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CARR'S MILLING INDUSTRIES LIMITED

REPORT AND ACCOUNTS
31st August 1974

THIS IS THE COPY REFERRED TO IN THE ANNEXED CERTIFICATE 'B'

DIRECTOR

ASST/SECRETARY

Carr's Milling Industries Limited

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Contents

Carr's Milling Industries Limited

BOARD OF DIRECTORS

Ian C. Carr, Chairman
Ronald L. Naylor
Alexander Matthew, D.L.
John S. Robertson
Sydney P. Smith, F.C.C.A.
J. R. Crawford, M.A.
R. Young

SECRETARY AND REGISTERED OFFICE

Sydney P. Smith, F.C.C.A.
Old Croft, Stanwix, Carlisle, CA3 9BA

REGISTRAR AND TRANSFER OFFICE

G. V. Bennett, A.S.C.A.
Old Croft, Stanwix, Carlisle, CA3 9BA

AUDITORS

Boyce, Welch & Co.
Chartered Accountants
Netherwood Chambers, 1a Manor Row,
Bradford, BD1 4PB

SOLICITORS

Atkinson & North
15 Fisher Street, Carlisle, CA3 8RW

BANKERS

Clydesdale Bank Ltd.
12 Bank Street, Carlisle, CA3 8HD
Lloyds Bank Ltd.
21 Lowther Street, Carlisle, CA3 8ET

BROKERS

J. & A. Scrimgeour Ltd.
Mansion House Place, London, EC4N 8BL

Carr's Milling Industries Limited

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Notice of Meeting

NOTICE is hereby given that the Sixty-sixth Annual General Meeting of this Company will be held at the CREST MOTEL, KINGSTOWN, CARLISLE (at Exit 44, M.6 Motorway) on Wednesday the Fifteenth day of January 1975, at 11-30 a.m. for the following purposes:—

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31st August 1974 (Resolution 1).
2. To declare a Dividend of 1.34p per share on the Ordinary Share Capital (Resolution 2).
3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:—

R. L. Naylor	(Resolution 3).
J. R. Crawford	(Resolution 4).
R. Young	(Resolution 5).

4. To appoint Messrs. Deloitte & Co. as Auditors.
   Boyce, Welch & Co. have merged their Practice with that of Deloitte & Co. and are willing to be re-appointed in that name.
5. To fix the remuneration of the Auditors.

By Order of the Board,
S. P. SMITH,
Secretary.

Stanwix,
Carlisle, CA3 9BA.
23rd December 1974.

NOTES:

1. This Notice is sent to Loan Stock Holders for information only. They are not entitled to attend the Meeting.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him, but a proxy for a Corporation may also vote on a show of hands. A proxy need not also be a Member of the Company.
3. The Share Registers of the Company will be closed from the 11th January 1975 to 15th January 1975 both dates inclusive.
4. The following documents are available for inspection at the Registered Office during business hours until the date of the Annual General Meeting:—
   (a) A statement of the transactions of Directors (and their family interests) in the Ordinary Shares of the Company and its Subsidiaries.
   (b) Copies of Directors' Contracts of Service.

   These statements will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

Carr's Milling Industries Limited

Chairman's Review

of the Year to the 31st August 1974

THE GROUP RESULTS

This has been by far the most difficult trading year in recent times, with Group profit at £108,000 before taxation.

This reduction in profitability was made inevitable by the increase in the rate of cost inflation and our inability to increase prices correspondingly due to Government controls.
Early in the year these factors forced our bakery companies into a serious loss making situation. We responded to this state of affairs by implementing a comprehensive programme of rationalisation. The speed with which this programme was implemented gave me the confidence to say in my Interim Statement that our recovery to a reasonable level of profitability would not be long delayed. With the severe conditions continuing to work against us, however, we did not start to reap the benefit of the cost reduction programme until towards the end of the year.

I am happy to tell you that this benefit has continued into the current year. Our Interim Accounts for the first quarter show that we have once more attained a very satisfactory profit level.

With the Group trading profitably and as we have no liquidity problems I consider the results for the year to the 31st August, 1974 to be merely an interruption to the Company's progress. My colleagues and I will, therefore, recommend to the Members at the Annual General Meeting that the final dividend for the year should be maintained.

ANIMAL FEEDINGSTUFFS

The year was marked by a lack of confidence in the livestock industry, where depressed markets for livestock products, or the tardiness of Government in allowing increased costs to be reflected in selling prices, brought crisis to each sector in turn.

