Carr's Group plc

CREATING VALUE THROUGH GROWTH

Annual Report and Accounts 2022

CARR'S IS AN INTERNATIONAL GROUP INVESTING IN THE AGRICULTURAL AND ENGINEERING SECTORS.

"We have set out a clear strategy for growth in earnings and shareholder value. The disposal of our Agricultural Supplies division will enable Carr's to focus on its Speciality Agriculture and Engineering divisions and provide funding for strategic growth and investment, thereby enabling us to build upon our industry-leading positions in these two higher margin divisions."

Peter Page
Chief Executive Officer

OUR PURPOSE

To supply category-leading products and services from the best people through effective and efficient processes achieving year-on-year growth.

WHAT'S IN OUR REPORT

STRATEGIC REPORT

01 Introduction
02 Highlights
04 At a Glance
06 Chair's Statement and Board Review
10 Market Overview
12 Business Model
14 Strategic Framework
16 Group Performance Review
17 Divisional Review: Speciality Agriculture
18 Divisional Review: Engineering
19 Divisional Review: Agricultural Supplies
20 Financial Review
22 Key Performance Indicators
24 Principal Risks and Uncertainties
27 Viability Statement
28 Responsible Business Report
37 TCFD Disclosures
40 Stakeholder Engagement
45 Non-Financial Information Statement

CORPORATE GOVERNANCE

46 The Board
48 Chair's Introduction
48 Corporate Governance Report
58 Nomination Committee Report
61 Audit Committee Report
65 Remuneration Committee Report
84 Directors' Report

FINANCIAL STATEMENTS

89 Independent Auditor's Report
101 Consolidated Income Statement
102 Consolidated Statement of Comprehensive Income
103 Consolidated and Company Balance Sheets
105 Consolidated Statement of Changes in Equity
106 Company Statement of Changes in Equity
107 Consolidated and Company Statements of Cash Flows
108 Principal Accounting Policies
117 Notes to the Financial Statements
173 Five-Year Statement
175 Alternative Performance Measures Glossary
178 Directory of Operations
179 Dormant subsidiaries at 3 September 2022
180 Registered Office and Advisers

A STRONG PERFORMANCE IN A TRANSFORMATIONAL YEAR FOR THE GROUP

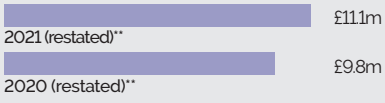
Financial (Continuing Operations)

£124.2m
Revenue

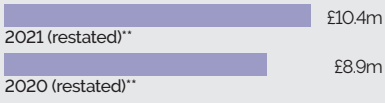
£40.6m
Year end Engineering order book

5.20p
Dividend Per Share

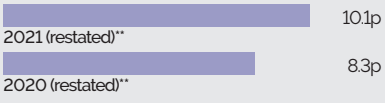
£11.9m
Adjusted Operating Profit*



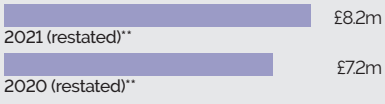
£11.2m
Adjusted Profit Before Tax*



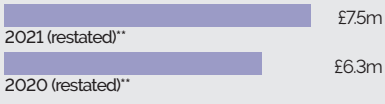
10.0p
Adjusted Earnings Per Share*



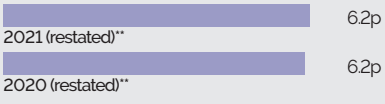
£8.2m
Reported Operating Profit



£7.6m
Reported Profit Before Tax



6.4p
Basic Earnings Per Share



* Adjusted results are consistent with how business performance is measured internally and are presented to aid comparability of performance.

** See note 39 for details of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

Commercial and strategic (Continuing Operations)

- Revenue from continuing operations increased 3.3%
- Adjusted profit before tax from continuing operations increased 8.0%
- Reported operating profit from continuing operations in line with prior year at £8.2m
- Agricultural Supplies business sold at market comparable 6.4 x FY21 EBITDA
- Post year end disposal leads to net cash on balance sheet
- Refreshed Board for 2023
- Group now focused on higher margin, differentiated, international businesses

CREATING VALUE THROUGH INNOVATION AND LEADERSHIP

Carr's Group plc is an internationally recognised leader in the manufacture and supply of value-added products and solutions. The Group produces market-leading brands and occupies a robust market position in the speciality agriculture and engineering sectors.

The Group operates a model which aims to empower operational subsidiaries, enabling them to be competitive, agile and effective in their individual markets whilst maintaining overall standards and goals.

During the year the business was managed in three divisions. Following a strategic review of the business, the Board announced in August 2022 the agreement to sell the Group's interests in the Agricultural Supplies division. The sale completed on 26 October 2022 and enables the Group to focus on the Speciality Agriculture and Engineering divisions.

SPECIALITY AGRICULTURE

Locations

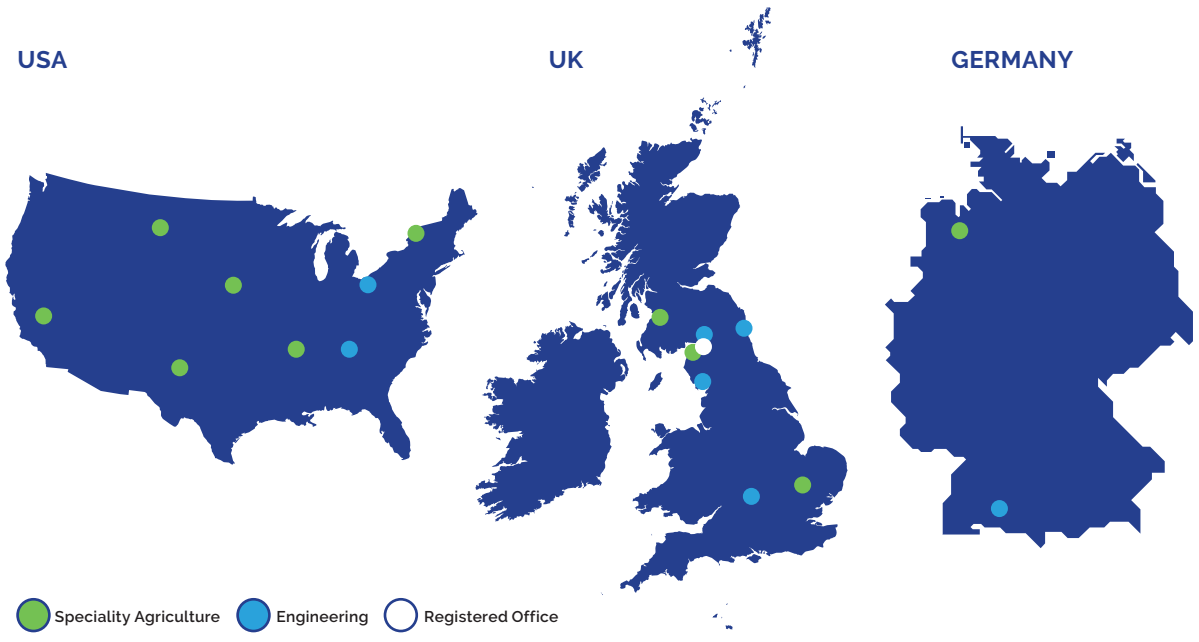
6	3	1
USA	UK	Germany

ENGINEERING

Locations

2	4	1
USA	UK	Germany

Our facilities:



SPECIALITY AGRICULTURE

Our Speciality Agriculture division manufactures and supplies supplementation products for livestock and comprises our feed block, mineral supplement, bypass protein and animal health businesses.

These products are developed by our team of highly skilled scientists and animal health specialists and are designed to improve animal performance.

Our patented products are manufactured from three sites in the UK, six sites in the USA and one site in Germany. Our customer base is made up of farmers across the UK, Europe, North America and Australasia who are supplied through our extensive global distribution and support network.

Key brands include:

- Crystalyx®, Horslyx® and SmartLic® feed blocks
- Tracesure® boluses
- AminoMax® bypass protein products

REVENUE
£78.1m

ADJUSTED OPERATING PROFIT
£9.2m

REPORTED OPERATING PROFIT
£9.3m

ENGINEERING

Our Engineering division designs and manufactures bespoke complex equipment and products, and supplies specialist technical services and solutions to customers predominantly in the nuclear energy, oil and gas sectors.

These include robotic manipulators and remote handling equipment, life-of-plant extension technologies, radiation protection and decontamination services, design and fabrication, and precision machining.

The division operates from four sites in the UK, two in the USA and one in Germany. It serves a global customer base which includes government bodies, utilities providers, and large corporations.

Key brands include:

- TELBOT® robotic manipulators
- MSIP® life-of-plant extension technology
- Power Fluidics™ waste mobilisation systems

REVENUE
£46.2m

ADJUSTED OPERATING PROFIT
£5.4m

REPORTED OPERATING PROFIT
£2.0m

Chair's Statement

I am pleased to have joined the Board as Chair on 21 February 2023. As I take up the role, I believe that this is the start of a new chapter for Carr's.

We have a refreshed Board and a clear focus for the future. The Board Review which follows, outlines the changes which took place over the FY22 which has positioned the Group to enable growth through our industry-leading Speciality Agriculture and Engineering divisions.

I am very much looking forward to helping guide the Company, supporting optimal value creation for our shareholders and wider stakeholders.

Tim Jones
Non-Executive Chair
22 March 2023

Board Review

2022 was a transformational year for Carr's Group. The Board addressed strategic priorities and made changes that will enable growth in shareholder value by developing the Group's market-leading businesses in Speciality Agriculture and Engineering. The Group will focus on higher margin, differentiated, international businesses, following the disposal of the Agricultural Supplies division in October 2022.

The future development of the Speciality Agriculture division will be through organic growth opportunities and carefully targeted acquisitions. The Engineering division will focus on the unique qualities and strengths of the current businesses to realise their full potential at a time when the nuclear sector is expanding capacity and capability.

The Board has been refreshed, bringing considerable experience to lead the Group at a time of change and renewal for businesses that have strong prospects for the future.

Financial performance

The review of financial performance focuses primarily on revenue and profits from continuing operations in Speciality Agriculture and Engineering, following the disposal of the Agricultural Supplies division after the year end.

Revenue for the year from continuing operations increased to £124.2m (2021 restated: £120.3m).

Adjusted operating profit from continuing operations increased to £11.9m (2021 restated: £11.1m), with Speciality Agriculture contributing £9.2m (2021: £9.5m), and Engineering contributing £5.4m (2021 restated: £3.9m). Reported operating profit was in line with last year at £8.2m (2021 restated: £8.2m).

Adjusted profit before tax from continuing operations increased to £11.2m (2021 restated: £10.4m) whilst reported profit before tax increased 0.4% to £7.6m (2021 restated: £7.5m).

Basic earnings per share from continuing operations increased to 6.4p (2021 restated: 6.2p) and adjusted earnings per share reduced to 10.0p (2021 restated: 10.1p).

Net debt at 3 September 2022, excluding leases, was higher at £14.0m (2021: £10.0m), funding increases in working capital driven by inflationary cost increases. Since year end, with completion of the disposal of the Agricultural Supplies division and the receipt of the initial proceeds, the balance sheet is cash positive.

The profit numbers referenced exclude the impact of discontinued operations. The net loss for the year after tax from discontinued operations of £2.2m (2021: £3.8m profit) consists of the loss recognised relating to the disposal of the Carr's Billington Agricultural business, net of profit from the Agricultural Supplies division.

Dividend

The Board is proposing a final dividend of 2.85 pence per share which, together with the two interim dividends, makes a total dividend of 5.20 pence per share for the full year, up 4% on the prior year (2021: 5.00 pence).

Subject to approval by shareholders at the forthcoming General Meeting of the Company, the final dividend will be paid on 12 May 2023, to shareholders on the register at close of business on 14 April 2023 and the shares will go ex-dividend on 13 April 2023.

Strategy

Since April 2021, business performance has been reported in three divisions: Speciality Agriculture, Agricultural Supplies, and Engineering. This provided clearer information on the profitability of each division and more detail on how each contributes to earnings per share.

In January 2022, a review of the strategic options for long-term growth in shareholder value in each of the three divisions was announced. Following careful evaluation of all options, supported by external advisers, the Board determined that the Group will most successfully create long-term shareholder value by focusing on the higher margin, differentiated, international businesses in Speciality Agriculture and Engineering.

The Speciality Agriculture division, which delivers measurable productivity benefits to livestock farmers through patented products sold under market-leading brands, will grow with investment in the existing businesses and, over time, by carefully targeted acquisitions. Opportunities include demand for nutritional supplements generated by increasing use of low intensity pasture-based grazing, the rise in sustainability-related nutrition programmes, and growing interest in welfare-centred management systems.

The Engineering division will develop the current portfolio of businesses, which include patented and differentiated products and services, to achieve their full potential in specialist markets at a time when totally dependable engineering solutions and services, fit for the nuclear industry, are in demand. Opportunities include increasing capacity through small modular reactor technology development, extending installed asset life to maintain capacity, and supporting high levels of investment in long-term fundamental research.

In August 2022, we reached agreement with co-owners Edward Billington & Son Limited for the sale of all our holdings in the Agricultural Supplies division. Following a general meeting on 19 September 2022 at which 98% of shareholder votes were in favour, the sale was completed on 26 October 2022, with the Group's holding valued at £44.5m (on a debt free basis), a market comparable multiple of 6.4 x FY21 EBITDA, leading to anticipated net proceeds of £29.0m, after accounting for all transaction costs, debt and working capital adjustments.

Whilst the Agricultural Supplies division generated approximately 75% of historic Group revenues, the market environment and ownership structure meant that it contributed approximately 25% to adjusted earnings per share attributable to shareholders. The split ownership structure meant that Carr's Group did not have full control of the strategy or direction of the combined business, whilst it consumed a substantial proportion of management time. It required up to £10m of replacement capital expenditure, and the rise in commodity prices led to a substantial increase in working capital during 2022. The disposal addresses a fundamental challenge to growing shareholder value.

The decision to focus on high margin, differentiated, international businesses, and the disposal of the lower margin UK-only division, are the first steps in an ongoing process of strategic change for the Group. The receipt of sale proceeds puts the balance sheet in a strong net cash position. The Board will carefully consider the appropriate allocation of capital to achieve a balance between investment for growth in long-term value of the Group and returns to shareholders, including options to secure a fully-funded, risk-free position for the legacy defined benefit pension scheme.

Board

Carr's Group has a refreshed Board of new Executive and Non-Executive members bringing considerable experience for the benefit of all shareholders.

In line with Board succession plans, Shelagh Hancock and Stuart Lorimer were appointed as Non-Executive Directors from 1 September 2022. Shelagh, CEO of First Milk, the leading UK farmer owned dairy co-operative, has considerable experience relevant to the Speciality Agriculture division. Stuart, Finance Director of FTSE listed AG Barr plc, will become Audit Committee Chair in succession to John Worby, following the forthcoming General Meeting of the Company. Both Shelagh and Stuart have already brought fresh insight to Board meetings and provide constructive challenge to the Executive Directors.

As part of the Board's succession plan, John Worby, who has been on the Board since 2015, will complete his time as Audit Committee Chair following the forthcoming General Meeting of the Company, and will retire from the Board in mid-2023 following a period of handover and support to the new Board members. John has provided wise counsel and shared a lifetime's experience in finance and public companies, which has been of great value to the Group.

In August 2022, Neil Austin indicated his intention to leave Carr's Group, to take up a new role at Westmorland Family, headquartered at Penrith in Cumbria. Neil had been on the Board for over ten years and was central to many of the improvements and developments at Carr's Group in recent times. Neil made a significant contribution to the work of the Board. His detailed understanding of the workings of the Group combined with a sharp intellect has been a real help to Board members and senior managers throughout his tenure. Neil stood down as Chief Financial Officer and from the Board on 21 February 2023 and left with all the Board wishing him success in his new role, and gratitude for his legacy at Carr's Group.

David White joined the Board on 21 February 2023 as Chief Financial Officer, in succession to Neil Austin, bringing extensive finance and operational experience gained at Aggreko plc, Weir Group and in professional services. David was appointed following an external search process and has made a very positive impact since joining the Group on 3 January 2023.

In November 2022 following an extensive search process, it was announced that Tim Jones would be joining the Board and would become Non-Executive Chair. Tim's appointment took effect on 21 February 2023. Tim brings substantial experience to the role, having been Non-Executive Chair of Treatt plc, a FTSE listed business whose market capitalisation increased eight-fold in the 11 years of his tenure. Tim has a deep understanding of equity markets, is an FCA approved person and a member of the Chartered Institute of Securities and Investment, and is well placed to engage with, and reflect the interests of, all shareholders.

Since October 2021 I have worked in the business full-time as Executive Chair, following agreement with the incumbent Chief Executive Officer, Hugh Pelham, that he would leave the business and step down from the Board. Further to an extensive internal and external search process, it was announced in August 2022 by the Board that I would be appointed Chief Executive upon the appointment of a new Non-Executive Chair which took effect on 21 February 2023 with the appointment of Tim Jones.

As separately announced on 21 February 2023, Martin Rowland joined the Board as a Non-Executive Director of the Company on 6 March 2023 in accordance with a relationship agreement entered into between Harwood Capital Management Limited and the Company on 20 February 2023.

Stakeholder engagement

The January 2022 Annual General Meeting was the first opportunity to meet with shareholders in person following the lifting of COVID-19 restrictions. Throughout the year we have met with shareholders, in person, online and through telephone calls. It is important that the Chair and other Directors are accessible to shareholders so we can benefit from the dialogue, challenge, and exchange of views.

Around the time of the Annual General Meeting in January 2022, we consulted with shareholders in some detail to address the issue of Board composition and diversity, taking the opportunity to discuss and explain the changes to the Board as part of the succession plans. The feedback received and our response has been published on the Group's website, with more detail in the Nomination Committee Report.

Members of the Board meet regularly with senior managers to review business performance and progress in non-financial areas including Health and Safety and Environmental issues. Ian Wood, as the Board's nominee for employee engagement, actively participates in specific topics on behalf of the whole Board.

There is regular engagement with current and prospective customers, ranging from farmers at UK and US trade events and distributors at international trade shows, to site visits in the UK, USA and Japan. First hand contact with the market is critical to understanding challenges and opportunities for the future.

It is valuable to maintain contact with related external educational, research and development organisations, for example the UK Atomic Energy Authority, agriculture faculties of US universities and local colleges for skills training and new developments and opportunities.

Environment, Social and Governance

ESG is about the way that we do things, more than words and statements. With ever increasing focus on sustainability, business impact on the climate and society, all the Group's activities are taking more direct responsibility for monitoring and reducing emissions and waste. An experienced Environment and Sustainability Manager was appointed in 2022, who has undertaken a critical review of the systems and practices currently in place and is developing a comprehensive plan for changes and actions to be addressed over the coming year. The establishment of Green Teams that involve a range of colleagues to lead relevant activities will ensure engagement across the Group in a way that is appropriate for the circumstances of each business.

Further details can be found in our Responsible Business Report on pages 28 to 36 and our TCFD Disclosures on pages 37 to 39.

The Speciality Agriculture division offers customers nutrition products which can reduce carbon impact. The Engineering division supplies services that support low carbon sources of energy in the nuclear sector. Following the sale of the Agricultural Supplies division, the Group's environmental and sustainability priorities have changed, ceasing involvement in the energy-intensive fertiliser, fuels and farm machinery markets and reducing dependence on commodities.

High standards of Corporate Governance are a priority, with an annual evaluation of the Board's performance in this area, to ensure compliance with the UK Corporate Governance Code 2018 and adapting our practices accordingly. Our Statement of Compliance can be found on page 57.

FY22 year end process

In November 2022 a delay was announced to the completion of the year end process that had several consequences including a temporary suspension of trading in the Company's ordinary shares, delayed release of this Annual Report, audited results and payment of the final dividend (subject to shareholder approval at the forthcoming General Meeting of the Company) later than usual. Whilst the delay primarily related to a part of the business in which Carr's Group had a minority shareholding and that has now been sold, the Company will carefully review the audit process to seek opportunities for the timely completion of the current financial year.

People

All colleagues have contributed to a positive outturn for the Group in a year of challenge and change. I am very grateful for everyone's commitment to the business, and I wish all success to our former colleagues in the Agricultural Supplies division. A third of the Group's employees are now located outside the UK, in Germany, USA, Ireland and New Zealand, an indication of the more international outlook for the Group in the future.

Outlook

With considerable strategic progress made during 2022, the Group is now more focused. The unique know-how and customer relations embedded in the Speciality Agriculture and Engineering divisions have considerable value as markets seek technical solutions to long-term sustainability challenges.

The Board is confident that both divisions will generate value for shareholders in the long term. A detailed update on trading will be provided at the time of the half year results.

Peter Page
Chief Executive Officer

22 March 2023

CREATING VALUE THROUGH SPECIALIST MARKET POSITIONS

Speciality Agriculture

The Speciality Agriculture division, with gross profit margins around 25% and a three-year average adjusted EBITDA of £9m, is well positioned to deliver steady earnings growth over the next five years based on opportunities in existing markets of the UK, Ireland, USA, Europe and New Zealand. Our businesses have a good presence in these markets with recognised brands that are known and trusted by our customers.

Whilst Speciality Agriculture has a strong base of recurring business, future growth will be linked to the four trends in ruminant agriculture as outlined below.

SPECIALITY AGRICULTURE

MARKET TREND	WHAT THIS MEANS FOR CARR'S
The increasing importance of grass-based nutrition With the growing costs of compound feeds and energy compressing margins in confined management systems, grass-based nutrition is increasingly important to beef, lamb, and dairy operations worldwide as livestock managers seek to maximise returns from low-input pasture systems.	Our Speciality Agriculture product ranges complement grass-based systems and provide crucial supplements, minerals, and trace elements to deliver a balanced diet.
Optimising productivity through data management Optimising productivity in the key traits of milk yield and composition, liveweight gain and carcase quality, and reproductive efficiency in calving intervals and lambing percentages, on low-cost grass inputs is fundamental to sustainable livestock farming.	Data-driven monitoring systems provide opportunities for livestock farming to utilise nutritional and performance data to optimise productivity in such key areas, and provide early detection of infections. Our feed blocks and boluses help to deliver a balanced diet supporting livestock performance.
Controlling emissions Livestock agriculture is addressing greenhouse gas emissions in various ways.	Our current ranges of Speciality Agriculture products help to limit emissions by optimising productivity. Future opportunities include products which reduce exhaled methane, and systems to monitor emissions to provide valuable information and supply chain visibility.
The reduction in antibiotic use The UN continues to promote the reduced use of antibiotics in agriculture to combat antimicrobial resistance.	To avoid the use of antibiotics to treat infections such as laminitis which is closely linked to diet, and mastitis which has a high prevalence in dairy herds, supplements and minerals are used in balanced nutrition programmes to manage symptoms of infections. Our ranges of feed blocks and boluses provide crucial supplements, minerals, and trace elements to deliver a balanced diet.

Engineering

The Engineering division is well placed to generate growth in earnings with its strong reputation in the nuclear sector, supported by a renewed private and public sector commitment to energy security and nuclear clean-up. New opportunities include the emerging nuclear medicine sector and high-value long-term research projects in subatomic particle physics and nuclear fusion technologies.

The Engineering businesses have a strong presence in international markets, particularly the USA, UK, EU and Japan. Now at more than £40m, the value of confirmed orders has grown by approximately 16% (restated) in the past two years, nearly equivalent to the value of annual sales.

The trends and market opportunities for which our Engineering division is particularly well positioned are outlined below.

ENGINEERING

MARKET TREND	WHAT THIS MEANS FOR CARR'S
Energy security With a growing emphasis on energy security and reducing dependence on imported energy, many governments and suppliers are examining ways to extend the operational lifespan of existing nuclear facilities.	Our patented MSIP® technology has been deployed for over 30 years, maintaining assets by repairing stress fractures in welds in situ, saving operators downtime and considerable cost.
Nuclear clean-up The UK's nuclear clean-up programme, centred on Sellafield, Cumbria is one of the largest engineering infrastructure projects in Europe and the disposal and storage of nuclear waste is a priority for the nuclear sector worldwide.	We are well placed as part of the Programme and Project Partners arrangement for accredited local businesses through which we have already delivered on projects for Sellafield. Our Engineering Solutions business, in collaboration with GeoRoc of Australia, is developing Hot Isostatic Pressing technology for compressing and sealing large volumes of nuclear waste, enabling operators to reduce expenditure on storage infrastructure and handling.
Robotics for nuclear environments and medicine Robotics continues to play an increasing role in engineering. Debris removal from inaccessible, high-radiation, high-risk environments requires specialised robotic equipment. In the global nuclear medicine market, specialist robotics are designed to handle small quantities of isotopes in the growing applications of nuclear medicine.	Planned work at the Fukushima plant in Japan is expected to generate substantial investment, where our well-established and globally recognised businesses in the UK and Germany are well placed to offer their range of robotics products. Our new Wälischmiller A150 manipulator arm is designed as a highly flexible, lightweight system to handle isotopes for the growing nuclear medicine market. Our Lirob robot is also the first fully-remote-controlled robot for this market.
Investment in particle research Substantial long-term international investment in subatomic particle research and fusion technology is expected to continue generating opportunities in the USA, the UK and Europe.	Our Engineering businesses have already supplied internationally renowned research laboratories in the USA, the UK and Europe.

CREATING VALUE FOR ALL OUR STAKEHOLDERS

We invest in our people and assets, complemented by carefully considered strategic investments, to drive growth. We apply this approach in each of our divisions, centred around a strong focus on adding value through innovative products and solutions.

HOW WE CREATE VALUE

Our business strategy

During the financial year, the Board undertook a review of strategic options for each of the Group's divisions in order to enhance shareholder value. As the first step in the long-term strategy the Board decided to simplify the Group structure to concentrate resources and investments on the Speciality Agriculture division and the Engineering division, ensuring growth initiatives deliver strong returns.

Our operational divisions

SPECIALITY AGRICULTURE

- 10 manufacturing sites across the UK, the USA and Europe
- Patented products and manufacturing processes
- Research proven to add value
- Globally respected brands

ENGINEERING

- 7 sites across the UK, the USA and Europe
- Unique products and innovative solutions
- Customer-focused delivery
- Global customer base

Our Group support

Carr's Group provides a range of support and guidance to its operational divisions, comprising Finance, IT, Legal, HR and Payroll, H&S and Environmental Management.

"The Group will focus on growing shareholder value, in balance with the interests of all our stakeholders."

OUR KEY STRENGTHS

Talented people
We now employ 647 people[1] in our global workforce, who benefit from continuous development opportunities to reach their potential.

Culture and ethics
We are committed to ensuring that our businesses remain ethically and sustainably managed.

Expert knowledge
Our businesses possess a wealth of specialist knowledge and their focus on innovation and technology underpins the delivery of new products and solutions to our customer base.

Global network
We have a broad customer base in markets with the potential for growth on an international scale.

Investment
We create value through continued investment in our existing businesses.

Long-term, trusted relationships
We have built longstanding and trusted relationships founded upon the quality of our offering, our organisational culture, and our levels of customer service.

WHO WE CREATE VALUE FOR

Employees
Our employees benefit from our expanding training and development offering and enhanced engagement initiatives.

Environment
We are taking steps to minimise our environmental impact and to become a net zero organisation by 2050.

Communities
Across the Group we support charitable initiatives and the communities in which we operate.

Partners
We build close relationships with a range of trusted strategic partners across the UK, the USA and Europe.

Customers
We provide our well-established and expanding customer base with leading product ranges and excellent service levels.

Investors
Our strategy is designed to deliver sustainable growth. During the last five years, we have increased the dividends we pay to investors by 30%.

1 Continuing operations only as at the date of this Annual Report. Prior to the sale of our holdings in the Agricultural Supplies division, our employee numbers were 1,221.

CREATING VALUE THROUGH A STRATEGIC FOCUS

In January 2022 the Board announced a strategic review of all three of the Group's divisions (Speciality Agriculture, Agricultural Supplies and Engineering) with the focus on identifying opportunities to increase shareholder value.

Framework

Strategic review

Each of the three divisions has performed well and has a leading position in its respective market. However, the Board determined that there were limited opportunities for synergy between the divisions, varying levels of ownership and control of businesses, competing demands for capital investment, and differing returns on future investments.

As the first step in developing a long-term strategy, the Board decided to concentrate resources and investments on the Speciality Agriculture division and the Engineering division.

The future

The Board is confident that with the two divisions of Speciality Agriculture and Engineering operating in international markets, management's focus on growth in existing businesses and realising development opportunities will create shareholder value over the coming years.

Focus on Speciality Agriculture and Engineering

- Higher profit margins consistently achieved.
- Potential for better returns on capital employed.
- Anticipated market development suggests greater opportunity for growth.
- Recognised market-leading brands supplying an international customer base.
- Products manufactured and services supplied can be differentiated from their respective competitors with scope for development and extension in the future.
- Most businesses are wholly owned and under the control of the Company.
- Whilst the Agricultural Supplies division accounted for approximately 75% of Group revenue with a comparable level of management input, it generated approximately 25% of the Group's adjusted earnings per share.

Speciality Agriculture

Expertise:

The Speciality Agriculture division consists of market-leading brands in the supply of nutritional supplements to beef, dairy, sheep, and equine customers predominantly in the UK, Europe, North America and New Zealand, with manufacturing assets in the UK, Germany and the United States.

Growth:

The Speciality Agriculture division has considerable potential for growth in sales through increased market penetration in North America, Europe and New Zealand, product extension in its key markets and growth of equine product sales in all markets. Current trends in ruminant agriculture, particularly low-input grass and pasture-based management systems, provide opportunities for the division's brands, as they are proven to be effective in more extensive grass-based nutrition programmes rather than intensive, confined housing and total-mixed-ration regimes.

These trends arise due to the increasing cost of cereals, soya and oilseeds required for total-mixed-rations, consumer demands for grass-fed and free-range food, and the scarcity of labour in livestock agriculture. To achieve sales growth, the Board plans to make careful investments in manufacturing facility upgrades and expansion, in the UK and internationally. Additionally, investment in product development and strengthened commercial capabilities will further support the Board's growth ambitions for the Speciality Agriculture division.

Development:

The Speciality Agriculture division provides opportunities for extension in the products and services supplied to existing customers and potential customers of existing products, enabling growth in markets where the division is already well established. The four trends in ruminant agriculture identified on page 10 will be addressed by technical solutions and new management systems and supported by our nutritional supplement products.

The division continues to explore opportunities for investment and acquisition to build on its existing capabilities to develop a group of businesses that will address the evolving needs of professional livestock farmers in the future.

Engineering

Expertise:

The Engineering division consists of long-established, specialist companies with expertise and strong reputations primarily in the nuclear energy and oil and gas sectors, providing market-leading capabilities in robotics, high-specification fabrication and bespoke engineering solutions.

Growth:

The Board believes these capabilities will enable growth in revenues and profitability over the next three to five years, as government and private sector support for new nuclear power generation capacity, additional nuclear assets and ongoing decommissioning of older nuclear systems will provide substantial funding in markets that include the UK, the United States, Japan, Europe and South-East Asia.

The Engineering division will focus on its core competencies and will invest in developing customer relationships where cross-selling provides additional opportunities.

Development:

The Board will support organic growth and development in the Engineering division to grow shareholder value in the future. The Engineering division has a strong leadership team in place, a growing order book and an active pipeline of pre-qualification work and tenders. Growth in the Engineering division will require increased liquidity and an increase in skilled employees to provide the capacity for larger and longer-term contracts that the division is being invited to bid for by existing and potential new customers.

CREATING VALUE THROUGH OUR OPERATIONS

Overview

The Group performed well during the financial year ended 3 September 2022 ("FY22"). Continuing operations, comprising Speciality Agriculture and Engineering, delivered 8.0% growth in adjusted profit before tax compared to the prior year, from a 3.3% revenue increase. FY22 was challenging due to supply chain delays, raw material cost increases and energy price rises, as the effects of the Covid pandemic receded and global business activity started to return to higher levels.

Health & Safety

Health & Safety performance reflects increased awareness of risks, and changing habits. Reportable Incidents declined from 9 in 2020 to 4 in each of 2021 and 2022. Lost Time Incidents reduced from 19 in 2020 to 9 in 2021 to 4 in 2022. Leading indicators, such as identification of hazards and reporting near misses, reflect a greater awareness of safety-related issues and more confidence in reporting them as a preventative measure.

Operational review for Continuing Operations

The **Speciality Agriculture** businesses have patented and well-recognised brands, differentiated products and strong customer relationships. Sales teams worked hard throughout the year to bring sales prices in line with extraordinary raw material cost increases, enabling the businesses to finish FY22 ahead of initial expectations. Adjusted operating profit for the division, at £9.2m, was marginally below prior year (2021: £9.5m), whilst revenues rose 14.0%, to £78.1m (2021: £68.5m), as inflation in raw material costs was necessarily passed on to the market.

The **Engineering** division reported a strong recovery in adjusted operating profit during the year, up 38.2% to £5.4m, as a result of closer control of projects and improving utilisation as the interruptions of COVID-19 receded (2021 restated: £3.9m). Adjusted operating margins rose to 11.6% (2021 restated: 7.5%) on lower revenues of £46.2m (2021 restated: £51.9m). Several important projects were awarded in the nuclear industry, reflecting the specialist expertise of the companies in the Engineering division, with the order book closing the year at £40.6m, 2.4% ahead of the prior year (2021 restated: £39.7m).

Central costs

In 2022, central costs at adjusted operating profit level were £2.6m, slightly higher than the prior year (2021: £2.3m). With the changing structure of the Group's businesses, central costs will be reviewed to ensure that they remain in line with the future strategy.

Discontinued Operations

Agricultural Supplies coped with an extraordinary increase in costs affecting a large volume of raw material and commodities, reflected in a 21.0% increase in revenues as these costs were necessarily passed on to customers. Adjusted operating profit for the division grew 6.8% to £6.9m, albeit with a substantial increase in working capital. Trading in the year was mixed, with stronger performances in the retail and machinery businesses partially offsetting reduced trading volumes in fuels and feeds. Whilst livestock and milk prices remained high, rising input costs presented a significant challenge for farmers. In the second half, the business saw a reduction in beef and sheep feed volumes as customers extended grazing to limit cash expenditure.

On 31 August 2022, the Group announced an agreement to dispose of all its interests in the Agricultural Supplies division to Edward Billington & Son Limited. Following shareholder approval at a general meeting which took place on 19 September 2022, the disposal was completed on 26 October 2022.

Peter Page
Chief Executive Officer

22 March 2023

SPECIALITY AGRICULTURE

Overview

Performance in 2022 was impacted by the sharp rises in raw material costs and our Speciality Agriculture businesses worked hard to bring prices and costs in line, ending the year ahead of initial expectations. Adjusted operating profit for the division was £9.2m, marginally behind last year (2021: £9.5m), and revenues rose by 14.0% to £78.1m reflecting the inflationary pressures experienced during the period (2021: £68.5m).

USA

Adjusted operating profit in the US feed blocks business held up well, due to strong margin discipline and a focus on addressing the time lag between cost increases and sales. At the start of the year, a significant increase in raw material costs impacted margins, due to timing differences in the receipt of orders, manufacturing, and deliveries, but was promptly addressed in the first quarter to bring costs and pricing into line for the full year. US feed block volumes were lower than prior year, adversely affected by drought, in several regions of the market, causing a reduction in the number of livestock out on grass, an impact that lasted throughout the year and will continue into 2023. Market forecasts are for a recovery in stock numbers in the medium-term, once rainfall increases and forage availability improves.

For 2023, the US blocks management team has been expanded with the appointment of a Vice-President of Sales and Marketing to lead activity for revenue growth, that will include recruitment of additional distributors, and providing strong product support. HorsLic®, the equine feed block, is a priority for additional volumes, with a recently appointed account manager and new distributor in Texas enabling the business to increase activity in the region with the largest horse population in the USA.

Substantial movements in the relative prices of canola and soy meal adversely impacted the bypass protein business in the north-eastern US. New supply contracts and opportunities for product diversification are being developed.

UK and Europe

Strong farmgate prices for dairy, beef and lamb in the UK in 2022 enabled the market to absorb price increases for feed blocks, as the business passed on substantial rises in raw material costs. Volumes were stable, with the UK slightly ahead of the prior year, whilst Europe was marginally behind. Escalating costs and shortages of key raw materials impacted margins in the first half of the year but these were back on track by the year end. The launch of the new Crystalyx® dairy range in 2021 was well received and remains an opportunity for growth. A period of 3-shift working at the UK manufacturing operation helped maintain inventories.

Bolus volumes were stable, with strong demand in the UK. Ireland is a significant market for grass-fed stock, and now accounts for a third of bolus revenues. Increases in raw material costs, from copper to packaging, impacted margins in view of the need to maintain competitive prices. During 2022, all bolus products were brought under one brand, Tracesure®, which has been refreshed in the USA, New Zealand and Europe, to help extend our global reach.

New Zealand

Logistics issues, due to reduced global freight capacity after Covid, and associated increases in shipping costs impacted short-term profitability of the business in New Zealand, but sales volumes of both feed blocks and boluses were stable. A full evaluation of the long-term opportunity for growth through investment will be completed in 2023.

Outlook

The Speciality Agriculture division enables farmers to optimise forage and grass-based nutrition systems, supporting their objectives to raise healthy animals efficiently, in a welfare friendly and environmentally responsible way, by providing appropriate nutritional supplements that are released in the required quantities at the right time. Investment in product development will ensure a pipeline for future growth.

In 2022, the Speciality Agriculture division responded well to supply chain and market challenges, maintaining margins and ensuring product availability for customers. In 2023, costs of energy and raw materials, whilst still much higher than in previous years, are plateauing.

ENGINEERING

Overview

The Engineering division reported a strong recovery in adjusted operating profit during the year, up 38.2% to £5.4m, as a result of closer control of projects and improving utilisation (2021 restated: £3.9m). Adjusted operating margins rose to 11.6% ahead of last year's 7.5% (restated). Although revenues were lower at £46.2m (2021 restated: £51.9m), several important projects were won in the nuclear industry, reflecting the specialist expertise of the companies in the Engineering division, with the order book closing the year at £40.6m, 2.4% ahead of the prior year (2021 restated: £39.7m).

Fabrication and Precision Engineering

The specialist fabrication business generated a strong result in 2022, due to a positive flow of orders from the nuclear reprocessing and decommissioning sector, together with enhanced utilisation. In September 2022, the specialist fabrication business was accredited to the joint supply chain accreditation register (JOSCAR) which enables the business to bid for work in the UK defence, aerospace and security sectors.

The precision engineering business performed well, ahead of the prior year, rebuilding the order book following disruption during Covid, due to its close involvement with the oil and gas sector, which has now recovered strongly. The business is currently focusing on enhanced operating efficiencies and new business opportunities to support growth in profitability. In late 2022, the precision engineering business achieved the demanding Fit For Nuclear quality accreditation.

To ensure availability of relevant skills in the future, the fabrication and precision engineering businesses have well-established apprentice programmes, with an intake of nine in 2022. Bendalls Engineering opened a dedicated Skills Academy in Carlisle, in conjunction with Lakes College, that is open to other manufacturers in the area. The Skills Academy is home to the apprentice programmes and provides short courses to upskill employees for specific projects.

Robotics

The Global Robotics business performed in line with expectations, maintaining a strong presence in the nuclear market. New contract wins include the first supply of an A1000 power manipulator in the USA to an internationally renowned research laboratory, the first order for an A100 master slave manipulator to the US Navy, and powered manipulators to Posiva Solutions in Finland for the world's first final deep storage solution for nuclear waste.

The HWM double arm Telbot was selected by RACE, (part of the UK Atomic Energy Authority focussed on remote applications in challenging environments) for the UK-Japanese jointly funded LongOps project to develop capabilities for removing and handling waste debris at damaged nuclear sites such as Fukushima. The European Spallation Source (ESS) in Sweden, one of the largest science and technology infrastructure projects in Europe, ordered a double arm robotic manipulator for the world's most advanced neutron source.

Wälischmiller is the leading specialist robotics supplier in the civil nuclear market, with a full range of manipulators, including the recently launched A150, a lightweight, highly flexible, small-scale telescopic manipulator for isotopes, and the unique 100% stainless steel manipulator, both designed for the growing nuclear medicine market.

Engineering Solutions

The Engineering Solutions business in the USA provides unique services in the maintenance of nuclear facilities worldwide. It performed well in 2022, ahead of the Board's expectations. The business completed two MSIP® projects in the USA during FY22, with another in Slovenia closing out after year end. Further MSIP® projects are progressing in 2023.

During 2022, the business achieved 1,000,000 working hours (equating to almost 12 years) without a lost-time injury, a significant milestone as we continue to focus on safety.

Performance in the UK Engineering Solutions business was impacted by delays and higher costs than expected on one long-running defence contract. All plant has been successfully installed and commissioned and final handover was completed in early 2023.

In November 2022, the US Government's Department of Energy announced the award of a multimillion-dollar research contract to NuVision Engineering, to develop processes for recycling nuclear waste, opening up the prospect of further unique capabilities and business opportunities in the future.

Outlook

The engineering companies are well regarded in the growing nuclear market, as governments seek to improve energy security and reduce dependence on fossil fuels. Each business is developing a pipeline of long and short-term projects to strengthen order books for 2023 and beyond.

AGRICULTURAL SUPPLIES

Overview

Agricultural Supplies coped with an extraordinary increase in costs affecting a large volume of raw materials and commodities, reflected in a 21.0% increase in revenues as these costs were necessarily passed on to customers. Adjusted operating profit for the division grew 6.8% to £6.9m, albeit with a substantial increase in working capital.

Trading in the year was mixed, with stronger performances in the retail and machinery businesses partially offsetting reduced trading volumes in fuels and feeds. Whilst livestock and milk prices remained high, rising input costs presented a significant challenge for farmers. In the second half, the business saw a reduction in beef and sheep feed volumes as customers extended grazing to limit cash expenditure.

On 31 August 2022, the Group announced an agreement to dispose of all its interests in the Agricultural Supplies division to Edward Billington & Son Limited. Following shareholder approval at a general meeting which took place on 19 September 2022, the disposal was completed on 26 October 2022.

"Adjusted Group operating profit of £11.9m is up 7.5% on last year."

David White
Chief Financial Officer

Current and future development and performance

The key features of the year have been the disposal of the Agricultural Supplies division, and having to respond to rapidly rising costs in our remaining two divisions.

Alternative performance measures

This Financial Review and other parts of the Strategic Report include both statutory and alternative performance measures ("APMs"). The principal APMs measure profitability excluding items regarded by the Directors as adjusting items (note 5). These APMs, generally referred to as 'adjusted' measures, are used in the management and measurement of business performance on a day-to-day basis and are also used in assessing performance under the Group's incentive plans. A glossary and reconciliation of APMs is included towards the end of the report and accounts on pages 175 to 177.

