong cash and net debt position
- Board remains confident in prospects of all divisions

Peter Page, Chairman, commented:

"The Group has delivered an excellent result ahead of the Board's original expectations, with increased profits across both Agriculture divisions and an enhanced order book for Engineering. In large part, this result stems from the unwavering commitment of all employees.

"The markets for both Agriculture and Engineering remain positive, and the Board therefore remains confident in the Group's prospects."

[1] Adjusted results are consistent with how business performance is measured internally and are presented to aid comparability of performance. Adjusting items are disclosed in note 3

[2] Prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021. Further details can be found in note 9

[3] Excluding leases. Further details of net debt can be found in note 8

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About Carr's Group plc:

Carr's is an international leader in manufacturing value added products and solutions, with market leading brands and robust market positions in Agriculture and Engineering, supplying customers in over 50 countries around the world. Carr's operates a decentralised business model that empowers operating subsidiaries enabling them to be competitive, agile, and effective in their individual markets whilst setting overall standards and goals.

Its Speciality Agriculture division manufactures and supplies feed blocks, minerals and boluses containing trace elements and minerals for livestock.

Its Agricultural Supplies division manufactures compound animal feed, distributes farm machinery and fuels, and runs a UK network of rural stores, providing a one-stop shop for the farming community.

Its Engineering division designs and manufactures pressure vessels, manufactures precision components from specialist steel alloys, manufactures robotic manipulators, and provides engineering design, assembly, and installation services for the nuclear, defence and oil & gas industries.

CHAIRMAN'S REVIEW

Overview

Carr's Group plc made good progress in the year ended 28 August 2021, financially, operationally, and in development of the organisation. Each of our divisions performed well. The Group delivered results ahead of the Board's expectations.

In the year, we separated the reporting of our Agricultural businesses into Speciality Agriculture and Agricultural Supplies to enable greater visibility on the key drivers of growth and the performance of each business.

All colleagues have been impressively resilient and committed throughout the year, despite the COVID-19 pandemic. They have dealt constructively with customer project delays and travel restrictions in the Engineering businesses, and worked hard to keep stores, fuel depots and manufacturing plants operating in the Agricultural businesses, whilst complying with new practices to minimise health risks. Many went to extraordinary lengths in support of customers. On behalf of the Board, I thank all colleagues for their positive approach to dealing with a constantly changing situation, including working from home with all the issues this brings such as poor broadband or lack of space, often coping with home schooling and caring for family at the same time.

Financial performance

Revenue for the year increased by 5.5% to £417.3m (2020: £395.6m). Adjusted operating profit increased by 7.9% to £17.6m (2020: restated £16.3m), with Speciality Agriculture contributing £9.5m (2020: restated £7.6m), Agricultural Supplies contributing £6.7m (2020: £5.8m), and Engineering contributing £3.9m (2020: £3.8m). Further details of the prior year restatement can be found in note 9.

Reported operating profit increased by 6.1% to £13.0m (2020: restated £12.3m). Adjusted operating profits are before amortisation of acquired intangible assets totalling £1.2m, restructuring and closure costs of £0.2m, ERP system implementation costs of £1.9m, an impairment charge of £2.1m, and the effect of the deferred rate tax change in the share of the associate's results of £0.2m, offset by adjustments to contingent consideration totalling £1.0m, giving a net total adjusting items of £4.6m.

Adjusted profit before tax increased 11.1% to £16.6m (2020: restated £15.0m) and reported profit before tax increased 10.3% to £12.1m (2020: restated £10.9m). Basic earnings per share decreased 8.8% to 8.3p (2020: restated 9.1p) and adjusted earnings per share increased 10.0% to 13.2p (2020: restated 12.0p). Net debt at 28 August 2021, excluding leases, was £10.0m (2020: £18.9m), driven by improved cash flow from operating activities.

Dividend

The Board is proposing a final dividend of 2.65 pence per share which, together with the interim dividends of 1.175 pence per share declared in April 2021 and 1.175 pence per share declared in July 2021, makes a total dividend for the year of 5.0 pence per share, 5.3% up on the prior year (2020: 4.75p). The final dividend, if approved by shareholders, will be paid on 26 January 2022, to shareholders on the register at close of business on 17 December 2021, and the shares will go ex-dividend on 16 December 2021.

Board changes

Tim Davies concluded his appointment as CEO at the AGM in January 2021. Subsequently, he continued to provide support during a valuable handover period. On behalf of the Board, I thank Tim for his substantial contribution during seven years leading the Group.

In succession, Hugh Pelham joined as CEO, bringing experience in the engineering sector and in international markets. An initial review of the Group followed which confirmed the underlying strengths of its businesses and identified opportunities for growth, leading to the separate reporting of our Agriculture businesses.

In October 2021, it was agreed that Hugh Pelham would leave the Company. The Board appreciates his contribution since January. On an interim basis, at the request of the Board, I have assumed the role of Executive Chairman, providing direction and strategic support to Neil Austin and the wider management team. The Board expects to appoint a new CEO during the current financial year, whereupon it is anticipated that I will revert to Non-Executive Chairman.

I would also like to thank Alistair Wannop for his service to the Group as a Non-Executive Director over the last 16 years. Alistair has continued to make his valuable knowledge of the agricultural sector and experience with Carr’s available to the Board during a period of transition in the last year. We wish him well for the future as he leaves the board at the AGM in January 2022. In September 2021, we announced that Kristen Eshak Weldon will not be standing for re-election at the January 2022 AGM, due to changes in her full-time role. The Board has initiated a process to identify and recruit a suitably qualified Non-Executive Director to join the Board in the early part of 2022.

Stakeholder engagement

During the year, each of the Non-Executive Directors visited different sites around the business and met with senior managers. During the summer of 2021, following the lifting of COVID-19 restrictions, I visited many depots, stores and manufacturing plants in the UK, meeting employees, customers, and strategic partners. I have also held discussions with a range of shareholders to ensure that the Board has a clear sense of stakeholder views. Our aim is that Directors will continue to visit locations individually to meet directly with our people, to complement feedback the Board receives from the Non-Executive Director responsible for employee engagement.

Due to COVID-19 restrictions, our AGM in January 2021 was held with the Directors in attendance only. To help keep shareholders informed, we released a video statement after the AGM which included an update on business performance and responses to questions submitted prior to the meeting. We plan to return to an ordinary AGM in January 2022, giving all shareholders the opportunity to engage with the Board directly.