In the search for every possible economy, and in the face of extremely high feed prices, farmers bought less compounds. Carr's Farm Foods sales volume reflected the national trend and this, together with inflation of costs, significantly reduced our profitability.

By the end of the year, the outlook for dairy farming had improved but the position in the beef, pig and broiler sectors was still unsatisfactory.

THE FLOUR MILL

The Mill itself did extremely well to maintain a satisfactory level of trade throughout the year. Due to the escalating cost of wheat, for the first eight months it was impossible to achieve more than the smallest profit margin. Wheat forms over 80% of the cost of the product and under the Price Code regulations imposed at that time, we were unable to raise our prices to keep up with the extra costs.

Your Company made strenuous efforts to restrict costs to a minimum and in the latter months, from May onwards, we moved into a more satisfactory situation.

A major development, completed in 1974, was the improvement to our lorry grain intake system; the bottleneck which used to occur when grain was discharged has virtually disappeared and we can now take advantage of supplies of Home Grown Wheat as it becomes available.

THE BAKERIES

Our major bakeries, in common with the baking industry throughout the country, have experienced the most difficult year in their history.

Rapidly escalating costs of every description could not be met by increased prices without delay caused by the necessity to comply with the Price Code. The biggest single factor in putting the baking industry into a loss making position, however, was that half the increased labour costs that we incurred could not be recovered.

The unhappy state of the industry adversely affected the recovery of our modern bakery at Galashiels, where drastic rationalisation of production and severe economies have now greatly improved the position.

Carr's Milling Industries Limited

Chairman's Review *(continued)*

ASSOCIATED COMPANIES

A list of Companies in which we have a substantial financial interest can be found on page 13.
Farmix (Dumfries) Limited and Manx-Mix Limited operate mobile feed mills locally and in the Isle of Man. With the difficult time experienced by farmers they have made a loss in the year. The egg production Companies have made a useful contribution to Group Profit and with the agreement of our fellow Shareholders, the capacities of Melkinthorpe Egg Producers Limited and Solway Eggs Limited are being increased.
It is clearly in our interest to do what we can to promote the Port of Silloth and we welcomed the formation of the Silloth Shipping Company Limited towards the end of our financial year. The Coasters, "Silloth Trader" and "Silloth Pride", are operating at a time of high freight rates coupled with good demand, and both have, on occasions, been used to carry our grain to Silloth.

DIRECTORS, STAFF AND EMPLOYEES

The stress and strains of business today are felt more keenly when a Company is passing through a difficult trading period. The disappointing results of the recent year in no way reflect the excellent effort made by all our people, and I am glad to be able to express my appreciation to all of them.
At the end of September Mr. Robert Turnbull retired as a Director of Carr's Flour Mills Limited, after nearly 50 years with the Company. In 1947 he moved from our commercial office in Carlisle to the Mill at Silloth, where he was always highly respected, a valued colleague to his fellow managers, and a friend to everyone. We wish him a long and happy retirement.
I am pleased to record that Mr. Robertson made a good recovery from his illness and returned to his duties in January.
The Board of the Holding Company was further strengthened by the appointment of Mr. Robert Young as a Director, and you will see that his name has been put forward for election at the Annual Meeting.

CASH RESOURCES AND LIQUIDITY

In the year under review, the cost of our major raw materials had reached an unprecedented high level, and this has meant that we have had to find much more money to finance our stocks. An increase in selling prices has led to a requirement for more working capital to carry our debtors. These are just two examples of the many ways in which a Company's finances can be stretched, where inflation and a restriction on increased selling prices go hand in hand.
However, our policy of tight financial control has enabled us to operate very comfortably within the overdraft facilities provided by our Bankers, with whom we have had a long and happy relationship.
The current year has started well, and with our major capital programme complete, current expenditure is being limited to projects that will bring immediate benefit to the Group. The Chancellor's recently announced plans for deferment of tax on stock profits will help our cash flow, and I expect that the current year will see an improvement in our liquidity position.

CURRENT AND FUTURE PROSPECTS

As I indicated in reviewing the Group results for 1974, the new financial year has started well and barring sudden unforeseen changes in circumstances there is no doubt that the results for the 26 weeks to the 1st March, 1975 will be vastly better than those for the comparable period of last year.
Selling prices of both feedingstuffs and flour are at a more satisfactory level and volume has increased. Although the outlook is not bright for the baking industry, the measures that we have taken, and continue to take, to improve the position of our bakeries mean that they are better placed to make a real contribution to the Company. All members of the bakery staffs have worked tirelessly throughout a frustrating year, and by their efforts we can look to the future with some confidence.
The expansion of two of our Associated Companies is likely to show a good return, whilst our small involvement in coastal shipping should increase our revenue over the current year.
Under present economic conditions it would be a brave man who would forecast results for the current year. We are certain that we are pursuing the correct policies of financial control and restricted capital investment, and that these will enable us to make the most of our business in the difficult times that lie ahead.