Continuing operations

Following completion of the disposal of the Agricultural Supplies division, that segment has been treated as discontinued in this year's results. All commentary below relates solely to continuing operations, save where otherwise stated. The impact of the disposal, which completed on 26 October 2022, is included in note 9 to the financial statements.

Discontinued operations

The results of discontinued operations were a loss of £2.2m reflecting profits after tax in the year of £4.0m (2021 restated: £3.8m) and a loss on measurement to fair value, less costs to sell, of £6.2m. The loss recognised on the measurement to fair value, less costs to sell includes £2.6m in respect of the non-controlling interest's share of the measurement impairment. Further details for discontinued operations can be found in note 9.

Operating profit

Adjusted Group operating profit of £11.9m is up 7.5% on last year (2021 restated: £11.1m). As a percentage of revenues, the Group's adjusted operating margin is 9.6% (2021 restated: 9.2%). Reported operating profit was £8.2m (2021 restated: £8.2m).

Adjusted operating profit per division and as a percentage of divisional revenues are as follows:

Adjusted* operating profit 2022

Adjusted operating profit	2022 £m	2022 %	Restated 2021 £m	Restated 2021 %
Speciality Agriculture	**9.2**	**11.8**	9.5	13.9
Engineering	**5.4**	**11.6**	3.9	7.5
Central	**(2.6)**		(2.3)	
Total	**11.9**		11.1	

* Segmental reported profit figures can be found in note 2 to the financial statements.

The Group's share of the adjusted post-tax result in its joint ventures was £0.8m, down 15.2% (2021: £1.0m). The Group's share of the adjusted post-tax result in its associate is included within discontinued operations as part of the disposal group.

Adjusting items

The Group reported a charge for adjusting items of £3.7m (2021: £2.9m). This year's charge included £1.3m in relation to contingent consideration on historic acquisitions and £0.7m arising on the accounting for the acquisition of the remaining 50% of Afgritech, offset by amortisation of acquired intangibles of £0.9m, strategic review costs of £0.5m, ERP system implementation costs of £0.1m and goodwill impairment of £4.2m (further details are set out in note 5).

Impairment of goodwill

During the year end accounting and statutory audit process, the Group conducts impairment reviews of goodwill associated with previous acquisitions. These use projected cash flows for each business, updated for current management forecasts, interest rates and associated external market data, in accordance with International Financial Reporting Standards (IFRS). Economic conditions at the year end required higher discount rates than in prior years. For FY22, this results in a non-cash impairment charge of £4.2m against goodwill paid for two acquisitions in the Engineering division. Chirton Engineering Limited, acquired in April 2014, operates in the highly competitive oil and gas sector. Following a previous downturn in the sector, in 2017 an impairment charge against goodwill of £1.7m was taken and the Board has decided to write down the remaining goodwill of £2.5 million in full, based on the estimated recoverable amount. In October 2016, Wälischmiller GmbH, the Group's international robotics business, acquired Staber GmbH, a key components supplier that had developed strategically important Intellectual Property. Much of the purchase price of £7.0 million was valued as goodwill, and in

view of current economic conditions this has been written down by £1.7m. As these items do not relate to the underlying trading performance they have been treated as adjusting items (note 5).

Prior Year Restatements

The Financial Statements contain two Prior Year Restatements to continuing operations, both relating to revenue recognition in the Engineering division.

The first case relates to the timing of revenue recognition for a small number of contracts with a single customer in China, for which an adjustment to correct the accounting treatment in the previous year has been taken, specifically regarding the contract not meeting IFRS15 requirements on rights to payment in the event of termination of contract by a customer. In the second case, these arise following detailed review of the interpretation of IFRS15 (Revenue from Contracts with Customers), with reference to the patented Mechanical Stress Improvement Process (MSIP®) technology that is deployed over a multi-year time frame and usually involves two distinct phases of work. Grant Thornton, as new auditor, challenged the long-standing treatment of revenue recognition under these contracts as being recognised over two performance obligations rather than one. Whilst the arguments for either treatment are finely balanced, the Board have decided that it should account for the contracts as having one rather than two performance obligations. As required by accounting standards the impact of the change has been reflected on previous years' results as a prior year restatement. In both cases, the total revenue is unchanged, but timing of the recognition of revenue is amended. The impact of the change in the current year results was a reduction of £41,000 to reported profit before taxation. Full details of the impact of the changes on previous years' results are set out in note 39 to the financial statements.

The Board has also made two prior year restatements to discontinued operations, both related to revenue recognition. Firstly, in prior years the Group had incorrectly identified itself as acting as a principal when recognising revenue related to fertiliser sales, made through one specific supplier. A review of this transaction highlighted that the Group was acting as an agent, rather than principal, under IFRS15 guidance, which means the net proceeds from the transaction, rather than gross sales, should be recognised as revenue. A correction has been made to reduce both revenue and cost of sales by £10.5m in the year. A further correction to reduce both revenue and cost of sales by £1.6m has also been made in respect of intra-company transactions which had not been netted off in prior years. In both cases there is no impact on profit. Full details of the impact of the changes on the previous years' results are set out in note 9 to the financial statements.

Finance costs

Net finance costs of £0.7m were broadly unchanged from the prior year. Interest cover was 12.4 times based on reported profit (17.9 times on an adjusted profit basis) compared to 12.3 times in 2021.

Profit before tax

Adjusted profit before tax at £11.2m was 8.0% higher than in the previous year (2021 restated: £10.4m). Reported profit before taxation was £7.6m (2021 restated: £7.5m).

Taxation

The Group's effective tax charge on profit from activities after net finance costs and excluding results from associate and joint ventures, which are recorded after tax, was 22.7% (2021 restated: 27.3%). The reduction reflects the tax effect of adjusting items including the impact to the prior year tax charge in respect of the UK deferred tax rate increase from 19% to 25%.

Earnings per share

The profit attributable to the equity holders of the Company in respect of continuing operations amounted to £6.0m (2021 restated: £5.7m), and basic earnings per share was 6.4p (2021 restated: 6.2p), an increase of 3.2%.

Adjusted earnings per share of 10.0p (2021 restated: 10.1p) is calculated by dividing the adjusted profit attributable to equity holders for the year in respect of continuing operations by the weighted average number of shares in issue during the year. The decrease of 1.0% reflects a higher effective tax rate after excluding the effects of tax related to adjusting items.

Cash flow and net debt

Cash from operating activities of £2.9m was generated in the year, representing a decrease of 82.2% on £16.0m in the previous year. This was driven by outflows in relation to working capital of £8.7m primarily linked to raw materials price inflation and strategically higher levels of inventories in Speciality Agriculture versus an inflow in the prior year (restated) of £5.3m.

Headroom against existing facilities was £26.1m at the year end (continuing operations: £11.1m). The Group's main banking facilities were extended in June 2022 and now expire on 20 December 2024. The previously held invoice discounting facility was solely for the Agricultural Supplies division and is no longer in place following the disposal on 26 October 2022.

Cash flow and net debt	2022 £m	2021* £m
Cash flow from operating activities	**2.9**	16.0
Net debt (excluding leases)	**14.0**	10.0

* 2021 figures include discontinued operations as the balance sheet has not been restated to exclude net debt in respect of discontinued operations.

Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The defined benefit scheme is closed to new members and closed to future accrual. The scheme currently has 64 deferred members and 216 current pensioners. The valuation on an IAS 19 accounting basis showed a surplus before the related deferred tax liability in the scheme at 3 September 2022 of £6.8m (2021: £9.4m). This is after an actuarial loss of £2.6m (2021: gain of £1.2m) which has been recognised in the Consolidated Statement of Comprehensive Income. Following a review of the Scheme rules the Directors believe there is an unconditional right to a refund of surplus from the defined benefit pension plan in the event there are surplus assets during the lifetime of the plan or when it winds up. The Group and Company have therefore recognised the surplus in full on the balance sheet.

David White
Chief Financial Officer

22 March 2023

KEY PERFORMANCE INDICATORS

We monitor our growth and health as a business, and our performance against strategy, using the following key performance indicators.

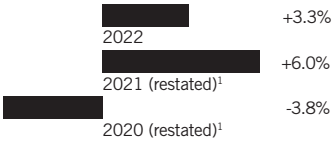
Financial KPIs

Sales growth
(Continuing operations)

Revenues are monitored by the Board, although because of the nature of our businesses they are not, in isolation, an indicator of performance. Our volume-driven businesses are all subject to significant raw material price variations, the majority of which are passed through to selling prices. Hence increasing raw material prices are expected to lead to higher revenues. The increase in the current year is reflective of increased selling prices, partially offset by a lower level of revenue in the Engineering division.

+3.3%

2021 (restated)[1]: +6.0%

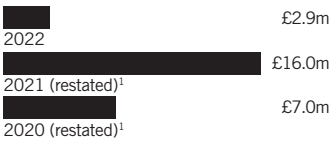


Operating cash flow
(Continuing operations)

This KPI indicates how much cash is available for the Group to utilise for capital investment, paying dividends, or financing/repaying borrowings. The decrease year on year primarily reflects increased working capital requirements across the Group versus a year-on-year reduction in FY21.

£2.9m

2021 (restated)[1]: £16.0m



1 See note 39 for details of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

Non-financial KPIs

Number of training days delivered

We are committed to providing a variety of development opportunities for our people. We continue to provide face-to-face training across the Group which is complemented by online training modules.

1,094[2]

2021: 1,165

2 Figure includes the Agricultural Supplies division. Continuing operations only: 520.5 days.

Gross margin
(Continuing operations)

Gross margin is a reflection on how successfully we have managed raw material price volatility in our markets, together with how successful we have been in pricing in other areas of our business in competitive markets. Our gross margin reduced slightly to 23.8% in the year, largely reflecting the lag in passing on price rises to customers in Agricultural markets.

23.8%

2021 (restated)[1]:25.9%

Adjusted Group operating margin
(Continuing operations)

The underlying Group operating margin reflects the gross margin achieved, but also indicates the efficiency of our operations from both an administrative and distribution perspective.

9.6%

2021 (restated)[1]: 9.2%

Return on net assets

Return on net assets was 12.6% this year (continuing operations only with net assets excluding assets and liabilities held for sale), a slight increase on the prior year.

12.6%

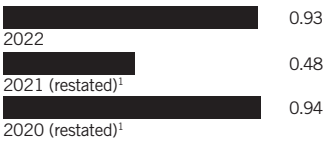
2021 (restated)[1]: 12.3%

Net debt to adjusted EBITDA

This measures the Group's leverage and reflects its ability to service its debt levels. The increase in the year (continuing operations only with net debt excluding net debt held for sale) is due to the increased borrowings required for working capital purposes.

0.93

2021 (restated)[1]: 0.48



Injury incident frequency rate

We ensure that information relating to all injuries and potential incidents, no matter how serious, is properly captured and reported to enable us to continually improve the health and safety of our people whilst at work. The further reduction seen in the year is again encouraging as we continue to focus on employee safety.

1.89[3]

2021: 2.03

Total injuries/average headcount x 100,000

3 Figure includes the Agricultural Supplies division. Continuing operations only: 1.82.

CO_2e intensity metric

We carefully monitor our carbon emissions and are developing a strategy to ensure that these continue to reduce as we work towards achieving net zero status in the long term.

18.4[4]

2021: 22.3

Tonnes CO_2e/£m turnover

4 Figure includes the Agricultural Supplies division. Continuing operations only: 69.6 Tonnes CO_2e/£m turnover.

5 Prior year figures have been restated to reflect the revised basis on which data has been calculated in the current year.

PRINCIPAL RISKS AND UNCERTAINTIES

Our success as a Group depends upon our ability to identify and maximise the opportunities generated by our businesses and the markets in which we operate. In doing so, we continue to develop an embedded approach to risk management which puts risk and opportunity assessment at the heart of our strategy.

Our approach to risk management

The Group has in place a structured approach to risk management which ensures a systematic and planned approach to identifying, assessing, mitigating, and monitoring risks.

The Board has overall responsibility for the risk management framework. The Board has established a clear organisational structure with well-defined accountabilities for the principal risks the Group faces in the short, medium, and long term, across all divisions together with emerging risks. This is overseen by the Executive Directors, who have an active responsibility for focusing on those areas of risk.

Identifying risks is a continual process and risk registers are in place at both a Group and individual business level. A dedicated risk management IT system is in place to facilitate this process. A risk scoring matrix is integrated into this system to ensure that risks are evaluated on a consistent basis across the Group, which considers likelihood of occurrence and impact based on a range of criteria, including profit, cash flow, and reputational damage.

The Board reviews these risks and associated controls and action plans on a quarterly basis.

Risk appetite

Risk appetite is defined as the nature and extent of risks that a business will accept in order to achieve its operational and strategic objectives. The Board believes that in operating the Group's businesses it is critical to strike the right balance between an appropriate and comprehensive control environment and encouraging entrepreneurial behaviours required to seek out and develop the business.

However well this is struck, the business will always be subject to a number of risks and uncertainties. The Board's approach is to minimise significant risks that may impact the Group's delivery of its strategic objectives. Decisions that could have a material impact on the Group are reviewed as and when required at Board meetings.

Board's assessment of compliance with the risk management framework

The Board carries out a robust assessment of the principal risks quarterly together with any emerging risks. This is supported by the Audit Committee which undertakes an annual review of the risk management system. This review assesses the system of internal controls and provides assurance over the Group's risk management framework, primarily through the in-house Internal Audit function. During the year, no significant failings or weaknesses in the system of internal control or risk management framework were reported by Internal Audit, and the Audit Committee's annual review concluded that key internal controls were appropriate and that risks are adequately identified and managed.

Principal risk factors

Our business is subject to a variety of risks and uncertainties. On the following pages we have identified the risks we regard as most significant to our Group and performance at this time. These have been revisited in light of the disposal of the Agricultural Supplies division, which completed on 26 October 2022, and the absolute level of risk reviewed. The outcome of this review is reflected in the tables on the following pages. The Board however recognises that following the disposal the relative risk to the Group may in some cases be higher. These may also change as the Group develops in the future. We have commented on mitigating actions that we believe help us manage these risks. However, we may not be successful in deploying some or all of these mitigating actions. In circumstances where these risks occur or are not successfully mitigated, our cash flow, operating results, financial position, business and reputation could be materially adversely affected.

▲ ▼ — : Change in risk (increase/decrease/no change)

Risk	Description of the risk	What we are doing to manage the risk
Customer Demand —	Changes in customer demand, be that retail, commercial or government customers, caused by economic factors could result in a fall in demand for the Group's product offering, resulting in a significant loss in revenue.	The Group operates in diverse worldwide markets, which provides resilience for the Group against difficulties faced by any one market or economy. The businesses are managed flexibly to react to changing demands in their own sector.
Supply Chain ▲	The Group may be affected by the unavailability of critical raw materials or components. Margins may also be affected by fluctuations in prices due to inflationary factors. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full amount of raw material or component price increases, or higher labour, energy, freight or other operating costs.	The Group has a number of mitigants in place to manage this risk. These include: • strategic long-term relationships with suppliers; • multiple-source suppliers for key ingredients or components; • raw material and forward energy purchasing policies where possible to provide security of supply and cost; and • close monitoring of contract execution to ensure supply is within agreed terms.
Acquisitions —	The Group is exposed to the possibility of acquiring a company based on inaccurate information, unrealistic synergies and financial benefits, or an inappropriate deal structure. Failure to effectively integrate acquired businesses could also undermine any expected synergies.	A thorough and careful due diligence process is undertaken, utilising relevant skilled internal personnel, as well as external expertise when required. Individual business unit and Group resource is used to analyse potential synergies and financial benefits. Consideration is given to the composition and skills of the management team of the acquired company and support and relevant training is provided by Group personnel to ensure a successful integration. The deal structure and proposed financing arrangements are determined on a case-by-case basis. Post-acquisition reviews are also undertaken to identify any areas for improvement in future transactions.
IT and Cyber-Security —	The Group relies on information technology and key systems to support the business. In common with other organisations, the Group undertakes development of its IT systems and is susceptible to cyber-attacks with the risk of financial loss and threat to the overall confidentiality and availability of data in systems.	The Group has a comprehensive suite of IT security solutions in place, which are reviewed and tested by specialist third parties where appropriate. These have been further updated and improved during the course of 2021/22. From a system development perspective, major projects are subject to appropriate project governance arrangements.
Reliance on Key Customers —	Some businesses within the Group have a significant proportion of their revenue generated from a small number of key customers. A loss of a number of these customers could adversely affect the performance of a division and in turn the Group.	The businesses have established good long-term relationships with key customers to ensure that demands and expectations are met. The Group continues to invest in its businesses to ensure that they are able to satisfy customer needs and are market leaders. The Group is continually working on identifying new markets, products, and opportunities to expand the customer base of all its businesses.

PRINCIPAL RISKS AND UNCERTAINTIES continued

▲ ▼ — : Change in risk (increase/decrease/no change)

Risk	Description of the risk	What we are doing to manage the risk
Strategic Partners ▼	The Group has a number of strategic business partners. A successful working relationship with these partners is paramount to those businesses' success.	Close working relationships are maintained with all the Group's strategic partners. This includes regular meetings, both formally and informally, and close involvement in the setting and monitoring of strategy for those businesses. In addition, arrangements are appropriately documented in contracts and legal agreements.
People —	The knowledge, experience and skills of our employees are central to the success of the Group. We must attract, integrate, and retain the talent required to fulfil our strategic growth ambitions. Inability to retain key knowledge and adequately plan for succession could have a negative impact on the Group's performance.	The Group has remuneration policies designed to attract and retain employees with the ability and experience to execute the Group's strategy. Management development programmes are in place, alongside detailed succession planning across the Group. Succession plans for senior management and other key roles are reviewed by the Nomination Committee regularly. The Group undertakes a range of employee engagement initiatives with a view to maintaining positive workplace cultures and good working environments.
Treasury —	We are exposed to a variety of financial risks in relation to treasury. The Group must ensure that it has an adequate level of facilities to provide sufficient funding to operate its businesses and to develop growth opportunities. Changes to the value of currencies can fluctuate widely and could have a significant impact on a division's results. Furthermore, because the Group has international businesses, it is subject to exchange risks in the translation of the underlying net assets and earnings of its foreign subsidiaries and joint ventures.	The levels of facilities are regularly reviewed by the Chief Financial Officer, and these are also regularly reported to and discussed by the Board. The Group operates a treasury policy of hedging all significant transactional currency exposures. To manage the risk of interest rate changes, we maintain a mix of fixed rate debt, primarily finance leases, and floating rate debt. These levels are monitored and assessed against forecast changes in interest rates and forward guidance from interest rate setting authorities.
Emerging risks		
Climate Change —	Operating in the Agriculture sector, climate change, raw material sustainability and regulatory requirements can have an impact on the performance of the Group. Such impact can include the cost of raw materials and the sustainability of raw material supplies, farming and manufacturing operations, and customer demand for the Group's products. The impact of climate change has also been considered in our Engineering business where our precision engineering business currently operates in the oil and gas sector, a sector in which there are longer-term risks as a result of climate change.	The Group is geographically and operationally diverse and has a focus on international growth markets. The Group carefully manages its procurement of raw materials, utilising ethically managed and sustainable sources, and invests in the development of products which are tailored to different farming conditions, and which incorporate alternative ingredients for example reducing reliance on imported soya for feed products. In light of longer-term risks in the oil and gas sector, we have been cautious in estimating the business' future cash flows when assessing the level of risk of goodwill impairment.

VIABILITY STATEMENT

The Group is very diverse both operationally and geographically. In the last 12 months, the Group undertook a strategic review and its ongoing strategy, following the disposal of the Agricultural Supplies division, is subject to monitoring and development as described below.

Following the disposal of the Agricultural Supplies division the Group is in a net cash position. To finance its future growth plans, it has retained a combination of bank facilities and leasing arrangements secured on particular assets. The bank facilities have a range of maturity/renewal dates, some of which fall within the three-year period covered by the viability review. In undertaking this assessment, it has been assumed that the facilities are renewed as they fall due for review on the same terms as the existing agreements.

The Group's focus is particularly on developing the Speciality Agriculture division because of the opportunities for international expansion and product development, and its Engineering division because of the global expansion opportunities in the nuclear sector and adjacent markets.

The Group's prospects are assessed primarily through its strategic planning process. This process is typically led by the Chief Executive and covers all aspects of the Group. In FY22 the process was led by the Executive Chair. The Board participates fully in the annual process through an annual strategy day, detailed strategic presentations on all areas of the business by the business leaders throughout the year, and an annual half-year strategic update. Part of the Board's role is to consider whether the plan continues to take appropriate account of the changing external environment.

The output of the strategic planning process is a set of Group strategic objectives and a number of strategic priorities for the forthcoming financial year. The latest updates to the strategic plan were finalised in August 2022 following this year's review. This considered the Group's current position and the development of the business as a whole over the next three years.

Given the nature of the business cycles in both the Agriculture and Engineering sectors, it was decided that a period of three years to 31 August 2025 was the most appropriate for the purpose of a viability assessment. The Group has prepared detailed financial forecasts for the three-year period to 31 August 2025, so that two years and five months remains at the time of approval of this year's Annual Report. The first year of the financial forecasts form the Group's operating budget and is subject to a re-forecast process at the half-year. The second and third years are in a similar level of detail.

The Group's principal risks are set out on pages 25 and 26. The principal risks table summarises those matters that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks – because of their nature or potential impact – could also threaten the Group's ability to continue in business in its current form if they were to occur. Of the principal risks identified, the following are the most important to the assessment of the viability of the Group:

1. Customer Demand
2. Supply Chain
3. Strategic Partners
4. Reliance on Key Customers

From the detailed modelling undertaken, it was determined that none of these risks, either in isolation or in aggregation, would compromise the Group's viability.

Although the strategic plan reflects the Directors' best estimate of the future prospects of the business, they have also tested the potential impact on the Group of a number of scenarios over and above those included in the plan by quantifying their financial impact and overlaying this on the detailed financial forecasts in the plan. These scenarios represent 'severe but plausible' circumstances that the Group could experience.

The scenarios tested included significant reductions in profitability and associated cash flows associated with the risks highlighted above. 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 scenarios occurring over the period of the financial forecasts by making adjustments to its operating plans within the normal course of business. In the event that these measures were insufficient, levels of capital expenditure and dividend payments could be reduced to ensure the Group's viability.

The Group also considered a number of scenarios that would represent serious threats to its liquidity. None of these were considered to be plausible. The Group's main banking facilities are due for renewal by the end of 2024. Given the strength of the balance sheet, and expected performance, it has been assumed that there would be no difficulty renewing these, and any other required facilities, on similar terms to those currently in place.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 August 2025. The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of accounting and Going concern paragraphs in the Principal Accounting Policies on page 108 of the accounts.

OUR COMMITMENT TO BEING A RESPONSIBLE BUSINESS

As our strategy continues to develop, we are committed to achieving high standards in everything we do. Our continued success is dependent on our ability to inspire trust and earn the confidence of our stakeholders. To do this, we must act responsibly, creating long-term, sustainable value.

OUR PEOPLE

During this year of considerable change for the Group, our proactive communication with employees was a key priority. We took on board feedback from our second employee engagement survey, placed more emphasis on employee well-being and introduced our first Group-wide Code of Ethics.

Attracting, retaining and developing a skilled and engaged workforce is critical to our success. We focus on the development of our people which we continually review to match the future skills we need, with priorities aligned to key areas of feedback in the survey.

At year end employee numbers were 1,221, slightly ahead of last year. This has reduced to 647 following the disposal of the Agricultural Supplies division on 26 October 2022, 65% of which are based in the UK, and 35% based in the USA and Germany. As Carr's Group focusses on the two retained divisions our people continue to be central to the Group's future growth.

Employee engagement

This year's survey was run by an independent external provider, achieving a response rate of 65%, an improvement on the previous year. In comparison to the previous year, results were slightly less positive overall. Production pressures, the implementation of new systems, and changes in leadership were cited as examples of challenges which colleagues faced. Whilst some of these challenges could be considered isolated events for the particular year, we have nonetheless taken action to address the results. A Group Action Plan has been created with initiatives to address specific points of concern. The benefits which we offer employees are continuously reviewed and we have increased these in a number of business units. In response to feedback, line manager training has been enhanced and a Code of Ethics has been rolled out to set the standards for internal behaviour. The Group Action Plan is supported by local plans and increased employee communications and feedback opportunities. Our expertise has been enhanced with the recruitment of an experienced Group Environment and Sustainability Manager to focus on the Group's environmental impact and a Communications Manager to ensure employees are kept up-to-date with developments within the Group.

Employee well-being

The Employee Assistance Programme introduced last year has been well-received, with access to the helpline increasing following a campaign at the end of 2021. Mental health has been an important focus as issues related to the impact of COVID-19 such as loneliness, prolonged illness and pressures of caring for loved ones continue. We introduced a programme of mental health awareness training for 120 line managers early in 2022. This aimed to equip them with the skills to recognise the possible issues and signposted where to find professional support for their staff.

In our German-based robotics business, employees have been supported with the introduction of Hansefit, a fitness platform, allowing employees to access a range of fitness clubs including swimming, yoga and dancing. Launched earlier this year, 50% of our employees in that business have joined already.

> “Attracting, retaining and developing a skilled and engaged workforce is critical to our success.”

Training and development

There has been significant uptake in the use of our e-learning modules during the year. Mandatory modules for all new starters include cyber security, anti-harassment and bullying, anti-bribery and corruption, health & safety (H&S) and GDPR, and these are complemented by a series of modules which are available to colleagues online.

In response to feedback from the survey, we increased the focus on improving managers' performance review capabilities, whether handling performance development reviews, disciplinary issues or coaching needs.

We continued our successful management development and leadership programme, running two sessions this year and have provided funding for employees who want to undertake professional qualifications.

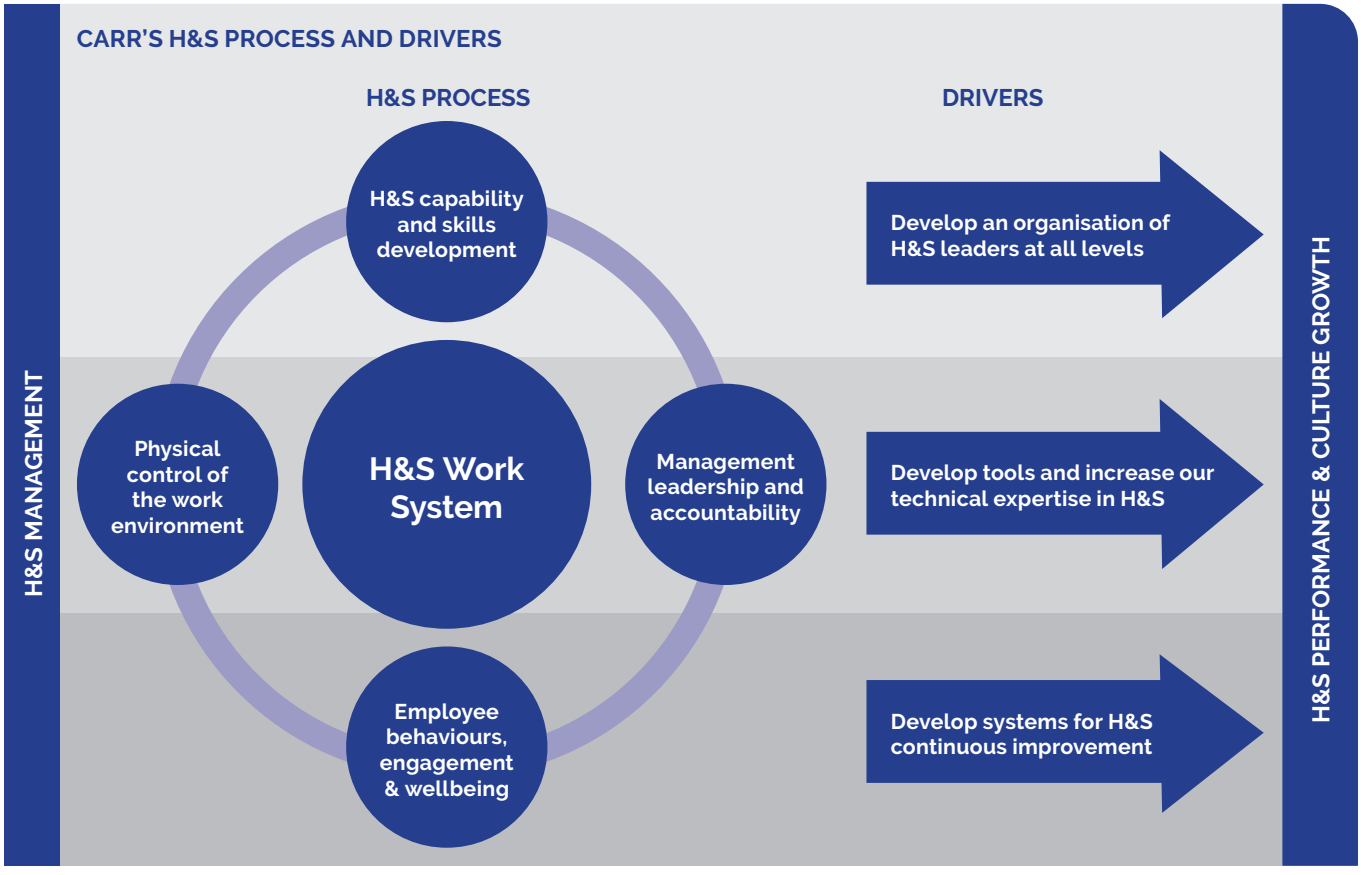
Our Engineering businesses in the UK continue to offer apprenticeship schemes providing on-the-job training alongside college-based learning. In addition our robotics business in Germany continues to recruit two to three apprentices a year who embark on a three-year programme of technical school combined with working on-site. Our apprentices and trainees are not just within our operational businesses, with two apprentices joining the IT department, and recently a member of the Legal Services team has qualified as a Chartered Legal Executive.

Information on diversity and equal opportunities, anti-bribery, conflicts of interest and transparency, and human rights can be found on pages 35 to 36.

HEALTH & SAFETY

Our H&S strategy, approach and culture made significant progress this year, driven by the Group H&S Director appointed in 2021. The focus has been firmly on physical control of the work environment, ensuring that our sites are safe places to work. Our Group H&S model links our audit programme to H&S processes, continuous improvement and clear KPIs.

Safety culture is a key feature of our approach with a clear aim to embed a culture of care, for example, incident investigations have become learning events and incident reviews are now safety care events. We have installed defibrillators at every site, with workers trained to deliver this life-saving treatment that increases the survival rate from a cardiac arrest from 6% to 75%.



H&S auditing and continuous improvement

The external H&S audit we commissioned last year reported good standards but noted that these were not applied consistently across the Group. This created a good base to develop our H&S strategy. The H&S audit function has been brought in-house under the leadership of our Group H&S Director, to ensure consistency across the business and to build ownership at the operational level. Every location has undergone an H&S audit this year with the audit outputs owned by each business who now have an operational and business safety improvement plan, local safety champions and support from the centre to get the resources they need to move forward.

During the year, we trialled a series of safety standdown days at our feed manufacturing plants in the US, where production stopped to allow shared input and learning from managers, employees and suppliers. These have proved very successful and will be promoted across the Group in the coming year.

We expect every business in the Carr's Group to continue to make good progress during the coming year.

H&S Performance

Despite a significant increase in activity as we emerge from the COVID-19 pandemic, we delivered our lowest ever Lost Time Injury Rate ("LTIR") of 0.18 (see table below). RIDDOR[1] injuries were in line with last year at four but fortunately none were severe. The trends are shown in the table below which also includes a new metric measuring all incidents as total/million hours worked on a 12-month rolling basis – a measure that works on a global basis.

H&S Training and development

Mandatory H&S e-learning training for all new recruits is now well embedded in the business and this year we have reintroduced some on-site learning, for example working at height. Next year all front-line managers will undertake safety management training delivered through a combination of physical and e-learning. Our culture of care will be reinforced through a series of development and leadership workshops and build on outcomes from our audit programme which will now include culture and best practice.

We continue to focus on giving staff the tools and competence to deliver high, sustainable safety levels, including a new tool for incident learning being introduced based on SCAT – Systematic Cause Analysis Technique – and which will be part of workshops and training going forward.

> "Health and Safety performance shows a positive trend, due to increased awareness and changing habits."

Health and Safety key metrics

To support our transition to developing leading metrics, we have taken the Kaizen continuous improvement principles and introduced a Safety Kaizen activity into our workshops. This is being rolled out across the Group and made highly visual with physical safety compliance boards to increase workforce engagement. So far this has been implemented in the UK and will be rolled out to Europe and the US in the coming year. This is supported by a visual felt leadership programme where leaders walk the workplace, engaging with the workforce and getting a feel for risk reduction.

Incidents	FY2022 (continuing Group only)	FY2022	FY2021	FY2020
Lost Time Incident Rate (LTIR)*100k	**0.17**	**0.18**	0.26	0.52
Total Recordable Incident Rate (TRIR)/ Million Hrs	**1.66**	**1.8**	1.77	3.4
All injuries	**24**	**47**	46	83
RIDDOR	**0**	**4**	4	9
Injury Incident Frequency Rate	**1.82**	**1.89**	2.03	3.76

Performance Metric	UOM	Target
Audit action close out	%	100
Hazard Conditions/Acts (2 per worker/annum)	Number	2/worker
Safety Committee Meetings/Events	Number	1
Training	%	100
Leadership Safety Inspections (ASI) completed	Number	4
Incident investigation close out	%	100

1 Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

OUR COMMUNITY

Working with our local communities is an important aspect of our approach as a responsible business, and the support we provide takes a variety of forms including charitable monetary donations, fundraising, partnering initiatives and voluntary work.

Many of our initiatives are centred around Cumbria, where we are a significant employer. Our fabrication business works with local job centres in West Cumbria and Carlisle in particular, helping unemployed people with their CVs, interviewing practice and improving practical skills at the new Carr's Engineering Skills Academy which has been established in association with Lakes College in West Cumbria. This is open to trainees outside the Carr's Group companies as well as building a pipeline of skills specifically for the Group.

During the year our specialist fabrication business has also been instrumental in expanding the Cumbrian Manufacturing Alliance ("CMA") which is a collaboration between Carr's and West Cumberland Engineering to deliver specialist services to the nuclear decommissioning industry. On the back of this success, the CMA is being extended to other suppliers in the local nuclear energy industry enabling them to gain access to larger, longer projects in this growing sector.

For the last four years our Speciality Agriculture business has sponsored the Scottish Association of Young Farmers Clubs ("SAYFC") flagship talent show events across the central belt of Scotland, in addition to sponsoring numerous concerts, stock judging and sporting events. We also sponsor the Royal Scottish Agricultural Benevolent Institution ("RSABI") who provide practical, emotional and financial support to people involved in the Scottish agricultural industry, for example donating products for a charity auction.

Supporting foodbanks

Sponsoring the Scottish Association of Young Farmers talent show

Sponsoring the Royal Scottish Agricultural Benevolent Institution

Carr's Group continues to support the Cumbria Community Foundation, part of a national and international network of community foundations which support people and organisations that make a difference to the most disadvantaged people in the community.

We also support Carlisle Youth Zone, which provides a safe, fun environment for young people in the city. In these challenging times, businesses in our Engineering division have been helping their communities by supporting local food banks.

CASE STUDY: Investment in Training

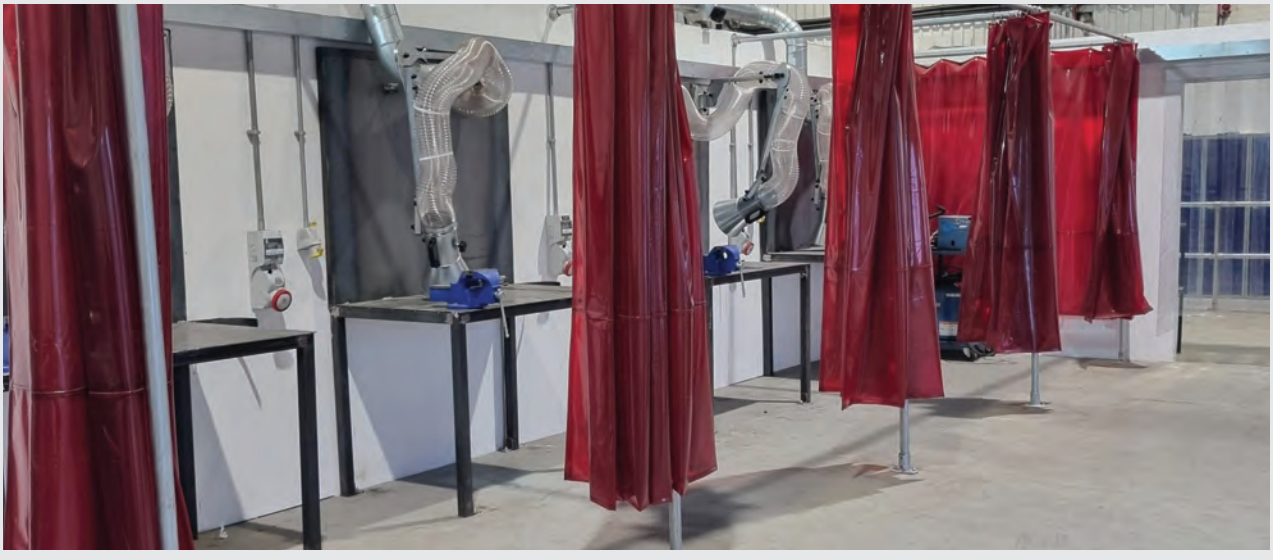
Skills Academy

In 2022, Carr's Engineering, in association with the Lakes College, opened a Skills Academy which aims to support not only the development of Carr's employees but also the next generation of engineering trainees from across the county.

The Skills Academy began by providing practical training for over 20 of our own apprentices, alongside trainees from other external businesses which are partners to the Cumbria Manufacturing Alliance. Our in-house welding and machine shop tutors provide hands-on instruction in our workshops complemented by classroom training led by Lakes College at our newly refurbed Kingstown site in Carlisle.

The Academy will expand in the coming years with plans to introduce shorter 'boot camp' style courses on specific skills, including CAD, robotics and welding.

Carr's Engineering
Skills Academy
in association with Lakes College



SUSTAINABILITY

Our focus on sustainability has continued throughout the year. The disposal of the Agricultural Supplies division has meant that we have exited from the energy-intensive fertiliser, fuels and farm machinery markets which will enable us to align our goals for the continuing operations, with good progress on both strategy development and the implementation of practical initiatives across the Group. We have enhanced systems for accurately collecting and reporting a wide range of data and developed processes for assessing climate-related risks and opportunities. Our plan will be further developed during 2023.

Developing our sustainability strategy

We aim to be a net zero business by 2050, with a stretch target of 2040. Our approach will be designed to complement the Group structure and deliver the right balance between overarching and local targets which are realistic and meaningful. Reviews into every business this year are establishing a solid foundation of environmental data to enable robust targets to be set and aligned to Greenhouse Gas ("GHG") protocols.

The journey will continue as our new Group strategy evolves and will include our sustainability objectives and lead to the development of a comprehensive strategic framework that allows for a consistent approach across the Group, implemented locally.

Our progress and initiatives during the past year and how they impact our people, our community and our environment are outlined in the following section.

Progressing our sustainability strategy

There have been many positive developments to Carr's Group's net zero goal this year. In April 2022, we recruited a dedicated Group Environment and Sustainability Manager whose focus to date has been on establishing a clear governance framework and undertaking thorough reviews of data, site by site, to ensure we have a solid base to set realistic quantitative targets in the years ahead.

In 2022 we launched the 'Carr's Go Green' vehicle scheme to support employees looking to adopt more environmentally friendly forms of transport, for example options for electric vehicle charging points. Our Animax site had EV charging points fitted in 2021. All businesses have projects underway to move to LED lighting, with many sites having completed. Following the installation of solar panels at our Animax plant, we are exploring wind/solar options across our sites. Solar panels across the roofline of our Animax site in Suffolk again generated over 268,670 kWh of electricity in the year, of which 86.7% was used by our own operations with the balance being supplied to the grid.

We have established 'Green Teams' across our sites which are a critical element in initiating, driving through and owning local initiatives. These will comprise multi-disciplined teams responsible for setting, monitoring and delivering against local targets. The Green Teams will also support our Environmental Steering Group which will be launched in 2023 to co-ordinate the Group's approach to sustainability. The Steering Group will be chaired by our CEO and provide advice and support to the Board on climate-related risk management and strategy development. The Steering Group will comprise central and subsidiary senior managers from across the business as well as the Group Environment and Sustainability Manager and representatives from the Green Teams. Key responsibilities for the Environmental Steering Group will also include setting objectives in line with Company strategy, developing reporting metrics for the business, reporting progress against targets to the Board and assessing environmental and social value risks. The Environmental Steering Group will also review climate reporting mechanisms and training and education requirements across the business.

Work has continued on reviewing and developing environmental policies, such as water stewardship, aligning them with the relevant UN Sustainable Development Goals.

In the US we have completed a major water conservation project at three of our plants which has had a significant impact. Recycling the water used in production has saved a total of 16.4m litres in the year.

Ultimately, the introduction of the environmental standard ISO 14001 will help set common standards across the Group and generate site-specific targets. Our specialist fabrication business in the Engineering division has ISO 14001 accreditation and other businesses across the Group are now in the process of creating their own assets and impacts registers as a first step. In particular, our work in the energy sector is supporting the move away from fossil fuels and the development of carbon capture programmes and internally we are tracking our own waste and fuel usage.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

Energy

Energy use across the Group on the year totalled 46,734,848 kWh (2021: 48,488,718 kWh)[1]. Solar panels at our Animax plant generated 268,670 kWh of which 35,777 kWh was returned to the grid.

Methodology

The information used to compile the SECR data was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines 2019. Our methodology for calculating GHG emissions is via the DEFRA carbon calculator for 2021/2022.

Scope 1 emissions are direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by the Group and include LPG, mains gas, gas oil, and company vehicles. Scope 2 emissions are indirect energy emissions from electricity purchased by the Group.

Scope 1 & 2 emissions

Our carbon generation as a Group (Scope 1 and Scope 2 emissions) is as set out below.

