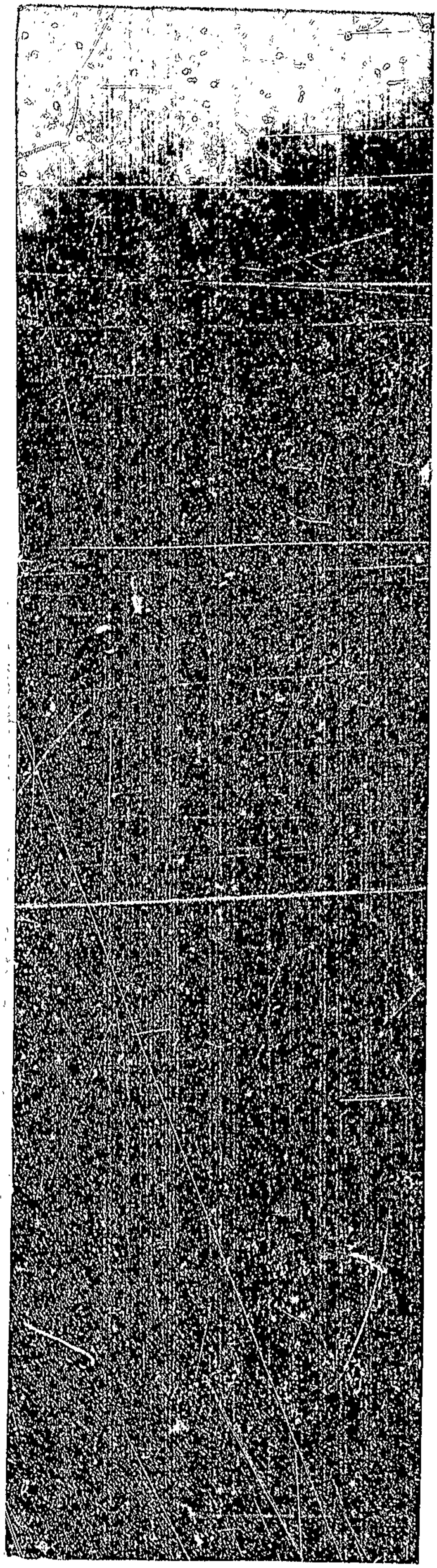

CARR'S MILLI

INDUSTRIES PLC

REPORT and ACCOU
31st August 1985

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CARR'S MILLING INDUSTRIES PLC

Contents

CARRS MILLING INDUSTRIES PLC

BOARD OF DIRECTORS

Ian C. Carr, Chairman
Sydney P. Smith, F.C.C.A., F.C.T.
J. R. Crawford, M.A.
D. Brian Armstrong, B.Sc.(Econ.)
John E. Tudor

SECRETARY AND REGISTERED OFFICE

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

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants,
Cloth Hall Court,
Infirmary Street,
Leeds. LS1 2HT

SOLICITORS

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

PRINCIPAL BANKERS

Clydesdale Bank PLC
12 Bank Street, Carlisle, CA3 8HD
Lloyds Bank Plc
21 Lowther Street, Carlisle, CA3 8ET

BROKERS

Scrimgeour, Vickers & Co.
20 Copthall Avenue, London, EC2R 7JS

MERCHANT BANKERS

Kleinwort, Benson Ltd.
20 Fenchurch Street, London, EC3P 3DB

CARR'S MILLING INDUSTRIES PLC

Notice of Meeting

NOTICE is hereby given that the Seventy-seventh Annual General Meeting of this Company will be held at the CREST HOTEL, KINGSTOWN, CARLISLE (at Exit 44, M6 Motorway) on Monday, the Thirteenth day of January, 1986 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, 1985. (Resolution 1).

2. To declare a Dividend of 4.25p per share on the Ordinary Share Capital. (Resolution 2).

3. To re-elect the following Director who retires in accordance with the Company's Articles of Association:– J. R. Crawford (Resolution 3).

4. To re-appoint Deloitte Haskins & Sells as Auditors and to authorise the Directors to fix their remuneration. (Resolution 4).

5. As Special Business to pass the following Ordinary Resolution:

   "That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £437,500 provided that this authority shall expire on the day preceding the fifth anniversary of the passing of this Resolution save that the Company may before such expiry make an offer or oral agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired." (Resolution 5).