In the spring of 2021, we consulted widely on executive remuneration following our AGM in January. Whilst our remuneration report was approved by a majority at the AGM, there was a high level of votes against approval. The Chair of the Remuneration Committee conducted a thorough engagement process. Feedback received and our response has been published on our website. More detail on this will be covered in the Directors’ Remuneration Report.

Environment, Social and Governance

The Board recognises the importance of Environmental, Social and Governance issues to all stakeholders and has begun the work needed to develop a comprehensive strategy at Group level. Whilst we have a strong foundation for governance and have made good progress in developing our social contribution, we are at the beginning of our environmental development as a Group. Several of our individual businesses have already made sound progress, which we will continue to build on. Sustainability will become integral to the Group’s core values and is being integrated into our strategy and the way we conduct business.

We will outline how our approach is developing in the Responsible Business section of our Annual Report and Accounts 2021 and will build upon this in future reports.

We conducted an externally facilitated Board evaluation during the year. It was reassuring to hear that we are working well in line with the requirements of the Corporate Governance Code in general, with some areas for improvement. This will be covered in more detail in our Corporate Governance Report. I am committed to maintaining high standards of governance and to ensure that the Board is functioning as effectively as possible.

In April 2021 the Audit Committee commenced a competitive tender process relating to the appointment of the Group's external auditor for the 2021/22 financial year. That process, which involved five firms and included incumbent auditor KPMG LLP, resulted in the Committee's recommendation that Grant Thornton UK LLP be appointed. That recommendation has now been approved by the Board, which will propose the appointment of Grant Thornton UK LLP as the Group's external auditor at the Group's next Annual General Meeting to be held in January 2022.

Development of future strategy

The Group's strategy is being developed against a backdrop of uncertainty, including the impact of COVID-19, raw material and energy price inflation, labour shortages, and global supply chain disruption.

Factors such as a diminishing geopolitical enthusiasm for global trade, the generational shift being seen in labour market dynamics, and real concern over the environmental impact of business in general, particularly ruminant agriculture, all herald a point of change.

We will incorporate environmental and social issues into the Group's strategy to ensure that we sustain the value we deliver to stakeholders in the long term. The need to reduce the impact of livestock farming on the environment is clear, providing opportunities for the Group's Agriculture businesses. Across Engineering, attractive opportunities in civil and defence sectors will become clearer as key decisions and commitments are confirmed by governments.

For our Agriculture and Engineering divisions, we are looking at the potential for growth alongside the skills and experience needed to manage them successfully.

Outlook

The Group is well-positioned in attractive markets for both Agriculture and Engineering, with good opportunities to grow in the UK and internationally. We continue to improve efficiency with investment in manufacturing processes and IT infrastructure.

Whilst all businesses face inflation headwinds in raw material supply chains, we see a positive outlook for the Group based upon the strength of livestock and milk prices across Agriculture and a growing order book in Engineering.

The Board remains confident in the Group's prospects across all divisions.

Peter Page.

Peter Page
Chairman

Group Performance Review

OVERVIEW

The Group delivered improved results, ahead of the Board's expectations, despite a backdrop of COVID-19 and oil price volatility. A substantial increase in profitability in the Speciality Agriculture and Agricultural Supplies divisions mitigated the impact of challenges seen in the early part of the year in our Engineering division due to low oil prices, travel restrictions and customer project delays.

Our health and safety performance improved with reductions in key indicators. This year we appointed a new Group HSE Director and engaged Marsh to undertake an external audit assessing safety standards and risks at a range of Group sites across all divisions and geographies. The audit identified that standards and reporting levels were good but recommended greater levels of consistency across the Group which will be a key objective in the year ahead.

Operational review

The Group is now managed in three operating divisions – Speciality Agriculture, Agricultural Supplies and Engineering – to give greater strategic and operational focus and to provide investors and other stakeholders with more insight to the financial performance of various parts of the Group.

The Speciality Agriculture division traded very well throughout the year, with strong livestock prices in the UK and the US underpinning demand. Feed block volumes were significantly ahead of the prior year, as were sales from the Animax product lines. Adjusted operating profit was £9.5m, up 25.0% on the prior year (2020: restated £7.6m).

Agricultural Supplies had a strong year. Conclusion of the agreement for the terms of the UK's exit from the European Union in late 2020 gave the market confidence. All elements of the business performed well. Adjusted operating profit was £6.7m, up 15.7% on the prior year (2020: £5.8m).

The Engineering division experienced some difficulties in the first quarter, with depressed oil prices reducing order intake in one part of the division, and lockdowns and international travel restrictions impacting the timing of on-site works and delivery on some contracts. Despite these challenges, adjusted operating profit was £3.9m, up marginally on the prior year (2020: £3.8m).

Central costs of £2.6m at adjusted operating profit level were £1.6m higher than the prior year. This was due to a change in provision for a non-recoverable debt, increased costs for performance-based remuneration, and CEO handover costs.

SPECIALITY AGRICULTURE

Speciality Agriculture comprises our businesses which manufacture and supply feed blocks, mineral supplements and trace element boluses to a global customer base from sites in the UK, Europe and USA.

Overview

This year saw a very strong performance for the division across all geographies. Overall, sales of feed blocks (including JVs) increased 12.3% compared to the prior year.

Sales of equine products, including Horslyx®, generated the highest revenue growth rates in the division, albeit from a smaller base. The equine market is becoming increasingly important for the Group, in all territories.

Animax performed well in the year, and ahead of the Board's expectations, driven by business development initiatives and cost efficiencies following two challenging years since its acquisition in 2018.

Financial Performance

	FY21 £m	FY20 (restated) £m	Change %
Revenue	68.5	61.9	+10.6
Adjusted operating profit	9.5	7.6	+25.0
Operating margin	13.9%	12.3%	+1.6

USA

Feed block volumes sold increased by 13.4% compared to the prior year. The impact of drought on farm incomes was mitigated by the easing of COVID-19 restrictions which increased demand for beef and helped firm up livestock prices. The USA is a fragmented market, providing opportunities to increase market share in our core territories through the strength of our brands. We are developing opportunities in Canada for beef and equine products.

We continue to invest in product innovation; particularly to incorporate novel ingredients into our products and in the development of environmentally friendly packaging. The introduction of vacuum control technology in our manufacturing process has enhanced product consistency and we are investing in a new ERP system which will be going live in 2022.

UK and Ireland

Lamb and beef prices remained strong in the UK, driven by greater certainty over Brexit combined with an increase in eating at home during COVID-19 restrictions. These factors, combined with more typical winter weather patterns during the year, have contributed to a significant growth in volumes for all products. Total sales volumes of feed blocks increased 10.8% versus the prior year.