Carr's Milling Industries Limited

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of the Year to the 31st August 1974

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Carr's Milling Industries Limited

Report of the Directors

GROUP ACTIVITIES

The principal activities during the year were flour milling, the manufacture of animal feedingstuffs and the production of bread and confectionery. All Group Companies and Associated Companies operate within the United Kingdom.

PROFIT	1974 £	1973 £
The profit attributable to the Group, after all charges and taxation, amounted to	60,165	303,376
Less Exceptional items as shown in Consolidated Profit and Loss Account	5,000	5,025
	55,165	298,351
Applied as follows:—		
Ordinary Dividend: Interim of 0.67p per share paid (1973 0.7p) ...	33,500	35,000
Final of 1.34p proposed (1973 1.4p)	67,000	70,000
	100,500	105,000
Transfer to General Revenue Reserve	—	180,000
Decrease in Profit and Loss Account balance	45,335	(13,351)
	55,165	298,351

SHARE CAPITAL

The Directors are not aware of any substantial holding (10% or more) of Ordinary Shares in the Company by any person or Group.

FIXED ASSETS

Capital expenditure by Subsidiaries during the year on new Plant and Equipment amounted to £187,465.

This included the installation of Plant, designed to speed up the intake of home grown cereals at Silloth, and improved grinding machinery to increase productive capacity.

Capital expenditure was much lighter than in previous years. The Group's Bakeries are now equipped to a high standard, and incurred little capital expenditure in the year.

EXPORTS

There were no exports by the Group during the year.

Carr's Milling Industries Limited

Report of the Directors *(continued)*

DIRECTORS

The Directors of the Company are as stated on Page 2.

Mr. R. Young was appointed to the Board by the Directors during the year having previously acted as Alternate Director to Mr. J. S. Robertson. All other Directors were in office throughout the year.

Mr. R. Young retires and, being eligible, offers himself for re-election.

Mr. R. L. Naylor and Mr. J. R. Crawford retire from the Board by rotation and, being eligible, offer themselves for re-election.

With the exception of service contracts, no Director had any material interest in any contract or arrangement with the Company or any of its Subsidiaries.

The beneficial interests of the Directors and their families were as follows:—

	31st August 1974		1st September 1973 (or later date of appointment)	
	Ordinary (25p)	*Loan Stock* (£1)	*Ordinary* (25p)	*Loan Stock* (£1)
Ian C. Carr	146,332	—	156,832	—
Ronald L. Naylor	9,750	1,745	9,750	1,695
Alexander Matthew	4,300	500	3,000	500
John S. Robertson	47,250	1,148	47,250	1,148
Sydney P. Smith	10,000	—	10,000	—
J. R. Crawford	13,500	—	13,500	—
R. Young	—	—	5,000	—
	231,132	3,393	245,332	3,343

In addition, Mr. John S. Robertson held throughout the year 1,300 Preference Shares of £1 each in Robertsons (Bakers) Ltd., a Subsidiary of the Company.

No changes in the above holdings have taken place between 31st August 1974 and 1st December 1974.

EMPLOYEES

The average number of employees in the Group was 857 and the aggregate remuneration was £1,453,000.

POLITICAL AND CHARITABLE CONTRIBUTIONS

A donation of £150 was made to the Conservative Party. Charitable donations amounted to £436.

TAXATION MATTERS

The Company is not a Close Company. The Market Value of the Company's Ordinary Shares at 6th April 1965 was 24.4p (after adjustment for subsequent issues).

AUDITORS

Boyce, Welch & Co. have merged their Practice with that of Deloitte & Co. and are willing to be re-appointed in the name of Deloitte & Co.

On Behalf of the Board,
IAN C. CARR,
Chairman.

Stanwix,
Carlisle, CA3 9BA.
18th December 1974.