   As Special Business to pass a Special Resolution as follows:

   "That, subject to the passing of Resolution No. 5, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 89) pursuant to the authority conferred by Resolution No. 5 as if sub-section (1) of section 89 did not apply to any such allotment provided that this power shall be limited:

   (a) to the allotment of equity securities in the case of a rights issue in favour of Ordinary shareholders where the equity securities attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be in respect of numbers of Ordinary shares held by them) and

   (b) to the allotment (otherwise than in pursuance to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £100,000,

   and shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired." (Resolution 6).

6. As Special Business to pass the following Ordinary Resolution:

   "The Carr's Milling Industries Executive Share Option Scheme (hereinafter called "The Executive Scheme") the provisions of which are summarised in the Appendix to the letter from the Chairman to members of the Company dated 20th December, 1985 and to be constituted by the rules produced in draft to this meeting and for the purposes of identification initialled by the Chairman hereof be and is hereby approved and the Directors be and are hereby authorised to cause such rules to be adopted and to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same." (Resolution 7).

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

Stanwix,
Carlisle, CA3 9BA.
20th December, 1985.

Notice of Meeting *(continued)*

NOTES:

1. 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.

2. Subject to approval of Resolution 2 the Dividend will be paid on the 24th January, 1986 to those registered as Shareholders on the 10th January, 1986.

3. 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.

   (c) A copy of the draft rules of The Executive Share Option Scheme.

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

CARRS MILLING INDUSTRIES PLC

Chairman's Review

of the year to 31st August 1985

THE GROUP RESULTS

The Group profit of £1.28 million before taxation was an all-time record – an increase of 50% on the figure of £854,000 achieved last year. External sales were £57 million (1984, £51 million).

The year was a milestone in the Company's history, the first time that profits have topped the million mark. A year in which all our "mainstream" activities in the flour milling, baking and agricultural fields made a good contribution to the Group result, with the benefits from the continuing programme of heavy capital investment beginning to come through.

It is the view of the Directors that the return to the Shareholders should be increased and accordingly they will recommend to the members at the Annual General Meeting that a final dividend of 4.25p per share should be approved for the year ended 31st August, 1985. This will make a total for the year of 6.00p per share on the capital as increased by the rights issue in December 1984 (1984, 5.50p per share).

A Resolution will be put to the Annual General Meeting continuing the limited powers that the Directors now have to deal with unissued shares.

FLOUR MILLING

The very dry summer that we enjoyed in 1984 produced an exceptionally good harvest of wheat in the United Kingdom, both in terms of quality and quantity. Although competition in the market place remained intense the ready availability of first class home grown milling wheat and the lower operational costs that we now incur enabled our flour milling business to improve markedly their financial performance.

Our remodelled flour mill is running extremely well. It came fully on-stream in the autumn of last year. To mark the occasion Sir Hector Laing, Chairman of United Biscuits (Holdings) PLC, a company with whom Carr's Flour Mills has had a long and happy relationship, performed a short opening ceremony in the presence of the Chairman of Simon Engineering plc (the main contractors), members of the Board and many group employees.

ANIMAL FEEDINGSTUFFS

Trading in an area in which dairy farms predominate it was inevitable that we would feel the effect of the introduction of milk quotas in the spring of 1984. In the event we did not suffer a significant drop in volume and with enthusiastic efforts to sell more broiler, sheep and pig foods our overall tonnage was only fractionally down on that achieved last year.

The very poor summer meant an early start to the feeding season and sales of dairy rations recovered in August and are now well up on the comparative period for last year.

AGRICULTURAL MERCHANTING

A good contribution to Group profit was made by all our agricultural merchanting companies. This was achieved in a climate where the farmers' purse strings were tighter, the poor harvest meant a marked reduction in demand for our machinery repair facilities and crop spraying was abandoned in the face of inclement weather.

Their performance under these adverse trading conditions reflects the ability of our management to readily adapt to changing circumstances and gives myself and my colleagues every confidence in their future progress.

Chairman's Review *(continued)*

OTHER AGRICULTURAL INTERESTS

Carrs Farms and Melkinthorpe Egg Producers had a satisfactory year. They are tightly run but their profitability largely depends upon the level of egg, broiler and pig producer prices. These vary markedly from year to year and are of course completely beyond our control.