At UK Dairy Day in September 2021, we launched a new range of Crystalyx® dairy feed block products. These are Crystalyx® products specifically formulated for dairy cattle, which deliver value to farmers by enhancing the performance of livestock from calf rearing through to milking.

The project to automate production at Animax is nearing completion and is expected to be fully operational in the current financial year. This will enhance product quality and production efficiency.

Europe

Our joint venture business in Germany, Crystalyx Products GmbH, performed in line with management expectations, with sales volumes growth of 6.0% versus the prior year. Following its launch into the poultry sector last year, Pick Block sales continue to grow, underpinned by an efficient and automated production process.

New Zealand

Sales volumes continued to grow in New Zealand, with a 12.4% increase seen compared to the prior year. Increasing freight costs and travel restrictions presented challenges in the year, but the region remains an attractive market opportunity which will continue to be developed.

Outlook

Demand for our products is robust underpinned by good livestock prices in the UK and USA and stable milk prices in the UK, which continues to drive farmer confidence.

There remains substantial opportunity to expand sales in North America and Europe, a strategic priority for the Group.

AGRICULTURAL SUPPLIES

Our Agricultural Supplies division includes our Carr's Billington branded agricultural stores, machinery, fuel, and compound feed business together with our joint venture business, Bibby Agriculture.

Overview

It has been a successful year for the Agricultural Supplies division, with a 15.7% growth in adjusted operating profit, despite significant increases in commodity prices. Total feed volumes, machinery revenues, and retail sales were all ahead of the prior year. An ongoing programme of modernisation and simplifying the product range continues to help margin improvement.

Financial performance

	FY21 £m	FY20 £m	Change %
Revenue	297.5	280.7	+6.0
Adjusted operating profit	6.7	5.8	+15.7
Operating margin	2.3%	2.1%	+0.2

Feed

Total feed volumes sold were 2.6% up on the prior year. Strong beef and lamb prices, resulting from an increase in home consumption of UK-sourced products, together with better milk prices, contributed to a favourable environment for our customers which helped in the recovery of higher raw material costs through increased pricing.

Machinery

An exceptionally good year for machinery sales delivered revenue growth of 8.3% against last year. We are now the leading seller of Massey Ferguson tractors in the UK following our focus on this brand, the strengthening of our sales team and enhanced after-sales service offering. The reach of our franchise was extended this year to include southern Scotland and we will be opening a new machinery depot and retail store in Stranraer in the current year. In 2021, a new machinery sales operation was opened at our retail premises at Skipton Auction Mart. This full-service combination of machinery, retail and fuels has increased activity at the stores.

Fuel

Overall volumes sold during the year were 5.6% down on the record performance seen in 2020. The business, however, focused on margin management and delivered a strong overall performance.

Retail

Retail stores remained open throughout the year, even when auction markets were closed due to COVID-19 restrictions, utilising phone and collect/delivery services to support farmers safely. Overall sales increased 1.6% on the prior year with like-for-like sales also increasing by 6.3%. A focus on cost has delivered a strong margin improvement, including the introduction of standardised pricing across all stores and the recruitment of a central buying team dedicated to controlling the costs across our supply chain. Following a review of store profitability, the retail estate was reduced by four outlets, with existing customers transferred to adjacent branches where possible. This leaves us with 37 retail sites, including 8 machinery branches, which will increase further with the opening of Stranraer this year.

Outlook

Customers are at the centre of our business. We remain committed to supporting UK farmers and always strive to provide the best levels of service.

To develop the business for the future, we continue to invest in IT, people and processes. We continue to embed our new ERP system, which went live on 1 September 2021, and we introduced a new CRM system to enhance our offering to new and existing customers. Our future strategy includes the development of an e-commerce solution.

In addition to our new central buying team, we have recruited new sales managers in feed, fuels, machinery, and retail. We also introduced a scheme to ensure that our management teams spend as much time as possible out with our customers.

Our focus on costs and margins means we are well placed for the year ahead and we will continue to strengthen our business building upon our unique combination of feed, machinery, fuel and retail stores.

ENGINEERING

Engineering comprises fabrication and precision engineering in the UK, robotics in the UK and Europe and engineering solutions in the UK and USA.

Overview

This was a positive year for our Engineering division, with profitability increasing 3.0% to £3.9m (2020: £3.8m) and confirmed orders at year end up by 15.9%. The key drivers of improved performance were in remote handling and robotics, offset by a much more difficult year in our precision engineering business due to the impact of COVID-19 and low oil and gas prices.

Financial performance

	FY21 £m	FY20 £m	Change %
Revenue	51.3	53.0	-3.2
Adjusted operating profit	3.9	3.8	+3.0
Order book	38.8	33.5*	+15.9

*Restated from the figure of £37m reported in the half-year results to exclude the value of intra-group contracts which more accurately reflects the position.

UK: Fabrication and precision engineering

Our precision engineering business was challenged by lower oil and gas prices which impacted order intake in the first half of the year. Within fabrication, both revenue and profitability increased driven by a higher level of nuclear work. Total combined revenues were down 10.8% to £15.8m (2020: £17.7m).

Over £19m of new contracts were secured in the year, and our order book for specialist fabrication stood at £13.0m at the financial year end (2020: £2.5m). During the year, we formed the Cumbria Manufacturing Alliance in collaboration with the Shepley Group, which secured a significant nuclear decommissioning contract. That contract will utilise the £1.3m investment made in state-of-the-art capability at our Carlisle facility in 2020.

Although challenged this year, our precision engineering business recovered well in the second half, with £5.2m in new orders secured resulting in an order book of £3.3m at year end (2020: £2.1m).

UK and USA: Engineering solutions

NW Total, our UK engineering solutions business acquired in 2019, made good progress on a major design and build defence contract, with completion expected in FY22. On-site works supporting the UK government's submarine defence programme also progressed well. Several major contracts were secured in the year, including a £4.5m defence contract to upgrade testing facilities which will run over the next two years. The business enters FY22 with a strong order book of £6.8m (2020: £6.7m).

Our engineering solutions business in the USA, NuVision, also delivered a good performance. In the year, a \$4m contract was secured to supply MSIP® in Slovenia in late 2022. We also entered into a five-year agreement with GeoRoc International, world-leading innovators in advanced materials and process engineers for the nuclear, aerospace and defence sectors, to jointly develop and commercialise Hot Isostatic Pressing (HIP) technology for radioactive waste treatment. HIP has been identified as a preferred solution for high profile global waste clean-up challenges and the project has attracted government funding in the UK and USA.