Carr's Group* (tCO_2e)	2021/22	Change versus 2020/21 baseline	2020/21 baseline
Emissions tCO_2e			
Scope 1			
Agriculture UK	1,597		1,331
Agriculture overseas	4,937		5,011
Engineering UK	144		170
Engineering overseas	41		5
Head office	18		21
Total scope 1 (tCO_2e)	**6,737**	**-3%**	**6,538*****
Scope 2			
Agriculture UK	656		1,170
Agriculture overseas	782		1,068
Engineering UK	291		302
Engineering overseas	141		199
Head office	25		30
Total scope 2 (market based) (tCO_2e)	**1,895**	**31.6%**	**2,769*****
Agriculture UK	7		12
Agriculture overseas	782		1068
Engineering UK	3		3
Engineering overseas	141		199
Head office	0		0
Total scope 2 (location based) (tCO_2e)**	**933**	**13.9%**	**1,282*****
Total renewable energy (on-site generated), kWh	4.85	No change	4.85
Total renewable energy (on-site generated), kWh versus total used	**2.44%**		**2%**
REC (renewable energy certificates)	**51.26%**		**51.26%**
Total emissions scope 1 and 2 (tCO_2e)	**8,632**	**7.3%**	**9,307*****
Agriculture UK	2,253	10%	2,501
Agriculture overseas	5,720	5.9%	6,078
Engineering UK	435	7.8%	472
Engineering overseas	182	10.3%	203
Head office	44	13.8%	51
Intensity metric (tCO_2e per £m turnover)	**18.4**	**20.6%**	**22.3*****

* Figure includes the Agricultural Supplies division.

** Location based data is market based data adjusted to reflect the Group's procurement of electricity from 100% renewable sources in the UK.

*** Prior year figures have been restated to reflect the revised basis on which data has been calculated in the current year.

1 kWh for FY22 includes the Agricultural Supplies division. Figures for FY22 and FY21 are for electricity, gas, gas oil and LPG. At the date of this report, we have been unable to verify the conversion from CO_2e to kWh therefore fuel consumption data is not included.

We report in terms of CO_2e (Carbon Dioxide Equivalent) which includes CO_2 and other greenhouse gases which enables reporting based on their relative global warming potential. Reporting in this way provides a truer figure of the Group's impact on the environment. The comparative disclosure this year has been disaggregated further than it was in the prior period to better align with the requirements.

Scope 3 emissions

As Scope 3 emissions are associated with the operations of the business that are not under our direct control, collecting primary data from all our sites is still underway to ensure that we set an accurate benchmark of our current position. Key to this is understanding and engaging with our supply chain, completing our review of waste disposal, looking at the transport of goods to and from our operations and the production of our raw materials. Business travel is also particularly relevant, given the international nature of our business and the location of our sites in the US and Europe. There are a wide variety of Scope 3 emissions meaning that reporting will take time and be progressed over the coming years.

This will enable us to establish our full carbon footprint and impact on our environment under Scopes 1, 2 & 3, that will underpin our journey to net zero.

Energy-efficient action

During FY22 we have continued to undertake energy and carbon related initiatives. Details can be found on pages 33 to 39.

ACTING RESPONSIBLY

During this period of change we reinforced our ethical approach to doing business. We set clear standards on what is expected, laid out in well-developed policies. Employees can access these policies via our intranet – CarrsConnect – and they are introduced in our induction programme and recruitment training modules. The creation of an overarching Code of Ethics, issued to all employees in spring 2022, aims to set a cohesive, consistent framework for the way we behave.

Diversity and equal opportunities

We actively promote a working environment free from discrimination, harassment or victimisation, and where everyone receives equal treatment and opportunities regardless of

CASE STUDY: Acting with Integrity

Code of Ethics

In the spring of 2022 we launched our first Group-wide Code of Ethics. Carr's has always had a well-developed framework of policies to set standards and encourage positive behaviours. The Code of Ethics builds upon this by providing clear and straightforward guidance, and a single message for all our people, on a range of situations which might be encountered at work.

After its launch through a series of communications, all employees globally were provided with a copy of the Code, translated where necessary. Management teams were provided with full training on its contents, and a presentation pack developed for managers to cascade during toolbox talks.

Importantly, our Code of Ethics refers to SeeHearSpeakUp, an independent whistleblowing service available to all employees and which can be used anonymously. The Code also references Health Assured, our employee assistance programme which can be accessed by employees to discuss personal or work-related problems.

The Code has been well received, and we will continue to develop and improve it as a useful guide which helps promote the right behaviours and a positive workplace culture.

Scan the QR code to view our Code of Ethics pdf

matters such as gender, race, colour, nationality, religion or belief, marital or civil partnership status, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability, or age.

Our policy is clear that all decisions relating to employment practices will be objective, free from bias and based upon the individual needs of the business and merit. Our interview and recruitment training aligns with this policy and focuses on ensuring that we select the right person for the role. Our gender statistics are reflective of broader engineering and agriculture industries which currently contain a predominately male workforce. As a Group, we recognise the benefits of attracting the broadest range of candidates, and the range of skills and experiences brought by a diverse workforce, and we continue to enhance our recruitment practices.

Anti-bribery, conflicts of interest and transparency

Carr's operates its businesses in a culture of honesty and openness. The Group takes a very firm stance against unethical behaviours including bribery and other corruption which are prevented through a robust framework of controls, including standardised policies and transparent practices, which every employee is made aware of, and which are subject to regular review.

The Group's policies require the regular declaration of gifts and hospitality by all personnel, which are the subject of strict parameters, and of any matters which could give rise to a conflict of interest for consideration approval.

The Group is committed to tax transparency. We aim to comply fully with all tax disclosure, payment, and filing requirements in every country in which we operate and to paying appropriate amounts of tax. Our Tax Strategy and Tax Code of Conduct is published online at www.carrsgroup-ir.com.

We also have an independent whistleblowing service, SeeHearSpeakUp, to enable people at any of our locations globally to report concerns easily, anonymously, and in total confidence. Training on whistleblowing is included in our employee induction programme.

Human rights

Carr's is committed to the sustainable development of its business and to improvement in its management of ethical issues, including ensuring that its business and its supply chain remain free from modern slavery and human trafficking. Whilst the risk of modern slavery and human trafficking within the Group and its supply chain is assessed as low, Carr's remains vigilant and is aware that the risk of modern slavery appearing in supply chains can increase, particularly as the Group continues to grow. Carr's will not undertake business with any third parties where concerns arise and will accordingly report such circumstances to appropriate authorities.

The Group operates internal policies, supported by training, on the issue of modern slavery which both protect against risks and promote awareness. We also carry out appropriate due diligence on supply chains and engage with suppliers in relation to their policies on tackling slavery and human trafficking.

ESG and s.172

Environmental and social considerations feature heavily in Group decision-making processes, and we are committed to high standards of governance. The Board is mindful of its duties to stakeholders, including its employees, customers, strategic partners, investors and its communities. More information on how the Board discharges these duties is set out in our Stakeholder Engagement report on pages 40 to 44 and in the Corporate Governance Report on pages 48 to 57.

TCFD DISCLOSURES

We are fully supportive of the aims of the Task Force on Climate-Related Financial Disclosures ("TCFD"). Addressing the impact of climate change requires a long-term approach, and we are actively working to fully integrate the TCFD's recommendations with the way we operate and report.

During the year, a significant strategic milestone was achieved through the disposal of the Agricultural Supplies division, which has changed the profile of the Group and enables us to focus our efforts. We have also progressed a range of initiatives including the development of processes for assessing climate-related risks and enhanced systems for accurately collecting and reporting a wide range of data.

Information about the evolution of our approach is set out below. We recognise the importance of climate change and sustainability to our colleagues, partners, customers, investors, and communities, and we remain committed to addressing the challenges.

	TCFD Recommendation	How we apply the recommendation	Further information
Governance – Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities	The Board meets regularly throughout the year and is ultimately responsible for determining the Group's strategy, risk appetite, and systems of risk management. This includes oversight of climate-related risks and opportunities. Risk is assessed by the full Board, considering the size of the Board and scale of the Group, with reports being considered on at least a quarterly basis. TCFD disclosures were made for the first time in 2022 and going forward the Audit Committee, assisted by a newly established Environmental Steering Group, will be responsible for monitoring the Group's compliance with climate change reporting including approval of TCFD disclosures. The Remuneration Committee sets performance-related remuneration targets aligned with strategy, including the achievement of environment and sustainability goals, and assesses performance against these targets. In FY2022/23 the Group's Environmental Steering Group will provide support and advice to the Board and its Committees to enable these responsibilities to be effectively discharged.	Corporate Governance Report on pages 48 to 57 Principal Risks and Uncertainties on pages 24 to 26 Responsible Business on pages 28 to 36
	Describe management's role in assessing and managing climate-related risks and opportunities	The CEO has overall responsibility for delivery of the Group's sustainability strategy. A Group Environmental Steering Group is being formed and will be formally launched in early 2023, chaired by the CEO. The Steering Group will also comprise senior central and subsidiary management across the Group. The Environmental Steering Group will meet quarterly and assess the Group's performance by reviewing data, reviewing progress against agreed actions and providing advice to the Board in support of the development of strategy and management of risk. The Environmental Steering Group will also be responsible for developing the Group's framework for assessing climate-related risks and opportunities, reporting to the Board regularly. At a local level, sites across the Group have their own Green Teams, which are responsible for considering resource efficiencies together with the environmental and social impacts of our business at a local level.	

	TCFD Recommendation	How we apply the recommendation	Further information
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	As part of the Board's review of strategic options first announced in January 2022, the Board considered the environmental and climate-related impact of the Group's businesses over the longer term. The Board considered that elements of the Agricultural Supplies division represented a higher risk including the distribution of oils and lubricants, the sale of traditionally fuelled machinery, and animal feed production. That the combined business had split ownership also added challenges to addressing these risks. The disposal of the division has enabled us to focus our efforts on a detailed assessment of risks and opportunities for our Speciality Agriculture and Engineering divisions over the short, medium and long term which is to be completed in 2023, supported by our Environmental Steering Group and external specialists. To date we have identified within our Speciality Agriculture division that the cost of raw materials, sustainability of raw material supplies, farming, manufacturing operations and customer demand for the Group's products may all be impacted by climate change, raw material sustainability and regulatory requirements. In our Engineering division, our precision engineering business currently operates in the oil and gas sector, a sector in which there are longer-term risks as a result of climate change.	Strategy Report on pages 02 to 45 Corporate Governance Report on pages 48 to 57
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Following the disposal of our Agricultural Supplies business, our business is relatively low-carbon-intensive and our assessment of physical climate-related risks is low. Climate change and sustainability goals are included in our business objectives, and linked to remuneration structures for Executive Directors and senior management. Targets will be set annually to achieve a 2050 global target of net-zero carbon generation. In line with this global target we will endeavour to accelerate our progress to net-zero to achieve this target earlier. The retained Group is geographically and operationally diverse and has a focus on international growth markets. The procurement of raw materials is carefully managed, utilising ethically managed and sustainable sources. We invest in the development of products which are tailored to different farming conditions, and which incorporate alternative ingredients to reduce reliance on imported soya for feed products, and we offer customers nutrition products which can reduce carbon impact. Our Engineering division supplies services that support low carbon sources of energy in the nuclear sector. We recognise longer-term risks in the oil and gas sector and adopt a cautious approach.	Strategy Report on pages 02 to 45 Corporate Governance Report on pages 48 to 57
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We currently assess climate-related risks as low, but recognise the importance and benefit of external assurance. Following the disposal of the Agricultural Supplies division, we plan to conduct a rigorous climate scenario analysis in 2023 to better understand the potential impacts of physical climate risks, and to identify opportunities to help us to transition to a low-carbon economy. It was not practicable to complete this analysis in 2022 due to the demands of the strategic review and sale of the Agricultural Supplies division. To ensure robustness in our approach, the analysis will be undertaken with the support of external specialists.	

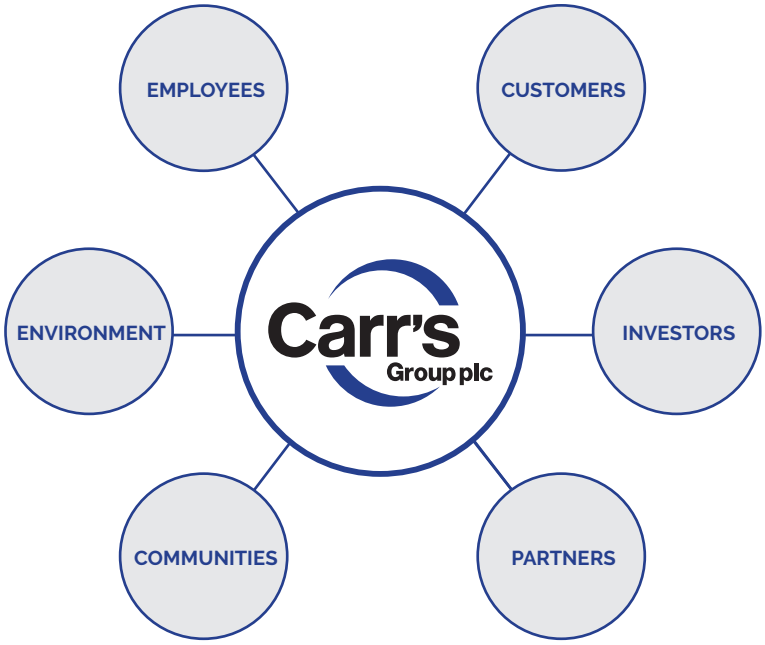
	TCFD Recommendation	How we apply the recommendation	Further information
Risk Management – Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's process for identifying and assessing climate-related risks	The Group's risk-assessment process considers internal know-how and external data to present an understanding of the potential risk avenues and opportunities including those which are climate-related. Input is sought from management teams across the Group's operations which is incorporated into our risk software tool. Risks are assessed for likelihood and severity, and the potential financial impact. Appropriate steps in mitigation are developed and agreed with management and incorporated into business strategy. In 2023, we will build upon our assessment process to ensure that this remains comprehensive and robust, and to enable actions to be developed to address physical and transitional risks, and which support our sustainability strategy.	Principal Risks and Uncertainties on pages 24 to 26 Corporate Governance Report on pages 48 to 57
	Describe the organisation's process for managing climate-related risks	Once identified, risks are assessed for likelihood and severity, and potential financial impact. Where appropriate, steps in mitigation are developed and implemented, and a post-mitigation assessment is made of the risk. The Group's risk management process is one of continual development, with agreed actions and considerations being incorporated into business strategy.	
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Climate risks are considered as part of our overall framework for identifying and managing risk. As an emerging risk, climate impacts have been under increased focus in the last two years. Following the refocusing of the Group in 2022, and through the support of our Environmental Steering Group in 2023, we will continue to raise the profile of climate impact across the businesses and continue to enhance our risk management model.	
Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Our current monitoring focuses on carbon generation across our operations covering Scope 1 and Scope 2 emissions. In the year, enhanced systems were developed to collect data across all of our operations globally. As we look forwards with a refocused Group, we will be developing our methodology for collecting, understanding and reporting our Scope 3 emissions to help support our evaluation of risks and opportunities.	Responsible Business Report on pages 28 to 36
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks	Pages 34 and 35 detail our Scope 1 and Scope 2 GHG emissions and provide details on our approach to Scope 3 GHG emissions.	
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Current targets include reducing our Scope 1 and Scope 2 carbon emissions to become net zero by 2050. As we continue to enhance our approach for addressing climate change with a refocused Group, including collecting Scope 3 data, further targets will be set and progress monitored by the Environmental Steering Group.	

Our report presented on pages 37 to 39 is considered consistent with the TCFD's Recommendations and Recommended Disclosures, with the exception of the following which are as a result of changes to the Group following the disposal of the Agricultural Supplies division: Strategy (c) – Work planned to be undertaken in relation to climate-rated scenario analysis in 2023 is detailed in the table above, and Metrics and Targets (a) – (c) – In 2023 we aim to work closely with our total supply chain to identify and validate Scope 3 emissions, however in the presence of data limitations, we are unable to disclose Scope 3 emissions in this year's TCFD report and SECR report. Our Environmental Steering Group will work to ensure accurate data measurement and, once complete, we will be presenting Scope 3 emissions.

STAKEHOLDER ENGAGEMENT AND OUR SECTION 172 RESPONSIBILITIES

We firmly believe that proper consideration of the interests and views of our broader stakeholders produces better outcomes and enhances the sustainability of our businesses. Effective engagement is essential to growth and to creating long-term value.

Our stakeholders



We have a broad range of stakeholders with whom we engage to provide information about developments across our businesses and to understand stakeholder priorities and perspectives. This engagement is fundamental to informing Board and Committee discussions and decision making.

We adopt a number of initiatives which focus on ensuring that a regular dialogue is maintained with our stakeholders, some of which are carried out directly by the Board whereas others are built into day-to-day management across the Group. On the following pages, we highlight our key stakeholders and explain why and how we engage with them and detail outcomes in the year. These disclosures demonstrate how we have regard to the matters set out in section 172(1) of the Companies Act 2006. For detailed information on the stakeholder considerations associated with the disposal of the Group's Agricultural Supplies division, please see the case study on page 44.

Employees

Why we engage
Our people remain a primary consideration in everything we do. We strive to ensure that our people remain an active part of our businesses, helping shape the future of the Group. We work to create an environment where people have opportunities to develop their skills and experiences, and feel properly valued and rewarded for their contributions. We are also committed to ensuring that our people remain safe, and that our sites are places in which people can reach their potential.

How we engage
We use a variety of methods to ensure that our people remain engaged, for example:

- Regular briefing notes, announcements and vlogs available through CarrsConnect and on noticeboards.
- Informal meetings with Directors.
- Annual Employee Engagement Survey.
- Non-Executive Director briefings and site visits to better understand the views of our people together with the issues and opportunities for them and their businesses.
- Interactions with the Board's Employee Engagement representative, responsible for reporting on employee-related matters to the Board and ensuring that employee interests are properly considered in Board decision making.
- Board members regular updates and meetings with senior managers.

For more information, see from page 28.

Outcomes
Our annual employee survey generated a good response rate and identified areas where we can improve (see page 28). We also acted on the results of the previous year's employee survey, focussing on our commitment to colleague well-being and mutual respect (see page 28 and page 35). We continue to offer broad training and development opportunities, as well as internal training delivered throughout the year (see pages 28 to 30). CarrsConnect and noticeboards continue to be an important source of information and we have recently appointed a Communications Manager to ensure that our people remain informed about key developments. Briefings from the Chair throughout the year ensured colleagues were kept informed, including updates on the interim arrangements and Board succession. Following its announcement, the Chair also provided an update to employees on the outcome of the strategic review and the disposal of the Agricultural Supplies division alongside communications tailored to impacted colleagues and to the Group as a whole.

Customers

Why we engage
Regular engagement with our customers and suppliers is important to our business. It allows us to understand their needs and priorities and helps shape our strategy. Customers want to work with businesses who can meet demands and deliver on promises, who treat them fairly, and who can be trusted to put their interests first. Customers also expect us to manage our business in a sustainable manner.

How we engage
Engagement with current and potential customers distributors and suppliers takes the form of:

- Regular and open dialogue between our management teams and with those with whom we do business which helps build long-lasting and trusted relationships.
- Reporting to the Board regularly, both formally through presentations and business plans, and also informally to ensure that customer perspectives are properly understood as part of the Board's decision-making process.
- Attendance at UK and international trade events and shows.
- Site visits to customers and distributers in the UK and internationally.

Outcomes
Throughout the year, we have been in constant dialogue with our customers and suppliers to understand their developing needs. On a day-to-day basis, this enables us to add value to our customers' businesses, from contingency planning and risk reduction on the high-scale projects being delivered in our Engineering division to providing support and expertise to our customers and suppliers across Speciality Agriculture. Understanding our customers has also helped develop our strategy for future growth (see pages 02 to 27).

Investors

Why we engage
Investor trust and confidence is essential. All investors, whether private individuals, employee shareholders or institutional investors, need to be able to trust us to manage their assets and execute the Group's strategy. In so doing, we must act ethically, in a sustainable manner, and in accordance with good governance. Our investors expect us to remain open about the Group's current and expected performance so that they can properly assess risks and opportunities when making investment decisions.

How we engage
We communicate with investors through a variety of different ways:

- Shareholders have access to the Company's website at www.carrsgroup-ir.com.
- We maintain a regular calendar of announcements and events for investors and host presentations on the full year and interim results.
- Significant matters relating to trading or development of the business are disseminated to the market by way of Stock Exchange announcements, and are uploaded to the Company's website.
- The Chair, Non-Executives and Company Secretary regularly engage with investors on governance issues and other matters concerning the Board.
- The Chief Executive Officer and the Chief Financial Officer meet with investors following half year and year end results announcements, and as requested at other times.
- All reports and updates are made available on the Company's website. The Group maintains dialogue with substantial and institutional shareholders and analysts.
- Enquiries from individual shareholders are welcomed and should be addressed through the Company Secretary's office.

Outcomes
In addition to our regular investor engagement, during the year we liaised with key investors on matters such as the outcome of the strategic review (see page 44), Board composition and diversity (see page 59), CEO/Chair interim arrangements (see pages 65 and 66), and remuneration relating to the CEO/Chair interim arrangements (see pages 65 to 83). In the year, the Chair engaged directly with a large number of shareholders on wider topics in order to understand their views more broadly. The Board agenda includes a specific item for considering the views of shareholders, with the involvement of the Group's brokers as required.

Partners

Why we engage
The Group includes a number of businesses with strategic partners with whom we maintain an active dialogue. Our strategic partnerships are founded upon mutual trust and strategic alignment. Our partners value long-term commitment, open communication and diligence so that we can effectively pursue jointly developed strategic goals.

How we engage
We maintain an active dialogue with our strategic partners through:

- Executive meetings and management team meetings ensuring that the businesses work very closely to understand risk and opportunities, and in the development of business strategy.
- Regular formal and informal meetings with our partners involving both Board members and senior management covering strategic, operational and industry issues.
- Regular reporting to the Board to ensure that it remains fully appraised and informed of matters impacting our partners.

Outcomes
These longstanding and trusted relationships are a foundation for the success of those businesses and help build strength and resilience into our business model, to our mutual benefit. Having a strong relationship with mutual respect enables us to work collaboratively and understand our partners' key drivers. During the year, we worked with two of our strategic business partners to achieve successful outcomes for both them and us, with our partner business Philafrica Foods (PTY) Ltd disposing of its interest in Afgritech Limited to us and Edward Billington & Son Limited acquiring our interest in the Agricultural Supplies division (see pages 06 to 09, page 19 and page 44).

Communities

Why we engage
We operate across 18 sites and have colleagues based in various countries. We recognise the importance of working within and contributing to the local communities. Our various community stakeholders have broad interests ranging from the provision of jobs and investment in local economies, to supporting vulnerable people and charitable initiatives.

How we engage
We engage with our local communities by:

- Involvement in the local community and encouraging active participation in community initiatives.
- Continuing to support a range of selected charitable causes.
- Supporting employment and apprenticeship schemes.
- Local news reports.
- Sponsorship of local sports teams.
- Reporting to the Board on significant community issues and sustainability programmes.

Outcomes
The Group is committed to ethical and responsible business practices and during the year introduced a comprehensive Code of Ethics for our employees. We provide apprenticeship schemes and training opportunities and through our involvement with the Cumbrian Manufacturing Alliance we have contributed to the creation of jobs in the local community. Across the Group, our people devote considerable time and resources to good causes and community initiatives including supporting local food banks, local charities, sponsoring local events and sports clubs near to our sites. For more information see our Responsible Business Report on pages 28 to 36.

Environment

Why we engage
Sustainable business and environmental impact are key areas of focus and integral to the growth of the Group. We are committed to proactively improving the sustainability of our business and minimising our environmental impact.

How we engage
- We practise responsible behaviours at all times.
- We are party to raw material sustainability programmes.
- Supporting colleagues making more environmentally friendly choices.
- Encouraging ownership of local initiatives aimed at addressing the environmental and social impacts of our business at local level.
- Reporting to the Board on sustainability programmes.

Outcomes
The Group adheres to the sustainable sourcing of raw materials. We also ensure that environmental considerations feature prominently on the Board's agenda and we are developing our sustainability strategy. Initiatives such as the Carr's Go Green vehicle scheme, establishing Green Teams at our sites, and changes in the way we source and use electricity at our sites all contribute to our sustainability goals. For more information see our Responsible Business Report on pages 28 to 36.

Section 172 Statement

Engagement with stakeholders is an essential element in Board and Committee discussions and decision making and supports the principles of Section 172 of the Companies Act 2006. Section 172 requires directors of a company to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely long-term consequences of any decisions;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

At Carr's Group these factors are carefully considered in the Board's key decisions and strategic discussions. The Board receives regular updates and reports from business areas which include matters concerning our stakeholders. Directors are also provided with details of our strategic progress, financial performance and risk management and matters such as health and safety, ESG and corporate governance are also included. The information received is considered in the Board's discussions, with the Board seeking further information and assurances where appropriate. Board minutes detail the Board decisions and the relevant factors which have been taken into account when reaching those decisions. Maintaining good governance and high standards of conduct is central to the Directors who receive regular training on Directors' duties and obligations under Section 172. Further details on how the Board discharges its duties under s.172 are set out in pages 40 to 44, in the Strategic Report on pages 02 to 39 and in the Corporate Governance Report on pages 48 to 57.

For more information on specific initiatives during the year, please see:

People: pages 28 to 29; Health & safety: pages 29 to 30; Environment: pages 33 to 39; Communities: pages 31 and 32; Board initiatives: pages 48 to 57.

CASE STUDY: Stakeholder considerations and the sale of the Agricultural Supplies division

The sale of the Agricultural Supplies division was a significant step in shaping the Group's future, and one of the most important decisions made by the Board in recent years. Given the magnitude of the decision, stakeholder considerations were firmly at the heart of the process.

Board decision making and stakeholder considerations

In January 2022, recognising the limited opportunities for synergy between the Group's divisions, the Board announced that it was undertaking a review of strategic options. That review continued throughout 2022, supported by external advisers, during which the Board considered how best to achieve growth in shareholder value. As part of the review process, the Board considered a number of options, which included an assessment of the impact these would have on various stakeholder groups. Some key considerations in respect of the decision to dispose of the Agricultural Supplies division were as follows:

Shareholders

A disposal of the Agricultural Supplies division would focus the Group on higher-margin areas of the business. The Speciality Agriculture and Engineering divisions supply differentiated products and services and have internationally recognised brands with strong growth prospects. These divisions are also substantially wholly owned, whereas the Agricultural Supplies division had a split ownership structure. Proceeding with the sale was considered to provide the Group with better prospects for enhancing shareholder value in the longer term.

Employees

Employees within and former employees of the Agricultural Supplies division were considered likely to benefit from single and familiar ownership, better placing the business to respond to opportunities and benefit from synergy. Members of the Carr's Group closed defined benefit scheme were also safeguarded with a contribution out of the sale proceeds to enhance the scheme's surplus, and a commitment to consider a full buy-out of the scheme in the medium term. Comprehensive communications across the Group ensured that our employees remain engaged, and enhanced management focus will better place the Group to deliver growth.

Customers, suppliers and partners

Business relationships with suppliers and customers were not expected to be negatively affected. As part of the transaction, a comprehensive suite of arrangements was agreed with the Billington Group, particularly transitional services and the distribution of our Speciality Agriculture product ranges, to ensure seamless business continuity.

Community and environment

The Group intends to use the sale proceeds to invest in capital and business development activity, with an expectation that this will positively impact on the community by securing employment, improving skills, and investing in modern manufacturing processes. The disposal also takes the Group away from trading in fuels, bulk feeds, fertilisers, and machinery; activities with high environmental impact.

Decision

Considering all circumstances, the Board agreed that proceeding with the transaction would be in the best interests of the Group and its various stakeholder groups. Following its announcement of the proposed sale on 31 August 2022, the Group's shareholders voted in favour of the Board's recommendation at a general meeting on 19 September 2022, with 98.7% of votes being cast in favour and representing an absolute majority of all shareholders. Following shareholder approval, the sale was ultimately completed on 26 October 2022.

NON-FINANCIAL INFORMATION STATEMENT

In line with the Non-Financial Reporting Directive, we have set out below where relevant information we are required to report on can be found.

Reporting requirement	Group policies and standards	Additional information
Environmental Matters	Environmental Policy	Responsible Business Report (see pages 33 to 36) TCFD Disclosures (see pages 37 to 39)
Employees	Employee Handbook Health & Safety Policy Code of Ethics Speak-up/Whistleblowing Modern Slavery	Responsible Business Report (see pages 28 to 36)
Human Rights	Employee Handbook Modern Slavery Statement and Policy	Responsible Business Report (see pages (28 to 36)
Social Matters	Charitable Donations Policy	Responsible Business Report (see page 31)
Anti-corruption & anti-bribery	Anti-bribery Policy Gifts and Entertainment	Responsible Business Report (see pages 28 to 36)
Policy Implementation and due diligence	Employee Handbook Financial and Other Controls Internal due diligence/Integration processes	Strategic Report (see pages 02 to 45)
Business Model	–	Business Model (see pages 12 and 13)
Principal Risks	–	Principal Risks and Uncertainties (see pages 24 to 26)
Non-financial KPIs	Environmental Policy Heath & Safety Policy Employee Handbook	KPIs (see pages 22 and 23)

STRATEGIC REPORT APPROVAL

The Strategic Report, on pages 02 to 45 inclusive comprises the Group Highlights and Overview; the Chair's Statement; the Market Overview; our Business Model and Strategy; the Group Performance Review and Divisional Reviews; the Financial Review; the Key Performance Indicators; the Principal Risks and Uncertainties; the Viability Statement; the Responsible Business Report and TCFD Disclosures; the Stakeholder Engagement and s.172 Statement; and the Non-Financial Reporting Statement.

The Strategic Report was approved by the Board on 22 March 2023.

By order of the Board

Matthew Ratcliffe
Company Secretary

22 March 2023

THE BOARD

Tim Jones
Non-Executive Chair

Tim Jones was appointed to the Board as Non-Executive Chair on 21 February 2023. Tim is an FCA approved person and a member of the Chartered Institute of Securities and Investment. He is also an Associate of the Chartered Insurance Institute. Since 2012 Tim served as Non-Executive Chair of Treatt plc a position he stood down from on 27 January 2023 and is also chair of Allia Charitable Group and SP-Logistics Holdings Limited. .

Peter Page
Chief Executive Officer

Peter joined Carr's in November 2019, was appointed Non-Executive Chair of the Board in January 2020 and Executive Chair in October 2021. Peter become CEO on 21 February 2023 upon the appointment of Tim Jones as the new Non-Executive Chair. Peter has worked in international agriculture and food since 1986, as CEO of Devro plc from 2007 to 2018, and prior to that in senior management roles at Aviagen International, Adnams plc and Hillsdown Holdings plc.

Ian Wood
Non-Executive Director
Employee Engagement Representative

Ian was appointed to the Board in October 2015. He retired as the Commercial Director, International Business Development for Centrica (previously British Gas) in January 2016 having held a number of positions with the Company, covering various aspects of the business including engineering, customer services, industrial and commercial marketing, and energy trading within the UK, Continental Europe and North America. Ian is a Director of Talkin Energy Ltd and a Non-Executive Director of Cumbria County Holdings Ltd.

Shelagh Hancock
Non-Executive Director

Shelagh was appointed a Non-Executive Director and joined the Board on 1 September 2022. Shelagh has over 30 years' experience in the food and agricultural supply sectors and is currently Chief Executive Officer at First Milk, the British farmer-owned dairy co-operative, where she is highly respected for delivering significant growth in member returns since being appointed in 2017. Prior to this Shelagh held several executive positions across the UK dairy industry including at Milk Link (formerly Glanbia Foods) and Medina Dairy, having trained as an animal nutritionist.

Committee membership

- N Nomination
- R Remuneration
- A Audit
- Chair
- – None

David White
Chief Financial Officer

David White joined Carr's on 3 January 2023 as Chief Financial Officer Designate and was appointed to the Board as an Executive Director in the role of Chief Financial Officer on 21 February 2023. David joined the Company from Aggreko plc where he held a variety of senior roles, most recently as Finance Director of the Global Products and Technology division. David is a Chartered Accountant having qualified in London in 1997 and spent time at Ernst & Young.

John Worby
Senior Independent Director

John was appointed a Non-Executive Director in April 2015. John is a chartered accountant and has previously held the positions of Senior Independent Director and Chairman of the Audit Committee of Hilton Food Group plc and Cranswick plc. He was also Finance Director of Genus plc and a Non-Executive Director of Fidessa Group plc. John will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will stand down from the Board later in 2023.

Stuart Lorimer
Non-Executive Director

Stuart was appointed a Non-Executive Director and joined the Board on 1 September 2022. Stuart is currently Finance Director at AG Barr plc, the FTSE-listed soft drinks brand owner, a role which he has held since 2015. Prior to this Stuart was with Diageo plc for 22 years in various senior roles working across Europe, the USA and Asia, ultimately as Finance Director for Diageo's Global Supply Operation. Stuart brings strong finance expertise together with a wealth of experience in supply chain operations, logistics and business optimisation. He is a qualified accountant having begun his career at KPMG. Stuart will succeed John Worby as Audit Committee Chair when John stands down as Chair following the forthcoming General Meeting of the Company.

Martin Rowland
Non-Executive Director

Martin was appointed a Non-Executive Director on 6 March 2023 as a representative of Harwood Capital Management Limited pursuant to a relationship agreement between the Group and Harwood. Martin is currently Non-Executive Chair of AIM-listed Smoove plc and has spent the last 14 years in a variety of investment roles. Prior to this Martin held operational and strategic roes in mid and large-scale corporates. He has been a director of companies in an executive and non-executive capacity, helping businesses to scale organically and through acquisition.

Chair's introduction

I am pleased to present the Corporate Governance Report for the year ended 3 September 2022.

This report describes how Carr's Group plc adopts the UK Corporate Governance Code 2018 (the "Code"). In preparation, the Board considered each Principle of the Code to review how it is applied and how it relates directly to the Group.

This has been a significant year of development for the Group, with a strategic evaluation of the business. There have also been changes to the Board and the composition of Committees. Peter Page, who has been Executive Chair under the interim arrangements announced in October 2021, stepped down as Chair on 21 February 2023 having been appointed as Chief Executive Officer. I was appointed to the Board as Non-Executive Chair on 21 February 2023 and have been working closely with Peter to ensure an orderly transition of responsibilities.

The Board's priority is to create value through sustainable growth. We recognise the importance of regular engagement with all stakeholders. The Board remains committed to maintaining good governance which is central to the integrity, reputation and performance of the Group and we will continue to operate in an open and transparent manner. The overview below provided by Peter together with the information in the following pages, includes further details about our corporate governance in the FY22.

Tim Jones
Non-Executive Chair

22 March 2023

Overview of FY22 Stakeholder engagement

The Board is mindful of its responsibility to consider properly the interests of stakeholders when matters of significance are proposed and agreed. Engagement with our stakeholders is key to understanding their interests and views when making strategic decisions. This is achieved by holding regular meetings with shareholders and being available to respond to enquiries at General Meetings and on an ad hoc basis.

In 2021 shareholders had been asking about strategy, earnings growth and how shareholder value will be created, in view of the share price history and shareholder returns over the preceding five to ten years.

In January 2022 the Board announced a review of strategic options for each of the Group's three divisions to evaluate the potential to grow shareholder value. The Executive Directors were tasked with developing a coherent, well-researched strategy for the long-term benefit of all stakeholders, including consideration of environmental, social and sustainability factors as they apply specifically to the sectors in which the Group operates. The Board worked with external advisers to examine options and identify the best sequence of activities to enhance shareholder value, and to consider the implications of the available options.

On 31 August 2022 as the first step in the Group's long-term strategy, the Board announced its proposal to exit from the Agricultural Supplies market by disposing of all interests in the Agricultural Supplies division through a sale to Edward Billington and Son Limited, the joint owner. The Resolution supporting the disposal was passed by shareholders at a General Meeting on 19 September 2022 with completion on 26 October 2022. The Board will now focus on developing the Speciality Agriculture and Engineering divisions which are considered to have greater opportunity for earnings growth in the long term.

Board composition

Changes in the Board composition are detailed in full in the Nomination Committee Report on pages 58 to 60. Tim Jones's appointment as Non-Executive Chair took effect on 21 February 2023

Q&A With new Non-Executive Director, Shelagh Hancock

Q: How would you describe your appointment process?

A: The appointment process was extremely thorough. I was given the opportunity to meet other Board members for open discussion about the business and the challenges and opportunities it faces. This provided real insight into the role and where I might be able to contribute.

Q: Where do you think your skills will be most relevant to Carr's?

A: My entire career has been in the agriculture and food industries, and my current role is as Chief Executive in a farmer-owned co-operative. What this means is that I have in-depth knowledge of the dynamics of the agricultural market, and so can bring a useful external perspective to the Carr's Board. In particular, I've been involved in developing strategies that address the evolving sustainability issues facing agricultural and food businesses, particularly focusing on how this can be delivered to provide differentiation and value in the market.

Q: What are you most looking forward to in your new position?

A: I'm genuinely interested in the business and I am really looking forward to meeting people and learning more about the Company, particularly the areas that are new to me. I hope that my industry experience will bring a new point of view to the Carr's Board but I know that this role will also give me a fresh perspective and ideas that can inform my thinking elsewhere, and it's that cross-fertilisation of ideas that I look forward to.

Q: What do you see as the key challenges ahead for the Carr's Board?

A: The pace of change seems to accelerate and every company faces a challenging external environment. Carr's is well-placed in that it has already taken steps to reshape its business. To my mind, the focus for the Board is to provide support, guidance and critical thinking to the Executive team as it drives the new strategy forward, setting the tone from the top that this fresh approach will require.

and following the forthcoming General Meeting of the Company, Tim will also become Nomination Committee Chair and a member of the Remuneration Committee. Upon Tim's appointment on 21 February 2023, I stepped down as Executive Chair and as announced in August 2022, took the role of Chief Executive Officer. I look forward to working with Tim over the coming years.

In line with the Board's Non-Executive Director succession plan, Shelagh Hancock and Stuart Lorimer were appointed as Non-Executive Directors from 1 September 2022. Shelagh and Stuart are also members of each of the Audit, Remuneration and Nomination Committees, with Stuart taking over from John Worby as Audit Committee Chair following the forthcoming General Meeting of the Company, Non-Executive Directors Alistair Wannop and Kristen Eshak Weldon stood down from the Board in January 2022, and John Worby will stand down from the Board mid-2023 following a period of handover and support to new Board members.

CFO Neil Austin left the Group in February 2023 to take up a new role. David White joined the Board as Chief Financial Officer from 21 February 2023. David has worked alongside Neil to ensure continuity and an orderly handover and became CFO on 21 February 2023 on Neil's departure from Carr's.

Martin Rowland was appointed as a Non-Executive Director of the Company on 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood.

Employee engagement

Ian Wood was appointed as the Board's Employee Engagement representative at the end of 2021, with responsibility for reporting on employee-related matters to the Board and ensuring that employee interests are properly considered in Board decision-making. I am grateful to Kristen Eshak Weldon, the Board's previous Non-Executive Director for Employee Engagement, for her contribution to this important role of overseeing our efforts in this area.

Culture

During the year the Group launched its Code of Ethics across all sites globally. The code brings together Group-wide policies and best practice on a range of circumstances which can be encountered in the modern workplace. The code was launched alongside a programme of training delivered to explore its content and raise awareness. As a Group, we are committed to the application of high standards and professional behaviour to the decisions we may make at all levels of the organisation, and the launch of our Code of Ethics in 2022 provides us with a framework for continuous improvement. Further details can be found on page 35.

Sustainability

We have continued to focus on sustainability during the year. As our new Group strategy develops we will expand our sustainability goals and framework for our approach and future plans across the Group. Details of our progress and future plans can be found in the Responsible Business Report and the TCFD Disclosures on pages 33 to 39.

Board evaluation

Board effectiveness reviews take place annually[1]. An external effectiveness review was completed in 2021, with the previous external review having taken place in 2017. Annual internal reviews facilitated by the Company Secretary on behalf of the Chair are carried out in between external reviews.

In August 2022 the internal effectiveness review reflected on the FY21 external evaluation, key developments in the year, and the interim arrangements in place since October 2021. Questions were developed in the light of discussions at the August Board meeting and circulated to Board members who were in position during FY22. These reviews were led by the Chair with the support of the Company Secretary. Reports were presented to the Board detailing views together with progress made to date against previous recommendations. Reports were the subject of detailed and constructive discussion by the Board. Details of that process and its outcomes are set out in the Overview section of this Corporate Governance Report on pages 56 and 57.

Peter Page
Chief Executive Officer

22 March 2023

Q&A With new Non-Executive Director, Stuart Lorimer

Q: What attracted you to Carr's?

A: As a Group with a long heritage that is currently going through substantial change, Carr's offered the combination of responsibility and exciting challenge. This is something that I can relate to in my own organisation and I am hoping that I can bring that experience to the table. Carr's has a similar heritage to AG Barr's with a family-orientated history and collegiate style board so I'm hoping there is a cultural fit too – the chemistry just felt right.

Q: What do you think your experience will bring to the Group?

A: The governance agenda for public companies is growing rapidly so I think my board experience in communicating with the City, auditors and shareholders during a period of business reorganisation and M&A could add value. I believe that I have built a track record of strong financial governance and instilling a clear performance culture over my career in both Diageo and AG Barr. I'm hoping this can help support the Carr's business.

Q: What will your key areas of focus be for 2022/23?

A: My first priority is to listen and learn. There is huge experience and passion in the business and I would like to benefit from this before I form any views. I know the Board has spent considerable time developing the right long-term business strategy for the Group and I hope that I will be able to provide support and guidance during the implementation of the new strategy, whilst providing some fresh perspective to areas that are not yet clear.

1 External reviews are commissioned periodically (required every three years for FTSE 250+) with the last one being undertaken in FY2020/21).

Overview of Group governance

The Group's governance structure is outlined in the diagram below:

The Group's governance structure is designed to enable effective delivery of the Group's strategy. The Group is structured to encourage entrepreneurial leadership within a framework of risk management controls. Key features are set out below:

The Board

What: The Board is responsible for promoting the long-term sustainable success of the Group, creating value for its shareholders and supporting all stakeholders. The Board determines the Group's purpose and strategy, ensuring that these remain aligned with the Group's ethics and positive culture. The Board reviews business performance and monitors progress towards the Group's strategic objectives.

Who: The Board consists of Senior Executive Management together with experienced Non-Executive Directors.

How: The Board meets regularly in accordance with its planned agenda, and otherwise as may be required. Meetings take place in person or where necessary by video conferencing. All Directors have full and timely access to relevant information. The Board maintains a schedule of matters reserved for its approval, which is regularly reviewed and made available on the Group's website. The Board also engages with employees, customers and suppliers to develop a thorough understanding of the business.

Further details about the Board, including key activities and responsibilities, are set out on pages 52 to 57.