Carrs Agriculture Limited set up in York in the summer of 1984 as a grain trading operation was able to provide both our flour milling and animal feedingstuffs businesses with a significant tonnage of wheat and are continuing to develop their relationship with arable farmers and grain merchants in Yorkshire and the Eastern part of the country.

BAKERIES

With one of the most modern bread plants in the United Kingdom Robertsons were well placed to meet the intense competition they faced in the year under review. The increase in their sales to which I referred last year has been sustained, both under their own banner and as major suppliers under own label to leading supermarket chains. They are without a doubt the leading seller of bakery goods in Cumbria and the Scottish Borders with an expanding share of the market in the North East of England.

OUR STAFF

The record profit could not have been achieved without the whole-hearted efforts of all our people. They are safeguarding the future of the Company and their commitment is appreciated by myself and my colleagues.

Our management has been materially strengthened during the year under review with the appointment of highly qualified people in the diverse spheres of food product development, animal nutrition and fertiliser technology. They are a welcome addition to our existing team and this augurs well for the future of the Group.

CURRENT TRADING AND DEVELOPMENTS

Trading in the first quarter of the current financial year was satisfactory and our prospects for 1986 are encouraging.

In September land adjacent to our Carlisle Bakery was acquired to enable improvements to be made to the loading and despatch areas. At the same time an order was placed for an automated Lanham Roll Plant to facilitate the production of morning goods. The despatch area improvements are underway, the new plant is being installed and will come on-stream in the spring of 1986.

Over the past few months plant to supply blended fertiliser, tailor-made to meet farmers' specific requirements, has been set up at Silloth. The new venture will pioneer bulk deliveries in the North and has the support of Norsk Hydro (Fertilizers) Ltd., a major fertiliser supplier to the Group's agricultural merchants.

12th December 1985.

Report of the Directors

GROUP ACTIVITIES

The principal activities during the year were flour milling, the production of bread and bakery products, the manufacture of animal feedingstuffs and the business of agricultural merchants and engineers. All Group Companies operate within the United Kingdom.

All major interests in the flour milling, baking and agricultural fields made a good contribution to the Group result with the benefits from the continuing programme of heavy capital investment beginning to come through.

PROFIT

	1985 £	1984 £
The profit attributable to Members of the Holding Company after all charges including taxation, amounted to	1,056,348	823,315
Applied as follows:–		
Ordinary Dividend: Interim of 1.75p per share paid (1984, 1.75p)	109,375	87,500
Final of 4.25p proposed (1984, 3.75p)	265,625	187,500
	375,000	275,000
Profit retained	681,348	548,315
	1,056,348	823,315

SHARE CAPITAL

A rights issue on a one for four basis was made in December 1984 increasing the issued share capital from £1,250,000 to £1,562,500 by allotment of 1,250,000 shares of 25p.

With the following two exceptions the Directors are not aware of any substantial interest (5% or more) in the Ordinary Shares of the Company by any person or group.

Heygate & Sons Ltd. — 1,423,125 shares (22.77% of the issued share capital)
Sun Alliance & London Insurance Group — 600,000 shares (9.60% of the issued share capital)

FIXED ASSETS

The Directors are of the opinion that the present value of the Group's properties is substantially in excess of net book value. The properties are fully utilised in the business and there is no intention of making any major disposals.

In May 1985 the Group purchased 25,000 £1 Ordinary shares of North Country Poultry Limited from their fellow shareholders which resulted in the company becoming a wholly owned subsidiary.

Report of the Directors *(continued)*

DIRECTORS

The Directors of the Company are as stated on Page 2 and all were in office throughout the year. Mr. J. R. Crawford retires from the Board by rotation and being eligible offers himself 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 in the Ordinary Shares of the Company were as follows:—

	31st August, 1985	1st September, 1984
Ian C. Carr	100,000	100,000
Sydney P. Smith	12,500	10,000
J. R. Crawford	16,875	13,500
D. Brian Armstrong	2,667	2,134
John E. Tudor	2,750	2,200
	134,792	127,834

No changes in the above holdings have taken place between 31st August, 1985 and 12th December, 1985.