UK, USA and Europe: Remote handling and robotics

Our remote handling and robotics businesses performed well in the year despite travel restrictions and on-site works being impacted by COVID-19 in the first half. Revenues in the year improved 10.0% to £16.3m (2020: £14.8m). The order book at year end was £10.4m (2020: £12.2m).

During the year we also invested in the development of a new product: the A150; a telescopic manipulator for smaller sized hot cells, which enhances our product range and strengthens our competitive position.

Outlook

Enquiry levels remain strong across civil nuclear markets globally, with decommissioning spend expected to increase, creating opportunity for our fabrication and robotics businesses into the long-term. A much higher and stable oil price has increased order intake in our precision engineering business.

Prospects in UK defence remain strong going forward, and the UK government's programme to replace the current submarine fleet is expected to provide opportunities for the next two decades.

Our Engineering business in the USA is likely to see a lower level of activity in the current financial year, due to the phasing of outages at nuclear sites impacting the timing of MSIP® works. Long-term prospects remain strong, however, and the business is developing opportunities to trial HIP technology in the USA.

Across the division, order books grew in the year to £38.8m at the year end, 15.9% higher than the prior year (2020: £33.5m). Since year end, order books have grown further to £44.6m at the end of October 2021.

I am grateful for the contributions of all employees who continued to meet the challenges of working in a pandemic environment during the year, and who have enabled the Group to deliver a strong set of results.

Trading in the current financial year has started positively. We look forward to updating shareholders further at the AGM in January 2022.

Peter Page
Chairman

CONSOLIDATED INCOME STATEMENT
for the year ended 28 August 2021

	Note	2021 £'000	2020 (restated)[2] £'000
Continuing operations			
Revenue	2	**417,254**	395,630
Cost of sales		**(365,174)**	(343,381)
Gross profit		**52,080**	52,249
Distribution costs		**(18,434)**	(19,507)
Administrative expenses		**(20,784)**	(22,901)
Adjusted[1] share of post-tax results of associate		**1,525**	1,191
Adjusting items	3	**(694)**	(202)
Share of post-tax results of associate		**831**	989
Share of post-tax results of joint ventures		**1,421**	1,442
Impairment of joint venture (adjusting item)	3	**(2,090)**	-
Adjusted[1] operating profit		**17,585**	16,293
Adjusting items	3	**(4,561)**	(4,021)
Operating profit	2	**13,024**	12,272
Finance income		**260**	313
Finance costs		**(1,232)**	(1,656)
Adjusted[1] profit before taxation		**16,613**	14,950
Adjusting items	3	**(4,561)**	(4,021)
Profit before taxation	2	**12,052**	10,929
Taxation	4	**(2,400)**	(1,316)
Adjusted[1] profit for the year		**14,675**	12,727
Adjusting items	3	**(5,023)**	(3,114)
Profit for the year		**9,652**	9,613
Profit attributable to:			
Equity shareholders		**7,712**	8,422
Non-controlling interests		**1,940**	1,191
		9,652	9,613
Earnings per ordinary share (pence)			
Basic	5	**8.3**	9.1
Diluted		**8.1**	9.0
Adjusted[1]	5	**13.2**	12.0

[1]Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 3. Adjustments made to calculate adjusted earnings per share can be found in note 5. An alternative performance measures glossary can be found in note 10.

[2]See note 9 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 August 2021

	2021 £'000	2020 (restated)[1] £'000
Profit for the year	**9,652**	9,613
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
- Foreign exchange translation losses arising on translation of overseas subsidiaries	**(1,781)**	(2,552)
- Net investment hedges	**165**	(54)
- Taxation (charge)/credit on net investment hedges	**(31)**	10
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial gains on retirement benefit asset:		
- Group	**1,205**	142
- Share of associate	**578**	408
- Taxation charge actuarial gains on retirement benefit asset:		
- Group	**(301)**	(27)
- Share of associate	**(144)**	(96)
Other comprehensive expense for the year, net of tax	**(309)**	(2,169)
Total comprehensive income for the year	**9,343**	7,444
Total comprehensive income attributable to:		
Equity shareholders	**7,403**	6,253
Non-controlling interests	**1,940**	1,191
	9,343	7,444

[1]See note 9 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs.

CONSOLIDATED BALANCE SHEET
as at 28 August 2021

	2021 £'000	2020 (restated)[1] £'000	2019 (restated)[1] £'000
Assets			
Non-current assets			
Goodwill	**31,560**	32,041	32,877
Other intangible assets	**5,151**	6,365	7,878
Property, plant and equipment	**36,198**	38,259	37,325
Right-of-use assets	**16,777**	14,856	16,086
Investment property	**152**	158	164
Investment in associate	**14,268**	14,042	13,329
Interest in joint ventures	**9,482**	10,551	9,671
Other investments	**72**	73	76
Contract assets	**312**	-	-
Financial assets			
- Non-current receivables	**20**	20	22
Retirement benefit asset	**9,371**	8,037	7,769
Deferred tax asset	**-**	-	410
	123,363	124,402	125,607
Current assets			
Inventories	**43,226**	40,961	46,270
Contract assets	**7,202**	8,114	9,466
Trade and other receivables	**61,735**	51,686	55,573
Current tax assets	**2,669**	2,068	-
Financial assets			
- Derivative financial instruments	**-**	3	-
- Cash and cash equivalents	**24,309**	17,571	28,649
	139,141	120,403	139,958
Total assets	**262,504**	244,805	265,565
Liabilities			
Current liabilities			
Financial liabilities			
- Borrowings	**(11,113)**	(11,420)	(22,673)
- Leases	**(2,967)**	(2,778)	(2,801)
Contract liabilities	**(2,447)**	(1,061)	(1,269)
Trade and other payables	**(69,526)**	(55,522)	(62,424)
Current tax liabilities	**(42)**	(33)	(736)
	(86,095)	(70,814)	(89,903)
Non-current liabilities			
Financial liabilities			
- Borrowings	**(23,159)**	(25,021)	(26,846)
- Leases	**(12,458)**	(11,171)	(12,777)
Deferred tax liabilities	**(5,503)**	(4,783)	(4,721)
Other non-current liabilities	**(55)**	(1,385)	(2,999)
	(41,175)	(42,360)	(47,343)
Total liabilities	**(127,270)**	(113,174)	(137,246)
Net assets	**135,234**	131,631	128,319
Shareholders' equity			
Share capital	**2,343**	2,312	2,299
Share premium	**10,155**	9,176	9,165
Other reserves	**105,584**	103,343	100,671
Total shareholders' equity	**118,082**	114,831	112,135
Non-controlling interests	**17,152**	16,800	16,184
Total equity	**135,234**	131,631	128,319