Board Committees

What: Board Committees support the Board. The Board delegates certain matters to the Committees.

Who: The Board has established Audit, Remuneration, and Nomination Committees. Each Board Committee consists of experienced Non-Executive Directors. John Worby is Audit Committee Chair; Ian Wood chairs the Remuneration Committee and the Nomination Committee is chaired by Peter Page.

How: The Committees ensure that there is independent oversight of the matters within their remit and assist the Board in fulfilling its responsibilities. Written terms of reference govern the responsibilities of the Committees, which are reviewed regularly by the relevant Committee and made available on the Group's website.

Full reports from each of the Committees, detailing their responsibilities, key considerations and actions during the year, are set out on pages 58 to 60 (Nomination Committee), pages 61 to 64 (Audit Committee) and pages 65 to 83 (Remuneration Committee).

Senior Management Team

What: The Senior Management Team is responsible for implementing policies and the operational delivery of the Group's strategies and to monitor performance and commercial developments.

Who: The Senior Management Team consists of the Executive Directors, managing directors of individual businesses and Group functional directors for Finance, Health & Safety, HR, Legal and IT.

How: Meetings to discuss operational performance and commercial developments take place regularly, with focused strategic discussions taking place at regular intervals. Feedback from meetings is shared with the Board.

Subsidiary and Joint Venture Operating Boards

What: The Subsidiary and Joint Venture Operating Boards' purpose is to monitor performance and commercial developments.

Who: Operating Boards for subsidiary and joint venture businesses include managing directors together with other subsidiary management, Executive Directors, leaders of Group functions and, where appropriate, executives from joint venture partners.

How: Meetings take place regularly and feedback on business performance and key developments is shared with the Board.

Internal controls and risk management

The Board is responsible for overseeing the Group's systems of internal control and internal audit, and for reviewing their effectiveness (including financial, operational, and compliance controls) together with processes for risk management which collectively safeguard the Group's assets. The Audit Committee supports the Board in this process and the report on pages 61 to 64 provides further information. Such systems provide reasonable but not absolute assurance against material misstatement or loss, being designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group's organisational structure is designed to effectively plan and implement the Group's objectives, to monitor progress, and to ensure that robust controls become embedded in operations. The Group's internal risk-based control systems have been fully operative throughout the year and up to the date of this Annual Report and Accounts.

The Group's internal controls include financial reporting processes, including monthly reporting from subsidiaries, its associate and joint ventures. This reporting is subject to detailed review by the Chief Financial Officer and detailed validation by the Group finance team, and forms the basis for information presented to and reviewed by the Board. All monthly reporting is prepared in line with Group accounting policies, which are reviewed annually and are also subject to review by the external auditor.

Key risks to the Group and its businesses are identified and reviewed during regular reviews which take place between Executive Directors, managing directors and business unit management teams. Such reviews consider the financial and other implications of such risks and assess the effectiveness of mitigation controls. The Audit Committee also reviews the effectiveness of risk management and internal control systems. Reports on risk are delivered to the Board regularly which, together with direct involvement in strategy, investment appraisal and budgeting, enable the Board to report on the overall effectiveness of internal control.

A summary of the risk management framework and key risks to the Group are set out on pages 24 to 26.

Stakeholders

The Board recognises and values the importance of good engagement with all stakeholders. The Board has developed processes for enabling effective engagement with the Group's stakeholders, and to ensure that stakeholder interests and views are fully considered in making key business decisions.

Ian Wood is the Board's Non-Executive Director for Employee Engagement, with oversight of Group initiatives, responsibility for reporting on matters to the Board and ensuring that employee interests are properly considered in Board decision-making.

The Board is aware that the Group has a diverse shareholder base representing a range of interests. Shareholders have access to the Company's website at www.carrsgroup-ir.com. We engage with our shareholders through our regular communications, announcements of our financial results on a six-monthly basis and trading updates during the year. All reports and updates are made available on the Company's website. The Group maintains dialogue with substantial and institutional shareholders and analysts, and hosts presentations on the preliminary and interim results. Enquiries from individual shareholders are welcomed, being addressed through the Company Secretary's office.

Further information on how the Board engages with stakeholders and discharges its section 172 responsibilities is set out on pages 40 to 44.

The Board: Activities

Key areas

The Board's principal activities can be grouped into the eight key areas as outlined below.

Strategy	Risk	Health & Safety	Environment
Setting strategic aims and objectives, including those relating to Environmental, Social and Governance considerations. Reviewing new business developments and opportunities including potential acquisitions. Investing in research and technology.	Overseeing the Group's risk and internal control framework. Considering feedback from external and internal audit. Reviewing financial forecasts and other considerations in support of the viability statement.	Approving Health & Safety strategy, and monitoring performance. Considering Health & Safety reports from management. Providing support where appropriate to drive continuous improvement.	Oversight of climate-related risks and opportunities. Considering environmental and climate-related impacts on the Group and wider stakeholders. Setting climate-related and sustainability goals and Executive Director and senior management remuneration structures linked to environmental objectives.

People and Culture	Governance	Stakeholder Engagement	Finance
Promoting the Group's culture and behaviours. Monitoring and assessing feedback from employees and ensuring employee interests are considered. Succession planning for Board Members and senior management.	Ensuring compliance with legal, regulatory and disclosure requirements. Determining Group delegations of authority, including matters reserved for the Board, and terms of reference for Board Committees. Reviewing potential conflicts of interest. Overseeing Board and Committee performance evaluation. Succession planning and Board appointments.	Approving strategy for stakeholder engagement. Ensuring that effective engagement with employees, shareholders and other stakeholders is carried out, and considering feedback. Approval of public announcements. Considering feedback from investor meetings and roadshows.	Approving budgets. Monitoring financial performance. Overseeing preparation and management of the financial statements. Ensuring adequate cash and external finance. Approving major capital projects, acquisitions or materially significant contracts. Determining dividend policy. Determining pensions strategy.

The Board: Division of responsibilities

The UK Corporate Governance Code 2018 requires there to be a clear division of responsibilities between the leadership of the Board and executive leaders of the Group's businesses. The roles of the Chief Executive Officer, Chair, Senior Independent Director and Non-Executive Directors are reviewed regularly by the Board and details are set out on the Group's website.

A summary of key responsibilities is set out below:

Title	Responsibility
Chair	• The effective running of the Board demonstrating objective judgement • Promoting openness and debate on the Board • Ensuring the Board is well-informed to enable constructive discussion and sound decision-making • Ensuring the effectiveness of the Board in the development of the Group's strategy and the monitoring of performance • Promoting ethical behaviours and high standards of corporate governance • Setting the Board's agenda in conjunction with the CEO and Company Secretary • Ensuring effective communication with shareholders and other stakeholders • Leading the performance evaluation of the Board • Providing a sounding board for the CEO on key business decisions, challenging proposals where appropriate
Chief Executive Officer	• Developing and implementing the Group's strategy and commercial objectives • The overall management of the Group's businesses • Effecting the decisions of the Board and its Committees • Maintaining and protecting the reputations of the Group and its subsidiaries • Establishing an annual budget consistent with the agreed strategy • Ensuring that dialogue is maintained with the Chair on important issues facing the Group • Developing and overseeing the Group's Environmental, Social and Governance work, and sustainability strategy • Promoting the Group's culture and behaviours, and adhering to the highest standards of integrity and governance
Senior Independent Director ("SID")	• Acting as a sounding board for the Chair and providing support in the delivery of their objectives • Working closely with the Chair and other Directors and/or shareholders to resolve significant issues as may be required from time to time • Leading evaluation of the Chair on behalf of the other Directors • Ensuring an orderly succession process for the Chair
Non-Executive Directors (including the Chair and SID)	• Bring complementary skills, knowledge and experience to the Board • Constructively challenge the Executive Directors and help develop Group strategy with an independent outlook • Devote time to developing and refreshing their knowledge and skills, to ensure that they are well-informed about the Group and make a positive contribution • Satisfy themselves as to the accuracy of the Group's financial results and the effectiveness of controls and systems of risk management • Determine appropriate levels of remuneration of Executive Directors and have a prime role in succession planning

From 11 October 2021 to 21 February 2023, Peter Page acted as Executive Chair on an interim basis. During this period, in addition to the responsibilities of the Chair set out above, Peter Page took on some of the key responsibilities of the Chief Executive Officer with Neil Austin, Chief Financial Officer, taking on the remainder of the key responsibilities. Additional arrangements were put in place, including the delegation of certain of the Chief Financial Officer's responsibilities to senior finance personnel, to ensure that the Group continued to be managed effectively, governance remained robust and to enable the Group's strategy to be delivered during the interim period. On 5 August 2022 it was announced that Peter Page was to be appointed as Chief Executive Officer, but that the interim arrangements would continue with Peter remaining as Executive Chair until such time as a new Non-Executive Chair is in place. The process to recruit the new Non-Executive Chair, led by Senior Independent Director John Worby concluded in November 2022 and on 30 November 2022 it was announced that Tim Jones would be appointed Non-Executive Chair. Further details can be found in the Nomination Committee Report on pages 58 to 60.

The Board: Composition

The Board currently comprises two Executive Directors[1], and six Non-Executive Directors[2]. There is also a Company Secretary to the Board. Biographies of Board members are set out on pages 46 and 47. The appointment and removal of Directors is governed by the Company's Articles of Association, and the Companies Act 2006. In accordance with the Corporate Governance Code, all Directors stand for re-election annually at the Group's AGM.

The Board: Powers and responsibilities

The powers of the Directors are set out in the Company's Articles of Association. In addition the Directors have responsibilities and duties under legislation, in particular those arising under s.172 of the Companies Act 2006.

The Board: Non-Executive Director independence

Taking into account all circumstances, including those factors set out in the Corporate Governance Code, the Board considers Non-Executive Directors John Worby, Ian Wood, Shelagh Hancock and Stuart Lorimer to be independent. Tim Jones joined the Group as Non-Executive Chair on 21 February 2023. The Board considers Tim to be independent. Martin Rowland was appointed as a Non-Executive Director of the Company on 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood. As a representative of Harwood, the Board considers Martin Rowland not to be independent.

The Board: Directors' conflicts of interest

The Companies Act 2006 and the Company's Articles of Association require the Board to consider any actual or potential conflicts of interest. The Board has a policy for managing and, where appropriate, authorising actual or potential conflicts of interest, or related party transactions. Under that policy, Directors are required to declare any interests they or close family members have in any organisations which are not part of the Group, as well as other circumstances which could give rise to a conflict of interest. At the outset of every Board meeting, Directors are required to declare any actual or potential conflicts in relation to matters on the agenda. In respect of discussions relating to CEO succession, the Board noted in the relevant Board meetings that Peter Page was directly interested in the matters discussed and accordingly the Board minutes note that Peter Page would not vote in connection with such matters. In respect of discussions relating to the CFO succession, Board minutes reflect that Neil Austin was directly interested in discussions relating to CFO succession and accordingly the Board minutes note that Neil Austin would not vote in connection with such matters.

The Board regularly reviews its registers of related parties and third-party interests. Directors are required to seek clearance from the Chair before taking on any new appointments to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed Directors are considered by the Board prior to their appointment. In the financial year ended 3 September 2022, there were no declared conflicts of interest, and there have been no declared conflicts of interest in the period from 3 September 2022 to the date of this report.

The Board: Support and advice

The Board is supported by the Company Secretary who provides advice on corporate governance matters. The Company Secretary ensures that information is made available to Board members in a timely manner and provides support to the Chair on arrangements for the management of meetings including setting the agenda. The Company Secretary also assists in arranging Board effectiveness reviews, arranging Board inductions for new members and ensuring that the Board has appropriate training.

Directors can obtain independent professional advice at the Group's expense in performance of their duties as Directors. None of the Directors obtained independent professional advice in the period under review. All Directors have access to the advice and the services of the Company Secretary and access to senior management across the Group where required.

The Board: Information, induction and professional development

The Chair is responsible for ensuring all Directors receive comprehensive information on a regular basis to enable them to perform their duties properly. Updates, where necessary, are provided at Board meetings and governance updates are provided to keep all Directors up to date with regulatory requirements. New Directors receive an appropriate induction on joining the Board, typically including meeting members of the senior management team and visits to sites.

1 Peter Page as Chief Executive and David White as Chief Financial Officer ("CFO").

2 Alistair Wannop and Kristen Eshak Weldon stood down as Non-Executive Directors at the last AGM on 18 January 2022. Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022. John Worby and Ian Wood are also Non-Executive Directors. Tim Jones joined the Board as Non-Executive Chair on 21 February 2023. Martin Rowland joined the Board as a Non-Executive Director on 6 March 2023.

The Board: Focus for FY23

At the date of writing this Annual Report, it is anticipated that the following areas will receive focus by the Board during the year ending 2 September 2023:

- Scrutiny of financial control and reporting processes, specifically where accounting judgements are required, including revenue recognition in the Engineering division
- Continued development of the strategy to grow shareholder value
- Development of the Speciality Agriculture division through organic growth opportunities and carefully targeted acquisitions
- Development of opportunities for growth in the Engineering division through focusing on the unique strengths and qualities of the current businesses to realise their potential
- Onboarding new Board members
- Stronger emphasis on climate-related risks and opportunities including the establishment of an Environmental Steering Group and supporting activities to ensure it is effective in setting the direction for Carr's Group
- Implementation of new ERP system in the US feed blocks business

Board Committees: Details

The Board has established Committees to carry out certain aspects of its duties. Each is ordinarily chaired by a Non-Executive Director[1] and has written terms of reference which are available to view on the Company's website. The Chair of each Committee reports regularly to the Board as to how that Committee has discharged its responsibilities.

Committee	Purpose
Audit Committee John Worby (Chair)	The Audit Committee's key responsibilities are to review the effectiveness of the Company's financial reporting, the performance of the external auditor and the Group's systems of risk management and internal control. Details of the work, responsibilities and governance of the Audit Committee are set out on pages 61 to 64.
Remuneration Committee Ian Wood (Chair)	The Remuneration Committee's primary role is to review and set the reward structures for Executive Directors and other senior management to ensure that these promote the correct behaviours and are appropriate when considered in conjunction with the levels of pay and benefits offered across the Group. Details of the work, responsibilities and governance of the Remuneration Committee are set out on pages 65 to 83.
Nomination Committee Peter Page (Chair)	The role of the Nomination Committee is to ensure that an appropriate balance of skills, experiences and backgrounds is achieved across the Board, and that the Group is properly prepared for the succession of members of the Board and senior management. Details of the work, responsibilities and governance of the Nomination Committee are set out on pages 58 to 60.

Board and Board Committees: Agendas and attendees

Board agendas are set by the Chair in consultation with the Executive Directors and with the assistance of the Company Secretary.

In advance of all Board meetings the Directors are supplied papers covering the matters to be addressed. Members of the Senior Management Team or other third parties may also attend meetings, or parts of meetings, where appropriate from time to time by invitation.

All Directors are expected to attend scheduled Board meetings and relevant Committee meetings in addition to the Annual General Meeting unless they are prevented from doing so by prior work or extenuating personal commitments. Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss matters with the Chair or other Directors.

The Company Secretary is responsible to the Board for the timeliness and quality of information.

1 Peter Page continued to chair the Nomination Committee despite serving as Executive Chair under the interim arrangements announced in October 2021.

Board and Board Committees: Schedule and attendance

The Board met on ten scheduled occasions throughout the year ended 3 September 2022. In addition to regular scheduled meetings, a number of additional meetings took place during the year in order to deal with specific business arising from time to time.

Details of Director attendance at scheduled Board and Board Committee meetings are set out below:

	Board	Audit Com	Rem Com	Nom Com
No. of scheduled meetings	10	6	5	5
Peter Page	10	N/A	N/A	5
Hugh Pelham*	0	N/A	N/A	N/A
Neil Austin	10	N/A	N/A	N/A
John Worby	10	6	5	5
Ian Wood	10	6	5	5
Alistair Wannop*	4**	4**	3**	3**
Kristen Eshak Weldon*	4**	4**	3**	3**
Shelagh Hancock*	0**	0**	0**	0**
Stuart Lorimer*	0**	0**	0**	0**

Notes:

N/A – Not applicable (where a Director is not a member of a Committee).

Executive Directors may attend Committee meetings (or parts of such meetings) by invitation where required.

* Hugh Pelham stood down from the Board on 11 October 2021. Alistair Wannop and Kristen Eshak Weldon stood down as Non-Executive Directors at the AGM on 18 January 2022. Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022 although no Board or Board Committee meetings were held between 1 September 2022 and the end of FY22.

** Being 100% of the meetings scheduled to take place whilst a member of the Board.

The Board and Board Committees: Evaluation

In 2022, the Board facilitated an internal review of its effectiveness which built upon the external review led by external advisers in 2021.

The 2021 external review provided an independent perspective on Board governance and effectiveness with recommendations for continuous improvement. The 2022 internal review reflected the 2021 recommendations, key developments in the year, and focused particularly on the interim arrangements which were in place from October 2021 (see page 53).

The internal review took the form of scored and written feedback on a range of questions which challenged Directors to consider matters including Board and Committee operation and governance; Board composition; quality of discussion and effectiveness of relationships; strategy development and understanding of purpose; understanding of responsibilities; and the effectiveness of risk management and control systems. Questions also challenged the effectiveness and robustness of the interim arrangements, focused upon the review of strategic options which took place during the year and identified areas for improvement and learning opportunities arising from experiences.

The feedback was the subject of review and discussion by the Board. Key findings were as follows:

- Board governance is considered generally strong, with a good understanding of duties/responsibilities and collective responsibility.
- The current balance of knowledge, skills and experience on the Board is considered appropriate to deliver strategic objectives. Leadership is considered strong and relationships between Board members constructive.
- Board operation is seen as effective, and the balance of topics covered at meetings considered appropriate. It was noted that reporting on key targets/performance objectives could be improved.
- Progress with the strategic review to enhance shareholder value was viewed as very positive, with external support viewed as appropriate.
- Board engagement is considered positive. Fewer collective Board meetings took place at Group sites during the year, with one-to-one meetings between Non-Executives and management at Group sites being preferred and proving to be beneficial.

Key findings specifically in relation to the interim arrangements in place since October 2021 were:

- The decision to move swiftly to adopt interim arrangements was welcomed.
- The arrangements were considered to have operated effectively and provided good levels of assurance and stable management during the year.
- Increased levels of open dialogue between Executive and Non-Executive Directors helped to mitigate the downside of reduced Board membership.
- It was noted that increases to Executive workloads and sharing of responsibilities did present some challenges in the period, although this was not considered to increase levels of risk.

Recommendations following from the internal and external reviews, together with actions taken and plans agreed by the Board, are set out below:

Recommendation	Progress in 2021/22	Future plans 2022/23
Increase focus on strategy development	Review of strategic options undertaken including review of market insights and Group competencies to grow shareholder value, resulting in disposal of Agricultural Supplies division in October 2022 and decision to focus on Speciality Agriculture and Engineering divisions.	Having taken the first steps in the ongoing process of strategic change for the Group, the Board will continue to develop Group strategy as a key priority.
Determine risk appetite of Board	Focus in the year was on the strategic review and subsequent disposal of the Agricultural Supplies division.	Board to re-evaluate and determine appropriate parameters to govern its risk appetite in line with strategy development.
Reduce level of operational detail	The presentation of management materials, particularly markets information, management accounts and health and safety information, was reviewed and enhanced in the year to better align reporting with strategy, performance and governance.	Incoming Chair will review the Board calendar and agenda, and incoming CFO will review the provision of monitoring/ forecasting information, to support optimisation of the Board's effectiveness.
Embed ESG considerations	ESG and climate change risk received significant focus in the year. The appointment of an Environment and Sustainability Manager for the Group is supporting the Board in progressing key initiatives.	CEO to chair the Group's Environmental Steering Group to drive key initiatives and to support the Board and the development of Group strategy. Incoming Chair and refreshed Board will continue to promote high standards of governance.
Develop reporting on targets/ performance objectives	N/A*	To be developed in conjunction with incoming CFO's review of monitoring/forecasting information described above.
Increase focus on employee engagement	N/A*	Build upon Group's current engagement structures with more regular feedback being provided to the Board.
Board training	N/A*	Refreshed Board will receive training on key topics such as Health and Safety and Directors' duties and responsibilities.

* Recommendation from internal evaluation during 2022.

The Board recognises that significant challenges were experienced in finalising the Group's year-end accounting and audit process for FY22. In the light of this, a detailed review will be undertaken during FY23 to understand shortcomings, and where improvements can be made to ensure that similar issues are not encountered in future years. The Company will update shareholders on such matters, and the progress made in relation to the items identified above in its 2023 Annual Report.

Statement of compliance

Save in relation to the following items, the Board considers that the Company has, during the year ended 3 September 2022, complied with the requirements of the Corporate Governance Code 2018 in their entirety:

Code Provision 9: Interim arrangements

The Board recognises that the interim Executive arrangements first announced on 12 October 2021 included the Chair acting in an Executive capacity which is not consistent with Code Provision 9. Peter Page stood down as Chair upon the appointment of Tim Jones as the new Non-Executive Chair for the Group which took effect on 21 February 2023.

Code Provision 41: Workforce engagement on Executive remuneration

Whilst the Group's employee engagement survey during FY2021/22 sought feedback in relation to remuneration and benefits, this was not directly in relation to the alignment of Executive remuneration with broader Group remuneration policy. The Remuneration Committee does however evaluate broader Group remuneration such as basic pay increases, bonuses and share awards, when determining remuneration levels for Executive Directors and senior management. Further details on the considerations of the Remuneration Committee are set out on pages 65 to 83.

Matthew Ratcliffe
Company Secretary

Carlisle
CA3 9BA
22 March 2023

NOMINATION COMMITTEE REPORT

Peter Page
Nomination Committee Chair

Nomination Committee Highlights

- Significant changes to Executive and Non-Executive Board membership
- Conclusion of internal Board effectiveness review
- Changes to Committee membership

Introduction

The Nomination Committee ensures that the Board and Senior Management Team possess the right balance of skills, experience and knowledge to support the Group's strategy and to meet the requirements of good governance. The Committee monitors succession plans for the Board and senior management to anticipate future vacancies arising due to promotion or retirement along with developments in the business.

Committee membership

The Committee currently comprises four independent Non-Executive Directors (John Worby, Ian Wood, Shelagh Hancock and Stuart Lorimer) together with Peter Page who chairs the Committee. Tim Jones joined the Group as Non-Executive Chair on 21 February 2023 and will take over as Nomination Committee Chair following the forthcoming General Meeting of the Company.

In September 2022 Stuart Lorimer and Shelagh Hancock joined the Committee, succeeding Alistair Wannop and Kristen Eshak Weldon who each stood down from the Committee and the Board in January 2022.

Responsibilities of the Committee

The key responsibilities of the Nomination Committee are:

- Reviewing the structure, size and composition of the Board and monitoring the range of skills, knowledge and experience required for the Board to operate effectively and to deliver the Group's strategy;
- Overseeing Board and senior management succession planning, including setting objective selection criteria and transparent recruitment processes, and making recommendations to the Board in relation to the appointment of Executive and Non-Executive Directors; and
- Setting the Group's policy on diversity and inclusion and overseeing its implementation in succession planning across the Group.

Activities of the Committee

In the year, the Committee's primary areas of focus were:

- Non-Executive Director succession, with the appointment of Shelagh Hancock and Stuart Lorimer as independent Non-Executive Directors announced in June 2022;
- CEO succession, with Peter Page appointed as CEO following a search process to take effect upon the appointment of a new Non-Executive Chair for the Group;
- Non-Executive Chair succession, with Tim Jones being appointed as Non-Executive Chair Designate for the Group;
- CFO succession with the appointment of David White announced on 15 December 2022 following the announcement in August 2022 that Neil Austin would stand down from the Board after ten years at Carr's;
- Employee engagement, with Ian Wood appointed as Board Representative for Employee Engagement in succession to Kristen Eshak Weldon as announced in November 2021;
- Senior management succession planning;
- The structure, size, composition and diversity of the Board, its Committees and senior management across the Group;
- Implementation of the Board's policy on diversity and inclusion;
- The Group's talent management, training and development programmes; and
- The Committee's terms of reference to ensure they appropriately reflect the Committee's remit.

Meetings in the year

The Committee met five times during the year. Details of meetings of the Committee and attendance can be found on page 56.

Board succession

In October 2021, interim arrangements were announced by the Board, under which Peter Page became Executive Chair to provide strategic support to the management team until the appointment of a permanent CEO, following the departure of Hugh Pelham. In August 2022, following an extensive search by the Nomination Committee, Peter Page was asked to take on the CEO role once a new Non-Executive Chair is appointed and in place.

The Committee engaged recruitment consultants Korn Ferry to assist with the CEO recruitment. A detailed candidate profile was developed following an in-depth analysis of the skills, knowledge and experience which would best benefit the Group. The search considered a large pool of potential candidates from a diverse range of backgrounds, industries, and countries. Of the total candidate pool identified, 37 individuals were considered further for the position from both internal and external sources (of that total, 33 candidates were male and four were female). Three shortlisted candidates were ultimately identified. In addition following the Board's request, Peter Page was also considered a candidate in the Committee search process upon which John Worby led the search process. As announced in August 2022 Peter Page was appointed and became Chief Executive Officer upon the appointment of a new Non-Executive Chair, which took effect on 21 February 2023.

Following the Board's decision to appoint Peter Page as CEO, a search was conducted for a Non-Executive Chair, led by the Senior Independent Director, John Worby. Tim Jones joined the Group on 21 February 2023 and became the Group's Non-Executive Chair. The recruitment process was supported by recruitment consultants, Warren Partners. The search identified potential candidates based on experience and skills. A pool of 128 was identified and 76 people were approached, of which 43 were female. Of the 43 females who were approached, 39 either did not reply to the enquiry or did not pursue the role, principally due to timing of the opportunity. Three candidates were shortlisted, one being female. Tim Jones joined the Board and become Non-Executive Chair on 21 February 2023. Tim has been assessed as independent by the Board. Following the forthcoming General Meeting of the Company, Tim will also serve as Nomination Committee Chair and as a member of the Remuneration Committee.

At the AGM in January 2022, Alistair Wannop left the Board after 16 years' service as a Non-Executive Board member, and Kristen Eshak Weldon stood down from her role as Non-Executive Board member due to a potential conflict with a new executive role that she had taken on in 2021. A search for successors to these Non-Executive roles was announced and commenced in December 2021, leading to Shelagh Hancock and Stuart Lorimer joining the Board as independent Non-Executive Directors in September 2022, bringing significant sector and plc board experience. The recruitment process was led by the Committee supported by Warren Partners. In selecting candidates for each role a detailed profile matrix was developed which also included the position of Audit Committee Chair as successor to John Worby. The Committee considered a broad range of important skills and characteristics. The Committee also considered the balance of skills, experience and knowledge present across the Board, the culture of the Group and the benefits of diversity. For the Non-Executive Director and Audit Committee Chair position, of the 121 people identified, 80 were approached (being 39 male and 41 female). For the Non-Executive Director position from 75 potential candidates, a longlist of 13 potentials was identified including four female candidates. Following the Committee's recommendations, Shelagh and Stuart were appointed to the Board on 1 September 2022 as independent Non-Executive Directors.

It was announced in August 2022 that Neil Austin would stand down as Chief Financial Officer ("CFO") after ten years with Carr's. Following a full external search for Neil's successor, David White joined the Group as Chief Financial Officer Designate on 3 January 2023. The recruitment process was led by the Committee and supported by recruitment consultants, Russell Reynolds. Russell Reynolds searched a large pool of potential candidates aimed at producing a diverse selection. Of a candidate pool of 135, 21 were female. The Committee considered experience and skills as well as sector experience and culture of the Group. Following the interview process, David White joined the Group on 3 January 2023 and became CFO upon Neil standing down as CFO and from the Board on 21 February 2023.

As announced on 21 February 2023, Martin Rowland was appointed as a Non-Executive Director of the Company with effect from 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood.

For a short period after the AGM in January 2022, the Board comprised two Executive Directors, (one being Peter Page as Executive Chair on an interim basis), and two independent Non-Executive Directors. This composition in the Board was noted at the AGM in January 2022, where certain shareholders voted against the Executive Director appointments including one major shareholder whose voting policy required the Board to comprise a majority of independent Non-Executive Directors and at least one female member. Whilst the Board composition was in line with Provision 11 of the Code which requires at least half the Board, excluding the Chair, to be independent Non-Executive Directors, we nonetheless undertook a shareholder engagement exercise to understand shareholders' concerns and explain the Group's Non-Executive Director succession plans and investors were updated accordingly.

Committee succession

As part of the interim Board arrangements announced in October 2021, Peter Page stood down as a member of the Remuneration Committee whilst acting as Executive Chair. Following their appointment on 1 September 2022, Shelagh Hancock and Stuart Lorimer joined Ian Wood (Chair) and John Worby as Remuneration Committee members and Tim Jones will become a member following the forthcoming General Meeting of the Company. Peter has continued as Nomination Committee Chair but will hand over to Tim Jones following the forthcoming General Meeting of the Company. The Nomination Committee also includes Ian Wood, John Worby, Shelagh Hancock and Stuart Lorimer. John Worby will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will be succeeded by Stuart Lorimer. The Audit Committee members are Ian Wood and Shelagh Hancock as well as John Worby and Stuart Lorimer.

John Worby will remain on the Board for a period to enable a smooth handover and will stand down from the Board later in 2023.

Board evaluation

In August 2022 an internal Board effectiveness review was undertaken. Details of the process and its outcomes are set out in the Corporate Governance Report on pages 56 and 57.

Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback was that the Committee had demonstrated its effectiveness in steering the Group through changes over the last 12 months. It was agreed that the Committee continues to operate effectively and fulfil its responsibilities.

Group succession planning and development

The Group's succession planning focuses upon ensuring that sufficient appropriately qualified and experienced employees are recruited or developed internally to meet the future management and leadership needs of the business. Recruitment processes for leadership and senior positions across the Group are managed under the supervision of the Group's HR Director, inviting both internal and external candidates. Independent recruitment consultants are also appointed where appropriate.

Across the Group our career pathway and employee development initiatives continue to evolve which are designed to attract, retain and develop the best talent. Further details of those initiatives are described from pages 28 and 29. During the year, the Group's HR Director met with the Committee to review succession planning for senior management and key personnel, together with leadership development initiatives and training programmes across the Group.

Diversity and inclusion

As at the date of this report, employee numbers were 647 across four countries. The Group's principal concern when making employment decisions is ensuring that candidates possess the skills, knowledge and experience, or the potential to develop the required skills, knowledge and experience, to meet the requirements of the Group. All appointments, whether external recruitments or internal promotions, are based on merit, and are not influenced or affected by race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability, or age. There are no differences in pay structures for persons of different genders performing similar roles.

The Nomination Committee recognises that diversity strengthens the Board, and that it is important to ensure that it is not solely comprised of like-minded individuals with similar backgrounds. The Group is committed to extending diversity throughout the organisation. Successful delivery of the Group's strategy depends on the recruitment and retention of a motivated and skilled workforce in an increasingly competitive labour market. The Board recognises that steps taken to improve diversity in the workplace increase the attractiveness of the Group to prospective employees and enhance the available talent pool.

Gender breakdown

	Total	Male	Female
Group Employees*	647	502	145
Senior Managers	13	10	3
Direct Reports to Senior Managers	61	42	19

	Male	Female
Speciality Agriculture	74%	26%
Engineering	83%	17%
Head Office	57%	43%

* Figures as at year end: Total: 1,221; Male: 864; Female: 357.

Director independence

Details relating to Director independence can be found in the Corporate Governance Report on pages 50 to 57.

Director re-election

At the AGM on 27 February 2023, Peter Page, John Worby and Ian Wood each stood for re-election to the Board, and Shelagh Hancock, Stuart Lorimer, David White and Tim Jones each stood for election to the Board, in accordance with best practice under the Corporate Governance Code.

The Board set out in the Notice of Annual General Meeting for February 2023 its reasons for supporting the election or re-election of each of Peter Page, John Worby, Ian Wood, Shelagh Hancock, Stuart Lorimer, David White and Tim Jones. Their biographical details on pages 46 and 47 demonstrate the range of experience and skills which each brings to the benefit of the Group.

All resolutions to elect or re-elect directors as set out in the Notice of Annual General Meeting for February 2023 were passed at the AGM held on 27 February 2023.

All Directors on the Board at the time of the next annual general meeting of the company will each stand for election or re-election to the Board in accordance with best practice under the Corporate Governance Code.

Tim Jones will take over from Peter Page as Nomination Committee Chair following the forthcoming General Meeting of the Company. Peter will be available at the General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Peter Page
Nomination Committee Chair

22 March 2023

AUDIT COMMITTEE REPORT

John Worby
Audit Committee Chair

Audit Committee Highlights

- Completion of external audit tender
- First year working alongside Grant Thornton as external auditor
- Review of new TCFD disclosures
- Changes to Committee membership

Introduction

The Audit Committee focuses on effective governance and financial reporting. It assists the Board in discharging its responsibilities for the integrity of the financial statements and narrative reporting, the effectiveness of internal controls, the identification and management of risks, and the external and internal audit processes.

This was the first year that the Group audit was undertaken by Grant Thornton UK LLP, following its appointment at the 2022 AGM. Issues identified during the audit relating to the independence of the auditor of the Group's associate company contributed to a delay in the finalisation of the audit. Whilst the associate company concerned has been sold, this together with other complications arising from the ERP implementation in the now disposed of Agricultural Supplies division, resulted in an entirely unsatisfactory delay in publishing the Group's results. Further details of this are set out in the report below.

The report on the pages which follow details the principal activities of the Committee during the year, together with information on its governance.

Committee membership

The Committee currently comprises four independent Non-Executive Directors: John Worby, Shelagh Hancock, Stuart Lorimer, and Ian Wood. John Worby is Chair of the Committee and is a chartered accountant with recent and relevant financial experience (see page 47). John Worby will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will be succeeded by Stuart Lorimer, who is a qualified accountant with recent and relevant financial experience (see page 47).

There were changes to Committee membership in 2022. Following the AGM in January 2022, at which Alistair Wannop and Kristen Eshak Weldon stood down from the Board, the Board determined that until such time as further independent Non-Executive Directors were appointed to the Board, the minimum membership of the Committee should be two independent Non-Executive Directors (being John Worby and Ian Wood). Subsequently, Shelagh Hancock and Stuart Lorimer joined the Committee on 1 September 2022.

The Committee acts independently of management, and the Board is satisfied the Committee taken as a whole has the appropriate skills, knowledge, experience, and understanding of the Group's undertakings to effectively discharge the Committee's responsibilities.

Responsibilities of the Committee

The key responsibilities of the Committee are to provide effective governance over the integrity of the Group's financial reporting and the effectiveness of its systems of internal control and risk management. This includes reviewing and monitoring:

- The integrity of the Group's financial statements and related narrative reporting including the appropriateness of the Group's accounting policies;
- Where requested by the Board, whether the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- The effectiveness of the Group's internal financial controls, and other systems of internal control and risk management;
- The scope and effectiveness of the internal audit function;
- The scope and effectiveness of the external audit, taking into consideration relevant professional and regulatory requirements;
- The independence and objectivity of the external auditor, and the Group's policy on the engagement of the external auditor to supply non-audit services;
- The Group's whistleblowing and anti-bribery policies and arrangements; and
- The process for assessing the Group's prospects and the disclosures made in the Viability Statement in the Annual Report.

The Committee also makes recommendations to the Board, in relation to the appointment, reappointment and removal of the external auditor and conducts any tender process in relation to the appointment of any new external auditor.

The Committee reviews its terms of reference annually and makes recommendations to the Board for any appropriate changes (the Committee's terms of reference can be found on the Group's website at www.carrsgroup.com). The Committee regularly reports to the Board on how it discharges its responsibilities.

Meetings in the year

The Committee met six times during the year (details of attendance can be found on page 56) including two meetings relating specifically to the selection and appointment of the external auditor, and has an agenda linked to the Group financial calendar. It invites the Executive Directors, the Head of Internal Audit, representatives from the external auditor, and other senior finance personnel to attend its meetings. During the year, the Committee met with each of the Head of Internal Audit and the external auditor without the Executive Directors or other senior management being present.

The Committee has met six times since the end of the financial year to consider internal audit work, the Group's results, and the Annual Report for the year ended 3 September 2022.

Activities during the year

The key activities of the Committee during the year are summarised below.

Financial reporting

- Reviewed and challenged key financial reporting judgements and estimates.
- Reviewed the Group's going concern and viability statement disclosures.
- Reviewed the Group's new disclosures in respect of the Task Force on Climate-related Financial Disclosures.
- Reviewed the Group's financial statements and narrative to ensure that this is fair, balanced and understandable.

External audit

- Completed a tender exercise relating to the appointment of the Group's external auditor and made recommendations to the Board in relation to the appointment of Grant Thornton as the Group's external auditor following conclusion of that tender process.
- Reviewed the audit strategy and plan.
- Agreed the terms of engagement and remuneration of the external auditor.
- Reviewed the Group's policy for non-audit work and monitored the independence of the external auditor.
- Discussed extensively with the external auditor issues relating to their concern with the independence of component auditors as explained more fully below.

Internal control and risk management

- Reviewed the Group's internal controls and risk management systems.
- Reviewed and updated where necessary the Committee's terms of reference.
- Reviewed the effectiveness of the Committee.

Internal audit

- Reviewed and challenged the work of the Group's internal auditor.
- Reviewed the effectiveness of the internal auditor.
- Reviewed the internal audit charter.
- Reviewed the internal audit work plan for the coming year.

Whistleblowing and anti-bribery

- Reviewed the Group's whistleblowing policy.
- Reviewed the Group's anti-bribery policy.
- Reviewed on behalf of the Board any whistleblowing or similar reports together with their resolution.

Group viability and related disclosures

- Reviewed the three-year time horizon for the Group's Viability Statement.
- Reviewed the Group's budget, forecasts and downside sensitivity analysis, and concluded that the Group is viable over the three-year time horizon.
- Reviewed and approved the Group's going concern and Viability Statement disclosures in the Annual Report.

Further details on the work undertaken during the year are set out on the following pages.

Financial reporting

The activities undertaken by the Committee in the year in relation to financial reporting covered four main aspects:

- Review and challenge of key financial reporting judgements and estimates.
- Review of the Group's going concern and Viability Statement disclosures.
- Review the Group's new disclosures in respect of the Task Force on Climate-related Financial Disclosures.
- Review of the Group's financial statements and narrative to ensure that they are fair, balanced and understandable.

Each of these is discussed in more detail below.

Review of key judgements and estimates

An important responsibility of the Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed detailed written reports from management, including the Chief Financial Officer, and the external auditor at its meetings, to review the half-year and year end results. The Committee carefully considered the content of these reports in evaluating the significant issues and areas of judgement across the Group.

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

- **Revenue recognition in relation to Engineering**
  ISA (UK) 240 presumes a risk of revenue misstatement due to improper recognition. The key risk to revenue recognition is judged to be in relation to the recognition of revenue and profit on engineering contracts, the completion or final agreement of which extend beyond the year end. To assess the risk to the Group, the Committee reviewed reports from management and the external auditor on the application of revenue recognition policies by management to major contracts not completed or finalised at the year end. Particular focus was given to the basis used for revenue recognition including the identification of separate performance obligations where appropriate and to the forecast costs to complete such contracts. Grant Thornton as new auditor challenged the approach to recognition of revenue across a selection of contracts. On two similar contracts, they challenged whether these reflected two performance obligations (as had been used in previous years) rather than one. Whilst the arguments appeared to be finely balanced, management decided that it should account for the contracts as having one rather than two performance obligations. As required by accounting standards, the impact of the change has been reflected on the previous years' results as a prior year adjustment. On contracts with one specific customer entered into in prior years, Grant Thornton challenged whether rights to payment under these contracts enabled revenue to be recognised as works were performed. Although all contracts with this customer have now been fulfilled and amounts due paid in full, management accepted that these specific contracts did not

contain a sufficiently enforceable right to payment for work done prior to completion of the contract and therefore the treatment followed in prior years had incorrectly recognised revenue earlier than the standard allows. As a result, a prior year adjustment has been made to correct the accounting treatment. The Audit Committee considered these matters and accepted management's recommendations. The impact of the changes in the current year results was noted to be minimal. Full details of the impact of the change on previous years results are set out in note 39 to the financial statements. As would be standard for any new auditor, Grant Thornton also challenged judgements related to revenue recognition on discontinued operations, which in two instances, the Committee have accepted requires adjustment to correct the accounting treatment. The result is a further two prior period restatements which, combined, reduce revenue in FY21 by £12.1m, although there is no impact on profit. Details of the impact of these are set out in note 39.

- **Potential goodwill impairment**
  The Committee challenged the reasonableness of the future business performance assumptions adopted by management for those businesses that had underperformed against expectations in the light of historical performance, industry benchmarks and market trends. The Committee also reviewed the assumptions underlying the discount rates used in the evaluation. The Committee concurred with management's view that goodwill in two businesses required impairment. On Chirton Engineering, the Committee agreed with management's proposal, given the competitive sector in which that business operates, that the remaining goodwill for that business be fully impaired. On Wälischmiller Engineering, management proposed a partial impairment of goodwill relating to the Staber acquisition in 2016, reflecting uncertainty of the expected future demand for Wälischmiller products despite a strong opportunity pipeline. The Committee agreed with management's assessment. Details of the impairment are contained in note 12 to the financial statements.
- **Defined benefit pension scheme**
  The Committee considered and challenged valuations of the scheme's investments, and the key actuarial assumptions used to value the scheme obligations. The assumptions made were reviewed against market data in conjunction with independent actuarial specialists to assess their appropriateness, and the disclosures on the sensitivity of the obligations to changes in such assumptions were reviewed. The Committee was satisfied that the scheme's assets were appropriately valued, that the assumptions adopted in relation to the scheme's liabilities were appropriate, and that disclosures made in relation to the scheme were appropriate.
- **Agricultural Supplies division**
  During the year, difficulties were experienced in the Carr's Billington business following the implementation of a new ERP system. This resulted in delays to processing of purchase invoices, and pricing issues in certain invoices to customers. As a result of focusing efforts on resolving these issues, certain reconciliation procedures lapsed. The time taken to resolve these issues was further hampered by resource issues due to the process involved in disposing of the business. After reviewing with management and the external auditor the work done to rectify this, the Committee was satisfied that the results for the year have been fairly stated. The Committee also reviewed the accounting treatment of the Agricultural Supplies business as discontinued in the light of the agreement to sell the business entered into before the year end on 31 August 2022 and the subsequent completion of the sale after the year end. The Committee was satisfied with the accounting treatment and disclosures made in the Annual Report.