EMPLOYEES

The Company is committed to the further development of employee information and consultation. This is achieved both in conjunction with trade union representatives and through briefing sessions with wider groups of employees. It is the policy within the group to offer equal opportunity to disabled persons in their recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations amounted to £1,204 (1984, £4,512). No political contributions were made.

TAXATION MATTERS

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1970. The Market Value of the Company's Ordinary Shares at 6th April, 1965 was 24.4p (after adjustment for subsequent issues).

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Deloitte Haskins & Sells will be put to the Annual General Meeting.

By order of the Board,
SYDNEY P. SMITH,
Secretary.

Sydney P. Smith

Stanwix,
Carlisle, CA3 9BA.
12th December, 1985.

CARRS MILLING INDUSTRIES PLC

Consolidated Profit and Loss Account

for the year ended 31st August 1985

	Notes	1985 £	1985 £	1984 £	1984 £
TURNOVER	2		57,216,944		51,117,203
Cost of Sales			48,866,983		44,660,020
Gross Profit			8,349,961		6,457,183
Distribution costs		4,156,715		3,114,388	
Administrative expenses		2,303,802		1,957,986	
			6,460,517		5,072,374
OPERATING PROFIT	3		1,889,444		1,384,809
Income from investments	5	18,465		4,559	
Interest receivable	6	1,258		—	
Interest payable	7	(628,374)		(540,428)	
Amount written back to investments		—		5,000	
			(608,651)		(530,869)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,280,793		853,940
Taxation	8		224,014		30,194
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,056,779		823,746
Minority interests			431		431
PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY			1,056,348		823,315
Dividends	9		375,000		275,000
Retained profit	18		£681,348		£548,315
EARNINGS PER ORDINARY SHARE	10				
Net Basis			18.3p		16.0p
Nil Basis			21.1p		18.2p

CARRS MILLING INDUSTRIES PLC

Consolidated Balance Sheet

at 31st August 1985

	Notes	1985 £	1985 £	1984 £	1984 £
FIXED ASSETS					
Tangible assets:	11				
Land and Buildings		1,866,039		1,716,367	
Plant and Equipment		6,610,804		6,378,511	
Payments on assets in course of construction		228,036		—	
			8,704,879		8,094,878
Investments	12		102,454		71,242
			8,807,333		8,166,120
CURRENT ASSETS					
Stocks	13	4,153,970		4,578,628	
Debtors	14	7,972,407		7,078,034	
Cash at bank and in hand		16,079		7,481	
		12,142,456		11,664,143	
CREDITORS: Amounts falling due within one year	15	9,533,230		9,725,804	
NET CURRENT ASSETS			2,609,226		1,938,339
TOTAL ASSETS LESS CURRENT LIABILITIES			11,416,559		10,104,459
CREDITORS: Amounts falling due after one year	16	1,379,630		1,500,000	
DEFERRED INCOME					
Government grants		848,420		845,074	
			2,228,050		2,345,074
NET ASSETS			£9,188,509		£7,759,385
CAPITAL AND RESERVES					
Called up share capital	17		1,562,500		1,250,000
Reserves	18		7,605,235		6,488,611
Shareholders' funds			9,167,735		7,738,611
Minority interests			20,774		20,774
			£9,188,509		£7,759,385

CARRS MILLING INDUSTRIES PLC

Holding Company Balance Sheet

at 31st August 1985

	Notes	1985 £	1985 £	1984 £	1984 £
FIXED ASSETS					
Investments	12		1,007,966		1,029,399
CURRENT ASSETS					
Debtors	14	3,876,604		3,262,363	
CREDITORS: Amounts falling due within one year	15	934,401		1,434,408	
NET CURRENT ASSETS			2,942,203		1,827,955
TOTAL ASSETS LESS CURRENT LIABILITIES			3,950,169		2,857,354
CREDITORS: Amounts falling due after one year	16		258,350		300,000
			£3,691,819		£2,557,354
CAPITAL AND RESERVES					
Called up share capital	17		1,562,500		1,250,000
Reserves	18		2,129,319		1,307,354
			£3,691,819		£2,557,354

The accounts set out on pages 9 to 19 were approved by the Board on 12th December, 1985 and signed on its behalf by

IAN C. CARR
SYDNEY P. SMITH } Directors

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

We have audited the accounts on pages 9 to 19 in accordance with approved Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st August, 1985, and of the profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

DELOITTE HASKINS & SELLS,
Chartered Accountants.