[1]See note 9 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 28 August 2021

	Share Capital £'000	Share Premium £'000	Treasury Share Reserve £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Non-controlling Interests £'000	Total £'000
As previously reported at 31 August 2019	2,299	9,165	-	1,577	6,146	199	93,933	113,319	16,229	129,548
Prior year adjustment[1]	-	-	-	-	-	-	(1,184)	(1,184)	(45)	(1,229)
At 1 September 2019 (restated)[1]	2,299	9,165	-	1,577	6,146	199	92,749	112,135	16,184	128,319
Profit for the Year (restated)[1]	-	-	-	-	-	-	8,422	8,422	1,191	9,613
Other comprehensive (expense)/income	-	-	-	-	(2,596)	-	427	(2,169)	-	(2,169)
Total comprehensive (expense)/income (restated)	-	-	-	-	(2,596)	-	8,849	6,253	1,191	7,444
Dividends paid	-	-	-	-	-	-	(3,344)	(3,344)	(588)	(3,932)
Equity-settled share-based payment transactions	-	-	-	(843)	-	-	691	(152)	15	(137)
Excess deferred taxation on share-based payments	-	-	-	-	-	-	(27)	(27)	(2)	(29)
Allotment of shares	13	11	-	-	-	-	-	24	-	24
Purchase of own shares held in trust	-	-	(58)	-	-	-	-	(58)	-	(58)
Transfer	-	-	13	-	-	(2)	(11)	-	-	-
At 29 August 2020 (restated)[1]	2,312	9,176	(45)	734	3,550	197	98,907	114,831	16,800	131,631
As previously reported at 29 August 2020	2,312	9,176	(45)	734	3,550	197	101,202	117,126	17,043	134,169
Prior year adjustment[1]	-	-	-	-	-	-	(2,295)	(2,295)	(243)	(2,538)
At 30 August 2020 (restated)[1]	**2,312**	**9,176**	**(45)**	**734**	**3,550**	**197**	**98,907**	**114,831**	**16,800**	**131,631**
Profit for the Year	**-**	**-**	**-**	**-**	**-**	**-**	**7,712**	**7,712**	**1,940**	**9,652**
Other comprehensive (expense)/income	**-**	**-**	**-**	**-**	**(1,647)**	**-**	**1,338**	**(309)**	**-**	**(309)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**-**	**(1,647)**	**-**	**9,050**	**7,403**	**1,940**	**9,343**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(5,490)**	**(5,490)**	**(1,647)**	**(7,137)**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**(254)**	**-**	**-**	**660**	**406**	**58**	**464**
Excess deferred taxation on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**32**	**32**	**1**	**33**
Allotment of shares	**31**	**979**	**-**	**-**	**-**	**-**	**-**	**1,010**	**-**	**1,010**
Purchase of own shares held in trust	**-**	**-**	**(110)**	**-**	**-**	**-**	**-**	**(110)**	**-**	**(110)**
Transfer	**-**	**-**	**155**	**-**	**-**	**(2)**	**(153)**	**-**	**-**	**-**
At 28 August 2021	**2,343**	**10,155**	**-**	**480**	**1,903**	**195**	**103,006**	**118,082**	**17,152**	**135,234**

[1]See note 9 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 28 August 2021

	Note	2021 £'000	2020 (restated)[1] £'000
Cash flows from operating activities			
Cash generated from continuing operations	6	**22,163**	21,227
Interest received		**109**	176
Interest paid		**(1,244)**	(1,696)
Tax paid		**(2,131)**	(3,059)
Net cash generated from operating activities		**18,897**	16,648
Cash flows from investing activities			
Contingent/deferred consideration paid		**(1,077)**	(2,659)
Dividend received from associate and joint ventures		**1,898**	701
Other loans		**-**	718
Purchase of intangible assets		**(107)**	(47)
Proceeds from sale of property, plant and equipment		**396**	421
Purchase of property, plant and equipment and right-of-use assets		**(3,850)**	(6,569)
Purchase of own shares held in trust		**-**	(58)
Net cash used in investing activities		**(2,740)**	(7,493)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**1,010**	24
Purchase of own shares held in trust		**(110)**	-
New financing and draw downs on RCF		**11,526**	5,889
Repayment of RCF draw downs		**(8,500)**	(4,000)
Lease principal repayments		**(3,252)**	(3,171)
Repayment of borrowings		**(2,400)**	(2,459)
Increase/(decrease) in other borrowings		**2,394**	(14,508)
Dividends paid to shareholders		**(5,490)**	(3,344)
Dividends paid to related party		**(1,647)**	(588)
Net cash used in financing activities		**(6,469)**	(22,157)
Effect of exchange rate changes		**(296)**	(989)
Net increase/(decrease) in cash and cash equivalents		**9,392**	(13,991)
Cash and cash equivalents at beginning of the year		**10,304**	24,295
Cash and cash equivalents at end of the year		**19,696**	10,304

[1]See note 9 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs.

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of preparation and going concern

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 28 August 2021 or 29 August 2020. Statutory accounts for 2020 have been delivered to the Registrar of Companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The financial information in this preliminary announcement has been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have reviewed the Group's operational forecasts and projections for the three years to 31 August 2024 as used for the viability assessment, taking account of reasonably possible changes in trading performance, together with the planned capital investment over that same period. The Group is expected to have a sufficient level of financial resources available through operating cash flows and existing bank facilities for a period of at least 12 months from approval of the financial statements ("the going concern period"). The Group has operated within all its banking covenants throughout the year. In addition, the Group's main banking facility is in place until November 2023 and an invoice discounting facility is in place until August 2023.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to year ended 2024. The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty. These forecasts have been sensitised on a combined basis for severe but plausible downside scenarios. The scenarios tested included significant reductions in profitability and associated cashflows linked to the four principal risks of managing costs, reliance on key customers, strategic partners and customer demand. The results of this stress testing showed that, due to the stability of the core business, the Group would be able to withstand the impact of these severe but plausible downside scenarios occurring over the period of the financial forecasts.

In addition, several other mitigating measures remain available and within the control of the Directors that were not included in the scenarios. These include withholding discretionary capital expenditure and reducing or cancelling future dividend payments.

In all the scenarios, the Group complied with its financial bank covenants, operated within its existing bank facilities, and met its liabilities as they fall due.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial information in this preliminary announcement on a going concern basis.

Accounting policies

The accounting policies are consistent with those of the prior year with the following exception.

Application of IFRIC agenda decisions
In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision on the clarification of accounting in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) as follows:

- Amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term.
- In limited circumstances, other configuration and customisation costs incurred in implementing SaaS arrangements may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the entity.