Going concern and viability statement

The Committee reviewed a report prepared by the Chief Financial Officer in relation to the Group's going concern and Viability Statement disclosures and challenged management's assessment of going concern, including the base assumptions used in cash flow forecasts in the light of historic forecasting accuracy, together with management's various sensitised scenario analyses and analysis of headroom under available financing. The Committee also reviewed reports from the external auditor in relation to the appropriateness of the period of viability considered by management and the risks and scenarios applied. Considering all available information, including the impact of inflationary pressures, and challenging the assumptions adopted by management, the Committee was satisfied that the going concern assumption remained appropriate, and that disclosures in the Annual Report in relation to going concern and the Viability Statement were appropriate.

TCFD Disclosures

The Committee reviewed the TCFD disclosures and a report prepared by the Head of Internal Audit reviewing the accuracy of the reported Scope 1 and Scope 2 emissions. The Committee was satisfied with the reasonableness of the disclosures noting that work to further enhance the TCFD disclosures was planned for the year ahead.

Fair, balanced and understandable

The Committee, further to the Board's request, reviewed the Annual Report, and provided advice to the Board in relation to whether the Annual Report, taken as a whole, is considered fair, balanced, and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

To make this assessment, the Committee reviewed a report prepared by the Chief Financial Officer outlining key matters and circumstances affecting the Group. The Committee was satisfied that such matters were adequately referenced or reflected within the Annual Report.

Internal control and risk management

During the year the Committee continued to monitor the effectiveness of the Group's internal control and risk management systems and at the end of the year carried out a review of the effectiveness of such systems based on a report prepared by the Head of Internal Audit.

As noted above, issues arose over the timely processing of purchase invoices and with certain customer invoices during the implementation of a new ERP system at Carr's Billington. During the time taken to resolve these issues there was a lapse in certain controls in this business including in relation to monthly reconciliation procedures. As a result additional effort was required at the year end to ensure the results were fairly stated.

The Committee reported to the Board that other than in respect of this lapse of controls at Carr's Billington it was satisfied with the overall effectiveness of the Group's internal control and risk management systems.

External audit

The appointment of Grant Thornton as the Group's external auditor for the first time was approved by shareholders at the AGM in January 2022 following the tender process conducted in 2021. Full details of the process undertaken are set out in the 2021 Annual Report.

The Audit Committee assessed the qualifications, expertise and independence of Grant Thornton as part of that tender process and updated its assessment during the year. Grant Thornton's audit partner is Michael Frankish, and this is his first year in that role.

During the year, the Committee reviewed the terms of engagement and remuneration of Grant Thornton. It also reviewed Grant Thornton's detailed audit plan presented by them in June 2022 and an updated audit plan presented in October 2022 following the Group's announcement of the disposal of its Agricultural Supplies division.

Subsequent to the October audit plan update, the external auditor identified concerns over the independence of the component auditor to the Group's associate company Carrs Billington Agriculture (Operations) Limited ("CBAO"), part of the now sold Agricultural Supplies division. Grant Thornton determined that the Financial Reporting Council's independence requirements, as updated and published in December 2019, could not be met due to the length of Mitchell Charlesworth's key team members association with CBAO, the limited scope for partner and manager rotation and the provision of prohibited non-audit services which had been provided in prior years. As a result the Committee agreed that a separate audit of CBAO was then required for the purposes of completing the Group's audit process.

A number of alternatives to undertake such an audit were considered by management, none of which could be completed to a timescale required to enable the Group to report to the timetable required under the listing rules to avoid the Company's shares being suspended. Ultimately it was agreed by the Committee that the audit should be undertaken by Grant Thornton. However, it was not possible for this to be undertaken in a timescale to avoid suspension of the Company's shares, in part because of the additional effort required by the external auditor in the light of the ERP implementation issues in the Carr's Billington business discussed above. The Committee noted that the issues leading to the share suspension would not be expected to recur especially as the business concerned has now been sold. Nevertheless the Committee intends to have early discussions with the external auditor aimed at ensuring a more timely audit completion in the year ahead.

Each year, the Committee assesses the performance and the effectiveness of the external auditor through a questionnaire completed by Committee members and members of the Group's senior finance team.

External auditor independence

The Committee keeps under review the objectivity and independence of the external auditor. The external auditor confirms compliance with their own internal policies and procedures designed to ensure that they comply with UK regulatory and professional standards, including ethical standards, and to ensure that their objectivity is not compromised.

The Committee also annually reviews the Group's non-audit services policy, updating and approving the policy where appropriate. The objective of the policy is to ensure that the provision of any such services does not impair, or is not perceived to impair, the external auditor's independence or objectivity. The policy imposes guidance on the areas of work that the external auditor may be asked to undertake and those assignments where the external auditor should not be involved. The policy can be viewed on the Group's website www.carrsgroup.com.

To ensure that the policy is effective, and the level of non-audit fees is kept under review, all non-audit services must be approved by the Chief Financial Officer and reported to the Committee. Prior approval of the Committee is also required before the external auditor is engaged to provide non-audit services costing over £25,000 in aggregate.

During the year, the Committee reviewed and approved the appointment of Grant Thornton to provide reporting accountant services in connection with the disposal of the Group's Agricultural Supplies division after being satisfied that there were sufficient safeguards in place to ensure their independence as auditor, including a review of Grant Thornton's remuneration for non-audit services. As part of its review, the Committee noted that the services were supplied by an entirely different team within Grant Thornton not including staff involved in the Group's external audit.

The Committee considers Grant Thornton to remain independent and recommended to the Board that Grant Thornton be reappointed as the Group's external auditor.

Internal audit

The Committee is responsible for monitoring the performance and effectiveness of the Group's internal audit activities.

During the year, the Committee reviewed and approved the internal audit plan which is devised from assessments across the Group's operations and aligned to the Group risk framework as well as business-specific risks. On an annual basis, the Committee also reviews and approves the Group's internal audit charter which describes the role and mandate of the internal audit function.

At each of the Committee's meetings during the year, the Group's Head of Internal Audit provided updates on internal audit activities. Internal audit findings, together with responses from management, were considered by the Committee and where necessary challenged. The Committee also keeps the performance and effectiveness of the internal audit function under review and in doing so it also assesses the quality, experience and expertise within the internal audit function. The Committee was satisfied that the internal audit function continues to operate effectively.

Since the year end, the Committee has agreed an outline internal audit plan for 2023, which will continue to be reviewed on a quarterly basis to respond to emerging risks or challenges arising.

Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback from the evaluation was strong in all areas and it was agreed that the Committee continues to operate effectively and fulfil its responsibilities.

John Worby will be available at the forthcoming General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

John Worby
Audit Committee Chair

22 March 2023

REMUNERATION COMMITTEE REPORT

Ian Wood
Remuneration Committee Chair

Remuneration Committee Highlights

- Shareholder engagement on, and determination of, remuneration under interim arrangements
- Consideration of remuneration for incoming Executive and Non-Executive Directors
- Determining new discretionary share plans for the Group

Introduction to the report

The Committee's report is presented in the following sections:

1. This Annual Statement, which summarises the key considerations of the Committee during the year.
2. The Directors' Remuneration Policy. The most recent Policy has been in place since January 2021 and covers remuneration arrangements for Executive Directors, the Chair and Non-Executive Directors. No changes to the Policy are proposed this year.
3. The Annual Report on Remuneration. The Report sets out how the Directors' Remuneration Policy was applied in 2021/22; provides details of the remuneration received by Directors relating to the financial year 2021/22; and outlines how the policy will be applied during the next financial year 2022/23. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the forthcoming General Meeting of the Company.

1. Annual Statement from the Chair of the Remuneration Committee

Performance and remuneration in 2021/22

The Group's financial performance in the year was strong. Adjusted profit before tax for the full Group was in line with the Board's original expectations at £17.4m and 4.3% ahead of the prior year (2021: £16.6m). Adjusted earnings per share, including discontinued operations, increased 3.0% to 13.7p (2021: 13.2p).

In January 2022, the Board announced a review of the strategic options for each of the Group's three divisions to evaluate potential to grow shareholder value. As a first step, the Board took the decision to exit the Agricultural Supplies market, which was achieved through a disposal which was approved by shareholders on 19 September 2022 and completed on 26 October 2022.

Taking into consideration the Group's financial performance and strategic development in the year, the Committee determined that an annual bonus was payable to Neil Austin (being the only eligible Executive Director). Owing to the performance of the Group over the last three financial years, no award shares granted to Executive Directors under the Group's Long-Term Incentive Plan will vest in relation to the performance period which ended on 3 September 2022.

The Committee is satisfied that the Remuneration Policy operated as intended in 2021/22, and that remuneration outcomes for Executive Directors aligned with Group strategy and shareholder interests.

Full details of the remuneration targets set by the Committee, together with performance against those targets and the remuneration outcomes, are set out in the Annual Report on Remuneration which follows from page 75.

Committee activity in 2021/22

The key areas of activity for the Committee over the past financial year included:

- Determining remuneration changes for Peter Page under interim and permanent executive arrangements following engagement with certain major shareholders.
- Determining remuneration arrangements for Tim Jones as incoming Non-Executive Chair.
- Overseeing wider workforce remuneration in the context of fairness.
- Reviewing the remuneration of the Executive Directors and senior management.
- Developing and agreeing performance-related targets for Executive Directors in line with strategy and determining outcomes against previously agreed targets.
- Determining exit arrangements for Neil Austin as outgoing CFO.
- Determining remuneration arrangements for David White as incoming CFO.
- Reviewing and approving discretionary share plans for the Group, put to shareholders at the AGM on 27 February 2023.
- Considering outcomes from the Board's review of the Committee's effectiveness.

Further information on each of the above matters is set out on the pages which follow.

Interim Executive arrangements

As previously announced, Peter Page agreed to act as Executive Chair until the appointment of a permanent CEO under interim arrangements effective from 11 October 2021. The remuneration arrangements for Peter Page during the interim period were subsequently considered by the Committee which included consulting with certain major shareholders and taking advice from remuneration advisers at PwC. Given the expectation that Peter Page would resume his role as Non-Executive Chair upon the appointment of a permanent CEO, the Committee determined that there would be no performance-related remuneration payable, but that Peter Page would receive an increased level of fees during the interim arrangements to reflect the additional time-commitment required by an Executive role.

In August 2022, following an extensive search by the Nomination Committee, it was announced that Peter Page was to be appointed as the new CEO for the Group. New permanent executive remuneration arrangements were therefore considered by the Committee and agreed with Peter Page.

Committee membership

At the AGM in January 2022, Alistair Wannop and Kristen Eshak Weldon each stood down from the Board and the Committee. This followed Peter Page standing down from the Committee in October 2021 upon becoming Executive Chair under interim arrangements. Following these changes, the Remuneration Committee comprised two Non-Executive Directors, one being myself as Chair, and the other being John Worby. The Board determined that, until such time as further independent Non-Executive Directors were appointed to the Board, the minimum membership of the Committee should be two independent Non-Executive Directors.

Following the appointment of Shelagh Hancock and Stuart Lorimer to the Board and the Committee on 1 September 2022, the Committee currently comprises four independent Non-Executive Directors which will increase to five when Tim Jones joins the Committee following the forthcoming General Meeting of the Company.

Meetings in the year

The Committee met five times during the year. Details of attendance can be found on page 56.

New LTIP and renewal of DBSP

During the year, the Committee considered the Group's discretionary share plans.

Long-Term Incentive Plan

The Carr's Milling Industries Long-Term Incentive Plan 2013 ("2013 LTIP") was approved by shareholders in January 2013. Under the 2013 LTIP, nil cost options were awarded over shares in the Company to Executive Directors and other employees at the discretion of the Committee. Awards are subject to performance conditions generally measured over three years. Since its approval, the 2013 LTIP has been amended once by the Committee (in 2018) to include provisions relating to malus and clawback. Awards under the 2013 LTIP can be made for up to ten years from the date of its approval, meaning that a replacement plan is required to enable long-term incentive awards to continue to be made.

The Committee considered whether to replace the existing plan with a similar arrangement or propose an alternative with the support of remuneration advisers at PwC and considering feedback predominately provided by shareholders. The Committee noted that the current plan (and Remuneration Policy) contains the flexibility for the Committee to add further performance measures should these be considered appropriate. In all circumstances, the Committee determined that a replacement scheme would be designed on similar terms to the existing (updating where required). A new plan was approved at the Remuneration Committee Meeting on 6 December 2022 and was approved by shareholders at the AGM on 27 February 2023.

Deferred Bonus Share Plan

The Carr's Group plc 2018 Deferred Bonus Share Plan ("2018 DBSP") was approved by the Committee on 14 May 2018. The 2018 DBSP is designed to defer a proportion of Executive Director annual bonus payments in the form of shares (being 25% of any awarded bonus for a period of two years under the current Directors' Remuneration Policy). The 2018 DBSP provides for the grant of nil-cost options or conditional awards over shares in the Company, cash awards or any other form of award decided by the Company's Remuneration Committee.

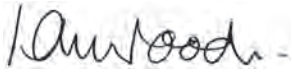
The Committee considered it to be appropriate to review both the LTIP and DBSP, and seek shareholder approval in relation to new updated schemes, at the same time. A new plan was approved at the Remuneration Committee Meeting on 6 December 2022 and was approved by shareholders at the AGM on 27 February 2023.

The adoption of the proposed new Long-Term Incentive Plan and Deferred Bonus Share Plan does not impact on the current Directors' Remuneration Policy.

Remuneration in 2022/23

For 2022/23, the maximum annual bonus for the Executive Directors will remain 100% of salary, with 25% of any amount awarded being deferred for two years in the form of shares. Non-financial targets will incorporate ESG considerations as the Group develops its ESG strategy. The Committee also intends to grant awards under the new Long Term Incentive Plan of 100% of salary to David White as incoming CFO and 150% (being an exceptional amount) of salary to Peter Page, subject to stretching performance targets designed to reflect the position of the Group and strategy following the disposal of the Agricultural Supplies division.

I hope that shareholders are able to support the Remuneration Committee's Report at the forthcoming General Meeting of the Company.



Ian Wood
Remuneration Committee Chair

22 March 2023

2. Remuneration Policy

Introduction

This part of the report sets out the Remuneration Policy for the Group and has been prepared in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended).

The current policy was approved by the shareholders at the AGM which took place on 12 January 2021, receiving a 99.7% proxy vote in favour. There have been no changes to the Remuneration Policy since January 2021 and no changes are proposed to the policy this year.

The role of the Committee

The primary role of the Remuneration Committee is to make recommendations to the Board on the Group's policy for Executive Director remuneration. The Committee also has delegated responsibility for determining the remuneration and benefits of the Chair, the Executive Directors and senior management including the Company Secretary.

Key responsibilities include:

- Determining the Executive Directors' Remuneration Policy to ensure that it aligns with Group culture and strategy, and to ensure that the Group rewards fairly and responsibly.
- Reviewing remuneration trends, employment conditions and policies across the Group.
- Determining the broad policy on executive remuneration, and setting remuneration for the Chair, Executive Directors and senior management.
- Determining targets and outcomes for performance-related pay schemes of the Executive Directors and senior management.
- Reviewing the design of any share incentive plans for approval by the Board and/or shareholders.
- Engaging with stakeholders on matters within its remit.

Overview of policy

When setting the policy for Directors' remuneration, the Committee takes into account the overall business strategy, considering the long-term interests of the Group, with the aim of incentivising the delivery of rewards to the Group's shareholders, workforce and broader stakeholders.

The Group's policy is that the overall remuneration packages offered should be sufficiently competitive to attract, retain and motivate high-quality executives and to align the rewards of the Executive Directors with the progress of the Group, whilst giving consideration to salary levels in similar size quoted companies in similar industry sectors and views of shareholders.

The remuneration package is split into two parts:

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

Considerations of conditions elsewhere in the Group

In determining the remuneration of the Group's Directors, the Committee takes into account the pay arrangements and terms and conditions across the Group as a whole. The Committee seeks to ensure that the underlying principles which form the basis for decisions on Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the Executive Directors.

However, there are some differences in the Executive Directors' Remuneration Policy compared to that for the wider workforce, which the Committee believes are necessary to reflect the differing levels of seniority and scope of responsibility. A greater weight is placed on performance-based pay through the quantum and participation levels in incentive schemes to ensure the remuneration of the Executive Directors is aligned with the performance of the Group and the interests of shareholders.

Consideration of shareholder views

In formulating this policy, the Committee took into consideration the views and policies of shareholders and proxy agencies. Proposed changes to the policy were communicated to major shareholders prior to its formation in 2020, and all feedback taken into consideration. Advice was also taken on best practice from appropriately qualified remuneration advisers Aon and PwC. The views offered to the Committee were taken into account in developing the policy below, which received overwhelming support (99.7% of proxy votes cast by shareholders) at the AGM on 12 January 2021.

In 2021, a consultation exercise was undertaken in connection with the Committee's Annual Report on Remuneration. The Committee reviewed the Directors' Remuneration Policy during the year in the light of its consultation, determining that no changes were required at this time but remaining cognisant of shareholder views. The Policy was further reviewed internally during 2022 and it was determined that there were no changes required. The Committee welcomes feedback from all stakeholders at all times on the Remuneration Policy.

Remuneration Policy table

Element	Purpose and link to strategy	Policy and approach	Opportunity
Executive Directors			
Base salary	To attract and retain the best talent. Reflects an individual's experience, performance and responsibilities within the Group.	Salary levels (and subsequent salary increases) are set taking into consideration a number of factors, including: • level of skill, experience and scope of responsibilities of individual; • business performance, economic climate and market conditions; • increases elsewhere in the Group; and • external comparator groups (used for reference purposes only). Salaries are normally reviewed annually with any increase effective 1 September each year.	There is no formal maximum; however, increases will normally align with the general increase for the broader employee population of the Group. More significant increases may be awarded from time to time to recognise, for example, development in role and change in position or responsibility. Current salary levels are disclosed in the Annual Report on Remuneration.
Pension	Provides a competitive and appropriate pension package that is aligned with arrangements across the Group.	Executive Directors are entitled to participate in a defined contribution pension arrangement or to receive a cash alternative to those contributions. Subject to as provided below, Company contributions for all Executive Directors are at a rate which does not exceed the contribution rate available to the majority of the UK workforce (currently 4%). To the extent that pension contributions exceed annual tax-free allowances, Executive Directors will be entitled to receive payment through ordinary payroll in lieu of pension contributions.	Up to a maximum rate not exceeding that available to the majority of the UK workforce.
Benefits	To aid retention and remain competitive in the marketplace.	Benefits provided include permanent health insurance, private medical insurance and life assurance. Relocation benefits may also be provided in the case of recruitment of a new Executive Director. The benefits provided may be subject to minor amendment from time to time by the Committee within this policy. The Company may reimburse any reasonable business-related expenses incurred in connection with their role (including tax thereon if these are determined to be taxable benefits).	Market rate determines value. There is no prescribed maximum level but the Remuneration Committee monitors the overall cost of benefits to ensure that it remains appropriate.

Element	Purpose and link to strategy	Policy and approach	Opportunity
Annual bonus	Designed to reward delivery of key strategic priorities during the year.	Bonus levels and appropriateness of performance measures and weighting are reviewed annually to ensure they continue to support our strategy. Bonuses are capped at 100% of base salary. 25% of any bonus earned will be deferred into awards over shares, with awards normally vesting after a two-year period. Performance is measured against stretching targets. These may include financial and non-financial measures. Financial measures will account for the majority and will typically include a profit-related target. Performance targets will be disclosed retrospectively, given commercial sensitivities of disclosing targets. The threshold level of bonus under each measure is 0%. The cash element of the bonus is usually paid in November each year for performance in the previous financial year (following completion of the Audit). Dividends will accrue on deferred awards over the vesting period and be paid out either as cash or as shares on vesting and in respect of the number of shares that have vested. A malus and clawback mechanism applies in specific circumstances, including in the event of a material misstatement of the Group's accounts, and also for other defined reasons including material financial misstatement, reputational damage, gross misconduct, fraud, error in the assessment of performance measures and corporate failure. These provisions apply to both the cash and deferred elements of the bonus.	Maximum of 100% of base salary.
Save As You Earn ("SAYE")	To encourage employee involvement and encourage greater shareholder alignment.	An HMRC approved SAYE scheme is available to eligible staff, including Executive Directors.	The schemes are subject to the limits set by HMRC from time to time.

Element	Purpose and link to strategy	Policy and approach	Opportunity
Long Term Incentive Plan ("LTIP")	To motivate and incentivise delivery of sustained performance over the longer term, and to support and encourage greater shareholder alignment.	Annual awards of performance shares which normally vest after three years subject to performance conditions. Award levels and performance conditions required for vesting are reviewed annually to ensure they continue to support the Group's strategy. Annual awards are capped at the equivalent of 100% of base salary at the date of award. In accordance with the rules of the LTIP, which were approved by shareholders at the AGM on 8 January 2013, in circumstances considered by the Committee to be exceptional, single awards in excess of 100% of base salary can be made, up to a maximum of 200% of base salary at the date of the award. Awards are currently based solely upon an EPS growth measure, although the Committee reserves the right to introduce further alternative performance measures where considered appropriate from time to time and following consultation with major shareholders. 25% vests at threshold performance. There is straight-line vesting between threshold and maximum. A two-year post-vesting holding period applies to the net of tax shares for awards granted in 2018 and beyond. A malus and clawback mechanism applies in specific circumstances including in the event of a material misstatement of the Group's accounts and also for other defined reasons.	Maximum of 100% of base salary for annual awards. Exceptional awards can be made of up to 200% of base salary.
Shareholding guidelines	To provide alignment with shareholder interests.	Executive Directors are required to build up a shareholding equivalent to 200% of base salary over a five-year period.	N/A
Post-cessation shareholding	To provide alignment with shareholder interests in the long term.	Executive Directors are required to retain all shares acquired on vesting under the Company's LTIP, up to a value equal to 200% of their basic salary, for a period of two years following the cessation of their employment with the Company for any reason. This requirement will apply to all shares which vest after the Policy took effect on 12 January 2021, regardless of when awards were made under the Company's LTIP.	N/A

Element	Purpose and link to strategy	Policy and approach	Opportunity
Non-Executive Directors			
Non-Executive Director fees	To attract and retain a high-calibre Chair and Non-Executive Directors by offering market-competitive fee levels.	Remuneration reflects: • the time commitment and responsibility of their roles; • market rate; and • that they do not participate in any bonus, pension or share-based scheme. Our policy is for the Executive Directors to review the remuneration of Non-Executive Directors annually following consultation with the Chair. The Chair's remuneration is reviewed annually by the Remuneration Committee. The Chair and the Non-Executive Directors are entitled to reimbursement of reasonable expenses. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director. The Non-Executive Directors will not participate in the Group's share, bonus or pension schemes. Non-Executive Directors are engaged for terms of one year subject to appointment and reappointment at the Company's AGM.	Non-Executive Directors receive a single fee for all services to the Company. Levels of fee are reviewed annually with any increases normally aligning with general increases for the broader employee population of the Group.

Remuneration Committee discretions

The Committee will operate the annual bonus plan and LTIP according to their respective rules. To ensure the efficient operation and administration of these plans, the Committee retains discretion in relation to a number of areas. This is consistent with market practice. Such areas include (but are not limited to):

- the participants;
- the timing of grants and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy table);
- the determination of vesting based on the assessment of performance;
- the determination of a 'good leaver' and where relevant the extent of vesting in the case of the share-based plans;
- treatment in exceptional circumstances such as a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- cash-settling awards; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans from year to year.

The Committee also retains the ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

Performance measures and targets

Our Group strategy and business objectives are the primary consideration when we are selecting performance measures for incentive plans. The annual bonus is based on performance against a stretching combination of financial and non-financial measures. Profit before tax reflects the Group's strategic objective to increase profit. In addition, Executive Directors are assessed on strategic objectives as agreed by the Committee at the beginning of the year.

The LTIP is assessed against growth in adjusted earnings per share as it rewards improvement in the Group's underlying financial performance and is a measure of the Group's overall financial success and is visible to shareholders.

Targets within incentive plans that are related to internal financial measures, such as profit, are typically determined based on our budgets. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching but achievable levels at maximum. At the end of each performance period we review performance against the targets, using judgement to account for items such as foreign exchange rate movements, changes in accounting treatment, and significant one-off transactions. The application of judgement is important to ensure that final assessments of performance are fair and appropriate. In addition, the Remuneration Committee reviews the bonus and incentive plan results before any payments are made to Executive Directors or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe the circumstances warrant it.

Approach to recruitment remuneration

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

Buy-out awards

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

Maximum level of variable pay

The maximum initial level of long-term incentives which may be awarded to a new Executive Director will ordinarily be limited to 200% of base salary (i.e. 100% annual bonus plus 100% Long Term Incentive Plan). This can be increased to 300% in exceptional circumstances (i.e. 100% annual bonus plus 200% Long Term Incentive Plan). These limits are in addition to the value of any buy-out arrangements which are governed by the policy above.

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

Base salary and relocation expenses

The Committee has the flexibility to set the salary of a new appointment at a discount to the market level initially, with a series of planned increases implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance in the role.

For external and internal appointments, the Committee may agree that the Group will meet certain relocation expenses as appropriate.

Appointment of Non-Executive Directors

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

Directors' terms of employment and loss of office

The Group's current policy is not to enter into employment contracts with any element of notice period in excess of one year. All Non-Executives are appointed for terms of 12 months and stand for re-election annually at the Company's AGM. Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal hours of business.

An Executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group has the right to terminate contracts by making a payment in lieu of notice. Any such payment will typically reflect the individual's salary, benefits and pension entitlements. The Group has the ability to mitigate costs and phase payments if alternative employment is obtained.

There will be no automatic entitlement to a bonus if an Executive Director has ceased employment or is under notice. However, the Committee may at its discretion pay a prorated bonus in respect of the proportion of the financial year worked. Such payment could be payable in cash and not subject to deferral.

Any share-based entitlements granted to an Executive Director under the Group's share plans will be treated in accordance with the relevant plan rules. Usually, any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability, redundancy, retirement with the consent of the Committee, or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied.

For good leavers under the LTIP, outstanding awards will vest at the original vesting date to the extent that the performance condition has been satisfied and be reduced on a pro rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by the Group. For good leavers under the deferred bonus plan, unvested awards will usually vest in full upon cessation.

In determining whether a departing Executive Director should be treated as a 'good leaver', the Committee will take into account the performance of the individual and Group over the whole period of employment and the reasons for the individual's departure.

In the event of a change of control resulting in termination of office, the Executive Directors are entitled to 12 months' base salary.

The Non-Executive Directors are not entitled to any compensation for loss of office.

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

	Date of service contract/letter of appointment	Date of first appointment to the Board	Date stood down
Executive Directors			
Hugh Pelham	23 August 2020	4 January 2021	11 October 2021
Neil Austin	1 January 2013	1 May 2013	21 February 2023
Peter Page*	4 August 2022	1 November 2019	
David White	14 December 2022	21 February 2023	
Non-Executive Directors			
Peter Page*	1 September 2021 (as amended on 3 December 2021)	1 November 2019	21 February 2023
John Worby	1 September 2022	1 April 2015	
Ian Wood	1 September 2022	1 October 2015	
Alistair Wannop	1 September 2021	1 September 2005	18 January 2022
Kristen Eshak Weldon	1 September 2021	1 October 2020	18 January 2022
Shelagh Hancock	7 June 2022	1 September 2022	
Stuart Lorimer	8 June 2022	1 September 2022	
Tim Jones	29 November 2022	21 February 2023	
Martin Rowland	2 March 2023	6 March 2023	

* Reflecting Executive Chair appointment under interim arrangements from 11 October 2021 and appointment as CEO in August 2022.

Estimates of total future potential remuneration from 2022 pay packages

The tables below provide estimates of the potential future remuneration of each Executive Director based on the remuneration opportunity granted in the 2022/23 financial year. Potential outcomes based on different scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below.

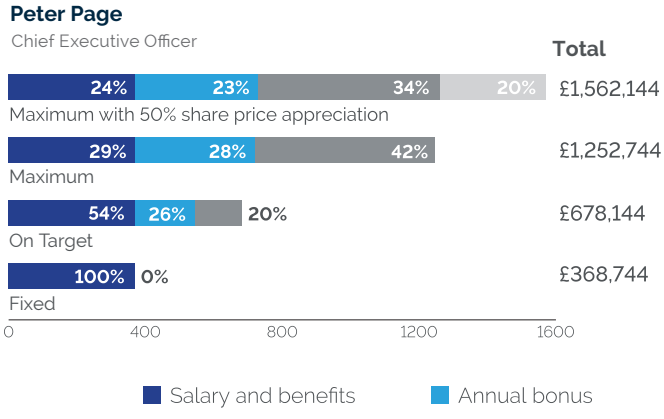
Fixed	Consists of base salary, pension and other benefits. Save as otherwise stated, base salaries are as at 1 September 2022. Benefits are valued using the figures in the total remuneration for the 2022 financial year table, adjusted for any new benefits or benefits that will not be provided during 2023. Pensions are valued by applying the appropriate percentage to the base salary.
On target	Based on what a Director would receive if performance was in line with plan, and the threshold level was achieved under the LTIP.
Maximum	Assumes that the full stretch target for the LTIP is achieved, and maximum performance is obtained under both the financial and non-financial targets set for the annual bonus scheme.
Maximum with 50% share price appreciation	Assumes maximum remuneration outcomes are achieved and a 50% increase in the value of share-based remuneration.

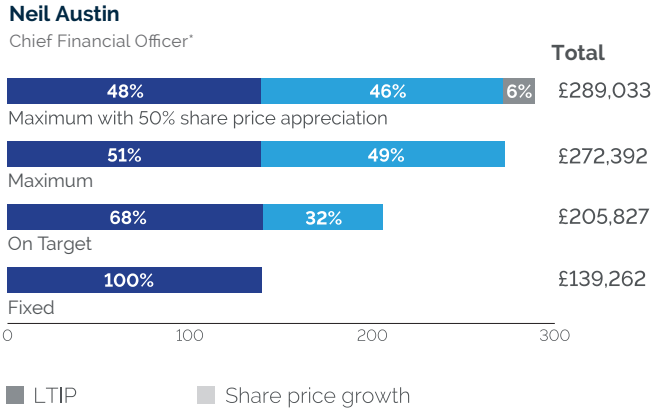
	Base £'000	Benefits £'000	Pension £'000	Total £'000
Peter Page	354	1	14	369
Neil Austin*	133	1	5	139
David White**	147	1	6	154

* Reflecting that Neil Austin stood down from the Board on 21 February 2023.

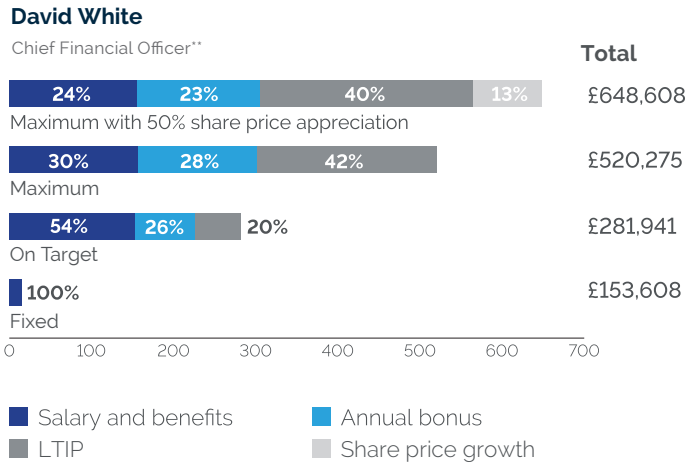
** Reflecting that David White joined the Group as CFO designate on 3 January 2023.

Remuneration estimates based upon outcomes





* Reflecting Neil Austin stood down from the Board on 21 February 2023



** Reflecting that David White joined the Group as CFO designate on 3 January 2023

3. Annual Report on Remuneration

This part of the Directors' Remuneration Report sets out a summary of how the Directors' Remuneration Policy was applied during the 2021/22 financial year.

Remuneration Committee

During the 2021/22 year, the Remuneration Committee comprised Ian Wood (Chair), Peter Page (until October 2021)[1], John Worby, Alistair Wannop (until January 2022)[2], Kristen Eshak Weldon (until January 2022)[2] and Shelagh Hancock and Stuart Lorimer (from 1 September 2022). The Committee held five scheduled meetings during the year with all members in attendance (see page 56).

The Executive Directors may attend meetings of the Remuneration Committee by invitation and in an advisory capacity only. No person attends any part of a meeting at which his or her own remuneration is discussed. The Chair and the Executive Directors determine the remuneration of the other Non-Executive Directors.

During the year the Committee considered:

- levels of basic pay and remuneration structures for Executive Directors, the Chair and senior management;
- variable pay performance targets for Executive Directors, both financial and non-financial;
- outcomes under variable pay arrangements for Executive Directors and senior management;
- interim remuneration arrangements for Peter Page as interim Executive Chair;
- new terms of appointment for Peter Page as interim Executive Chair and CEO;
- existing CEO arrangements;
- pay and benefits structures across the Group (including gender pay gap reporting and CEO pay ratios);
- the Committee's terms of reference (no change);
- the Directors' Remuneration Policy (no change);
- the Corporate Governance Code and developing remuneration trends, and their impact on the activities of the Committee and the Remuneration Policy;
- the Group's Long Term Investment Plan; and
- the Group's Deferred Bonus Share Plan.

1 Peter Page stepped down from the Remuneration Committee upon assuming the role of Executive Chair on an interim basis in October 2021.

2 Alistair Wannop and Kristen Eshak Weldon stood down in January 2022.

2022 Remuneration (audited information)

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2022 financial year versus 2021. The table below shows all remuneration that was earned by each individual during the year and includes a single total remuneration figure for the year.

	Salary/Fees		Benefits		Pension		Total fixed pay		Bonus		LTIP		Total variable pay		Total remuneration	
£'000	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Executive Directors																
Hugh Pelham[1]	**208**	225	**–**	1	**1**	9	**210**	235	**–**	-	**–**	–	**–**	–	**210**	235
Neil Austin	**256**	245	**2**	2	**10**	14	**268**	261	**108**	242	**–**	–	**108**	242	**376**	503
Tim Davies[2]	**–**	120	**–**	1	**–**	18	**–**	139	**–**	120	**–**	–	**–**	120	**–**	259
Peter Page[3]	**297**	–	**–**	–	**–**	–	**297**	–	**–**	–	**–**	–	**–**	–	**297**	–
Non-Executive Directors																
Peter Page[3]	**15**	90	**–**	–	**–**	–	**15**	90	**–**	–	**–**	–	**–**	–	**15**	90
John Worby	**41**	40	**–**	–	**–**	–	**41**	40	**–**	–	**–**	–	**–**	–	**41**	40
Ian Wood	**41**	40	**–**	–	**–**	–	**41**	40	**–**	–	**–**	–	**–**	–	**41**	40
Alistair Wannop[4]	**17**	40	**–**	–	**–**	–	**17**	40	**–**	–	**–**	–	**–**	–	**17**	40
Kristen Eshak Weldon[5]	**15**	37	**–**	–	**–**	–	**15**	37	**–**	–	**–**	–	**–**	–	**15**	37
Shelagh Hancock[6]	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**
Stuart Lorimer[6]	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**

1 Figures for 2021 are reflective of 8 months' service in the year following appointment on 4 January 2021. Figures for 2022 include pay in lieu of notice.

2 Figures for 2021 are reflective of 5 months' service in the year.

3 Figures for 2021 are reflective of 12 months' service as Non-Executive Chair. Figures for 2022 reflect services as Non-Executive Chair until 11 October 2021 and services as Executive Chair under interim arrangements from 11 October 2021.

4 Figures for 2022 are reflective of 5 months' service in the year.

5 Figures for 2021 are reflective of 11 months' service in the year following appointment on 1 October 2020. Figures for 2022 are reflective of 5 months' service in the year.

6 Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022.

2022 Annual bonus pay out

The annual bonus is calculated using a combination of financial and strategic performance targets which are set with regard to Group budget, historic performance, market outlook and future strategy. No bonus was paid under either financial or non-financial targets to Hugh Pelham who stood down from the Board on 11 October 2021. No bonus was paid to Peter Page. Under the interim arrangements effective from 11 October 2021, it was agreed that Peter Page would not receive any performance-related remuneration and would receive a fixed fee only.

Financial targets

80% of the bonus was based on Group adjusted profit before tax ("PBT"). Adjusted PBT is calculated as reported PBT after adding back or deducting any one-off items outside of normal trading that were not anticipated at the time the performance targets were set, such as acquisition-related costs. The Group is committed to disclosing its performance targets retrospectively save where this is prevented due to commercial sensitivities. For the year ended 3 September 2022, the PBT targets were set in accordance with the table below.

Threshold target (0%) £'000	Basic target (40%) £'000	Maximum target (80%) £'000
16,400	17,300	18,200

Payments are adjusted on a straight-line basis between the targets set out above, although the Committee determined that no annual bonus would be payable in the event of a performance which failed to exceed performance in the prior year at £16.6m.

For the year ended 3 September 2022, adjusted profit before tax for the Group was £17.4m. The Committee however noted that this figure included the benefit of unbudgeted changes to revenue recognition following on from a prior year adjustment amounting to £0.3m. To ensure that the outcome was assessed on a basis consistent with previously set targets, the Committee exercised its discretion and deducted the impact of the change from the Group's adjusted profit before tax year to determine the bonus payable under financial targets. As a result, the outcome under the financial targets was taken to be £17.1m, with the result that 32.0% of the available bonus was payable in respect of the financial targets.

Strategic targets

Strategic targets, which account for 20% of the bonus, are assessed independently of financial performance, but the Committee determined that no more than 50% of the bonus available for the strategic targets would become payable if financial performance did not at least meet the basic target.

Details of certain key strategic targets set by the Committee are provided in the tables below. These objectives were formalised in November 2021, and do not reflect the refocusing of CFO priorities to primarily focus on the delivery of the disposal of the Agricultural Supplies division following the initial stages of the strategic review.

Chief Financial Officer: Neil Austin

Objective	Performance Measure	Performance Outcome	Committee's assessment of achievement
Strategy/Growth.	Build, develop and execute a strategy for growth across the existing Agricultural businesses. Progress strategic portfolio review including future options for the Engineering division. Execute options agreed with the Board, including engagement with appropriate advisers where required.	Developed strategic options with the Board and external advisers, resulting in the disposal of the Agricultural Supplies division. Represented Carr's Group throughout the negotiations and sale process to achieve successful completion in October 2022 at a market comparable valuation.	100%
Lead the development of a people strategy and cultural development programme with the objective of making Carr's a "Great Place to Work".	Lead a Group-wide review of recruitment systems, ensuring they incorporate appropriate diversity and inclusion factors. Incorporate long-term recruitment initiatives, considering graduate training, management development and other initiatives. Review and implement a revised rewards system, focussed on recognition of exceptional performance and building in flexible rewards. Lead the action planning and delivery of improvements following the 2021 employee engagement survey results, demonstrating improvement in key measures.	Following a Group wide employee engagement survey undertaken in 2021, implemented programmes to respond to feedback, including recruitment of a dedicated Group Communications Manager. Subsequent initiatives were held back whilst the sales process for the Agricultural Supplies division progressed.	n/a
Develop an ESG strategy and measurable plan for delivery of agreed improvement targets.	Set, and agree with the Board, ESG goals for the next decade. Ensure there is a detailed, fully resourced plan in place to achieve these goals. Fully define measures to be used in measurement of ESG progress. Regularly report progress to the Board.	Initiated recruitment of a Group Environment and Sustainability Manager and oversaw the implementation of new systems to record and report on key environmental data across the Group. Subsequent initiatives were held back whilst the sales process for the Agricultural Supplies division progressed.	n/a
Committee's assessment of total opportunity to be awarded:			50%

Following the year end, the Committee considered outcomes against the strategic targets. The table on page 77 summarises the Committee's assessment of performance against the targets together with the resulting bonus assessed as payable for Neil Austin as the only eligible Executive Director. In light of the developments with the review of the strategic options and subsequent disposal of the Agricultural Supplies division during 2022, the Committee applied a greater weighting to the attainment of objectives under the first target set out above. Overall, following consideration of outcomes and the successful disposal of the division, the Committee determined that it would award a bonus attributable to non-financial targets equal to 50% of the available opportunity (being 10% of the total available bonus).

The total annual bonus payable to Neil Austin was therefore 42.0% of salary or £108,000. In accordance with the Directors' Remuneration Policy, 25% of the bonus payable will be deferred in the form of shares for two years.

In addition to the above financial and strategic performance indicators, the Committee retains full discretion when assessing performance outcomes to consider other factors which may include environmental, social and governance considerations and in order to avoid formulaic outcomes where these would not be appropriate.

Chief Executive Officer: Hugh Pelham/Peter Page

Strategic targets were scheduled to be considered at the first meeting of the Remuneration Committee at the start of the financial year 2021/22. As that meeting was held after Hugh Pelham left the business on 11 October 2021, no strategic targets were approved for the CEO at that time in relation to FY2021/22. Under the interim arrangements, Peter Page was appointed as Executive Chair for a period until a new CEO could be appointed. For this interim period it was agreed that Peter Page would only receive a fixed fee and no performance-related remuneration would be awarded to ensure that his independence would not be compromised given the intention at the time that he revert to Non-Executive Chair upon appointment of a new CEO. As Executive Director, there were nonetheless strategic goals and targets and the Chair was still subject to appraisal by the Non-Executive Directors, however these were not linked to remuneration.

Long Term Incentive Plan

The awards made to Executive Directors in 2019 were subject to average annual adjusted EPS growth targets over the three-year period ending on 3 September 2022 and from a base adjusted EPS of 15.78p. Threshold vesting was set at 3% average annual growth (at which level 25% of award shares would vest), with maximum vesting achieved at 10% average annual growth.

The average EPS growth over the three-year period from the base adjusted EPS was below the threshold target and, accordingly, none of the shares under the long-term awards made to Executive Directors in 2019 vested.

Long Term Incentive Plan awards during the year (audited)

Long-term awards were made to the Executive Directors during the 2021/22 financial year in line with the Directors' Remuneration Policy as follows:

	Number of shares	Basis on which the award was made	Face value of the award (£'000)	Threshold vesting	End of performance period
Hugh Pelham[1]	–	–	–	–	–
Peter Page	–	–	–	–	–
Neil Austin	169,550	100% of salary[2]	256	25%	August 2024

1 In relation to the financial year 2020/21, it was determined that the award relating to 272,324 shares under the Long Term Incentive Plan would lapse without vesting upon Hugh Pelham standing down from the Board on 11 October 2021. No award was made for the financial year 2021/22 in the period to 11 October 2021.