Leeds
18th December, 1985

Statement of Accounting Policies

1. BASIS OF ACCOUNTING
The Accounts are prepared on the historical cost basis of accounting.

2. BASIS OF CONSOLIDATION
The Consolidated Profit and Loss Account and Balance Sheet include the Accounts of the Holding Company and all of its Subsidiary Companies for the year ended 31st August 1985.
In the years in which subsidiaries are acquired the Consolidated Profit and Loss Account includes the results of those subsidiaries from the dates of acquisition. Fair values are attributed to the net assets of subsidiaries acquired; premiums on acquisitions are written off against reserves.

3. GOVERNMENT GRANTS
Grants receivable under the Industry Act 1972 and other capital grants are credited to Profit and Loss Account in equal annual instalments over the expected useful lives of the assets concerned.

4. DEPRECIATION
Depreciation is calculated on a straight line basis by reference to cost (before grants) or to valuation using the rates shown below. A full year's depreciation is normally provided in the financial year of acquisition and none in the year of disposal.

Freehold and Long Leasehold Properties ..	2%
Short Leasehold Properties	Over the period of the lease
Plant, Equipment, and Motor Vehicles ..	5%—20%

5. STOCKS
Stocks are valued at the lower of purchase price or production cost and net realisable value.

6. DEFERRED TAXATION
Deferred taxation is provided in respect of material timing differences which are expected to give rise to a liability on their reversal in the foreseeable future. Provision is made at the estimated rate of corporation tax applicable to the years in which such reversals are expected to take place.

Notes to the Accounts

1. The Holding Company has taken advantage of the exemption from presenting its own Profit and Loss Account. The profit for the year dealt with in the Accounts of the Holding Company was £143,646 (1984, £172,223).

2. GROUP TURNOVER	1985 £	1984 £
Sales	67,743,232	58,062,303
Less Inter Company sales of products for re-processing	10,526,288	6,945,100
Sales to External Customers	57,216,944	51,117,203

3. OPERATING PROFIT

a) This is stated after charging or (crediting)

	1985	1984
* Directors' Remuneration	200,016	167,489
Auditors' Remuneration	46,000	35,500
Depreciation	777,414	764,948
Profit on sale of fixed assets	(52,644)	(17,027)
Proportion of deferred government grants received	(56,335)	(54,334)

b) * Directors' Remuneration:

	1985	1984
Fees	15,000	10,000
Other Emoluments (including Pension contributions)	185,016	157,489
	200,016	167,489

Excluding Pension contributions, emoluments were:–

	1985	1984
Chairman	36,983	31,475
	No.	No.
Other Directors: £20,001 — £25,000	—	2
£25,001 — £30,000	—	2
£30,001 — £35,000	2	—
£35,001 — £40,000	2	—

4. STAFF COSTS	£	£
Wages and Salaries	5,713,244	4,775,632
Social Security Costs	578,940	526,092
Other Pension Costs	341,814	326,199
	6,633,998	5,627,923

The average weekly number of employees during the year was made up as follows:–

Sales, Office and Management	268	247
Manufacture and distribution	577	487
	845	734

Notes to the Accounts

	1985	1984
	£	£
5. INCOME FROM INVESTMENTS		
Listed	300	284
Other	18,165	4,275
	18,465	4,559
6. INTEREST RECEIVABLE		
On short term deposit	1,258	—
7. INTEREST PAYABLE		
Bank Overdrafts	405,876	437,520
Other loans not repayable within five years	222,498	102,908
	628,374	540,428
8. TAXATION		
U.K. Corporation Tax at 42.9% (1984, 47.9%)	57,214	—
Credit for losses due to first year allowances carried back against liability for earlier years	—	(242,320)
Advance corporation tax written off	161,646	257,453
	218,860	15,133
Underprovision in previous year	5,154	15,061
	224,014	30,194

The charge for taxation has been reduced by £233,000 (1984, £775,000) in respect of excess capital allowances on which, in accordance with the Group's accounting policy, deferred tax has not been provided. It has also been reduced by £228,000 (1984, £31,000) in respect of losses brought forward. There remain losses of £280,000 (1984, £529,000) to carry forward against future profits.