1. Basis of preparation and going concern (continued)

- In all other instances, configuration and customisation costs will be expensed as the customisation and configuration services are received.

Following the publication of this agenda decision the Group and Company has reviewed its accounting policy for the capitalisation of costs incurred in respect of the configuration and customisation of its cloud hosted ERP system which has been implemented recently across several of the Group's businesses. In determining whether a change in accounting policy is required the Group has considered whether the cost of configuration and customisation activities create a resource controlled by the Group that is separate to the software. Control is demonstrated if the entity has the power to obtain future economic benefits and also has the ability to restrict access of others to those benefits.

The Board concluded that the Group did not meet the definition of having control over the asset and that the configuration and customisation costs did not relate to a separately identifiable asset under IAS 38. It has therefore revised its accounting policy to align with the IFRIC guidance. This revision has been accounted for retrospectively resulting in a prior year restatement (note 9).

2. Segmental information

The segmental information for the year ended 28 August 2021 is as follows:

	Speciality Agriculture £'000	Agricultural Supplies £'000	Engineering £'000	Central £'000	Group £'000
Total segment revenue	**74,395**	**297,506**	**51,299**	**-**	**423,200**
Inter segment revenue	**(5,934)**	**(6)**	**(6)**	**-**	**(5,946)**
Revenue from external customers	**68,461**	**297,500**	**51,293**	**-**	**417,254**
Adjusted[1] EBITDA[2]	**9,858**	**7,348**	**6,133**	**(2,417)**	**20,922**
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	**(1,335)**	**(2,602)**	**(2,208)**	**(138)**	**(6,283)**
Share of post-tax results of associate (adjusted[1]) and joint ventures	**991**	**1,955**	**-**	**-**	**2,946**
Adjusted[1] operating profit	**9,514**	**6,701**	**3,925**	**(2,555)**	**17,585**
Adjusting items (note 3)	**(2,847)**	**(1,684)**	**97**	**(127)**	**(4,561)**
Operating profit	**6,667**	**5,017**	**4,022**	**(2,682)**	**13,024**
Finance income					**260**
Finance costs					**(1,232)**
Adjusted[1] profit before taxation					**16,613**
Adjusting items (note 3)					**(4,561)**
Profit before taxation					**12,052**

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 3

[2] Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures

2. Segmental information (continued)

The segmental information for the year ended 29 August 2020 is as follows. This has been restated to present Speciality Agriculture and Agricultural Supplies separately. This is to aid comparability with the segmental information presented for the current year. The disclosure has also been restated following the change in accounting policy for cloud configuration and customisation costs.

	Speciality Agriculture £'000	Agricultural Supplies £'000	Engineering £'000	Central £'000	Group £'000
Total segment revenue	66,948	280,740	53,020	-	400,708
Inter segment revenue	(5,058)	(8)	(12)	-	(5,078)
Revenue from external customers	61,890	280,732	53,008	-	395,630
Restated:					
Adjusted[1] EBITDA[2]	7,914	6,884	6,754	(781)	20,771
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,362)	(2,665)	(2,944)	(140)	(7,111)
Share of post-tax results of associate (adjusted) [1] and joint ventures	1,061	1,572	-	-	2,633
Adjusted[1] operating profit	7,613	5,791	3,810	(921)	16,293
Adjusting items (note 3)	(184)	(1,388)	(2,449)	-	(4,021)
Operating profit	7,429	4,403	1,361	(921)	12,272
Finance income					313
Finance costs					(1,656)
Adjusted[1] profit before taxation					14,950
Adjusting items (note 3)					(4,021)
Profit before taxation					10,929

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 3

[2] Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures

3. Adjusting items

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how business performance is measured internally and therefore the Group believes that these APMs provide stakeholders with additional useful information on the performance of the business. The following adjusting items have been added back to reported profit measures.

	2021 £'000	2020 (restated) £'000
Amortisation of acquired intangible assets (i)	**1,186**	1,380
Adjustments to contingent consideration (ii)	**(1,013)**	(937)
Restructuring/closure costs (iii)	**248**	1,964
Cloud configuration and customisation costs – Group (iv)	**1,356**	1,412
Cloud configuration and customisation costs – share of associate (iv)	**515**	202
Impairment of joint venture (v)	**2,090**	-
Effect of deferred tax rate change – share of associate (vi)	**179**	-
Included in profit before taxation	**4,561**	4,021
Effect of deferred tax rate change – Group (vi)	**990**	-
Taxation effect of the above adjusting items	**(528)**	(907)
Included in profit for the year	**5,023**	3,114

3. Adjusting items (continued)

(i) Amortisation of acquired intangible assets which do not relate to the underlying profitability of the Group but rather relate to costs arising on acquisition of businesses.

(ii) Adjustments to contingent consideration arise from the revaluation of contingent consideration in respect of acquisitions to fair value at the year end. Movements in fair value arise from changes to the expected payments since the previous year end based on actual results and updated forecasts. Any increase or decrease in fair value is recognised through the income statement.

(iii) Restructuring/closure costs include redundancy costs and impairments of assets to recoverable amounts. The impairment to property, plant and equipment was £nil (2020: £239,000).

(iv) Costs relating to material spend previously capitalised in relation to the implementation of the Group's, and associate's, ERP system that have now been expensed following the adoption of the IFRIC agenda decision. See note 9 for further details of the prior year restatement.

(v) During the year the joint venture Afgritech LLC reported a loss and is expected to continue to underperform against budgeted information in the short to medium term. An impairment review has been undertaken which has resulted in an impairment charge of £1,314,000 (2020: £nil) against the carrying amount of interest in joint venture and an impairment charge of £776,000 (2020: £nil) against the carrying amount of a loan receivable.

(vi) On 24 May 2021, legislation was substantively enacted in the UK to increase the corporate tax rate to 25% with effect from 1 April 2023. As a result of the change, a tax charge of £179,000 was recognised in the year in the Group's share of associate results and £990,000 was recognised in the Group's tax charge (note 4) in relation to the remeasurement of deferred assets and liabilities. This does not relate to the underlying performance of the associate or Group and has therefore been included as an adjusting item.