2 Awarded on 10 December 2021 using a share price of £1.51.

The performance conditions which govern the vesting of those shares are based on annual average growth in adjusted EPS over a three-year period. The Committee regularly reviews the performance measures it adopts to incentivise long-term incentives and considers growth in adjusted EPS to be appropriate because it directly measures the Group's underlying financial performance and is visible to shareholders.

Average annual growth %	% vesting
3	25
10	100

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

All-employee share plans

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

The Carr's Group Sharesave Scheme 2016 is an HM Revenue & Customs ("HMRC") approved scheme open to all staff permanently employed in a UK Group company as of the eligibility date. Options under the plan are granted at a 20% discount to market value. Executive Directors' participation is included in the option table later in this report.

Total pension entitlements (audited)

The table below provides details of the Executive Directors' pension benefits:

	Normal retirement age	Total contributions to DC-type pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Neil Austin	67	–	10
Hugh Pelham[1]	67	–	1
Peter Page[2]	67	–	–

1 Hugh Pelham stood down from the Board on 11 October 2021.

2 As agreed under the interim arrangements for the Executive Chair, Peter Page did not receive a pension but accepted an increase in his fee arrangements. As CEO Peter Page will receive a cash payment in lieu of pension of 4%.

Each Executive Director has the right to participate in the Carr's Group defined contribution pension plan or to elect to be paid some or all of their contribution in cash.

During the year, pension contributions and/or cash allowances in the year were 4% of salary for existing Executive Directors. This reflects a change made from January 2021 to align with the majority of the Group's UK workforce.

Payments to past Directors (audited)

Hugh Pelham stood down from the Board on 11 October 2021 with immediate effect receiving a payment of £170,000 as compensation for loss of office (payment in lieu of notice).

	Salary (£'000)	Cash in lieu of pension contribution (£'000)	Bonus (£'000)	Total (£'000)
Hugh Pelham	208*	1	0	209

* Includes £170,000 as compensation for loss of office (payment in lieu of notice).

No other payments to past Directors have been made during the year.

Payments for loss of office (audited)

Hugh Pelham stood down from the Board on 11 October 2021 with immediate effect receiving a payment of £170,000 as compensation for loss of office (payment in lieu of notice). No other payments for loss of office have been made to Directors during the year.

Directors' interests in the shares of the Company (audited information)

A summary of interests in shares and scheme interests of the Directors (as at the date of this report) is given below.

	Total number of interests in shares	Vested LTIP	Unvested LTIP	SAYE (unvested without performance conditions)	Unvested deferred bonus shares	% of salary held in shares[1]
Executive Directors						
Peter Page	124,500	0	0	0	0	42%
David White[3]	0	–	–	–	–	N/A
Non-Executive Directors[2]						
Tim Jones[3]	0	–	–	–	–	–
John Worby	32,500	–	–	–	–	N/A
Ian Wood	30,000	–	–	–	–	N/A
Shelagh Hancock[3]	0	–	–	–	–	N/A
Stuart Lorimer[3]	0	–	–	–	–	N/A
Martin Rowland[3]	0	–	–	–	–	N/A

1 Based upon the average share price over the three-months to 15 March 2023.

2 Alistair Wannop and Kristen Eshak Weldon stood down from the Board on 18 January 2022.

3 Shelagh Hancock and Stuart Lorimer were appointed to the Board on 1 September 2022 and Tim Jones and David White joined the Board on 21 February 2023 and each has an interest in 0 Ordinary Shares in the capital of the Company. Martin Rowland joined the Board on 6 March 2023 and has an interest in 0 Ordinary Shares in the capital of the Company. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 6.04% of the Company's share capital.

Performance shares (audited information)

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

	2019/20 award	2020/21 award	2021/22 award
Neil Austin	147,859	200,800	169,550
Tim Davies	199,810	N/A	N/A
Hugh Pelham	N/A	N/A*	N/A
Peter Page	N/A	N/A	N/A

* It was determined that the award to Hugh Pelham made in the year would lapse without vesting upon him standing down from the Board on 11 October 2021.

Assessing pay and performance

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

	2013 Chris Holmes[1]	2013 Tim Davies[2]	2014 Tim Davies	2015 Tim Davies	2016 Tim Davies	2017 Tim Davies	2018 Tim Davies	2019 Tim Davies	2020 Tim Davies	2021 Tim Davies	2021 Hugh Pelham[3]	2022 Hugh Pelham[4]	2022 Peter Page[5]
Single figure of total remuneration (£'000)	286	283	559	911	531	308	861	764	508	259	244	210	312
Annual variable element (actual award versus maximum opportunity)	100%	100%	100%	100%	55%	0%	100%	60.41%	15%	100%	0%	N/A	0%
Long-term incentive (vesting versus maximum opportunity)	N/A	N/A	N/A	100%	37.45%	0%	100%	100%	51.64%	N/A	0%	N/A	0%

1 Reflective of a 6-month period.

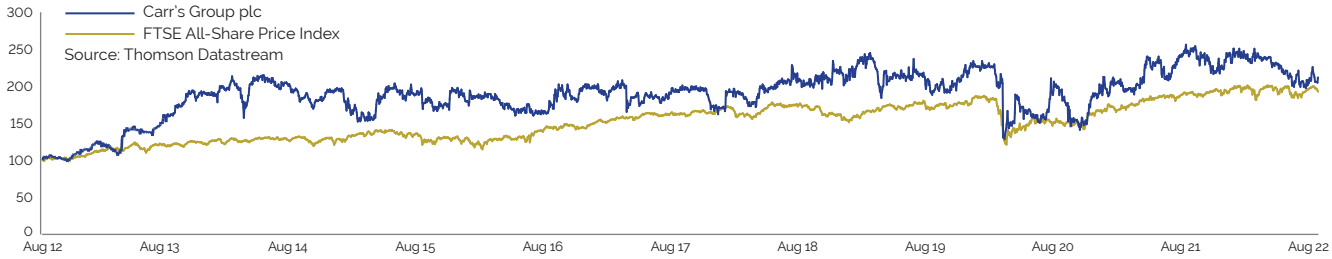
2 Reflective of a 6-month period.

3 Reflective of an 8-month period. In relation to the financial year 2020/2021, it was determined that the award relating to 272,324 shares under the Long Term Incentive Plan would lapse without vesting upon Hugh Pelham standing down from the Board on 11 October 2021.

4 Reflective of remuneration to 11 October 2021, including £170,000 paid as compensation for loss of office (payment in lieu of notice). In relation to the financial year 2021/22, no award under the Long Term Incentive Plan was made to Hugh Pelham in the period to 11 October 2021.

5 Reflective of services as Non-Executive Chair until 11 October 2021 and services as Executive Chair under interim arrangements from 11 October 2021.

Ten-year historical TSR performance



Change in Directors' remuneration

In the table below we show the percentage change in the Directors' remuneration between the 2021 and 2022 financial years compared to the other employees.

	Base pay/fees	Benefits	Annual bonus
Hugh Pelham[1]	2%	N/A	N/A
Neil Austin	2%	N/A	-47%
Peter Page	1%[2]	N/A	N/A
John Worby	2%	N/A	N/A
Ian Wood	2%	N/A	N/A
Alistair Wannop[3]	2%	N/A	N/A
Kristen Eshak Weldon[3]	2%	N/A	N/A
Shelagh Hancock	N/A	N/A	N/A
Stuart Lorimer	N/A	N/A	N/A
Other UK employees[4]	2%	0%	-42%

1 A 2% increase in base pay was implemented from 1 September 2021. In addition, a payment of £170,000 was made to Hugh Pelham as compensation for loss of office (payment in lieu of notice).

2 When compared with the basic pay of the previous CEO as disclosed in the 2020/21 Remuneration Report.

3 Alistair Wannop and Kristen Eshak Weldon stood down from the Board on 18 January 2022.

4 Continuing operations only.

Other UK employees

The Remuneration Committee considers pay across the entire Group when setting Executive Director remuneration. Annual consultations take place across the Group between the Executive Directors, senior management and the Group HR Director in relation to employee pay. The outcome of that exercise, and any changes to employee pay levels, are considered when determining the appropriateness of any changes in Executive Director pay.

Chief Executive Officer pay ratio (unaudited)

The table below shows the pay ratio based on the total remuneration of the Chief Executive Officer to the 25th, 50th and 75th percentile of all permanent UK employees of the Group.

	CEO pay		25th percentile		Median		75th percentile	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Total pay (£'000)	**340[2]**	351[1]	**22**	20	**29**	27	**38**	36
Pay ratio	–	–	**15**	18	**12**	13	**9**	10

1 Annualised figure on the basis of Hugh Pelham's remuneration.

2 Annualised figure based upon Peter Page's fees as Executive Chair.

The Group adopted Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as the calculation methodology for the above ratios. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at 3 September 2022.

Gender pay gap

The Group's gender pay gap reporting information was as follows for the snapshot period ending 5 April 2021 consistent with reporting requirements. For information on the Group's approach to equal opportunities and diversity, please see our Responsible Business Report on pages 35 and 36 and the Nomination Committee Report on pages 58 to 60.

Difference between men and women

	Mean		Median	
	2021	2020	**2021**	2020
Hourly pay	**28%**	29%	**24%**	25%
Bonus	**73%**	73%	**90%**	90%

Proportion of people awarded a bonus

	2021	2020
Men	**40%**	40%
Women	**36%**	36%

Percentage of men/women in each pay quartile

	Lowest		Q2		Q3		Highest	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Men	**54%**	53%	**63%**	64%	**83%**	82%	**84%**	84%
Women	**46%**	47%	**37%**	36%	**17%**	18%	**16%**	16%

Relative spend on pay

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

	2022 £'000	2021 £'000	% change
Employee costs	**52,007**	50,796	+2.4%
Dividends paid to shareholders	**4,687**	5,490	-14.6%*

* The significant change shown in dividends paid in the year is due to the deferral of the interim dividend announced on 15 April 2020. That interim dividend was reinstated and declared on 15 July 2020 (and paid following the year end on 2 October 2020). But for the deferral of that interim dividend, the decrease in dividends in the year shown above would be an increase of 5.3% compared with the prior year.

External appointments

The Executive Directors did not receive any remuneration from the Group in respect of any external appointments in 2021/22.

Implementation of the policy in 2022/23

For 2022/23, the maximum annual bonus for the Executive Directors will remain 100% of salary. 25% of any bonus will be deferred for two years in the form of shares. Performance will be assessed against stretching targets which will be 80% financial and 20% strategic. Financial targets will be based upon adjusted PBT for the Group only and will not have any divisional splits. All annual bonus targets will vest at thresholds of 0%. Due to commercial sensitivity, targets will be disclosed retrospectively in next year's report.

The Committee intends to grant LTIP awards of 150% to Peter Page as incoming CEO, and of 100% to David White as incoming CFO. Awards exceeding 100% of base salary can be made only in exceptional circumstances. The Committee considers that the disposal of the Agricultural Supplies division in October 2022, and the development of Group strategy to deliver growth in shareholder value focusing on the Speciality Agriculture and Engineering divisions, are significant events creating exceptional circumstances and justifying an increased level of share-based incentivisation for Peter Page on this occasion to align more closely with shareholder interests. LTIP awards are made subject to stretching performance targets and currently use adjusted EPS as the sole performance target, with threshold vesting (25% of awards) being achieved where average growth in adjusted EPS is at least 3% over the performance period, and maximum vesting (100% of awards) being achieved where average growth is at least 10%. For LTIP awards to be made in FY23, given the development of Group strategy, and the position of the Group following the disposal of the Agricultural Supplies division, the Committee has determined that awards should be made subject to even more stretching targets and as such threshold vesting (25% of awards) will now be achieved when average growth in adjusted EPS is at least 5% over the performance period, with maximum vesting (100% of awards) being achieved where average growth is at least 14%.

The Committee is also considering introducing an additional performance measure based upon total shareholder return ("TSR") for awards to be made in FY23, and is currently consulting with major shareholders in accordance with the Directors' Remuneration Policy, prior to determining whether to do so.

Tim Jones joined the Board on 21 February 2023 as Non-Executive Chair and will be paid a single fee of £95,000 per annum (gross). Martin Rowland joined the Board on 6 March 2023 as Non-Executive Director and will be paid a single fee of £42,662.63 per annum gross.

Inflationary salary increases were awarded to the Executive Directors effective 1 September 2022, of 4% which is consistent with the broader workforce who were generally awarded between 4% and 8%.

External advisers

During the year, external advisers PricewaterhouseCoopers LLP ("PwC") were engaged to advise the Committee on remuneration issues, most notably in connection with the remuneration arrangements for the interim Executive Chair, the preparation of the Directors' Remuneration Report and in connection with the review of the LTIP. PwC is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial. Total fees paid for the services provided amounted to £7,500 (exclusive of VAT). PwC provides other services to the Company, in relation to accounting. The Committee is satisfied that no conflicts of interest exist in relation to advice provided to the Committee. It is also satisfied that the members of PwC teams do not have connections with the Company which might impair their independence.

Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback was positive, noting that the Committee continues to work effectively.

2022 AGM

At our AGM on 18 January 2022, the Annual Report on Remuneration was approved, with 96.89% of proxy votes being cast in favour.

By order of the Board

Ian Wood
Remuneration Committee Chair

22 March 2023

DIRECTORS' REPORT

The Directors submit their report and the audited accounts of the Group for the year ended 3 September 2022. The Corporate Governance Report, which can be found on pages 48 to 57, and details of the Board on pages 46 and 47 also form part of this Directors' Report.

Activities and business overview

Carr's Group plc is a public limited company incorporated in England and Wales and whose shares are listed and traded on the London Stock Exchange Main Market. Its registered office is at Old Croft, Stanwix, Carlisle, CA3 9BA. Details of subsidiary companies and joint ventures can be found at note 18 and note 19 of the Financial Statements.

The principal activities and business overview of the Group are set out within the Strategic Report on pages 02 to 45.

Corporate Governance Statement

The Corporate Governance Statement, prepared in accordance with Rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, comprises the following sections of the Annual Report: the 'Strategic Report'; the 'Corporate Governance Report'; the 'Audit Committee Report'; the 'Nomination Committee Report'; the 'Remuneration Committee Report'; together with this Directors' Report.

As permitted by legislation, some of the matters required to be included in the Directors' Report have been included in the Strategic Report by cross-reference, including details of the Group's financial risk management objectives and policies, business review, future prospects, stakeholder engagement, Section 172 Statement and environmental policy. The 2018 UK Corporate Governance Code is available from the Financial Reporting Council's website (www.frc.org.uk).

Annual General Meeting and General Meeting

The Annual General Meeting of the Company was held on 27 February 2023 at The Halston Hotel Carlisle, 20-34 Warwick Road, Carlisle CA1 1AB. The forthcoming General Meeting of the Company will be held also at the Halston Hotel Carlisle, to consider approval of the Annual Report and Accounts, and also approval of the final dividend for FY22, approvals for the reappointment and remuneration of the external auditor, and approval of the Directors' Remuneration Report.

Results and dividends

A review of the results can be found on pages 20 to 21.

	2022	2021
Aggregate interim dividends	**2.35p**	2.35p
Final dividend per share proposed	**2.85p**	2.65p

Subject to approval at the forthcoming General Meeting of the Company, the final dividend will be paid on 12 May 2023 to members on the register at the close of business on 14 April 2023. Shares will become ex-dividend on 13 April 2023.

The Group profit from continuing operations before taxation was £7.6m (2021 continuing operations restated: £7.5m). After taxation charge of £1.5m (2021 continuing operations restated: £1.8m), the profit for the year from continuing operations is £6.0m (2021 continuing operations restated: £5.7m).

Share capital

The Company has a single class of share capital which is divided into Ordinary Shares of £0.025 each. The movement in the share capital during the year is detailed in note 30 to the financial statements.

At the Annual General Meeting in January 2022 the Directors received authority from the shareholders to:

- Allot shares – this gave Directors the authority to allot shares and maintains flexibility in respect of the Company's financing arrangements. The nominal value of Ordinary Shares which the Directors could allot in the period up to the Annual General Meeting held on 27 February 2023, was limited to £773,366.70 which represented approximately 33% of the nominal value of the issued share capital on 30 November 2021. The Directors did not have any intention at that time of exercising this authority other than in connection with the issue of Ordinary Shares in respect of the Company's share option plans. This authority expired at the end of the Annual General Meeting held on 27 February 2023.
- Disapplication of rights of pre-emption – this disapplied rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority allowed the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash without a pre-emptive offer to existing shareholders:
  - for general purposes, up to an aggregate nominal amount of £117,176.75, which represented approximately 5% of the Company's issued share capital on 30 November 2021; and
  - in connection with acquisitions or other capital development, up to a further aggregate nominal amount of £117,176.75, which represented approximately 5% of the Company's issued share capital on 30 November 2021.

This authority expired at the end of the Annual General Meeting held on 27 February 2023.

- To buy own shares – this authority allowed the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 9,374,142 Ordinary Shares which represented approximately 10% of the Company's issued share capital on 30 November 2021. The price to be paid for any share could not be less than £0.025, being the nominal value of a share, and could not exceed 105% of the average middle market quotations for the Ordinary Shares of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Shares were purchased. The Directors had no immediate plans to exercise the powers of the Company to purchase its own shares and undertook that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. The Directors would consider holding any of its own shares that it purchased pursuant to this authority as treasury shares. This authority expired at the end of the Annual General Meeting held on 27 February 2023.

Details of the authority received by the Board from shareholders at the AGM on 27 February 2023 can be found on the Company's website www.carrsgroup-ir.com/content/investor/agm.

Directors

Details of the Directors of the Company are shown on pages 46 and 47, and details relating to Director re-election, Directors' powers and Directors' conflicts of interest can be found in the Corporate Governance Report on page 54.

The interests of the Directors, as defined by the Companies Act 2006, in the Ordinary Shares of the Company, other than in respect of options to acquire Ordinary Shares (which are detailed in the analysis of options included in the Director's Remuneration Report on pages 65 to 83), are as follows:

	At 3 September 2022 Ordinary Shares	At 28 August 2021 Ordinary Shares
P W B Page	**124,500**	90,000
N Austin	**382,703**	370,896
J G Worby	**32,500**	32,500
I Wood	**30,000**	30,000
S M Hancock	**0**	N/A
S Lorimer	**0**	N/A

All the above interests are beneficial. There have been no other changes to the above interests in the period from 3 September 2022 to the date of this report. Tim Jones and David White joined the Board on 21 February 2023 and each has an interest in 0 Ordinary Shares in the capital of the Company. Martin Rowland joined the Board on 6 March 2023 and has an interest in 0 Ordinary Shares in the capital of the Company. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 6.04% of the Company's share capital.

Rights and obligations attaching to shares

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

Full details of the deadlines for exercising voting rights in respect of the resolutions considered at the Annual General Meeting held in February 2023 were set out in the Notice of Annual General Meeting. Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the forthcoming General Meeting will be set out in the Notice of General Meeting.

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

Major shareholders

The Company has been informed of the following interests at 28 February 2023 in the 94,021,533 Ordinary Shares of the Company, as required by the Companies Act 2006.

	At 28 February 2023		At 3 September 2022	
Name	**Number of Ordinary Shares**	**Percentage of issued Ordinary Share capital**	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Heygate & Sons Limited	**13,025,120**	**13.85%**	13,025,120	13.86%
Fidelity Management & Research Co. LLC (Boston)	**9,204,776**	**9.79%**	9,400,153	10.00%
Harwood Capital (London)	**5,675,000**	**6.04%**	1,100,000	1.17%
Jupiter Asset Management (London)*	**4,750,000**	**5.05%**	4,750,000	5.05%
Artemis Investment Management LLP	**3,876,254**	**4.12%**	5,759,006	6.13%
Interactive Investor Limited (Glasgow)	**3,844,500**	**4.09%**	3,909,574	4.16%
Hargreaves Lansdown Asset Management (Bristol)	**3,762,892**	**4.00%**	3,668,575	3.90%
Charles Stanley & Co. Limited (London)	**2,947,900**	**3.14%**	3,029,584	3.22%

* Previously known as (Rights & Issue Investment Trust Plc).

External auditor

A resolution to reappoint Grant Thornton as external auditor will be proposed at the forthcoming General Meeting of the Company. More information about the external audit can be found on pages 62 to 64 of the Audit Committee Report.

Political and charitable donations

During the year ended 3 September 2022 the Group contributed £22,750 (2021: £52,000) in the UK for charitable purposes. Further details have been included within the Responsible Business Report on page 31. There were no political donations during the year (2021: £nil).

Pensions

Estimates of the amount and timing of future funding obligations for the Group's pension plans are based on various assumptions including, among other things, the actual and projected market performance of the pension plan assets, future long-term corporate bond yields, longevity of members and statutory requirements. The Group continually reviews this risk and takes action to mitigate where possible.

In addition, while the Group is consulted by the trustees on the investment strategies of its pension plans, the Group has no direct control over these matters as the trustees are directly responsible for the strategy. Details of the Group's pension plans are in note 29 of the financial statements.

Change of control

There are a number of significant agreements across the Group with provisions that take effect, alter or terminate upon a change of control of the Company, such as bank facility agreements, agreements with strategic partners, employee share scheme rules and certain project contracts within the Engineering division. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs solely because of a change of control.

Environment

The Company's report on sustainability and the environment, including its carbon footprint, can be found on pages 33 to 39.

Employee share schemes

Awards under employee share schemes do not confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until a participant has received the shares after vesting or exercise (as applicable).

Employment policies and employees

The Company is committed to its employees and further details on the Company's policies and commitment can be found in the Responsible Business Report on pages 28 to 45.

Confidential reporting of concerns

The Group maintains various channels through which people can report concerns or suspicions of wrongdoing within the workplace, including anonymous reporting via an independent whistleblowing service operated by SeeHearSpeakUp. The Board regularly reviews the Group's Whistleblowing Policy which is implemented by the Company Secretary as the Group's Whistleblowing Officer.

Other information

Other information relevant to this Directors' Report, and which is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

Subject matter		Page(s)
Financial risk management	Principal Risks and Uncertainties Corporate Governance Report Audit Committee Report	24-26 48-57 61-64
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Notes to the Financial Statements (Derivatives and other financial instruments) (note 28)	150-154
Going concern	Principal Accounting Policies	108
Important events since the financial year end	Notes to the Financial Statements (Post balance sheet events) (note 38)	170
Likely future developments in the business	Strategic Report	02-45
Research and development	Strategic Report	02-45
Employment of disabled persons	Responsible Business Report Non-Financial Information Statement	35 45
Stakeholder engagement	Corporate Governance Report s.172 Statement	48-57 40-44
SECR energy and carbon reporting	Responsible Business Report	33-35

The information required to be disclosed by Listing Rule 9.8.4R can be located as set out below:

Listing Rule 9.8.4R Information Required		Page
(1)	Interest capitalised	N/A
(2)	Publication of unaudited financial information	N/A*
(3)	N/A	N/A
(4)	Details of Long Term Incentive Schemes	N/A
(5-6)	Waiver of Director emoluments	N/A
(7-8)	Non pre-emption issues of equity for cash	N/A
(9)	Parent participation in a placing by a listed subsidiary	N/A
(10)	Significant contracts involving a director or shareholder	168 (note 37)
(11)	Provision of services by a controlling shareholder	N/A
(12-13)	Dividend waivers	85
(14)	Agreements with a controlling shareholder	N/A

* For information on the disposal of the Agricultural Supplies division please see note 9 to the financial statements.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the Group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Matthew Ratcliffe
Company Secretary

22 March 2023

INDEPENDENT AUDITOR'S REPORT

to the members of Carr's Group Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Carr's Group Plc (the 'parent Company') and its subsidiaries (the 'Group') for the period from 29 August 2021 to 3 September 2022, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 3 September 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the key audit matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £1,463k, which represents 0.3% of the Group's revenues from continuing operations and revenues from discontinued operations.

Specific materiality for continuing Group: £871k, which represents 0.7% of the continuing Group's revenues.

Parent Company: £484k, which represents 0.75% of the parent Company's net assets.

Key audit matters were identified as:

- Revenue recognition in components in the Engineering division where revenue is recognised over time (Long-term contracts);
- Carrying value of goodwill;
- Implementation of new IT system and sufficiency of reconciliation procedures within component Carrs Billington Agriculture (Sales) Ltd; and
- Going concern.

We did not issue the audit report for the period ended 28 August 2021.

Key audit matters reported by predecessor auditor in the auditor's report for the period ended 28 August 2021 were:

- Contract risk in Engineering on over time contracts;
- Valuations of the recoverable amount of certain cash-generating units;
- Provision for trade receivables in Agriculture; and
- Parent Company: Valuation of Carr's Group defined benefit obligation.

The Group engagement team performed an audit of the parent Company financial statements, full-scope audit procedures on the financial information of four components and specified procedures on one component.

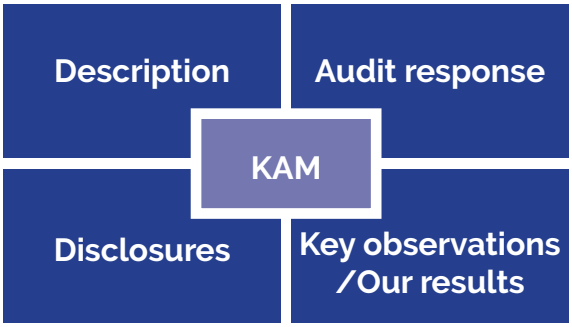
Component auditors performed full-scope audit procedures on the financial information of two components and specified audit procedures on a further three components.

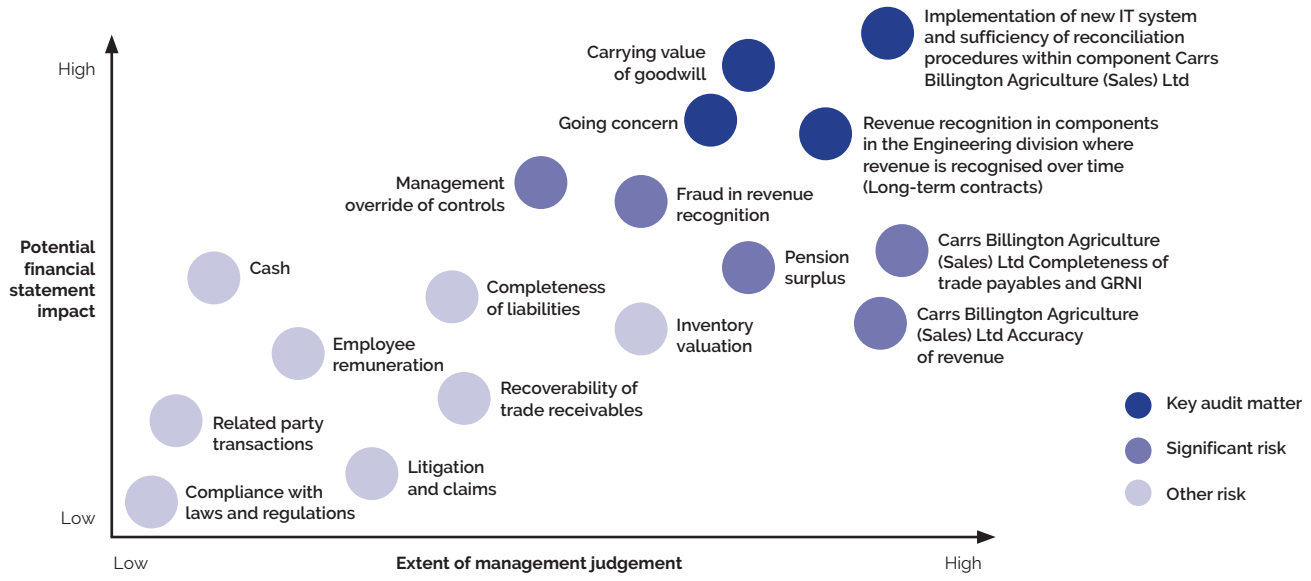
The Group engagement team performed analytical procedures on the financial information of the remaining 24 components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph on the next page, we have presented the key audit matters, significant risks and other risks relevant to the audit.





Key Audit Matter – Group	How our scope addressed the matter – Group
Revenue recognition in components in the Engineering division where revenue is recognised over time (Long-term contracts) We identified revenue recognition in components in the Engineering division (NW Total Engineered Solutions Ltd., NuVision Engineering, Inc., Wälischmiller Engineering GmbH and Carr's Engineering Ltd – Bendalls) where revenue is recognised over time (Long-term contracts) as one of the most significant assessed risks of material misstatement due to fraud and error. Such revenue totalled £29,054k in the period. We pinpointed the significant risk to contracts which exhibited certain qualitative and quantitative risk criteria. For a significant portion of contracts within the Group's Engineering division, revenue is recognised based on stage of completion measured in reference to either costs incurred as a proportion of total costs ('input method') or delivery towards complete satisfaction of performance obligations with reference to certified or valued contract works ('output method'). Measured stage of completion is therefore based on either actual costs incurred to date over estimated costs to complete or on units delivered/produced against performance obligations. The estimation process is inherently complex and significant management judgement is required.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of and evaluating the design and implementation of key controls over the revenue cycle; • assessing the revenue recognition accounting policy for compliance with accounting standards, including appropriateness and disclosure within the financial statements; • obtaining and inspecting contract documents and challenging the identification of performance obligations, contract clauses and assessing whether the method of revenue recognition is in accordance with IFRS 15 'Revenue from contracts with customers'; • recalculating the revenue recognition on a sample of contracts based on either percentage completion in relation to estimated costs to complete or through progress towards satisfaction of performance obligations and compared to amounts recorded by the Group; • making inquiries of project managers to obtain an understanding of the performance of the contract throughout the period and at period end; • obtaining and assessing management's forecast estimated costs to completion and challenging the Group's estimates in respect of costs to complete via agreement to third-party certifications, confirmations and other external documentation, challenge of senior operational and financial management, and with reference to our own expertise. We also performed corroborative inquiries of the Group's in-house legal counsel; • sensitising the estimated costs to complete to determine how sensitive management's forecasts are to changes in inputs, by applying sensitivities for inflation and labour cost increases; • obtaining post-period end updates from project managers to understand subsequent performance of projects and assessing whether the updated costs to complete forecasts indicate completeness of estimated costs to complete at the period end; • assessing the Group's historical contract forecasting accuracy by comparing prior estimated costs to complete to actual costs incurred and actual margin achieved when the contracts were completed during the current period; and • assessing the adequacy of disclosures of the key judgments and estimates involved in long-term contract accounting.

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2022 • Financial statements: Principal accounting policies, Revenue recognition, Note 3, Revenue and Note 39, Prior year restatements • Audit committee report: Revenue recognition in relation to Engineering	**Key observations** In performing our audit procedures, we noted instances where the Group's accounting for long-term contracts did not meet the requirements of the accounting standard IFRS 15. These findings resulted in individually material adjustments within a few components for which the net impact was a prior period restatement in revenue of £565k, as outlined in Note 39 of the Group financial statements.
Carrying value of goodwill We identified the carrying value of goodwill as one of the most significant assessed risks of material misstatement due to error. We pinpointed the significant risk to the carrying value of goodwill in the following Cash-Generating Units ("CGUs"), which relate to the valuation and allocation assertion (Pre impairment carrying value): • NuVision Engineering, Inc. £9,494k; • Wälischmiller Engineering GmbH £5,742k; • Carr's Engineering Ltd – Chirton £2,526k; and • Animax Ltd £1,742k. Under International Accounting Standard (IAS) 36 'Impairment of Assets', management are required to perform an annual assessment of whether the Group's goodwill for its relevant CGUs is impaired. The process for assessing whether impairment of goodwill exists under IAS 36 is complex. Management prepared an impairment model to assess the value in use. Calculating value in use, through forecasting cash flows relating to each individual CGU, and the determination of CGUs, appropriate discount rates and other assumptions to be applied can be highly judgemental and subject to management bias or error. The selection of certain inputs into the cash flow forecasts can also significantly impact the results of the impairment assessment.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of and evaluating the design and implementation of key controls relating to the impairment model; • obtaining management's Board approved assessment over carrying value and value-in-use, understanding and challenging sensitivities performed; • assessing the mathematical accuracy of the impairment model and methodology applied by management for consistency with the requirements of IAS 36, including the associated sensitivities performed; • testing the accuracy of management's forecasting through a comparison of current period budget to actual data; • assessing the appropriateness of management's assumptions and sensitivities relating to the calculations of the value-in-use of CGUs and estimated future cash flows, including growth rates and discount rates used to assess the level of headroom; • using our internal valuation specialists to inform our challenge of management, that the assumptions used within the calculation of weighted average cost of capital are reasonable; and • assessing the accuracy and sufficiency of financial statements disclosures with respect to the carrying value of Group goodwill.
Relevant disclosures in the Annual Report and Accounts 2022 • Financial statements: Principal accounting policies, Goodwill and Note 12, Goodwill and other intangible assets • Audit committee report: Potential goodwill impairment	**Our results** Our audit testing and challenge of management resulted in revision of their forecasts and the following impairment charges recognised: • Wälischmiller Engineering GmbH £1,693k; and • Carr's Engineering Ltd – Chirton £2,526k. Based on our audit work, we are satisfied that the assumptions used in management's revised impairment model were appropriate. We consider the disclosures with respect to the carrying value of the Group's goodwill to be in accordance with IAS 36.

Key Audit Matter – Group	How our scope addressed the matter – Group
Implementation of new IT system and sufficiency of reconciliation procedures within component Carrs Billington Agriculture (Sales) Limited We identified the implementation of new IT system and sufficiency of reconciliation procedures within component Carrs Billington Agricultures (Sales) Limited as one of the most significant assessed risks of material misstatement due to both fraud and error. During the financial period the Group introduced a new IT system into its subsidiary Carrs Billington Agriculture (Sales) Limited. The implementation of the new IT system proved challenging due to unforeseen difficulties with the system and insufficient reconciliation procedures performed during the period. In particular, this gave rise to concerns regarding the completeness of trade payables and accruals due to the lack of supplier statement reconciliations performed during the period. The implementation of the new system also resulted in the incorrect recognition of revenue in the first quarter of the period, driven by a high volume of sales invoices which were being generated by the system with incorrect values. The correction of this error in revenue recognition required manual intervention and a higher than expected number of journals. This gave rise to concerns regarding the accuracy of revenue, specifically on retail sales. Management assessed the impact of the challenges presented by the implementation of the new system by performing a detailed review of trade payables and accruals. Management also performed a detailed review of the reconciliations performed at the period end, including associated journals posted and a detailed supplier statements review, to ensure completeness and accuracy of trade payables and accruals. The IT system provider was engaged to resolve the IT issue in relation to incorrect sales invoices being generated to customers. Management also performed a gross margin and other key performance indicator review throughout the period to identify any further unusual transactions. The challenges presented by the implementation and acclimatisation of the new IT system at the start of the period and personnel changes during the period contributed to a lapse of control over the reconciliation procedures in the first half of the period. Reconciliations were not being performed on a timely basis, or effectively, and erroneous transactions were being recorded on the system. This resulted in the requirement for a higher-than-expected number of manual transactions and journals and increased the risk of material misstatement in the financial statements. These matters were initially brought to our attention by the Board during attendance at the Audit Committee during the planning stage of the audit. However, the full extent of the challenges presented by these matters did not become apparent until later in the audit process. We accordingly reassessed the risk of material misstatement of the financial statements based upon our revised understanding.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of and evaluating management's key controls implemented on the IT system migration process; • obtaining an understanding of the fixes completed by the IT system provider to remediate the system configuration issues in relation to raising of sales invoices; • obtaining an understanding and assessing management's reconciliation process of the key accounts at the period end and investigation of a sample of unusual reconciling items; • testing a sample of manual journals posted during the period relating to unusual posting combinations to ensure that the entries are appropriate; • testing of a sample of post period end journals, using our data analytics tool, which met the criteria for unusual accounts posting combinations or reversal of period end accounting entries; • utilising our cash analytics to identify and test a sample of unusual credit to cash postings; • reducing the performance materiality applied to trade payables and good received not invoiced accounts (for Carrs Billington Agriculture (Sales) Limited) which is deemed to be the most significant risk area in light of the issues around supplier statement reconciliations; • completing extended supplier statement testing in response to deficiencies relating to reconciliations of supplier balances and processing of purchase invoices during the period; • performing alternative procedures where extended supplier statements testing as above didn't provide us with sufficient audit evidence such as agreeing to post period end invoices received and payments made for the specific suppliers selected for testing; • from the list of post period end payments made and invoices received, testing an extended sample of payments and invoices post period end to determine whether they have been accounted for in the correct period; • using our suite of data analytics tools, assessing all cost of sales transactions in the period and testing a sample of unusual entries, including entries where no corresponding revenue has been recorded, revenue with no corresponding cost of sales, or sales made at a negative margin and evaluating the reasonableness of these unusual entries to supporting documentation; • performing data analytics on selected account balances within payables, with a particular focus on understanding any unusual accounts combinations. We sought supporting evidence for any transactions following unusual patterns, with a particular focus on any account combinations impacting from payables posted into cash; • completing extended sample testing of revenue recorded in the period, agreeing transactions to source documentation to assess whether revenue has been recognised appropriately; • assessing the level of credit notes raised during the period and post period end, to identify unusual trends and identify whether system issues relating to the raising of erroneous invoices persisted throughout the period to determine whether the revenue recognised in the period is appropriate; and • inspecting extended sample of credit notes raised post period end, to assess the accuracy of revenue recorded during the period.

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2022 Audit committee report: Disposal of Agricultural Supplies division	**Our results** Our extended supplier statement reconciliations and post period end invoices/payments testing identified a number of audit adjustments with total impact below materiality (£825k debit to trade and other payables and credit to cost of sales). These adjustments have been posted by management. Other testing did not identify any other issues regarding completeness of trade payables and accruals. Our testing confirmed remediated actions were implemented effectively to correct the system issues in relation to revenue recognition and our extended substantive testing on accuracy of revenue has not identified any further issues
Going concern We identified going concern as one of the most significant assessed risks of material misstatement due to fraud and error as a result of the judgement required to conclude whether there is a material uncertainty related to going concern. In our evaluation, we considered the inherent risks associated with the Group's business model including the effects arising from macro-economic uncertainties such as the unprecedented increases in energy prices, interest rates and inflation. The Group will be impacted going forward and these unprecedented levels of uncertainty, could adversely impact the future trading performance of the Group, leading to increased judgement in respect of the forward-looking assessment. In undertaking their assessment of going concern for the Group, management considered the impact of increasing energy costs, interest rates and inflation in their forecast future performance of the Group, compliance with covenants and anticipated cash flows. As a result, there is significant judgement applied in developing forecasted revenue and profits for the Group.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of relevant controls relating to the assessment of going concern model; • assessing the reasonableness of the inputs and assumptions used in the model; • obtaining and assessing management's paper and assessment of going concern, including forecasts covering the period up to March 2024 and testing the mathematical accuracy of the forecasts, as approved by the Board; • testing the accuracy of management's forecasting through a comparison of budget to actual data; • assessing the forecasts prepared to ensure consistency with other areas of the audit such as forecasts used in management's impairment review of goodwill; • using industry data and other external information such as forecasted interest rates to challenge the reasonableness of management's assumptions regarding future costs and revenue, built into the forecast cashflow; • corroborating the existence of the Group's loan facilities and relevant covenant requirements to loan agreements for the period covered by management's forecasts; • assessing scenario sensitivities and reverse stress tests performed by management, and determining if they are plausible; • performing our own scenario sensitivities over and above the sensitivities of management and considering the available headroom and compliance with covenants; • testing the adequacy of the supporting evidence for cash flow forecasts, and considered the headroom available to the Group; • assessing the appropriateness of assumptions regarding mitigating actions to reduce costs or manage cashflows in downside scenarios; and • assessing the adequacy of related disclosures within the Annual Report.
Relevant disclosures in the Annual Report and Accounts 2022 • Financial statements: Principal accounting policies, Going concern • Audit committee report: Going concern and viability statement	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

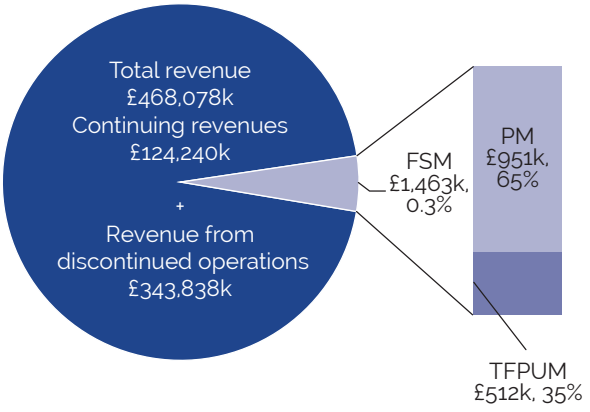
Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,463k, which represents 0.3% of the Group's revenues from continuing operations and revenues from discontinued operations. Specific materiality for continuing Group: £871k, which represents 0.7% of the continuing Group's revenues.	£484k, which is 0.75% of parent Company's net assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: Revenue is determined to be the most appropriate benchmark due its importance in both external financial reporting and internal management reporting. The Group engagement team compared the determined amount against the range of materialities that would have been calculated had different benchmarks (adjusted operating profit and adjusted PBT) been used, recognising that a number of measures are relevant to the users of the financial statements. Specific materiality for continuing Group was determined using the same significant judgements.	In determining materiality, we made the following significant judgement: Net assets is considered the most appropriate benchmark for the parent Company because the principal activity is that of a holding company that does not trade.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£951k, which is 65% of financial statement materiality. Specific performance materiality for continuing Group: £566k, which is 65% of specific materiality.	£315k, which is 65% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality we considered: • the number and magnitude of unadjusted misstatements to the Group's financial statements in prior periods; • the nature and impact of significant control deficiencies identified by the predecessor auditor in the prior period; • the challenges with the new IT system implementation in Carrs Billington Agriculture (Sales) Ltd.; and • our risk assessment procedures did not identify any significant changes in business objectives and strategy of the Group.	In determining performance materiality we considered: • the number and magnitude of unadjusted misstatements to the parent Company's financial statements in prior periods; • the nature and impact of significant control deficiencies identified by the predecessor auditor in the prior period; and our risk assessment procedures did not identify any significant changes in business objectives and strategy of the parent.