	1985	1984
9. DIVIDENDS		
Ordinary — Interim paid of 1.75p per share (1984, 1.75p)	109,375	87,500
— Final proposed of 4.25p per share (1984, 3.75p)	265,625	187,500
	375,000	275,000

10. EARNINGS PER ORDINARY SHARE

The calculation of earnings per share on the Net Basis is based on profits of £1,056,348 (1984, £823,315) and on a weighted average of 5,783,568 shares in issue during the year.

The calculation of earnings per share on the Nil Basis is based on adjusted profits of £1,217,063 (1984, £940,968) after adding irrecoverable advance corporation tax and on a weighted average of 5,783,568 shares in issue during the year.

The 1984 earnings per share have been adjusted, in accordance with Statement of Standard Accounting Practice No. 3, to give effect to the one for four rights issue made during the year.

Notes to the Accounts

11. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Assets in course of construction £	Total £
Cost:				
At 1/9/84	2,425,715	10,436,804	—	12,862,519
Additions	217,600	1,042,150	228,036	1,487,786
Disposals	(15,048)	(354,064)	—	(369,112)
Acquisition of Subsidiary	—	63,892	—	63,892
At 31/8/85	2,628,267	11,188,782	228,036	14,045,085
Depreciation:				
At 1/9/84	709,348	4,058,293	—	4,767,641
Provided During the Year	60,919	716,495	—	777,414
Disposals	(8,039)	(211,687)	—	(219,726)
Acquisition of Subsidiary	—	14,877	—	14,877
At 31/8/85	762,228	4,577,978	—	5,340,206
Net Book Value:				
At 31/8/85	1,866,039	6,610,304	228,036	8,704,879
At 1/9/84	1,716,367	6,378,511	—	8,094,878

The net book value of Land and Buildings comprises:	1985 £	1984 £
Freehold	1,275,738	1,129,095
Long Leasehold	530,505	523,664
Short Leasehold	59,796	63,608
	1,866,039	1,716,367

12. INVESTMENTS

Group	Shares in Associated Companies £	Loans to Associated Companies £	Other Investments £	Other Loans £	Total £
Cost:					
At 1/9/84	25,000	20,000	22,255	54,987	122,242
Additions	—	—	8	44,186	44,194
Disposals	(25,000)	(20,000)	(50)	(12,932)	(57,982)
At 31/8/85	—	—	22,213	86,241	108,454
Amounts written off:					
At 1/9/84	25,000	20,000	6,000	—	51,000
Amounts written back in year	(25,000)	(20,000)	—	—	(45,000)
At 31/8/85	—	—	6,000	—	6,000
Net book value:					
At 31/8/85	—	—	16,213	86,241	102,454
At 1/9/84	—	—	16,255	54,987	71,242

	1985	1984
Listed investments included at net book value (market value)	£9,762(8,625)	£9,762(7,956)

Notes to the Accounts

12. INVESTMENTS

Holding Company

	Shares in Subsidiaries £	Shares in Associated Company £	Loans to Associated Companies £	Other Investments £	Total £
Cost:					
At 1/9/84	1,038,444	25,000	20,000	12,287	1,095,731
Transfer	25,000	(25,000)	—	—	—
Disposals	—	—	(20,000)	—	(20,000)
Acquisition of Subsidiary ..	250	—	—	—	250
At 31/8/85	1,063,694	—	—	12,287	1,075,981
Amounts written off at 1/9/84	21,332	25,000	20,000	—	66,332
Transfer	25,000	(25,000)	—	—	—
During year (written back) ..	21,633	—	(20,000)	—	1,683
At 31/8/85	68,015	—	—	—	68,015
Net Book Value:					
At 31/8/85	995,679	—	—	12,287	1,007,966
At 1/9/84	1,017,112	—	—	12,287	1,029,399

	1985	1984
Listed investments included at net book value (market value)	£9,762(8,625)	£9,762(7,956)

Subsidiaries:

Name	*Proportion of shares held* Ordinary %	Preference %
HELD BY THE COMPANY:–		
B.R.B. Trust Ltd.	100	100
Carrs Agriculture Ltd.	100	100
Carrs Farm Foods Ltd.	100	—
Carr's Flour Mills Ltd.	100	100
Carrs Farms Ltd	100	100
Oliver & Snowdon Ltd.	100	—
North Country Poultry Ltd.	100	—
Robertsons (Bakers) Ltd.	100	54
James Reive & Sons Ltd.	100	—
John Stronach (Shipbrokers) Ltd	100	—
HELD BY A SUBSIDIARY:–		
Thos. Edmondson Ltd.	100	—
Melkinthorpe Egg Producers Ltd.	100	—

Non-trading subsidiaries are not shown above.