4. Taxation

	2021 £'000	2020 (restated) £'000
Analysis of the charge in the year		
Current tax:		
UK corporation tax		
Current year	**837**	818
Adjustment in respect of prior years	**18**	(150)
Foreign tax		
Current year	**1,130**	356
Adjustment in respect of prior years	**(84)**	(217)
Group current tax	**1,901**	807
Deferred tax:		
Origination and reversal of timing differences		
Current year	**767**	450
Adjustment in respect of prior years	**(268)**	59
Group deferred tax	**499**	509
Tax on profit	**2,400**	1,316
Profit before taxation	**12,052**	10,929
Tax at 19% (2020: 19%)	**2,290**	2,077
Effects of:		
Tax effect of share of results of associate and joint ventures	**(428)**	(462)
Tax effect of expenses that are not allowable in determining taxable profit	**488**	184
Tax effect of non-taxable income	**(778)**	(633)
Effects of different tax rates of foreign subsidiaries	**77**	83
Effects of changes in deferred tax rates	**990**	304
Unrecognised deferred tax on losses	**95**	71
Adjustment in respect of prior years	**(334)**	(308)
Total tax charge for the year	**2,400**	1,316

4. Taxation (continued)

The tax effect of expenses that are not allowable in determining taxable profit includes adjustments for impairment of joint venture (note 3), share based payments, depreciation and amortisation on non-qualifying assets, and other expenses disallowable for UK corporation tax.

The tax effect of non-taxable income includes adjustments to contingent consideration (note 3) and the effect of income within the patent box regime.

The Group has reviewed its accounting policy following the IFRIC agenda decision in April 2021 in respect of the configuration and customisation costs previously capitalised in relation to the Group's cloud hosted ERP system. Following this review these previously capitalised costs have been expensed and amortisation previously charged on those assets has been reversed. The tax charge for year ended 29 August 2020 shown above has been restated to reflect the tax effect of this change in accounting policy. This has resulted in a reduction of £259,000 to the UK tax charge as set out in note 9.

On 24 May 2021, legislation was substantively enacted in the UK to increase the corporate tax rate to 25% with effect from 1 April 2023. As a result of the change, a tax charge of £990,000 was recognised for the year for the parent Company and UK tax resident subsidiaries in relation to the remeasurement of deferred tax assets and liabilities. UK deferred tax balances at 28 August 2021 are provided at 25% (2020: 19%). This charge of £990,000 does not relate to the underlying profitability of the Group and has been treated as an adjusting item (note 3).

5. Earnings per ordinary share

Basic earnings per share are based on profit attributable to shareholders and on a weighted average number of shares in issue during the year of 93,123,043 (2020: 92,346,828). The calculation of diluted earnings per share is based on 94,690,182 shares (2020: 93,731,044).

Adjusting items disclosed in note 3 that are charged or credited to profit do not relate to the underlying profitability of the Group. The Board believes adjusted profit before these items provides a useful measure of business performance. Therefore, an adjusted earnings per share is presented as follows:

	2021 Earnings £'000	**2021 Earnings per share pence**	2020 (restated) Earnings £'000	2020 (restated) Earnings share pence
Earnings per share – basic	**7,712**	**8.3**	8,422	9.1
Adjusting items:				
Amortisation of acquired intangible assets	**1,186**	**1.3**	1,380	1.5
Adjustments to contingent consideration	**(1,013)**	**(1.1)**	(937)	(1.0)
Restructuring/closure costs	**248**	**0.3**	1,964	2.1
Cloud configuration and customisation costs – Group	**1,356**	**1.5**	1,412	1.5
Cloud configuration and customisation costs – share of associate	**515**	**0.6**	202	0.2
Impairment of joint venture	**2,090**	**2.2**	-	-
Taxation effect of the above	**(528)**	**(0.7)**	(907)	(0.9)
Effect of increase to UK deferred tax rate – Group	**990**	**1.1**	-	-
Effect of increase to UK deferred tax rate – share of associate	**179**	**0.2**	-	-
Non-controlling interest in the above	**(433)**	**(0.5)**	(471)	(0.5)
Earnings per share – adjusted	**12,302**	**13.2**	11,065	12.0

6. Cash generated from continuing operations

	2021 £'000	2020 (restated) £'000
Continuing operations		
Profit for the year	**9,652**	9,613
Adjustments for:		
Tax	**2,400**	1,316
Tax credit in respect of R&D	**(260)**	(250)
Depreciation of property, plant and equipment	**3,822**	4,567
Depreciation on right-of-use assets	**2,529**	2,462
Depreciation of investment property	**6**	6
Intangible asset amortisation	**1,256**	1,467
(Profit)/loss on disposal of property, plant and equipment	**(144)**	265
Profit on disposal of right-of-use assets	**-**	(37)
Adjustments to contingent consideration	**(1,013)**	(937)
Net fair value charge/(credit) on share based payments	**464**	(137)
Release of loan provision	**-**	(783)
Other non-cash adjustments	**(600)**	(504)
Interest income	**(260)**	(313)
Interest expense and borrowing costs	**1,292**	1,716
Share of results of associate and joint ventures	**(2,252)**	(2,431)
Impairment of joint venture	**2,090**	-
IAS19 income statement charge (excluding interest):		
Administrative expenses	**18**	13
Changes in working capital (excluding the effects of acquisitions):		
(Increase)/decrease in inventories	**(2,679)**	4,811
(Increase)/decrease in receivables	**(10,606)**	3,862
Increase/(decrease) in payables	**16,448**	(3,479)
Cash generated from continuing operations	**22,163**	21,227

7. Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The valuation of the defined benefit scheme under the IAS19 accounting basis showed a surplus in the scheme at 28 August 2021 of £9.4m (2020: £8.0m).

In the year, the retirement benefit charge, excluding interest, in respect of the Carr's Group Pension Scheme was £18,000 (2020: £13,000).

A Group subsidiary undertaking is a participating employer in a defined benefit pension scheme of the associate, Carrs Billington Agriculture (Operations) Ltd. The IAS19 accounting basis showed a surplus for that scheme at 28 August 2021 of £5.4m (2020: £3.5m). The scheme is treated as a defined contribution scheme by the Group, and its level of participation in the scheme is estimated at 48.5%, which is based on its estimated share of the buyout liabilities. Due to the fact that the sponsoring employer is an associate company of the Group, 49% of the surplus calculated on an IAS19 accounting basis is included in the Group's balance sheet within its 'Investment in associate'.