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Carr's Milling Industries Limited

Consolidated Profit and Loss Account

for the year ended 31st August 1974

	1974		1973	
	£	£	£	£
TRADING PROFIT		380,137		773,057
Surplus on Sale of Fixed Assets ...		23,675		4,999
Investment Income (Note 2)		7,985		4,408
Proportion of Grants receivable ...		5,055		6,794
		416,852		789,258
Less Directors Emoluments (Note 3)	53,115		46,475	
Depreciation	222,918		209,276	
Bank and Short Term Loan Interest	69,573		19,042	
Loan Stock Interest	3,750		3,750	
Auditors' Remuneration	7,092	356,448	5,804	284,347
PROFIT BEFORE TAXATION		60,404		504,911
Add Associated Companies — share of profits less losses		48,375		(12,235)
		108,779		492,676
Less Taxation (Note 4)		47,734		190,998
		61,045		301,678
Less Net Profit of Subsidiaries attributable to minority Shareholders ...		880		(1,698)
NET PROFIT ATTRIBUTABLE TO THE GROUP (Note 5)		60,165		303,376
Less Ordinary Dividends (Note 6):—				
Interim of 0.67p per share ...	33,500		35,000	
Proposed Final of 1.34p per share	67,000	100,500	70,000	105,000
NET PROFIT RETAINED		(40,335)		198,376
Less Transfer to General Revenue Reserve		—		180,000
		(40,335)		18,376
Add Balance brought forward from last year		89,043		75,692
		48,708		94,068
Less Exceptional Items (Note 7) ...		5,000		5,025
BALANCE CARRIED FORWARD				
Holding Company	115,286		78,397	
Subsidiaries	(84,175)		24,462	
	31,111		102,859	
Accumulated Profits in Associated Companies	12,597	43,708	(13,816)	89,043
EARNINGS PER SHARE		1.2p		6.1p

Carr's Milling Industries Limited

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Notes on Consolidated Profit and Loss Account

	1974 £	1973 £
1. GROUP TURNOVER		
Sales to External Customers	11,214,000	8,190,000
2. INVESTMENT INCOME		
Quoted	303	303
Unquoted	7,682	4,105
	7,985	4,408
3. DIRECTORS' EMOLUMENTS		
Managerial	50,215	43,325
Fees	2,900	3,150
	53,115	46,475
Excluding pension scheme contributions, emoluments were:—		
Chairman	7,900	7,671
Highest paid Director	8,250	7,820
Other Directors: Number receiving at the rate of		
£5,001–£7,500 p.a.	5	3
£7,501–£10,000 p.a.	—	1
4. TAXATION		
Corporation Tax at 52%	—	41,252
Add Transfer to Tax Equalisation Account	104,500	154,550
	104,500	195,802
Less Overprovisions of previous years	78,228	3,139
	26,272	192,663
Add Associated Companies — share of liability	21,462	(1,665)
	47,734	190,998
5. NET PROFIT ATTRIBUTABLE TO THE GROUP		
Dealt with in the Accounts of Holding Company	137,389	326,647
Retained by Subsidiaries	(103,637)	(12,701)
Retained by Associated Companies	26,413	(10,570)
	60,165	303,376
6. ORDINARY DIVIDENDS (Comparative position)	*per share*	*per share*
Interim of 0.67p per share which is equivalent to a gross of ...	1.0p	1.0p
Proposed final of 1.34p per share which is equivalent to a gross of	2.0p	2.0p
	3.0p	3.0p
7. EXCEPTIONAL ITEMS	£	£
Expenses in connection with Stock Exchange quotations ...	—	775
Goodwill purchased in year written off	5,000	4,250
	5,000	5,025

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Carr's Milling Industries Limited

Consolidated Balance Sheet

as at 31st August 1974

	1974		1973	
	Authorised £	Issued £	Authorised £	Issued £
SOURCES OF FUNDS				
SHARE CAPITAL				
Ordinary Shares of 25p each ...	1,300,000	1,250,000	1,300,000	1,250,000
RESERVES				
Capital (Note 3)	503,301		504,107	
General Revenue	680,000		680,000	
PROFIT AND LOSS ACCOUNT ...	43,708	1,227,009	89,043	1,273,150
SHAREHOLDERS' FUNDS		2,477,009		2,523,150
7½% Unsecured Loan Stock 2001/05		50,000		50,000
Minority Interests in Subsidiaries ...		21,411		29,789
Deferred Taxation Liabilities (Note 4)		606,052		609,425
Grants under the Industry Act 1972 ...		124,509		104,082
		3,278,981		3,316,446
EMPLOYMENT OF FUNDS				
FIXED ASSETS (Note 1)		2,745,894		2,647,366
INVESTMENTS (Note 2)		178,280		116,320
CURRENT ASSETS				
Stock	1,073,396		718,765	
Debtors and Prepayments ...	647,026		802.155	
Grants Receivable	38,677		110,876	
Cash Balances	26,419		12,067	
	1,785,518		1,643,863	
Less CURRENT LIABILITIES				
Creditors and Accrued Charges ...	862,606		592,799	
Current Taxation	—		14,627	
Bank Overdraft	490,105		398,277	
Short Term Loans	11,000		15,400	
Proposed Final Ordinary Dividend ...	67,000		70,000	
	1,430,711		1,091,103	
NET CURRENT ASSETS		354,807		552,760
		3,278,981		3,316,446