With the exception of James Reive & Sons Ltd. (registered in Scotland) all the above companies are registered in England.

Notes to the Accounts

13. STOCKS

	1985 £	1984 £
Raw materials and stores	2,205,055	2,838,848
Finished products	533,835	357,789
Goods purchased for re-sale	1,415,080	1,381,991
	4,153,970	4,578,628

14. DEBTORS

	Group		Holding Company	
	1985 £	1984 £	1985 £	1984 £
Amounts receivable within one year:				
Trade debtors	6,963,584	6,486,502	8,228	6,915
Amounts owed by subsidiaries	—	—	3,868,376	3,255,448
Corporation Tax	103,124	121,674	—	—
Other debtors	241,926	154,278	—	—
Prepayments and accrued income	663,773	315,580	—	—
	7,972,407	7,078,034	3,876,604	3,262,363

Prepayments include an amount of £280,000 part payment for a Roll Plant to be re-imbursed under an industrial hire purchase agreement.

15. CREDITORS

	Group		Holding Company	
	1985 £	1984 £	1985 £	1984 £
Amounts falling due within one year:				
Current instalments on long term loan	120,370	—	41,650	—
Bank overdrafts	3,222,770	3,983,694	310,874	1,030,773
Trade creditors	4,478,097	4,704,102	—	—
Amounts owed to subsidiaries	—	—	50,632	57,795
Dividends payable	265,625	187,500	265,625	187,500
Corporation Tax	299,321	118,122	242,107	117,643
Other taxes and social security costs	270,564	233,405	—	—
Other creditors	447,822	73,977	16,667	33,333
Accrued payments	426,661	425,004	6,846	7,364
	9,533,230	9,725,804	934,401	1,434,408

16. CREDITORS

	Group		Holding Company	
	1985 £	1984 £	1985 £	1984 £
Amounts falling due after one year:				
7½% Unsecured Loan Stock 2001/05	50,000	50,000	50,000	50,000
9½% Unsecured Loan – *European Investment Bank	1,121,280	1,200,000	—	—
11½% Unsecured Loan – *Investors in Industry Ltd.	208,350	250,000	208,350	250,000
	1,379,630	1,500,000	258,350	300,000

* Repayable in twelve half yearly instalments commencing in 1986.

17. CALLED-UP SHARE CAPITAL

	1985 £	1984 £
Authorised: 8,000,000 (1984, 6,400,000) ordinary shares of 25p each	2,000,000	1,600,000
Allotted, called-up and fully paid: 6,250,000 (1984, 5,000,000) ordinary shares of 25p each	1,562,500	1,250,000

Notes to the Accounts

18. RESERVES

	Share Premium Account £	Retained Profit £	Total £
AT 1/9/84	162,650	6,325,961	6,488,611
Goodwill written off	—	(243,043)	(243,043)
Premium on issue of shares less expenses	678,319	—	678,319
Retained Profit for the year	—	681,348	681,348
At 31/8/85	840,969	6,764,266	7,605,235
Retained as follows:			
Holding company	840,969	1,288,350	2,129,319
Subsidiary companies	—	5,475,916	5,475,916
	840,969	6,764,266	7,605,235

19. DEFERRED TAXATION

The total potential liability for deferred taxation, for which, in accordance with the Group's accounting policy, no provision has been made, is as follows:

	1985 £	1984 £
Tax effect of timing differences caused by:		
Excess of capital allowances over depreciation	2,627,000	2,404,000
Less Losses carried forward	(120,000)	(195,000)
Advance Corporation Tax	(631,000)	(525,000)
	1,876,000	1,684,000

20. CAPITAL COMMITMENTS

	1985 £	1984 £
Contracted	1,346,000	170,000
Authorised	358,000	345,000

In arriving at the above amounts Government Grants have not been taken into account.