8. Analysis of net debt and leases

	At 30 August 2020 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	Exchange Movements £'000	**At 28 August 2021 £'000**
Cash and cash equivalents	17,571	7,034	-	(296)	**24,309**
Bank overdrafts	(7,267)	2,654	-	-	**(4,613)**
	10,304	9,688	-	(296)	**19,696**
Loans and other borrowings:					
- current	(4,153)	(3,920)	1,514	59	**(6,500)**
- non-current	(25,021)	900	685	277	**(23,159)**
Net debt	(18,870)	6,668	2,199	40	**(9,963)**
Leases:					
- current	(2,778)	-	(189)	-	**(2,967)**
- non-current	(11,171)	3,252	(4,556)	17	**(12,458)**
Leases	(13,949)	3,252	(4,745)	17	**(15,425)**

9. Prior year restatement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision on the clarification of accounting in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) as follows:

- Amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term.
- In limited circumstances, other configuration and customisation costs incurred in implementing SaaS arrangements may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the entity.
- In all other instances, configuration and customisation costs will be expensed as the customisation and configuration services are received.

Following the publication of this agenda decision the Group and Company has reviewed its accounting policy for the capitalisation of costs incurred in respect of the configuration and customisation of its cloud hosted ERP system which has been implemented recently across several of the Group's businesses. In determining whether a change in accounting policy is required the Group has considered whether the cost of configuration and customisation activities create a resource controlled by the Group that is separate to the software. Control is demonstrated if the entity has the power to obtain future economic benefits and also has the ability to restrict access of others to those benefits.

The Board concluded that the Group did not meet the definition of having control over the asset and that the configuration and customisation did not relate to a separately identifiable asset under IAS 38. It has therefore revised its accounting policy to align with the IFRIC guidance. This revision has been accounted for retrospectively resulting in a prior year restatement.

The Group identified £2,894,000 of capitalised costs incurred by the parent Company and its subsidiaries in the years up to and including 29 August 2020 that should be expensed with a further £667,000 in its associate's balance sheet, of which the Group recognises 49%. During the current year, costs of £1,356,000 incurred by the parent Company and its subsidiaries have been expensed. The associate incurred costs of £1,297,000 during the current year, of which the Group recognises 49%, that have been expensed and recognised through the Group's share of post-tax results of associate.

9. Prior year restatement (continued)

The affected financial statement line items for the Group are as follows.

	29 August 2020 (previously reported) £'000	Restatement £'000	29 August 2020 (restated) £'000
Income Statement			
Administrative expenses	(21,535)	(1,366)	(22,901)
Adjusted share of results of associate	1,191	-	1,191
Reported share of results of associate	1,191	(202)	989
Adjusted operating profit	16,247	46	16,293
Reported operating profit	13,840	(1,568)	12,272
Adjusted profit before taxation	14,904	46	14,950
Reported profit before taxation	12,497	(1,568)	10,929
Taxation	(1,575)	259	(1,316)
Adjusted profit for the year	12,690	37	12,727
Reported profit for the year	10,922	(1,309)	9,613
Basic EPS (pence)	10.3	(1.2)	9.1
Diluted EPS (pence)	10.2	(1.2)	9.0
Adjusted EPS (pence)	11.9	0.1	12.0
Balance Sheet			
Other intangible assets	9,171	(2,806)	6,365
Investment in associate	14,307	(265)	14,042
Total non-current assets	127,473	(3,071)	124,402
Current tax assets	1,535	533	2,068
Total current assets	119,870	533	120,403
Total assets	247,343	(2,538)	244,805
Net assets	134,169	(2,538)	131,631
Retained earnings	101,202	(2,295)	98,907
Total shareholders' equity	117,126	(2,295)	114,831
Non-controlling interests	17,043	(243)	16,800
Total equity	134,169	(2,538)	131,631
Cash Flow Statement			
Cash generated from continuing operations	22,639	(1,412)	21,227
Net cash generated from operating activities	18,060	(1,412)	16,648
Purchase of intangible assets	(1,459)	1,412	(47)
Net cash used in investing activities	(8,905)	1,412	(7,493)

In accordance with IAS 1, a third balance sheet has been presented below to show the impact to the opening balance sheet for the prior year. The Group has identified £1,481,000 of costs previously capitalised as at 1 September 2019 in respect of the cloud hosted ERP system that should be expensed and £41,000 of amortisation to be reversed. In addition, the Group's investment in associate has been restated to reflect the Group's share of costs of £159,000 capitalised by the associate as at 1 September 2019 that should be expensed.

9. Prior year restatement (continued)

The opening balance sheet of the prior year has been restated to correct for these. Balances at 1 September 2019 are those disclosed after the application of IFRS 16 'Leases' which was adjusted prospectively on adoption. The affected financial statement line items are as follows.

	1 September 2019 (previously reported) £'000	Restatement £'000	1 September 2019 (restated) £'000
Balance Sheet			
Other intangible assets	9,318	(1,440)	7,878
Investment in associate	13,392	(63)	13,329
Total non-current assets	127,110	(1,503)	125,607
Total assets	267,068	(1,503)	265,565
Current tax liabilities	(1,010)	274	(736)
Total current liabilities	(90,177)	274	(89,903)
Total liabilities	(137,520)	274	(137,246)
Net assets	129,548	(1,229)	128,319
Retained earnings	93,933	(1,184)	92,749
Total shareholders' equity	113,319	(1,184)	112,135
Non-controlling interests	16,229	(45)	16,184
Total equity	129,548	(1,229)	128,319

10. Alternative performance measures glossary

The Preliminary Announcement includes alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how business performance is measured internally and are also used in assessing performance under the Group's incentive plans. Therefore the Directors believe that these APMs provide stakeholders with additional useful information on the Group's performance.

Alternative performance measure	Definition and comments
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets, before share of post-tax results of the associate and joint ventures and excluding items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit and statutory profit before taxation in note 2. EBITDA allows the user to assess the profitability of the Group's core operations before the impact of capital structure, debt financing and non-cash items such as depreciation and amortisation.
Adjusted operating profit	Operating profit after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit in the income statement and note 2. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the year and the comparability between the years presented.
Adjusted profit before taxation	Profit before taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit before taxation in the income statement and note 2. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the year and the comparability between the years presented.
Adjusted profit for the year	Profit after taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit after taxation in the income statement. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the year and the comparability between the years presented.
Adjusted earnings per share	Profit attributable to the equity holders of the Company after adding back items regarded by the Directors as adjusting items after tax divided by the weighted average number of ordinary shares in issue during the year. This is reconciled to basic earnings per share in note 5.
Net debt	The net position of the Group's cash at bank and borrowings per the balance sheet. Details of the movement in net debt is shown in note 8.

11. The Board of Directors approved the preliminary announcement on 7 December 2021.

12. The Company intends to provide a copy of the Report and Accounts to shareholders by 16 December 2021. The full Report and Accounts will also be available upon request from the Company Secretary, Carr's Group plc, Old Croft, Stanwix, Carlisle, CA3 9BA or alternatively on the Company's website: www.carrsgroup.com