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Carr's Milling Industries Limited

Notes on the Consolidated Balance Sheet

1. FIXED ASSETS

	Freehold & Perpetual Leasehold Properties	Leasehold Properties (Mainly long term)	Plant & Equipment	Motor Vehicles	Total	1973 Total
	£	£	£	£	£	£
Valuation 1949 *less sales* to 1/9/73	138,460	—	161,148	—	299,608	300,199
Cost to 1/9/73 ...	770,315	239,471	2,339,791	405,949	3,755,526	3,215,540
Additions in year ...	36,425	50,435	187,465	81,340	355,665	626,643
	945,200	289,906	2,688,404	487,289	4,410,799	4,142,382
Sales in year	9,286	—	2,387	86,606	98,279	87,248
	935,914	289,906	2,686,017	400,683	4,312,520	4,055,134
Accumulated Depreciation	224,614	71,649	1,039,681	230,682	1,566,626	1,407,768
Net Book Value ...	711,300	218,257	1,646,336	170,001	2,745,894	2,647,366
Future Capital Expenditure: Orders placed					94,000	20,000
Authorised but not ordered					121,000	48 000

2. INVESTMENTS

	Total	1973 Total
Quoted at cost ...	9,827	9,827
Less Investment Reserve ...	5,000	5,000
(Market Value £3,935, 1973 £4,885) ...	4,827	4,827
Unquoted: Equities at cost (plus share of profits since acquisition) ...	72,463	41,040
Preference Shares at cost and loans ...	100,990	70,453
	178,280	116,320

Particulars of Unquoted Equities are set out in Note 1 on Page 13. There are contingent liabilities in respect of guarantees of certain Associated Companies' Bank Overdrafts up to a total of £151,000.

3. CAPITAL RESERVES

At 1st September 1973 (2nd September 1972) ...	341,457	341,326
Investment Grants adjustments ...	—	131
Premium on Acquisition of Shares in Subsidiary ...	806	—
	340,651	341,457
Share Premium Account ...	162,650	162,650
	503,301	504,107

4. DEFERRED TAXATION LIABILITIES

Corporation Tax due: 1st June 1975 (1st June 1974) ...	—	9,550
1st January 1976 (1st January 1975) ...	—	17,300
Corporation Tax Equalisation Account ...	606,052	582,575
	606,052	609,425

Carr's Milling Industries Limited

Balance Sheet as at 31st August 1974

SOURCES OF FUNDS	1974		1973	
SHARE CAPITAL	Authorised £	Issued £	Authorised £	Issued £
Ordinary Shares of 25p each ...	1,300,000	1,250,000	1,300,000	1,250,000
RESERVES				
Capital (Note 2)	219,016		219,016	
General Revenue	397,750		397,750	
PROFIT AND LOSS ACCOUNT ...	115,286	732,052	78,397	695,163
		1,982,052		1,945,163
7½% Unsecured Loan Stock 2001/05		50,000		50,000
		2,032,052		1,995,163

EMPLOYMENT OF FUNDS				
INVESTMENTS (Note 1)		98,693		73,683
INTERESTS IN SUBSIDIARIES (Note 3)				
Shares at cost less amounts written off	814,467		801,008	
Due from Subsidiaries	849,809		908,229	
	1,664,276		1,709,237	
Deferred Relief from Advance Corporation Tax	102,079	1,766,355	30,000	1,739 237
Debtors	1,478		685	
Cash at Bank	336,301	337.779	282,396	283,081
		2,202,827		2,096,001
Less CURRENT LIABILITIES				
Creditors and Accrued Charges ...	103,775		30,838	
Proposed Final Ordinary Dividend	67,000	170,775	70,000	100,838
		2,032,052		1,995,163

IAN C. CARR }
S. P. SMITH } Directors

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Carr's Milling Industries Limited