21. CONTINGENT LIABILITIES

The holding company has also guaranteed the bank overdrafts of certain subsidiaries, and an overdraft of a third party up to a total of £80,000 (1984, £80,000).

22. PENSION COMMITMENTS

The Group has a number of pension schemes for its employees. On the basis of the latest actuarial valuations and subsequent experience of the schemes, the Group's pension advisers are of the opinion that there are sufficient assets in each fund to provide paid-up pensions to present members on the basis of present salaries and the credited periods of service.

CARRS MILLING INDUSTRIES PLC

Statement of Source and Application of Funds

For the year ended 31st August 1985

	1985		1984	
	£'000	£'000	£'000	£'000
SOURCES OF FUNDS				
Profit on ordinary activities before taxation ..		1,281		854
Adjustment for items not involving the movement of funds:				
Depreciation		777		765
Profit on disposal of tangible fixed assets ..		(53)		(17)
Released from deferred government grants ..		(56)		(54)
Amounts written back to investments		—		(5)
TOTAL GENERATED FROM OPERATIONS		1,949		1,543
FUNDS FROM OTHER SOURCES:				
Proceeds on disposal of tangible fixed assets		202		81
Reduction in loans		13		79
Government grants received		60		287
Loan monies received		—		1,450
Net proceeds of rights issue		991		—
		3,215		3,440
APPLICATION OF FUNDS RECEIVED				
Dividends paid	297		275	
Purchase of tangible fixed assets	1,817		2,729	
Additional loans	44		56	
Tax paid	25		85	
Purchase of goodwill	243		—	
		2,426		3,145
WORKING CAPITAL – INCREASE		789		295
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL:				
Stocks		(425)		645
Debtors		632		1,213
Creditors		(188)		(1,210)
		19		648
MOVEMENT IN NET LIQUID FUNDS:				
Cash at bank and in hand	9		(8)	
Bank overdrafts	761		(345)	
		770		(353)
		789		295

CARR'S MILLING INDUSTRIES PLC

Five Year Statement

	1981	1982	1983	1984	1985
		(53 weeks)			
GROUP TURNOVER	£000	£000	£000	£000	£000
Sales	40,208	45,849	51,411	58,062	67,743
Less: Inter Company Sales of products for re-processing ..	5,437	6,540	6,498	6,945	10,526
Sales to External Customers ..	34,771	39,309	44,913	51,117	57,217
PROFITS					
Profits before Taxation	671	950	890	854	1,281
Taxation	138	263	12	30	224
	533	687	878	824	1,057
Net Profit Attributable to Minority Shareholders	1	1	1	1	1
Profit Attributable to members of the Holding Company	532	686	877	823	1,056
Ordinary Dividend	213	262	275	275	375
Profit Retained	319	424	602	548	681
NET ASSETS EMPLOYED					
Tangible Fixed Assets	4,915	5,090	6,195	8,095	8,705
Investments	203	110	89	71	103
Net Current Assets	1,574	1,931	1,451	1,938	2,609
	6,692	7,131	7,735	10,104	11,417
Non-Current Liabilities	608	523	524	2,345	2,228
	6,084	6,608	7,211	7,759	9,189
Earnings per Ordinary Share of 25p	10.4p	13.3p	17.1p	16.0p	18.3p
Dividend per Ordinary Share of 25p	4.3p	5.2p	5.5p	5.5p	6.0p
Profit as a Percentage of External Sales	1.9%	2.4%	2.0%	1.7%	2.2%
Profit as a Percentage of Net Assets Employed	11.0%	14.4%	12.3%	11.0%	13.9%

The earnings per ordinary share have been adjusted to give effect to the one for four rights issue in the year to 31st August 1985.

CARR'S MILLING INDUSTRIES PLC

Five Year Statement

	1981	1982	1983	1984	1985
		(53 weeks)			
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Profit Attributable to members of the Holding Company	532	686	877	823	1,056
Ordinary Dividend	213	262	275	275	375
Profit Retained	319	424	602	548	681
NET ASSETS EMPLOYED					
Tangible Fixed Assets	4,915	5,090	6,195	8,095	8,705
Investments	203	110	89	71	103
Net Current Assets	1,574	1,931	1,451	1,938	2,609
	6,692	7,131	7,735	10,104	11,417
Non-Current Liabilities	608	523	524	2,345	2,228
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