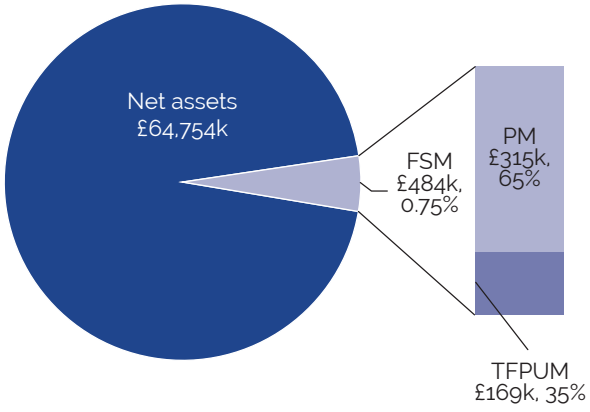
Materiality measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	As above, we determined a lower level of specific materiality for continuing Group: £871k, which represents 0.7% of revenues from continuing operations. The significant judgements made in determining this specific materiality are consistent with those made in determining the Group materiality. We also determined a lower level of specific materiality for related party transactions and Directors' remuneration.	We determined a lower level of specific materiality for related party transactions and Directors' remuneration.
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£73k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. Threshold for continuing Group: £44k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£24k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent Company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.
- The Group engagement team noted that due to the historical acquisitive nature of the Group, there are many components, spread primarily across the UK, USA, Germany, with different finance teams and control processes in place.
- In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed on the components by us, as the Group engagement team, or component auditors which included other engagement teams within Grant Thornton UK LLP and engagement teams from member firms of the Grant Thornton International network.

Identifying significant components

- The Group's components vary in size and nature of operations. The Group engagement team identified certain components as significant based on a variety of both qualitative and quantitative factors. The quantitative factors used in determining significance were based on a combination of the Group's continuing revenues, profit from discontinued operations and Group profit before taxation. The qualitative factors used in determining significance were whether any components were likely to include significant risks of material misstatement due to their its specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- For those components which were scoped as significant, full-scope audit procedures were performed based on component materiality.
- Significant components identified were Carrs Agriculture Ltd, Carrs Billington Agriculture (Sales) Ltd, Carrs Billington Agriculture (Operations) Ltd, Animal Feed Supplement, Inc., Wälischmiller Engineering GmbH, NuVision Engineering, Inc. and the parent Company. Significant components Wälischmiller Engineering GmbH and NuVision Engineering, Inc. were audited by component auditors based on instructions issued by the Group engagement team. The parent Company, Carrs Agriculture Ltd, Carrs Billington Agriculture (Sales) Ltd, Carrs Billington Agriculture (Operations) Ltd and Animal Feed Supplement, Inc. were audited by the Group engagement team.
- Furthermore, there were four components which were not deemed to be significant, on which specified procedures were performed either by the Group engagement team (for one such component) or by component auditors (for three such components).
- For the remaining 24 components, analytical procedures were performed by the Group engagement team at Group level commensurate with their significance to the Group's results and financial position.
- Where components within the Engineering division were not scoped as significant, we performed target procedures particularly over revenue from contacts to address the key audit matter "Revenue recognition in components in the Engineering division where revenue is recognised over time (Long-term contracts)" included above.

Performance of our audit

In order to gain sufficient appropriate audit evidence to address the risks described above, an audit of financial information was carried out at each individually significant reporting component: audits for Group reporting purposes were carried out at seven significant components located in the following countries: United Kingdom (four components), USA (two components) and Germany (one component). In addition, specified audit procedures for Group reporting purposes were performed at a further four components.

The components within the scope of our work accounted for the percentages illustrated below.

Audit approach	No. of components	% coverage total assets	% coverage continuing revenue	% coverage profit before tax
Full-scope audit	7*	85%	68%	94%
Specified audit procedures	4**	4%	13%	0%
Analytical procedures	24	11%	19%	6%

* Of components where full-scope audits were performed, two were performed by component auditors, the remaining five were performed by the Group audit team.

** Of components where specified audit procedures were performed, three were performed by component auditors, the remaining one was performed by the Group audit team.

Communications with component auditors

- Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This involved issuing instructions to component auditors and having regular communication throughout the audit.
- During the planning stages of the Group audit the Group engagement team sent detailed instructions to the component auditors that detailed the scope of the work, component materiality and planned audit approach on significant risk areas. The Group team also held planning meetings with component auditors to discuss these instructions and provide direction to the component auditor.
- During the fieldwork stage, the Group engagement team was in communication with the component auditors and performed detailed reviews of a selection of working papers that cover the significant risks at Group level as well as working papers to ensure that the Group engagement team have sufficient appropriate audit evidence to support the Group opinion.
- During the completion stage, the Group engagement team was in communication with the component auditors to enquire of any subsequent events.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the Directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27;
- the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate as set out on page 27;
- the Director's statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 27;
- the Directors' statement on fair, balanced and understandable set out on page 88;

- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- the section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on page 51; and
- the section describing the work of the Audit Committee set out on page 61.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 88, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent Company and the Group and the industry in which they operate. We determined that the most significant laws and regulations are: UK-adopted international accounting standards, UK Corporate Governance Code and tax legislation in the jurisdictions in which the Group operates, including the application of local and overseas sales taxes;
- We enquired of management, finance team, legal counsel and the Board of Directors about the Group and parent Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inquired of management, finance team, legal counsel and the Board whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the parent Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in significant accounting estimates;
  - identifying and testing journal entries, in particular any journals with unusual characteristics, and increasing our testing in areas of higher risk as identified during our audit;
  - engaging with our internal tax specialists to address the risk of non-compliance with taxation legislation;
  - designing audit procedures to incorporate unpredictability around the nature, timing or extend of our testing; performing additional procedures over information provided by the entity during the course of our audit; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The assessment of the appropriateness of the collective competence and capabilities of the Group engagement team included consideration of the Group engagement team's knowledge of the industry in which the Group operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the parent Company's and Group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the rules and interpretative guidance issued by the Financial Conduct Authority;
  - the parent Company's and Group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorization of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported; and
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee on 18 January 2022 to audit the financial statements for the period from 29 August 2021 to 3 September 2022. Our total uninterrupted period of engagement is 1 year, covering the period ended 3 September 2022.

During the year ended 3 September 2022, a non-Grant Thornton International member firm in the UK, that was a component auditor, provided tax and financial statement preparation services to a significant component of the group which are prohibited in accordance with the Financial Reporting Council's Ethical Standard. We identified these prohibited services through our Group audit oversight. There were no appropriate safeguards to mitigate the impact these prohibited services would have had on our independence such that we could conclude that they were minor and/or inconsequential to our audit of the Group's financial statements. We also identified rotation issues as explained in the Audit Committee Report that could not be appropriately safeguarded. As a result, we performed our own audit of this component of the group, instead of using the work of the component auditor, to support our Group audit opinion.

Except for the matter described above, the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company. We remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Frankish
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Manchester
22 March 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 3 September 2022

	Notes	2022 £'000	2021 (restated)[2,3] £'000
Continuing operations			
Revenue	2,3	**124,240**	120,319
Cost of sales		**(94,632)**	(89,195)
Gross profit		**29,608**	31,124
Other operating income		**1,731**	–
Distribution costs		**(5,338)**	(5,213)
Administrative expenses		**(18,609)**	(16,612)
Share of post-tax results of joint ventures		**840**	991
Impairment of joint venture (adjusting item)	5	**–**	(2,090)
Adjusted[1] operating profit	2	**11,906**	11,077
Adjusting items	5	**(3,674)**	(2,877)
Operating profit	2,4	**8,232**	8,200
Finance income	7	**351**	260
Finance costs	7	**(1,017)**	(925)
Adjusted[1] profit before taxation	2	**11,240**	10,412
Adjusting items	5	**(3,674)**	(2,877)
Profit before taxation	2	**7,566**	7,535
Taxation	8	**(1,524)**	(1,788)
Adjusted[1] profit for the year from continuing operations		**9,374**	9,357
Adjusting items	5	**(3,332)**	(3,610)
Profit for the year from continuing operations		**6,042**	5,747
Discontinued operations			
(Loss)/profit for the year from discontinued operations (including held for sale)	9	**(2,193)**	3,849
Profit for the year		**3,849**	9,596
Profit attributable to:			
Equity shareholders		**5,072**	7,656
Non-controlling interests[4]		**(1,223)**	1,940
		3,849	9,596
Earnings per ordinary share (pence)			
Basic			
Profit from continuing operations	11	**6.4**	6.2
(Loss)/profit from discontinued operations	11	**(1.0)**	2.1
	11	**5.4**	8.3
Diluted			
Profit from continuing operations	11	**6.4**	6.1
(Loss)/profit from discontinued operations	11	**(1.0)**	2.0
	11	**5.4**	8.1

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 5. An alternative performance measures glossary can be found on pages 175 to 177.

2 Restated to provide comparable information for continuing and discontinued operations following the classification of the Carr's Billington Agricultural business as a disposal group in the current year. Further details of results from discontinued operations and net assets relating to the disposal group can be found in note 9.

3 See note 39 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

4 Non-controlling interests relate to businesses included in the disposal group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 3 September 2022

		2022 £'000	2021 (restated)[2] £'000
Profit for the year		**3,849**	9,596
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries		**4,288**	(1,762)
Net investment hedges		**60**	165
Taxation charge on net investment hedges		**(11)**	(31)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses)/gains on retirement benefit asset:			
– Group	29	**(2,576)**	1,205
– Share of associate (2022: included within disposal group)		**(287)**	578
Taxation credit/(charge) on actuarial (losses)/gains on retirement benefit asset:			
– Group	20	**644**	(301)
– Share of associate (2022: included within disposal group)		**72**	(144)
Other comprehensive income/(expense) for the year, net of tax		**2,190**	(290)
Total comprehensive income for the year		**6,039**	9,306
Total comprehensive income attributable to:			
Equity shareholders		**7,262**	7,366
Non-controlling interests[1]		**(1,223)**	1,940
		6,039	9,306
Total comprehensive income attributable to:			
Continuing operations		**8,447**	5,023
Discontinued operations		**(2,408)**	4,283
		6,039	9,306

1 Non-controlling interests relate to businesses included in the disposal group.

2 See note 39 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 3 September 2022
(Company Number 00098221)

	Notes	Group 2022 £'000	Group 2021 (restated)[1] £'000	Group 2020 (restated)[1] £'000	Company 2022 £'000	Company 2021 £'000
Assets						
Non-current assets						
Goodwill	12	**23,609**	31,560	32,041	**–**	–
Other intangible assets	12	**4,635**	5,151	6,365	**–**	–
Property, plant and equipment	13	**33,204**	36,198	38,259	**88**	85
Right-of-use assets	14	**8,223**	16,777	14,856	**336**	346
Investment property	15	**74**	152	158	**–**	–
Investment in subsidiary undertakings	16,19	**–**	–	–	**34,143**	32,461
Investment in associate	16,17	**–**	14,268	14,042	**–**	245
Interest in joint ventures	16,18	**6,065**	9,482	10,551	**172**	172
Other investments	16	**32**	72	73	**–**	–
Contract assets	22	**316**	312	–	**–**	–
Financial assets						
– Non-current receivables	23	**23**	20	20	**34,208**	33,494
Retirement benefit asset	29	**6,828**	9,371	8,037	**6,828**	9,371
Deferred tax asset	20	**213**	182	–	**–**	–
		83,222	123,545	124,402	**75,775**	76,174
Current assets						
Inventories	21	**26,990**	43,226	41,579	**–**	–
Contract assets	22	**7,564**	7,202	7,765	**–**	–
Trade and other receivables	23	**19,015**	61,735	51,686	**3,128**	2,279
Current tax assets	24	**3,866**	2,669	2,068	**2,550**	2,586
Financial assets						
– Cash and cash equivalents	25	**22,515**	24,309	17,571	**12,726**	11,063
– Derivative financial instruments	28	**–**	–	3	**–**	–
Assets included in disposal group classified as held for sale	9	**148,531**	–	–	**582**	–
		228,481	139,141	120,672	**18,986**	15,928
Total assets		**311,703**	262,686	245,074	**94,761**	92,102

1 See note 39 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

CONSOLIDATED AND COMPANY BALANCE SHEETS continued

As at 3 September 2022
(Company Number 00098221)

	Notes	Group 2022 £'000	Group 2021 (restated)[1] £'000	Group 2020 (restated)[1] £'000	Company 2022 £'000	Company 2021 £'000
Liabilities						
Current liabilities						
Financial liabilities						
– Borrowings	27	**(12,734)**	(11,113)	(11,420)	**(1,413)**	(2,341)
– Leases	14	**(1,416)**	(2,967)	(2,778)	**(113)**	(98)
– Derivative financial instruments	28	**(62)**	–	–	**–**	–
Contract liabilities	22	**(2,426)**	(3,312)	(2,179)	**–**	–
Trade and other payables	26	**(21,000)**	(69,526)	(55,522)	**(4,193)**	(2,395)
Current tax liabilities		**(711)**	(42)	(33)	**(119)**	–
Liabilities included in disposal group classified as held for sale	9	**(101,566)**	–	–	**–**	–
		(139,915)	(86,960)	(71,932)	**(5,838)**	(4,834)
Non-current liabilities						
Financial liabilities						
– Borrowings	27	**(23,805)**	(23,159)	(25,021)	**(22,757)**	(21,906)
– Leases	14	**(6,128)**	(12,458)	(11,171)	**(231)**	(250)
Deferred tax liabilities	20	**(5,048)**	(5,503)	(4,580)	**(1,181)**	(2,201)
Other non-current liabilities	26	**(336)**	(55)	(1,385)	**–**	–
		(35,317)	(41,175)	(42,157)	**(24,169)**	(24,357)
Total liabilities		**(175,232)**	(128,135)	(114,089)	**(30,007)**	(29,191)
Net assets		**136,471**	134,551	130,985	**64,754**	62,911
Shareholders' equity						
Share capital	30	**2,350**	2,343	2,312	**2,350**	2,343
Share premium		**10,500**	10,155	9,176	**10,500**	10,155
Other reserves		**6,988**	2,606	4,445	**608**	536
Retained earnings:						
At the beginning of the year		**102,295**	98,252	92,702	**49,877**	47,909
Profit attributable to equity shareholders		**5,072**	7,656	7,814	**7,987**	6,261
Other changes in retained earnings		**(6,710)**	(3,613)	(2,264)	**(6,568)**	(4,293)
		100,657	102,295	98,252	**51,296**	49,877
Total shareholders' equity		**120,495**	117,399	114,185	**64,754**	62,911
Non-controlling interests		**15,976**	17,152	16,800	**–**	–
Total equity		**136,471**	134,551	130,985	**64,754**	62,911

1 See note 39 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

The financial statements set out on pages 101 to 172 were approved by the Board on 22 March 2023 and signed on its behalf by:

Peter Page

David White

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 3 September 2022

	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 Equity £'000
As previously reported at 29 August 2020	2,312	9,176	(45)	734	3,550	197	98,907	114,831	16,800	131,631
Prior year adjustment[1]	–	–	–	–	9	–	(655)	(646)	–	(646)
At 30 August 2020 (restated)[1]	2,312	9,176	(45)	734	3,559	197	98,252	114,185	16,800	130,985
Profit for the year	–	–	–	–	–	–	7,656	7,656	1,940	9,596
Other comprehensive (expense)/income	–	–	–	–	(1,628)	–	1,338	(290)	–	(290)
Total comprehensive (expense)/income	–	–	–	–	(1,628)	–	8,994	7,366	1,940	9,306
Dividends paid	–	–	–	–	–	–	(5,490)	(5,490)	(1,647)	(7,137)
Equity-settled share-based payment transactions	–	–	–	406	–	–	–	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	(660)	–	(2)	507	–	–	–
At 28 August 2021	2,343	10,155	–	480	1,931	195	102,295	117,399	17,152	134,551
As previously reported at 28 August 2021	**2,343**	**10,155**	**–**	**480**	**1,903**	**195**	**103,006**	**118,082**	**17,152**	**135,234**
Prior year adjustment[1]	**–**	**–**	**–**	**–**	**28**	**–**	**(711)**	**(683)**	**–**	**(683)**
At 29 August 2021 (restated)[1]	**2,343**	**10,155**	**–**	**480**	**1,931**	**195**	**102,295**	**117,399**	**17,152**	**134,551**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**5,072**	**5,072**	**(1,223)**	**3,849**
Other comprehensive income/(expense)	**–**	**–**	**–**	**–**	**4,337**	**–**	**(2,147)**	**2,190**	**–**	**2,190**
Total comprehensive income/(expense)	**–**	**–**	**–**	**–**	**4,337**	**–**	**2,925**	**7,262**	**(1,223)**	**6,039**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(4,687)**	**(4,687)**	**–**	**(4,687)**
Equity-settled share-based payment transactions	**–**	**–**	**–**	**199**	**–**	**–**	**–**	**199**	**50**	**249**
Excess deferred taxation on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**(30)**	**(30)**	**(3)**	**(33)**
Allotment of shares	**7**	**345**	**–**	**–**	**–**	**–**	**–**	**352**	**–**	**352**
Transfer	**–**	**–**	**–**	**(151)**	**–**	**(3)**	**154**	**–**	**–**	**–**
At 3 September 2022	**2,350**	**10,500**	**–**	**528**	**6,268**	**192**	**100,657**	**120,495**	**15,976**	**136,471**

1 See note 39 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

The equity compensation reserve reflects the cumulative accounting impact, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the consolidated income statement. During the year £151,000 (2021: £660,000) was transferred from the equity compensation reserve to retained earnings in respect of options exercised in the year.

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 3 September 2022

	Share Capital £'000	Share Premium £'000	Treasury Share Reserve £'000	Equity Compensation Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 30 August 2020	2,312	9,176	(45)	825	47,909	60,177
Profit for the year	–	–	–	–	6,261	6,261
Other comprehensive income	–	–	–	–	904	904
Total comprehensive income	–	–	–	–	7,165	7,165
Dividends paid	–	–	–	–	(5,490)	(5,490)
Equity-settled share-based payment transactions	–	–	–	133	–	133
Excess deferred taxation on share-based payments	–	–	–	–	26	26
Allotment of shares	31	979	–	–	–	1,010
Purchase of own shares held in trust	–	–	(110)	–	–	(110)
Transfer	–	–	155	(422)	267	–
At 28 August 2021	2,343	10,155	–	536	49,877	62,911
At 29 August 2021	**2,343**	**10,155**	**–**	**536**	**49,877**	**62,911**
Profit for the year	**–**	**–**	**–**	**–**	**7,987**	**7,987**
Other comprehensive expense	**–**	**–**	**–**	**–**	**(1,932)**	**(1,932)**
Total comprehensive income	**–**	**–**	**–**	**–**	**6,055**	**6,055**
Dividends paid	**–**	**–**	**–**	**–**	**(4,687)**	**(4,687)**
Equity-settled share-based payment transactions	**–**	**–**	**–**	**146**	**–**	**146**
Excess deferred taxation on share-based payments	**–**	**–**	**–**	**–**	**(23)**	**(23)**
Allotment of shares	**7**	**345**	**–**	**–**	**–**	**352**
Transfer	**–**	**–**	**–**	**(74)**	**74**	**–**
At 3 September 2022	**2,350**	**10,500**	**–**	**608**	**51,296**	**64,754**

The equity compensation reserve reflects the cumulative accounting impact, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the income statement where it relates to employees of the Company and to investment in subsidiaries where it relates to employees of the subsidiaries. During the year £74,000 (2021: £422,000) was transferred from the equity compensation reserve to retained earnings and £103,000 (2021: £331,000) was transferred from the equity compensation reserve to investment in subsidiaries in respect of options exercised in the year.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 3 September 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash flows from operating activities					
Cash generated from/(used in) continuing operations	33	**4,473**	18,131	**(3,685)**	(1,909)
Interest received		**179**	109	**1,548**	1,443
Interest paid		**(986)**	(936)	**(486)**	(484)
Tax paid		**(805)**	(1,278)	**(58)**	–
Net cash generated from/(used in) operating activities in continuing operations		**2,861**	16,026	**(2,681)**	(950)
Net cash (used in)/generated from operating activities in discontinued operations		**(6,901)**	2,871	**–**	–
Net cash (used in)/generated from operating activities		**(4,040)**	18,897	**(2,681)**	(950)
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)		**(426)**	–	**–**	–
Contingent consideration paid		**–**	(1,077)	**–**	–
Dividends received from subsidiaries		**–**	–	**6,195**	8,248
New loans to subsidiaries		**–**	–	**(941)**	(862)
Repayment of loans to subsidiaries		**–**	–	**2,165**	1,339
Investment in subsidiaries		**–**	–	**(1,020)**	–
Dividend received from associate and joint ventures		**2,250**	1,148	**1,656**	1,039
Purchase of intangible assets		**(342)**	(107)	**–**	–
Proceeds from sale of property, plant and equipment		**31**	167	**–**	–
Purchase of property, plant and equipment		**(3,696)**	(3,026)	**(30)**	–
Proceeds from sale of investment property		**149**	–	**–**	–
Net cash (used in)/generated from investing activities in continuing operations		**(2,034)**	(2,895)	**8,025**	9,764
Net cash (used in)/generated from investing activities in discontinued operations		**(2,749)**	155	**–**	–
Net cash (used in)/generated from investing activities		**(4,783)**	(2,740)	**8,025**	9,764
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	30	**352**	1,010	**352**	1,010
Purchase of own shares held in trust		**–**	(110)	**–**	(110)
New financing and drawdowns on RCF		**10,051**	11,526	**9,963**	10,000
Repayment of RCF drawdowns		**(8,000)**	(8,500)	**(8,000)**	(8,500)
Lease principal repayments		**(1,550)**	(1,778)	**(105)**	(98)
Repayment of borrowings		**(2,840)**	(2,400)	**(2,400)**	(2,400)
Receipt/(repayment) of loans from subsidiaries		**–**	–	**1,125**	(110)
Dividends paid to shareholders	10	**(4,687)**	(5,490)	**(4,687)**	(5,490)
Net cash used in financing activities in continuing operations		**(6,674)**	(5,742)	**(3,752)**	(5,698)
Net cash generated from/(used in) financing activities in discontinued operations		**20,324**	(727)	**–**	–
Net cash generated from/(used in) financing activities		**13,650**	(6,469)	**(3,752)**	(5,698)
Effects of exchange rate changes		**332**	(296)	**71**	(37)
Net increase in cash and cash equivalents		**5,159**	9,392	**1,663**	3,079
Cash and cash equivalents at beginning of the year		**19,696**	10,304	**11,063**	7,984
Cash and cash equivalents at end of the year	25	**24,855**	19,696	**12,726**	11,063

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The consolidated and Company financial statements are prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ materially from the estimates.

The Group has recognised prior year restatements in relation to the recognition of revenue from customer contracts within the Engineering division together with prior year restatements related to revenue recognition within discontinued operations. Further details of these restatements can be found in note 39.

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

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

The accounting policies for the Group and Company are detailed below:

Going concern

The financial statements have 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 2025 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 the period to 31 March 2024 ("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 December 2024.

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 covering the period to 31 March 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 highlighted in the Viability Statement on page 27. 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 complies with its financial bank covenants, operates within its existing bank facilities, and meets 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 until 31 March 2024 and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

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

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

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control requires power over the investee, exposure, or rights, to variable returns and the ability to use power to affect returns. Subsidiaries are entities that meet this definition of control.

Basis of consolidation continued

Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control, established by contractual agreement. Investments in associates and joint ventures are accounted for using the equity method. The Group's share of its associate's and joint ventures' post-tax results, together with impairment losses, are recognised in the income statement, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. The Group's investment in associate and joint ventures includes any goodwill arising on acquisition. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Contingent consideration is measured initially at fair value and is revalued to fair value at each subsequent period end until the period in which it is settled.

Acquisition-related costs are expensed to the consolidated income statement in the year they are incurred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

In accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying value and fair value less costs to sell and are not depreciated or amortised. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The net results of the Carr's Billington Agricultural business are presented as discontinued operations in the consolidated income statement, with restated comparatives, and the assets and liabilities associated with this business are presented separately in the consolidated balance sheet. Further details can be found in note 9.

Employee share trust

IFRS 10 requires that the Group consolidate a structured entity where the substance of the relationship between the parties indicates that the Group controls the entity. The employee share trust sponsored by the Group falls within this category of structured entity and has been accounted for as if it were, in substance, a subsidiary.

Currency translation

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

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

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

Revenue recognition

Revenue is recognised when the Group transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Inter-segmental transactions are on an arm's length basis.

The Group recognises revenue both at a point in time and over time. Revenues generated by the Group's Speciality Agriculture division and Agricultural Supplies (now classified as discontinued operations) division are recognised at a point in time. Revenues generated by the Group's Engineering division are recognised over time where either the contract with the customer does not create an asset with an alternative use and where there is an enforceable right to payment for performance completed to date or where the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Where this is not the case revenue is recognised at a point in time.

In respect of contracts that meet the criteria to be recognised over time, revenue is calculated on the basis of the stage of completion of each contract.

Revenue recognition continued

The Group applies a single method of measuring progress for each performance obligation satisfied over time and applies this method consistently to similar performance obligations and in similar circumstances. Depending on the nature and circumstances of the performance obligation, the stage of completion is determined with reference to either:

- The proportion that contract costs incurred for work performed to date bear to the total estimated contract costs; or
- The proportion that contract output is delivered towards complete satisfaction of the performance obligation with reference to certified or valued contract works.

Revenue is recognised for a performance obligation satisfied over time only if the Group can reasonably measure its progress towards complete satisfaction of the performance obligation. In circumstances when it cannot reasonably measure the outcome, but expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred. The Group would not be able to reasonably measure its progress towards complete satisfaction of a performance obligation if it lacks reliable information that would be required to apply an appropriate method of measuring progress.

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

Contract modifications such as variations to the original order are not accounted for until they are approved by the customer. Where a modification to an existing contract occurs, the nature of the modification is assessed to determine whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

Variable consideration arises where revenue is recognised on a time and materials basis, as is the case under certain of the Group's contracts, although not the majority. Revenue is estimated using the most likely amount method and is recognised as the time and materials are billed onto the customer. Where contracts include this arrangement invoices are raised monthly to the customer. As a practical expedient, where the Group has the right to invoice a customer based on performance to date, such as in the case where they are invoiced based on time and materials the Group will recognise revenue on that basis. One unique contract in the Engineering division, completed in the year, also included variable consideration as revenue could be returned to the customer in the event of the failure of a testing process performed at the end of the contract. The Group was required to assess the extent to which revenue was constrained by the possibility that the test could fail. It is not considered to represent a major source of estimation uncertainty in either instance due to the nature of the revenue and the contracts entered into by the Group.

The Group does not expect to have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not apply the time-value of money to its transaction prices.

Incremental costs of obtaining a contract with a customer are only recognised when it is expected that these costs will be recovered. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Where the amortisation period of an asset that would otherwise have been recognised is one year or less, the incremental costs of obtaining a contract are expensed when incurred.

Contract assets exist when the Group has a right to consideration in exchange for goods or services transferred to a customer when that right is conditional on something other than the passage of time (e.g. future performance). Contract liabilities exist when the Group has an obligation to transfer goods or services to a customer for which the Group has already received consideration.

The Group recognises commission revenue on sales where the Group arranges for goods or services to be sold directly from the vendor to the end customer, with the Group earning a sales agent fee from the vendor for arranging the sale. In these contracts the Group does not have primary responsibility for ensuring delivery of the goods or services to the end customer and does not have discretion in establishing the price for the goods or services. The revenue is recognised when the commission has been earned from the vendor.

Retirement benefit asset/obligation

The Group offers various pension schemes to employees including a defined benefit pension scheme and several defined contribution schemes.

The assets of the Group's pension schemes are held separately from those of the Group and are invested with independent investment managers.

Contributions to defined contribution schemes are charged to the consolidated income statement in the year to which they relate.

Carr's Group Pension Scheme

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

The service costs, including pension scheme administrative costs, are included in operating profit in the consolidated income statement.

A credit is made within interest which represents a net interest amount that is calculated by applying the discount rate at the beginning of the year to the net defined benefit asset at the beginning of the year. The net interest amount also takes into account changes to the net asset during the year.

Retirement benefit asset/obligation continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated and Company statement of comprehensive income. The pension scheme deficit or surplus, to the extent considered recoverable, is recognised in full on the consolidated balance sheet.

IFRIC 14 confirms that where a company has an unconditional right to a refund of surplus from a defined benefit pension plan during the lifetime of that plan or when it winds it up, and where there is expected to be surplus assets, there is no limit on the asset the company can show on its balance sheet. Following a review of the Scheme's Trust deed, the Directors believe that there is a right to recognise, and that there is no restriction on the recognition of, the IAS 19 pension surplus. At 3 September 2022 and 28 August 2021, the consolidated and Company balance sheet recognises the full surplus on the Carr's Group defined benefit pension scheme. The Company does not intend to recover the surplus through a refund.

Carr's Billington Agriculture Pension Scheme

One of the Group's subsidiaries is a participating employer in the Carr's Billington Agriculture Pension Scheme, which is a multi-employer defined benefit pension scheme. Note 29 provides further information on this scheme and how it has been accounted for in the consolidated accounts.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At each balance sheet date the Group revises its estimate of the number of options that are expected to vest. Changes to the fair value recognised as a result of this are charged or credited to the consolidated income statement with a corresponding adjustment to the equity compensation reserve.

Interest

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

Borrowing costs

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

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

Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources to the segments and to assess their performance. The CODM has been identified as the Executive Directors.

The CODM considers the business from a product/services perspective. Reportable operating segments have been identified as Speciality Agriculture and Engineering. The previously reported operating segment of Agricultural Supplies has been classified as a disposal group at the year end and is disclosed as a discontinued operation in the segmental reporting.

Adjusting items

Adjusting items that are material by size and/or by nature are presented within their relevant income statement category, but highlighted separately on the face of the income statement. Items that management consider fall into this category are also disclosed within note 5 to the financial statements. The separate disclosure of profit before adjusting items is consistent with how business performance is measured internally and is presented to aid comparability of performance. Events which may give rise to adjusting items include, but are not limited to, amortisation of acquired intangible assets, strategic review costs, adjustments to contingent consideration arising from fair value revaluation, restructuring/closure costs, gains and losses on disposal of Group businesses, acquisition-related costs, ERP system implementation costs, impairment of goodwill, impairment of joint ventures and the effect of changes to deferred tax rates.

Goodwill

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

Goodwill continued

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

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

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

Other intangible assets

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

Customer relationships	1 – 10 years
Brands	6 – 25 years
Know-how	15 years
Proprietary technology	5 – 13 years
Development costs	5 – 15 years
Patents and trademarks	contractual life
Contract backlog	3 years
Software	3 – 10 years

Software costs incurred as part of a service agreement are only capitalised when it can be evidenced that the Group has control over the resources defined in the agreement. Software customisation and configuration costs relating to software not controlled by the Group are expensed as incurred.

The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs of preparing the assets for use. Intangible assets are amortised on a straight-line basis.

Research and development costs

All research costs are recognised in the consolidated income statement as incurred. Development costs are recognised as an asset only to the extent that specific recognition criteria, as set out in IAS 38 'Intangible assets', relevant to the proposed application are met and the amount recognised is recoverable through future economic benefits.

Property, plant and equipment

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

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

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

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

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

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

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

Investment property

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

Freehold buildings	up to 50 years

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

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

Impairment of non-financial assets

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

Inventories

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

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

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

Cash and cash equivalents

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

Grants

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

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

Leases

The Group leases properties, motor vehicles, plant and machinery and other equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and is also subject to regular impairment reviews.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Leases continued

The lease payments are discounted using the interest rate implicit in the lease. Where this cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

After initial measurement the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. Right-of-use assets are adjusted for any remeasurement of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- Restoration costs required by the terms and conditions of the lease.

At the commencement date of property leases the Group normally determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain that the Group will continue in occupation for any period beyond the lease term. Leases are regularly reviewed and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise minor office and IT equipment.

The Group acts as lessor in certain operating lease arrangements. Rental income is recognised on a straight-line basis in the income statement. The Group is not a lessor in any finance lease arrangements.

Tax

The tax charge comprises current tax and deferred tax.

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

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

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

Classification of financial instruments issued by the Group and Company

Financial instruments issued by the Group and Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group or Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group or Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

Financial instruments

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

The Group and Company classifies its financial assets under the measurement categories of amortised cost, for non-derivative financial assets, or measured subsequently at fair value through either profit or loss or comprehensive income.

Non-derivative financial assets

Non-derivative financial assets include contract assets, trade and other receivables and non-current receivables. As these categories of financial assets do not carry a significant financing element, expected credit losses are measured using the simplified impairment approach. This requires expected lifetime losses to be recognised upon the initial recognition of the asset.

Non-derivative financial assets, other than trade receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are measured initially at the IFRS 15 transaction price.

Derivative financial instruments and hedging activities

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

The Group's policy is to hedge its international assets and it has designated foreign currency loans as a hedge against net investment in foreign operations. The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined as an effective hedge is recognised directly in equity. The gain or loss on any ineffective portion of the hedge is recognised immediately in the consolidated income statement. The Group continues to apply IAS 39 for the purposes of hedge accounting as permitted by IFRS 9.

New standards and interpretations

From 29 August 2021 the following became effective and were adopted by the Group and Company:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021)

Its adoption did not have a material effect on the Group or Company's profit for the year or equity.

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

- Annual improvements to IFRS Standards 2018-2020 (effective 1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use (effective 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to IAS 8 v Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- IFRS 17 – Insurance Contracts (effective 1 January 2023)

It is not considered that the above standards and amendments will have a significant effect on the results or net assets of the Group or Company.

Significant judgements, key assumptions and estimates

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

The following is considered to be a significant judgement:

Non-current assets held for sale and discontinued operations

In respect of the disposal of the Carr's Billington Agricultural business, the Group was required to apply IFRS 5 'Non-current assets held for sale and discontinued operations'. Judgement is involved as to whether or not the disposal group meets the criteria for classification as held for sale. The assets and liabilities of the disposal group are to be measured at the lower of carrying value and fair value less costs to sell. Judgement is required to assess fair value less costs to sell by considering expected proceeds less any required adjustments for net debt and working capital and costs of disposal. Details of discontinued operations and assets and liabilities held for sale can be found in note 9.

The following are considered to be accounting estimates:

Valuation of pension obligations

The valuation of the Group's defined benefit pension scheme is determined each year following advice from a qualified independent actuary and can fluctuate based on a number of external factors. Such factors include the major assumptions as shown in the table in note 29 and actual returns on scheme assets compared to those predicted in the previous scheme valuation. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the assets affected. The carrying value of the defined benefit pension scheme surplus at 3 September 2022 is £6.8m (2021: £9.4m). More information on the pension scheme is given in note 29.

The associate's defined benefit pension scheme is also subject to these estimation uncertainties. In addition, for assets falling within the IFRS 13 fair value hierarchy level 3 inputs category, there is exposure to estimation uncertainty when estimating the asset value. The surplus, calculated in accordance with IAS 19, is £5.6m (2021: £5.4m) of which the Group recognises 49% in its balance sheet within its 'Investment in associate'. At 3 September 2022 the investment in associate is included within assets of disposal group held for sale (note 9).

Impairment of goodwill and non-financial assets

Non-financial assets are reviewed for impairment where there are any events or changes in circumstances that would indicate potential impairment. In addition the carrying value of goodwill must be assessed for impairment annually, or more frequently if there are indications that goodwill might be impaired. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Value-in-use is dependent on estimations of future cash flows from the cash-generating unit and the use of an appropriate discount rate to discount those cash flows to their present value. The Group's precision engineering business currently operates in the oil and gas sector, a sector in which there are longer-term risks as a result of climate change. In light of longer-term risks in this sector the Group has been cautious in the estimation of future cash flows from this cash-generating unit.

Impairment to goodwill of £4.2m was identified in the current year (2021: £nil). The carrying value of goodwill at 3 September 2022 is £23.6m (2021: £31.6m). Further details of cash-generating units and stress testing performed on the carrying values can be found in note 12.

During the prior year an impairment of £2.1m was recognised against the carrying value of interest in joint ventures and a loan receivable due from joint ventures.

Revenue recognition on contracts

For contracts recognised over time the Group recognises revenue and profits based on the stage of completion. This requires management to make an assessment of performance obligations under each contract, the ability to reasonably estimate the outcome, and the point at which those obligations have been fulfilled. Management uses estimates and judgements when assessing the total expected costs on a contract. The Group has controls in place to review and monitor the estimates used to ensure they are appropriate. Disclosures relating to the disaggregation of revenue for revenues recognised at a point in time and revenues recognised over time can be found in note 3. A prior year restatement has been recognised in respect of revenue recognition (note 39).

The following accounting estimates are significant for the years presented but, at the date of signing these financial statements, are not expected to be material in future years.

Provision for impairment of trade receivables

The financial statements include a provision for impairment of trade receivables that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable. The carrying value of the provision for impairment of trade receivables at 3 September 2022 is £0.8m (2021: £2.0m). Further details of the provision, including ageing profile, can be found in note 23.

Valuation of contingent consideration

IFRS 3 'Business Combinations' requires contingent consideration to be measured initially at fair value and then subsequently revalued to fair value at each period end. This involves an estimate of expected future payments based on profit forecasts and discount rates to reflect the time-value of money. Further details in respect of contingent consideration, including movements in fair value between opening and closing balances, is included in note 28.

1 The Company has taken advantage of the exemption, under section 408 of the Companies Act 2006, from presenting its own income statement of comprehensive income and related notes. Total comprehensive income for the year dealt with in the accounts of the Company was £6,055,000 (2021: £7,165,000) of which £7,987,000 (2021: £6,261,000) relates to profit after tax for the year.

2 Segmental information

The chief operating decision maker ("CODM") has been identified as the Executive Directors. Management has identified the operating segments based on internal financial information reviewed by the CODM. The CODM considers the business from a product/services perspective. Operating segments of continuing operations have been identified as Speciality Agriculture and Engineering. The previously reported operating segment of Agricultural Supplies has been classified as a disposal group at the year end and is disclosed as a discontinued operation in the segmental reporting tables below. Prior year disclosures have been restated to aid comparability. Central comprises the central business activities of the Group's head office, which earns no external revenues. Operating segments have not been aggregated for the purpose of determining reportable segments. Prior year disclosures have also been restated in respect of the recognition of revenue from customer contracts within the Engineering division and discontinued operations. Further details of the prior year restatements can be found in Note 39.

Speciality Agriculture derives its revenue from the sale of animal feed blocks and animal health products.

Engineering derives its revenue from the provision of engineering services and the design and manufacture of bespoke equipment for use in the nuclear, naval defence, oil and gas, and petrochemical industries. Products include manipulators, robotics, specialist fabrication and precision machining.

Discontinued operations derives its revenue from the manufacture and sale of animal feed together with retail sales of farm equipment, fuels and farm consumables through its network of rural stores.

Performance is assessed using adjusted operating profit. For internal purposes the CODM assesses operating profit before material adjusting items (note 5) consistent with the presentation in the financial statements.

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

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

The segmental information for the year ended 3 September 2022 is as follows:

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	**84,321**	**46,347**	**–**	**130,668**	**343,844**
Inter-segment revenue	**(6,244)**	**(184)**	**–**	**(6,428)**	**(6)**
Revenue from external customers	**78,077**	**46,163**	**–**	**124,240**	**343,838**
Adjusted[1] EBITDA[2]	**9,869**	**7,693**	**(2,487)**	**15,075**	**7,586**
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	**(1,532)**	**(2,326)**	**(151)**	**(4,009)**	**(2,693)**
Share of post-tax results of associate (adjusted[1]) and joint ventures	**840**	**–**	**–**	**840**	**2,016**
Adjusted[1] operating profit/(loss)	**9,177**	**5,367**	**(2,638)**	**11,906**	**6,909**
Adjusting items (note 5)	**131**	**(3,351)**	**(454)**	**(3,674)**	**(7,735)**
Operating profit/(loss)	**9,308**	**2,016**	**(3,092)**	**8,232**	**(826)**
Finance income				**351**	**–**
Finance costs				**(1,017)**	**(756)**
Adjusted[1] profit before taxation				**11,240**	**6,153**
Adjusting items (note 5)				**(3,674)**	**(7,735)**
Profit/(loss) before taxation				**7,566**	**(1,582)**
Taxation of discontinued operations					**(611)**
Loss for the year from discontinued operations (note 9)					**(2,193)**

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 5.

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

Assets and liabilities

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000	Total Group £'000
Gross assets	**58,972**	**79,821**	**24,379**	**163,172**	**148,531**	**311,703**
Gross liabilities	**(15,739)**	**(28,383)**	**(29,544)**	**(73,666)**	**(101,566)**	**(175,232)**
Intangible asset additions (note 12)	**5**	**337**	**–**	**342**	**–**	**342**
Property, plant and equipment additions (note 13)	**2,303**	**1,436**	**29**	**3,768**	**1,910**	**5,678**
Right-of-use asset additions (note 14)	**116**	**733**	**109**	**958**	**1,770**	**2,728**

The segmental information for the year ended 28 August 2021 is as follows. This has been restated to present continuing operations and discontinued operations separately. This is to aid comparability with the segmental information presented for the current year. Prior year disclosures have also been restated in respect of the recognition of revenue from customer contracts within the Engineering division and discontinued operations. Further details of the prior year restatements can be found in note 39.

Restated:	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	74,395	51,864	–	126,259	284,240
Inter-segment revenue	(5,934)	(6)	–	(5,940)	(6)
Revenue from external customers	68,461	51,858	–	120,319	284,234
Adjusted[1] EBITDA[2]	9,858	6,092	(2,094)	13,856	7,025
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,335)	(2,208)	(227)	(3,770)	(2,513)
Share of post-tax results of associate (adjusted[1]) and joint ventures	991	–	–	991	1,955
Adjusted[1] operating profit/(loss)	9,514	3,884	(2,321)	11,077	6,467
Adjusting items (note 5)	(2,847)	97	(127)	(2,877)	(1,684)
Operating profit/(loss)	6,667	3,981	(2,448)	8,200	4,783
Finance income				260	–
Finance costs				(925)	(307)
Adjusted[1] profit before taxation				10,412	6,160
Adjusting items (note 5)				(2,877)	(1,684)
Profit before taxation				7,535	4,476
Taxation of discontinued operations					(627)
Profit for the year from discontinued operations (note 9)					3,849

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 5.