Notes on the Balance Sheet

1. INVESTMENTS

	1974 £	1973 £
Quoted at Cost	9,827	9,827
Less Investment Reserve	5,000	5,000
	4,827	4,827
(Market Value £3,935, 1973 £4,885)		
*Unquoted Equities at cost (representing estimated current value)	59,866	54,856
Loan to Associated Company	34,000	14,000
	98,693	73,683

*Includes the following Associated Companies in which the holding exceeds 10% of the total issued equity:—

	Registered in	
Barcombe Farm (Eggs) Ltd. ...	England	42%
Solway Eggs Ltd.	"	50%
Farmix (Dumfries) Ltd. ...	"	50%
Manx-Mix Ltd.	Isle of Man	50%
Melkinthorpe Egg Producers Ltd.	England	37%
Solway Newlay Ltd.	"	33%
Silloth Shipping Co. Ltd. ...	Scotland	50%

There is a contingent liability in respect of guarantees of Associated Companies' Bank Overdrafts up to a total of £129,000

2. CAPITAL RESERVES

	1974	1973
General	56,366	56,366
Share Premium Account	162,650	162,650
	219,016	219,016

3. SUBSIDIARIES

Name	Registered in	Proportion of shares held Ordinary %	Preference %
HELD BY THE COMPANY:—			
B.R.B. Trust Ltd.	England	100	100
Carrs Farm Foods Ltd.	"	100	—
Carr's Flour Mills Ltd.	"	100	100
Carr's Solray Ltd.	"	100	100
Houghton Bakery Co. Ltd.	"	100	—
J. Isherwood & Martindale Ltd.	"	100	100
Robertsons (Bakers) Ltd.	"	100	54
Robertsons (Retail) Ltd.	"	100	—
Seniors (Morecambe) Ltd.	"	100	—
W. Smart & Son (Bakers) Ltd.	Scotland	100	—
HELD BY SUBSIDIARIES:—			
Harkness Stores (Longtown) Ltd.	England	100	100
Lowther Farm Supplies Ltd.	"	80	—

Carr's Milling Industries Limited

Accounting Policies

1. ASSOCIATED COMPANIES

The Group's share of profits and losses of Associated Companies are included in the Accounts. Associated Companies are defined as those in which the Group owns more than 20% of the equity capital and has a significant measure of influence.

The figures included are based, with two exceptions, on the latest available audited Accounts for year-end dates varying from 30th April 1974 to 31st August 1974. In the cases of the two exceptions, unaudited Accounts to dates within the same period have been used and the Directors are satisfied as to their reliability.

2. FIXED ASSETS

Grants received in past years under the Industrial Development Act 1966 were added to Capital Reserve and have since remained therein. Grants receivable under the Industry Act 1972 are credited to a separate Account in the Balance Sheet. These are being credited to Profit and Loss Account on a basis which reflects the benefit over the expected useful life of the assets concerned. Depreciation is calculated on a straight line basis by reference to cost (before grants) or to valuation and to the expected useful lives of the assets concerned. Rates used are as follows:—

Freehold and Perpetual Leasehold Properties	2%
Long Leasehold Properties	2%
Short Leasehold Properties	Over the term of the lease
Plant and Machinery	5%
Office Equipment	10%
Shop Equipment	20%
Motor Vehicles	20%

A full year's depreciation is normally provided in the financial year of acquisition and none in the year of disposal.

3. STOCKS

Stocks are valued at the lowest of cost, net realisable value and market replacement value. Cost of Group products consists of direct materials and labour together with appropriate production overheads.

4. CORPORATION TAX EQUALISATION

The balance on this Account mainly represents the following:—

(a) Tax on the excess of the Balance Sheet value of plant, equipment and vehicles over the written down value for tax purposes. Tax rates used are those appropriate to the years when deferral took place.

(b) Corporation Tax of £46,200 which would normally have become payable on 1st January 1975 but which is the subject of a claim for relief under the proposed legislation relating to increases in stocks.

(c) The balance under Paragraphs (a) and (b) has been reduced by Advance Corporation Tax and relief from losses carried forward for set off against future liabilities.

5. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £60,165 (1973 £303,376) and on 5,000,000 Ordinary Shares in issue.

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Carr's Milling Industries Limited

Report of the Auditors

to the members

In our opinion, the Accounts set out on Pages 8 to 14 give, so far as concerns Members of the Holding Company, a true and fair view of the state of affairs at 31st August 1974 and of the Profit for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

BOYCE, WELCH & CO.,
Chartered Accountants.

Netherwood Chambers,
1A Manor Row, Bradford, BD1 4PB.
18th December 1974.