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

Assets and liabilities (restated)

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000	Total Group £'000
Gross assets	48,558	80,176	27,258	155,992	106,694	262,686
Gross liabilities	(12,251)	(28,648)	(29,381)	(70,280)	(57,855)	(128,135)
Intangible asset additions (note 12)	3	104	–	107	–	107
Property, plant and equipment additions (note 13)	1,712	1,056	–	2,768	824	3,592
Right-of-use asset additions (note 14)	392	380	–	772	1,881	2,653

Entity-wide disclosures

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

	2022		2021 (restated)	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
UK	**52,325**	**343,838**	54,266	284,234
USA	**56,098**	**–**	47,621	–
Germany	**9,511**	**–**	14,469	–
Republic of Ireland	**4,359**	**–**	2,182	–
New Zealand	**1,946**	**–**	1,779	–
Other	**1**	**–**	2	–
	124,240	**343,838**	120,319	284,234

Non-current assets

	2022						2021					
	UK £'000	**USA £'000**	**Germany £'000**	**Republic of Ireland £'000**	**New Zealand £'000**	**Total £'000**	UK £'000	USA £'000	Germany £'000	Republic of Ireland £'000	New Zealand £'000	Total £'000
Goodwill	**10,044**	**9,516**	**4,049**	**–**	**–**	**23,609**	17,855	8,013	5,692	–	–	31,560
Other intangible assets	**2,958**	**888**	**789**	**–**	**–**	**4,635**	3,788	843	520	–	–	5,151
Property, plant and equipment	**14,253**	**11,302**	**7,613**	**–**	**36**	**33,204**	20,271	7,950	7,938	–	39	36,198
Right-of-use assets	**7,447**	**326**	**407**	**43**	**–**	**8,223**	16,184	535	–	58	–	16,777
Investment property	**74**	**–**	**–**	**–**	**–**	**74**	152	–	–	–	–	152
Investment in associate	**–**	**–**	**–**	**–**	**–**	**–**	14,268	–	–	–	–	14,268
Interest in joint ventures	**97**	**4,160**	**1,808**	**–**	**–**	**6,065**	2,489	3,155	3,838	–	–	9,482
Other investments	**6**	**26**	**–**	**–**	**–**	**32**	50	22	–	–	–	72
Contract assets	**316**	**–**	**–**	**–**	**–**	**316**	312	–	–	–	–	312
Non-current receivables	**–**	**23**	**–**	**–**	**–**	**23**	–	20	–	–	–	20
	35,195	**26,241**	**14,666**	**43**	**36**	**76,181**	75,369	20,538	17,988	58	39	113,992

Major customers

Included within Group revenue from continuing operations is £17.2m (2021: £15.9m) in respect of a customer in the Speciality Agriculture segment. This revenue accounts for more than 10% of the continuing Group revenue in both years presented.

3 Revenue

Disaggregation of revenue

In accordance with IFRS 15 'Revenue from Contracts with Customers' the following table presents the Group's reported revenue disaggregated based on the timing of revenue recognition.

	2022		2021 (restated)	
Timing of revenue recognition	**Continuing operations £'000**	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Over time	**28,919**	**–**	36,049	–
At a point in time	**95,321**	**343,838**	84,270	284,234
	124,240	**343,838**	120,319	284,234

Transaction price allocated to the remaining performance obligations

As at 3 September 2022:

	2023 £'000	**2024 £'000**	**2025 onwards £'000**	**Total £'000**
Total transaction price allocated to the remaining performance obligations	**31,528**	**5,758**	**3,356**	**40,642**

As at 28 August 2021 (restated):

	2022 £'000	2023 £'000	2024 onwards £'000	Total £'000
Total transaction price allocated to the remaining performance obligations	27,144	9,484	3,031	39,659

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earned by the Group for distinct goods and services which the Group has promised to deliver to its customers. These include promises which are partially satisfied at the period end or those which are unsatisfied but which the Group has committed to providing.

The transaction price above does not include any estimated revenue to be earned on framework contracts for which a firm order or instruction has not been received from the customer. It also excludes secured orders at the year end where the Group acts in the capacity of agent rather than principal under the contract.

4 Operating profit

	2022		2021 (restated)	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Group operating profit is stated after (crediting)/charging:				
Amortisation of grants	**(32)**	**–**	(54)	–
Profit on disposal of property, plant and equipment	**(17)**	**(9)**	(73)	(71)
Profit on disposal of right-of-use leases	**(5)**	**(15)**	–	–
Profit on disposal of investment property	**(76)**	**–**	–	–
Depreciation of property, plant and equipment	**2,778**	**1,067**	2,576	1,246
Depreciation of right-of-use assets	**1,276**	**1,632**	1,219	1,310
Depreciation of owned investment property	**5**	**–**	6	–
Amortisation of intangible assets	**988**	**18**	1,228	28
Goodwill impairment	**4,219**	**–**	–	–
Foreign exchange (gains)/losses	**(171)**	**–**	200	–
Derivative financial instruments losses	**60**	**–**	3	–
Research and development expense (2021: restated)	**6,783**	**1,461**	7,637	1,461
Auditors' remuneration:				
Audit services (Company £17,830; 2021: £17,480)	**91**	**–**	89	–
Audit services – additional fees from previous auditors for 2021	**85**	**35**	–	–
The auditing of accounts of subsidiaries of the Company pursuant to legislation (including overseas)	**710**	**480**	223	96
Total audit services	**886**	**515**	312	96
Reporting accountant services	**–**	**355**	–	–
Total non-audit services	**–**	**355**	–	–
Included within Group operating profit is the following in respect of investment property leased to, and occupied by, external parties:				
Rental income	**(42)**	**–**	(42)	–
Operating (income)/expenses	**(35)**	**–**	28	–
	(77)	**–**	(14)	–

The amounts presented for research and development expense in the prior year have been restated following an exercise undertaken in the current year to determine qualifying spend for UK tax purposes. Significant additional spend was identified and to aid comparability the prior year has been restated to this higher amount.

The auditors' remuneration includes a £120,000 additional fee raised in the year by the Group's previous auditors, KPMG, in respect of the audit of the prior year.

Reporting accountant services of £355,000 in respect of discontinued operations relate to services associated with the disposal of the Carr's Billington Agricultural business.

5 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.

	2022		2021	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Amortisation of acquired intangible assets (i)	**940**	**–**	1,186	–
Adjustments to contingent consideration (ii)	**(1,320)**	**–**	(1,013)	–
Restructuring/closure costs (iii)	**–**	**–**	248	–
Strategic review costs (iv)	**455**	**–**	–	–
Acquisition-related costs (v)	**–**	**20**	–	–
Gain on acquisition of Afgritech (vi)	**(733)**	**–**	–	–
Loss on fair value measurement less costs to sell (vii)	**–**	**6,376**	–	–
Cloud configuration and customisation costs – Group (viii)	**113**	**974**	366	990
Cloud configuration and customisation costs – share of associate (viii)	**–**	**365**	–	515
Goodwill impairment (ix)	**4,219**	**–**	–	–
Impairment of joint venture (x)	**–**	**–**	2,090	–
Effect of deferred tax rate change – share of associate (xi)	**–**	**–**	–	179
Included in profit before taxation	**3,674**	**7,735**	2,877	1,684
Effect of deferred tax rate change – Group (xi)	**–**	**–**	1,073	(83)
Taxation effect of the above adjusting items	**(342)**	**(186)**	(340)	(188)
Included in profit for the year	**3,332**	**7,549**	3,610	1,413

(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.

(iv) Strategic review costs include external adviser fees incurred in the development of the Group's strategy.

(v) Acquisition-related costs relate to legal fees incurred in respect of an aborted acquisition.

(vi) On 6 June 2022 the Group acquired the remaining 50% shareholding in Afgritech Ltd and the financial position and performance of the business, together with that of its 100% owned subsidiary Afgritech LLC, was fully consolidated from this date. The Group's joint venture interest was effectively disposed of at this date with a gain of £197,000, being the difference between the carrying value and the fair value of the joint venture interest, recognised. Also included in the amount in the table above are foreign exchange gains of £559,000 that have been recycled from the foreign exchange reserve to the income statement on disposal, acquisition-related costs of £27,000 and negative goodwill of £4,000 (note 32).

(vii) At 3 September 2022 the carrying value of the assets and liabilities included in the disposal group classified as held for sale exceeds the fair value less costs to sell. As a result the net assets of the disposal group have been reduced to the fair value less costs to sell resulting in a loss of £6,376,000 being recognised. This includes a loss attributable to the non-controlling interests of £2,603,000 together with costs to sell of £175,000 recognised within the accounts of Carrs Billington Agriculture (Sales) Ltd.

(viii) Costs relating to material spend in relation to the implementation of the Group's, and associate's, ERP system that are expensed in accordance with the IFRIC agenda decision.

(ix) Impairment of goodwill in respect of the Chirton profit centre and Wälischmiller Engineering GmbH cash-generating units. Further details of the impairment charge can be found in note 12.

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

(xi) During the prior year 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 prior year in the Group's share of associate results and £990,000 was recognised in the Group's prior year tax charge in relation to the remeasurement of deferred tax assets and liabilities. This does not relate to the underlying performance of the associate or Group and was therefore included as an adjusting item.

6 Staff costs

The tables below include Executive and Non-Executive Directors.

	2022		2021	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Wages and salaries	**28,737**	**15,286**	28,926	13,943
Social security costs	**3,253**	**1,708**	3,276	1,445
Pension costs	**1,651**	**1,123**	1,504	1,238
Staff costs before share-based payments	**33,641**	**18,117**	33,706	16,626
Share-based payments	**148**	**101**	345	119
	33,789	**18,218**	34,051	16,745

Included within pension costs is a charge of £126,000 (2021: £18,000) in respect of the defined benefit pension scheme.

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

	2022		2021	
	Continuing operations Number	**Discontinued operations Number**	Continuing operations Number	Discontinued operations Number
Sales, office and management	**233**	**411**	252	376
Manufacture and distribution	**417**	**111**	396	117
	650	**522**	648	493

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

The following amounts are disclosed in accordance with Schedule 5 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	2022 £'000	2021 £'000
Aggregate Directors' remuneration[1]	**1,035**	1,414
Aggregate social security costs	**145**	190
Aggregate pension contributions[2]	**1**	3
Aggregate amount of gains on exercise of share options[3]	**35**	306
	1,216	1,913

1 Salary (after salary sacrifice of pension), fees, bonuses, pay in lieu of pension, pay in lieu of notice and benefits in kind. Includes bonuses based on amounts accrued at the year end.

2 Cash contributions paid in the year into the defined contribution pension scheme.

3 Gains realised in the year in respect of the LTIP, deferred bonus plan and share save scheme.

The number of Directors in the defined contribution pension scheme during the year was one (2021: two).

Further details of the Directors' emoluments, pension benefits and share options are given in the Remuneration Committee Report on pages 65 to 83.

7 Finance income and finance costs

	2022		2021	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Finance income				
Bank interest	**176**	**–**	108	–
Net interest on the net defined benefit retirement asset (note 29)	**159**	**–**	147	–
Other interest	**16**	**–**	5	–
Total finance income	**351**	**–**	260	–
Finance costs				
Interest payable on bank overdrafts	**(183)**	**–**	(109)	–
Interest payable on bank loans and other borrowings	**(569)**	**(420)**	(520)	(27)
Interest payable on leases	**(240)**	**(243)**	(264)	(212)
Other interest	**(25)**	**(93)**	(32)	(68)
Total finance costs	**(1,017)**	**(756)**	(925)	(307)

8 Taxation

(a) Analysis of the charge in the year

	2022		2021 (restated)	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Current tax:				
UK corporation tax				
Current year	**119**	**316**	259	578
Adjustment in respect of prior years	**164**	**51**	(205)	223
Foreign tax				
Current year	**1,607**	**–**	1,130	–
Adjustment in respect of prior years	**(1)**	**–**	(84)	–
Group current tax	**1,889**	**367**	1,100	801
Deferred tax:				
Origination and reversal of timing differences				
Current year	**10**	**224**	764	18
Adjustment in respect of prior years	**(375)**	**20**	(76)	(192)
Group deferred tax (note 20)	**(365)**	**244**	688	(174)
Tax on profit	**1,524**	**611**	1,788	627

Deferred tax recognised in equity is disclosed in note 20.

8 Taxation continued

(b) Factors affecting tax charge for the year

The tax assessed for the year from continuing operations is higher (2021 restated: higher) than the rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022		2021 (restated)	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Profit/(loss) before taxation	**7,566**	**(1,582)**	7,535	4,476
Tax at 19% (2021: 19%)	**1,438**	**(301)**	1,432	850
Effects of:				
Tax effect of share of results of associate and joint ventures	**(160)**	**(314)**	(188)	(240)
Tax effect of expenses that are not allowable in determining taxable profit	**1,213**	**1,246**	436	53
Tax effect of non-taxable income	**(1,183)**	**(143)**	(778)	–
Effects of different tax rates of foreign subsidiaries	**149**	**–**	99	–
Effects of deferred tax rates	**68**	**52**	1,057	(67)
Unrecognised deferred tax on losses	**99**	**–**	95	–
Withholding taxes suffered	**112**	**–**	–	–
Adjustment in respect of prior years	**(212)**	**71**	(365)	31
Total tax charge for the year	**1,524**	**611**	1,788	627

The tax effect of expenses that are not allowable in determining taxable profit includes share-based payments, depreciation of non-qualifying assets, disregarded foreign exchange movements and other expenses disallowable for UK corporation tax. In addition, for current year continuing operations, it includes the goodwill impairment (notes 5 and 12) and, in respect of discontinued operations, it includes the loss recognised on the measurement to fair value less costs to sell of the disposal group (notes 5 and 9). Prior year continuing operations includes adjustments for impairment of joint venture (note 5).

The tax effect of non-taxable income includes adjustments to contingent consideration (note 5), the effect of income within the patent box regime, adjustments to profit before taxation for research and development expenditure credits in respect of prior years and the 30% benefit of the super deduction for capital allowances.

(c) Change in corporation tax rate

In the prior year 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 in the prior 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 3 September 2022 and 28 August 2021 are provided at 25%. In the prior year the charge of £990,000 does not relate to the underlying profitability of the Group and has been treated as an adjusting item (note 5).

9 Discontinued operations and non-current assets held for sale

On 31 August 2022, the Group entered into a conditional agreement to dispose of its interests in the Carr's Billington Agricultural business to Edward Billington & Son Limited. In accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', the assets and liabilities related to the business were classified as a disposal group held for sale at 3 September 2022. The sale was conditional on approval by the Group's shareholders which was given at a General Meeting held on 19 September 2022. The disposal completed on 26 October 2022.

On completion, the Company received £24.7m initial cash proceeds following certain working capital adjustments since the announcement on 31 August 2022. The consideration receivable remains subject to any final adjustments once the completion accounts mechanism is finalised. Current estimates of fair value less costs to sell is lower than the carrying value of the disposal group's net assets, and accordingly a loss of £6.2m has been recognised in the loss for the year from discontinued operations.

The tables below show the results of the discontinued operations and the loss recognised on the remeasurement to fair value less costs to sell for the year ended 3 September 2022, together with the classes of assets and liabilities comprising the operations held for sale in the Group balance sheet as at 3 September 2022.

	2022 £'000	2021 £'000
Revenue (2021: restated)	**343,838**	284,234
Expenses (2021: restated)	**(340,870)**	(281,019)
	2,968	3,215
Share of post-tax results of associate	**1,165**	831
Share of post-tax results of joint venture	**486**	430
Profit before taxation of discontinued operations	**4,619**	4,476
Taxation (note 8)	**(611)**	(627)
Profit after taxation of discontinued operations	**4,008**	3,849
Pre-taxation loss recognised on the measurement to fair value less costs to sell	**(6,201)**	–
Taxation	**–**	–
After taxation loss recognised on the measurement to fair value less costs to sell	**(6,201)**	–
(Loss)/profit for the year from discontinued operations	**(2,193)**	3,849

Revenue and expenses in the table above in respect of the prior year have been reduced by £10,497,000 to remove revenues where Carrs Billington Agriculture (Sales) Ltd acts as agent rather than principal together with £2,769,000 in respect of intra-company transactions which had not been netted off in prior years. There is no impact on profit in respect of either of these.

The pre-taxation loss recognised on the measurement to fair value less costs to sell includes £2,603,000 in respect of the non-controlling interest's share of the measurement impairment.

9 Discontinued operations and non-current assets held for sale continued

The net assets relating to the disposal group at 3 September 2022 in the Group and Company balance sheets are shown below:

	Group £'000	Company £'000
Assets of the disposal group		
Goodwill	**5,285**	**–**
Property, plant and equipment	**8,539**	**–**
Right-of-use assets	**8,267**	**–**
Investment in subsidiary undertakings	**–**	**337**
Investment in associate	**15,218**	**245**
Interest in joint ventures	**2,870**	**–**
Other investments	**45**	**–**
Deferred tax asset	**177**	**–**
Inventories	**34,442**	**–**
Trade and other receivables	**65,946**	**–**
Current tax assets	**101**	**–**
Cash and cash equivalents	**12,074**	**–**
Loss on fair value measurement before costs to sell	**(4,433)**	**–**
Total assets	**148,531**	**582**
Liabilities of the disposal group		
Borrowings	**(24,415)**	**–**
Leases	**(8,196)**	**–**
Trade and other payables	**(68,955)**	**–**
Total liabilities	**(101,566)**	**–**
Net assets	**46,965**	**582**

Costs to sell of £1,768,000 have been incurred by the parent Company and are therefore excluded from the loss on fair value measurement shown above. The loss on fair value measurement before costs to sell includes £2,603,000 in respect of the non-controlling interest's share of the measurement impairment.

The Company has classified its investment in Ordinary Shares of Carr's Billington Agriculture (Sales) Limited and Carr's Billington Agriculture (Operations) Limited as assets held for sale.

10 Dividends

Equity	2022 £'000	2021 £'000
Second interim paid for the year ended 28 August 2021 of 1.175p per 2.5p share (2020: 2.25p)	**1,100**	2,080
Final dividend for the year ended 28 August 2021 of 2.65p per 2.5p share (2020: 2.5p)	**2,483**	2,311
First interim paid for the year ended 3 September 2022 of 1.175p per 2.5p share (2021: £1.175p)	**1,104**	1,099
	4,687	5,490

Since the year end an interim dividend of £1,103,968 being 1.175p per share, has been paid. The financial statements do not reflect the dividend payable.

The proposed final dividend for the year ended 3 September 2022 to be considered by shareholders at the Annual General Meeting is £2,679,614 being 2.85p per share, making a total for the year of 5.2p (2021: 5.0p). Shares held in treasury do not carry entitlement to a dividend. The financial statements do not reflect this proposed final dividend as payable.

In the prior year the second interim dividend paid in respect of the year ended 29 August 2020 of £2,080,000 included the deferred first interim dividend that, under normal circumstances, would have been paid in May 2020. This was deferred due to the uncertainty associated with the COVID-19 pandemic.

11 Earnings per ordinary share

Earnings per share are calculated by reference to a weighted average of 93,873,465 shares (2021: 93,123,043) in issue during the year.

Adjusting items disclosed in note 5 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:

	2022		2021 (restated)	
	Earnings £'000	**Earnings per share pence**	Earnings £'000	Earnings per share pence
Continuing operations				
Earnings per share – basic	**6,042**	**6.4**	5,747	6.2
Adjusting items:				
Amortisation of acquired intangible assets	**940**	**1.0**	1,186	1.3
Adjustments to contingent consideration	**(1,320)**	**(1.4)**	(1,013)	(1.1)
Restructuring/closure costs	**–**	**–**	248	0.3
Strategic review costs	**455**	**0.5**	–	–
Gain on acquisition of Afgritech	**(733)**	**(0.8)**	–	–
Cloud configuration and customisation costs – Group	**113**	**0.1**	366	0.4
Goodwill impairment	**4,219**	**4.5**	–	–
Impairment of joint venture	**–**	**–**	2,090	2.2
Taxation effect of the above	**(342)**	**(0.3)**	(340)	(0.4)
Effect of increase to UK deferred tax rate – Group	**–**	**–**	1,073	1.2
Earnings per share – adjusted	**9,374**	**10.0**	9,357	10.1
Discontinued operations				
Earnings per share – basic	**(970)**	**(1.0)**	1,909	2.1
Adjusting items:				
Acquisition-related costs	**20**	**–**	–	–
Loss on fair value measurement less costs to sell	**6,376**	**6.8**	–	–
Cloud configuration and customisation costs – Group	**974**	**1.0**	990	1.1
Cloud configuration and customisation costs – share of associate	**365**	**0.4**	515	0.6
Taxation effect of the above	**(186)**	**(0.2)**	(188)	(0.3)
Effect of increase to UK deferred tax rate – Group	**–**	**–**	(83)	(0.1)
Effect of increase to UK deferred tax rate – share of associate	**–**	**–**	179	0.2
Non-controlling interest in the above	**(3,085)**	**(3.3)**	(433)	(0.5)
Earnings per share – adjusted	**3,494**	**3.7**	2,889	3.1
Total (basic)	**5,072**	**5.4**	7,656	8.3
Total (adjusted)	**12,868**	**13.7**	12,246	13.2

11 Earnings per ordinary share continued

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. The potentially dilutive Ordinary Shares, where the exercise price is less than the average market price of the Company's Ordinary Shares during the year, are disclosed in note 31.

	2022			2021 (restated)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share pence**	Earnings £'000	Weighted average number of shares	Earnings per share pence
Continuing operations						
Earnings per share	**6,042**	**93,873,465**	**6.4**	5,747	93,123,043	6.2
Effect of dilutive securities:						
Share Save Scheme	**–**	**933,331**	**–**	–	1,145,027	(0.1)
Long Term Incentive Plan	**–**	**326,866**	**–**	–	422,112	–
Diluted earnings per share	**6,042**	**95,133,662**	**6.4**	5,747	94,690,182	6.1
Discontinued operations						
Earnings per share	**(970)**	**93,873,465**	**(1.0)**	1,909	93,123,043	2.1
Effect of dilutive securities:						
Share Save Scheme	**–**	**933,331**	**–**	–	1,145,027	(0.1)
Long Term Incentive Plan	**–**	**326,866**	**–**	–	422,112	–
Diluted earnings per share	**(970)**	**95,133,662**	**(1.0)**	1,909	94,690,182	2.0
Total (diluted)	**5,072**	**95,133,662**	**5.4**	7,656	94,690,182	8.1

	2022			2021 (restated)		
	Adjusted earnings £'000	**Weighted average number of shares**	**Earnings per share pence**	Adjusted earnings £'000	Weighted average number of shares	Earnings per share pence
Continuing operations						
Diluted adjusted earnings per share	**9,374**	**95,133,662**	**9.9**	9,357	94,690,182	9.9
Discontinued operations						
Diluted adjusted earnings per share	**3,494**	**95,133,662**	**3.7**	2,889	94,690,182	3.1
Total (diluted adjusted)	**12,868**	**95,133,662**	**13.6**	12,246	94,690,182	13.0

12 Goodwill and other intangible assets

	Group						
	Goodwill £'000	Customer relationships £'000	Know-how, technology and development costs £'000	Brands, patents and trademarks £'000	Contract backlog £'000	Software £'000	Total £'000
Cost							
At 30 August 2020	34,582	3,392	2,739	2,978	229	783	44,703
Exchange differences	(481)	–	(23)	(53)	(7)	(33)	(597)
Additions	–	–	–	3	–	104	107
Reclassification	–	–	–	–	–	(17)	(17)
At 28 August 2021	**34,101**	**3,392**	**2,716**	**2,928**	**222**	**837**	**44,196**
Exchange differences	**1,553**	**–**	**16**	**260**	**42**	**7**	**1,878**
Additions	**–**	**–**	**334**	**5**	**–**	**3**	**342**
Transferred to assets held for sale	**(5,610)**	**(156)**	**(143)**	**–**	**–**	**–**	**(5,909)**
At 3 September 2022	**30,044**	**3,236**	**2,923**	**3,193**	**264**	**847**	**40,507**
Accumulated amortisation and impairment							
At 30 August 2020	2,541	864	1,003	889	229	771	6,297
Exchange differences	–	–	(4)	(24)	(7)	(33)	(68)
Charge for the year	–	546	467	230	–	13	1,256
At 28 August 2021	**2,541**	**1,410**	**1,466**	**1,095**	**222**	**751**	**7,485**
Exchange differences	**–**	**–**	**6**	**121**	**42**	**8**	**177**
Charge for the year	**–**	**295**	**456**	**235**	**–**	**20**	**1,006**
Impairment	**4,219**	**–**	**–**	**–**	**–**	**–**	**4,219**
Transferred to assets held for sale	**(325)**	**(156)**	**(143)**	**–**	**–**	**–**	**(624)**
At 3 September 2022	**6,435**	**1,549**	**1,785**	**1,451**	**264**	**779**	**12,263**
Net book amount							
At 29 August 2020	32,041	2,528	1,736	2,089	–	12	38,406
At 28 August 2021	31,560	1,982	1,250	1,833	–	86	36,711
At 3 September 2022	**23,609**	**1,687**	**1,138**	**1,742**	**–**	**68**	**28,244**

12 Goodwill and other intangible assets continued

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

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

	2022 £'000	2021 £'000
Carrs Billington Agriculture (Sales) Ltd	**–**	5,285
Carrs Agriculture Ltd – UK feed blocks	**2,068**	2,068
Animal Feed Supplement, Inc.	**22**	18
Wälischmiller Engineering GmbH	**4,049**	5,692
Carr's Engineering Ltd – Chirton profit centre	**–**	2,526
NuVision Engineering, Inc.	**9,494**	7,995
Animax Ltd	**1,742**	1,742
NW Total Engineered Solutions Ltd	**6,234**	6,234
	23,609	31,560

Goodwill arising on the acquisition of overseas subsidiaries has been retranslated at the balance sheet date. Goodwill in respect of Carrs Billington Agriculture (Sales) Ltd has been transferred at 3 September 2022 to assets included in disposal group classified as held for sale (note 9).

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill is tested for impairment by estimating future cash flows from the cash-generating units to which goodwill has been allocated and discounting those cash flows to their present value. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The key assumptions in this calculation are the levels of future cash flows, particularly in the perpetuity period, and the discount rate. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time-value of money and the risks specific to the cash-generating units. Cash flows are estimated using the most recent performance information for the year to August 2023 and forecast information for the four years to August 2027 based on medium-term business plans and an assumption for long-term growth of between 0% – 3.25%. The pre-tax discount rates used to discount the forecast cash flows for all cash-generating units are in the range 11.76% – 14.34% (2021: 4.88% – 8.09%).

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

Other than for the cash-generating units noted on the next page, significant headroom exists and, based on the stress testing performed, reasonable possible changes in the assumptions would not cause the carrying amount of the cash-generating units to equal or to exceed their recoverable amount.

12 Goodwill and other intangible assets continued

The Directors have placed specific attention on the Chirton profit centre cash-generating unit given its exposure to the oil and gas sector. Despite modest improvements in trading this year, the Directors' current view of this sector is that it offers limited growth in future years, and this is reflected in the forecasts for outer years. Allied to the uplift in discount rates noted above, the estimated recoverable amount of this cash-generating unit was below the remaining carrying value of assets and therefore all remaining goodwill (£2.5m) has been impaired in full. Given the recognition of a full impairment against goodwill, and to gain comfort that no further impairment was required to other non-current assets, sensitivity analysis over the pre-tax discount rate and short term growth rate of earnings was performed. If the pre-tax discount rate increased by 1% and, independently a reduction of 5% was applied to short term annual growth in earnings before interest and tax the carrying value would exceed the estimated recoverable amount of the cash-generating unit by a further £0.5m and £0.2m respectively, indicating a potential impairment to other non-current assets.

For the Wälischmiller Engineering GmbH cash-generating unit, the estimated recoverable amount of the cash-generating unit was below the carrying value of assets by £1.7m and goodwill has been impaired by this value. The Directors have concluded that the long-term prospects of the business are sufficient to hold the remaining goodwill of £4.0m. As the goodwill carrying value has not been fully impaired, additional sensitivity analysis over the pre-tax discount rate and short term growth rate of earnings was performed. If the pre-tax discount rate increased by 1% there would be an additional impairment of £1.6m and, independently, if the short term annual growth in earnings before interest and tax was reduced by 5% there would be an additional impairment of £0.3m.

For the Animax Ltd cash-generating unit, the estimated recoverable amount of the cash-generating unit exceeded its carrying value by £2.3m and therefore the Directors concluded that no impairment was required; however the calculations are sensitive to changes in key assumptions such as reasonably possible changes to the pre-tax discount rate. If the pre-tax discount rate assumption was increased from 11.76% to 15.70% the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value. A reduction of 5% to short term annual growth in earnings before interest and tax would reduce headroom from £2.3m to £2.2m.

In all instances above the short term annual growth in earnings before interest and tax is the annual forecast growth over a three year period. The sensitivity of a 5% reduction has been applied to each year's growth rate and the sensitised earnings have been included in the impairment model to determine the effect on headroom.

Amortisation and impairment charges are recognised within administrative expenses and have been highlighted separately within adjusting items (note 5) where they relate to acquired intangible assets.

There is no goodwill or other intangible assets in the Company (2021: none).

Significant cash-generating units

The table below shows the key assumptions and inputs that have been used in the impairment testing for goodwill with a significant carrying value together with sensitised assumptions required to eliminate the headroom:

	Headroom £m	Annual growth in EBIT[1] %	Pre-tax discount rate %	Pre-tax discount rate (sensitised)[2] %	Long-term growth rate %	Long-term growth rate (sensitised)[2] %	Cash flows (sensitised)[3] %
Cash-generating unit							
NuVision Engineering, Inc.	**8.0**	**(1.7)**	**11.89**	**17.53**	**3.3**	**(4.5)**	**(37.0)**
NW Total Engineered Solutions Ltd	**5.9**	**63.2**	**12.35**	**17.98**	**3.1**	**(4.4)**	**(33.8)**
Wälischmiller Engineering GmbH	**–**	**9.8**	**14.34**	**N/A[4]**	**2.9**	**N/A[4]**	**N/A[4]**
Carr's Engineering Ltd – Chirton profit centre	**–**	**62.7**	**13.33**	**N/A[4]**	**0.0**	**N/A[4]**	**N/A[4]**
Carrs Agriculture Ltd – UK feed blocks	**13.0**	**(6.1)**	**12.24**	**19.71**	**0.2**	**(11.4)**	**(35.7)**
Animax Ltd	**2.3**	**45.5**	**11.76**	**15.70**	**0.2**	**(5.8)**	**(23.8)**

1 Earnings before interest and tax. Annual growth in EBIT is calculated as the compounded annual growth rate over a period of 3 years commencing from year ended 3 September 2022. For the NW Total Engineered Solutions Ltd cash-generating unit this calculation excludes the initial loss making period.

2 Rate required to eliminate headroom.

3 Percentage reduction required to cash flows to eliminate headroom.

4 As the headroom for Wälischmiller Engineering GmbH and Chirton profit centre are already below break-even point at £(1.7)m and £(2.6)m respectively this sensitivity is not applicable.

13 Property, plant and equipment

	Group				Company
	Land and buildings £'000	Plant and equipment £'000	Assets in the course of construction £'000	Total £'000	Plant and equipment £'000
Cost					
At 30 August 2020	33,134	41,533	4,143	78,810	639
Exchange differences	(529)	(493)	(65)	(1,087)	–
Additions	1,248	1,235	1,109	3,592	–
Transfers from right-of-use assets	–	803	–	803	–
Disposals	(21)	(5,108)	(14)	(5,143)	(365)
Reclassifications	898	1,345	(3,785)	(1,542)	–
At 28 August 2021	**34,730**	**39,315**	**1,388**	**75,433**	**274**
Exchange differences	**1,245**	**2,361**	**82**	**3,688**	**–**
Subsidiaries acquired	**304**	**1,002**	**–**	**1,306**	**–**
Additions	**424**	**2,555**	**2,699**	**5,678**	**30**
Transfers to right-of-use assets	**–**	**(99)**	**–**	**(99)**	**–**
Transfers from right-of-use assets	**–**	**1,312**	**–**	**1,312**	**–**
Transfers from inventories	**–**	**109**	**–**	**109**	**–**
Disposals	**(1)**	**(610)**	**–**	**(611)**	**–**
Reclassifications	**264**	**407**	**(671)**	**–**	**–**
Transferred to assets held for sale	**(7,164)**	**(10,384)**	**(1,253)**	**(18,801)**	**–**
At 3 September 2022	**29,802**	**35,968**	**2,245**	**68,015**	**304**
Accumulated depreciation and impairment					
At 30 August 2020	9,255	31,296	–	40,551	521
Exchange differences	(122)	(386)	–	(508)	–
Charge for the year	1,046	2,776	–	3,822	33
Transfers from right-of-use assets	–	261	–	261	–
Disposals	(7)	(4,884)	–	(4,891)	(365)
At 28 August 2021	**10,172**	**29,063**	**–**	**39,235**	**189**
Exchange differences	**409**	**1,728**	**–**	**2,137**	**–**
Charge for the year	**1,073**	**2,772**	**–**	**3,845**	**27**
Transfers to right-of-use assets	**–**	**(5)**	**–**	**(5)**	**–**
Transfers from right-of-use assets	**–**	**402**	**–**	**402**	**–**
Disposals	**–**	**(541)**	**–**	**(541)**	**–**
Transferred to assets held for sale	**(2,017)**	**(8,245)**	**–**	**(10,262)**	**–**
At 3 September 2022	**9,637**	**25,174**	**–**	**34,811**	**216**
Net book amount					
At 29 August 2020	23,879	10,237	4,143	38,259	118
At 28 August 2021	24,558	10,252	1,388	36,198	85
At 3 September 2022	**20,165**	**10,794**	**2,245**	**33,204**	**88**

Transfers from right-of-use assets represent finance leased assets that became owned assets on maturity of the lease term.

Freehold land amounting to £2,287,721 (2021: £3,435,880) has not been depreciated.

During the prior year the classification of assets was reviewed and it was concluded that £1,542,000 of asset cost was better presented as right-of-use assets.

13 Property, plant and equipment continued

Under the Group's banking facilities the lenders have legal charges over certain properties together with floating charges over the assets of certain businesses. The net book amount of specific assets held under legal charges at the balance sheet date was £1,342,000 (2021: £1,396,000). At 3 September 2022 these specific assets have been transferred to assets held for sale.

Included in the above table in respect of assets held under floating charges are assets with a net book amount of £7,197,000 (2021: £6,483,000). This excludes specific assets under legal charge which are separately disclosed above. At 3 September 2022 these assets held under floating charges have been transferred to assets held for sale.

Depreciation is recognised within the consolidated income statement as shown below:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cost of sales	**1,913**	1,767	**–**	–
Distribution costs	**3**	2	**–**	–
Administrative expenses	**862**	807	**27**	33
Discontinued operations	**1,067**	1,246	**–**	–
	3,845	3,822	**27**	33

14 Right-of-use assets and lease liabilities

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Group			Company
	Land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000	Plant, equipment and vehicles £'000
Cost				
At 30 August 2020	9,595	8,410	18,005	491
Exchange differences	(24)	(1)	(25)	–
Additions	23	2,630	2,653	–
Modifications	858	(16)	842	–
Transfers to property, plant and equipment	–	(803)	(803)	–
Disposals	–	(135)	(135)	(13)
Reclassifications	–	1,559	1,559	–
At 28 August 2021	**10,452**	**11,644**	**22,096**	**478**
Exchange differences	**189**	**7**	**196**	**–**
Additions	**315**	**2,413**	**2,728**	**109**
Modifications	**911**	**2**	**913**	**–**
Transfers to property, plant and equipment	**–**	**(1,312)**	**(1,312)**	**–**
Transfers from property, plant and equipment	**–**	**99**	**99**	**–**
Disposals	**(304)**	**(167)**	**(471)**	**(11)**
Transferred to assets held for sale	**(4,701)**	**(7,929)**	**(12,630)**	**–**
At 3 September 2022	**6,862**	**4,757**	**11,619**	**576**
Accumulated depreciation				
At 30 August 2020	1,091	2,058	3,149	34
Exchange differences	(9)	–	(9)	–
Charge for the year	1,075	1,454	2,529	105
Transfers to property, plant and equipment	–	(261)	(261)	–
Disposals	–	(89)	(89)	(7)
At 28 August 2021	**2,157**	**3,162**	**5,319**	**132**
Exchange differences	**125**	**5**	**130**	**–**
Charge for the year	**1,192**	**1,716**	**2,908**	**114**
Transfers to property, plant and equipment	**–**	**(402)**	**(402)**	**–**
Transfers from property, plant and equipment	**–**	**5**	**5**	**–**
Disposals	**(113)**	**(88)**	**(201)**	**(6)**
Transferred to assets held for sale	**(1,222)**	**(3,141)**	**(4,363)**	**–**
At 3 September 2022	**2,139**	**1,257**	**3,396**	**240**
Net book amount				
At 29 August 2020	8,504	6,352	14,856	457
At 28 August 2021	8,295	8,482	16,777	346
At 3 September 2022	**4,723**	**3,500**	**8,223**	**336**

Transfers to property, plant and equipment represent finance leased assets that became owned assets on maturity of the lease term.

14 Right-of-use assets and lease liabilities continued

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current liabilities	**1,416**	2,967	**113**	98
Non-current liabilities	**6,128**	12,458	**231**	250
	7,544	15,425	**344**	348

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Less than one year	**1,611**	3,280	**120**	104
One to two years	**1,230**	2,766	**112**	97
Two to three years	**1,117**	2,164	**111**	89
Three to four years	**720**	1,675	**12**	73
Four to five years	**515**	1,221	**–**	–
More than five years	**4,636**	8,134	**–**	–
	9,829	19,240	**355**	363

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Continuing Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Depreciation	**1,276**	1,219	**114**	105
Profit on disposal	**(5)**	–	**(3)**	–
Interest expense	**240**	264	**8**	9
Short-term leases and low-value assets	**45**	43	**–**	–
	1,556	1,526	**119**	114

There is no expense recognised in the income statement in respect of variable lease payments that are not included in the measurement of the lease liabilities.

The total continuing Group cash outflow for leases was £1,790,000 (2021: continuing Group £2,042,000). The total Company cash outflow for leases was £113,000 (2021: £107,000).

14 Right-of-use assets and lease liabilities continued

The Group previously received income on one right-of-use property sublease which has now been terminated. A maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis, is as follows:

	Group	
	2022 £'000	2021 £'000
Less than one year	**–**	71
One to two years	**–**	71
Two to three years	**–**	71
Three to four years	**–**	71
Four to five years	**–**	27
	–	311

The Company has no income arising from leases.

15 Investment property

Group	Total £'000
Cost	
At 30 August 2020 and at 28 August 2021	**299**
Disposals	**(144)**
At 3 September 2022	**155**
Accumulated depreciation	
At 30 August 2020	141
Charge for the year	6
At 28 August 2021	**147**
Charge for the year	**5**
Disposals	**(71)**
At 3 September 2022	**81**
Net book amount	
At 29 August 2020	158
At 28 August 2021	152
At 3 September 2022	**74**

The fair value of investment properties at 3 September 2022 is £250,000 (2021: £360,000). Investment properties were valued by independent professionally qualified valuers in October 2016. The Directors are satisfied that there has been no significant change in fair value since that date.

There is no investment property in the Company (2021: none).

16 Investments

Group	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost				
At 30 August 2020	14,042	10,551	82	24,675
Exchange difference	–	(253)	(1)	(254)
Share of post-tax result – continuing operations	–	991	–	991
Share of post-tax result – discontinued operations	831	430	–	1,261
Share of gains/(losses) recognised within other comprehensive income	434	(64)	–	370
Dividend paid by associate and joint ventures	(1,039)	(859)	–	(1,898)
At 28 August 2021	**14,268**	**10,796**	**81**	**25,145**
Exchange difference	**–**	**758**	**5**	**763**
Share of post-tax result – continuing operations	**–**	**840**	**–**	**840**
Share of post-tax result – discontinued operations	**1,165**	**486**	**–**	**1,651**
Share of (losses)/gains recognised within other comprehensive income	**(215)**	**153**	**–**	**(62)**
Dividend paid by joint ventures	**–**	**(2,854)**	**–**	**(2,854)**
Disposals	**–**	**(1,244)**	**–**	**(1,244)**
Transferred to assets held for sale	**(15,218)**	**(2,870)**	**(45)**	**(18,133)**
At 3 September 2022	**–**	**6,065**	**41**	**6,106**
Accumulated provision for impairment				
At 30 August 2020	–	–	9	9
Impairment in the year	–	1,314	–	1,314
At 28 August 2021	**–**	**1,314**	**9**	**1,323**
Transfer of impairment to loan receivables due from joint ventures	**–**	**(70)**	**–**	**(70)**
Disposals	**–**	**(1,244)**	**–**	**(1,244)**
At 3 September 2022	**–**	**–**	**9**	**9**
Net book amount				
At 29 August 2020	14,042	10,551	73	24,666
At 28 August 2021	14,268	9,482	72	23,822
At 3 September 2022	**–**	**6,065**	**32**	**6,097**

Other investments comprise shares in several private limited companies.

On 6 June 2022 the Group acquired the remaining 50% interest in Afgritech Ltd (note 32) and the financial position and performance of this business together with its 100% owned subsidiary Afgritech LLC was fully consolidated from this date. The Group's joint venture interest was effectively disposed of at this date with an exceptional gain of £197,000, being the difference between the carrying value and fair value of the joint venture interest, recognised. This gain has been included as an adjusting item (note 5) together with foreign exchange gains of £559,000 that have been recycled from the foreign exchange reserve to the income statement on disposal, acquisition-related costs of £27,000 and negative goodwill of £4,000.

In the prior year an impairment of £1,314,000 was recognised in respect of Afgritech LLC. During the current period £70,000 was transferred from this provision for impairment to the provision for impairment against the loan receivable from Afgritech Ltd prior to acquisition of the remaining 50% shareholding.

16 Investments continued

Company	Shares in subsidiaries £'000	Associate £'000	Joint ventures £'000	Total £'000
Cost				
At 30 August 2020	36,561	245	272	37,078
Share-based payment charge in respect of employees of subsidiary undertakings	(107)	–	–	(107)
At 28 August 2021	**36,454**	**245**	**272**	**36,971**
Subsidiary acquired	**1,020**	**–**	**–**	**1,020**
Recapitalisation	**–**	**–**	**1,674**	**1,674**
Transfer from joint venture to subsidiary	**1,774**	**–**	**(1,774)**	**–**
Transferred to assets held for sale	**(337)**	**(245)**	**–**	**(582)**
Share-based payment charge in respect of employees of subsidiary undertakings	**101**	**–**	**–**	**101**
At 3 September 2022	**39,012**	**–**	**172**	**39,184**
Accumulated provision for impairment				
At 30 August 2020	3,993	–	–	3,993
Impairment in the year	–	–	100	100
At 28 August 2021	**3,993**	**–**	**100**	**4,093**
Transfer from loan receivables on recapitalisation	**–**	**–**	**776**	**776**
Transfer from joint venture to subsidiary	**876**	**–**	**(876)**	**–**
At 3 September 2022	**4,869**	**–**	**–**	**4,869**
Net book amount				
At 29 August 2020	32,568	245	272	33,085
At 28 August 2021	32,461	245	172	32,878
At 3 September 2022	**34,143**	**–**	**172**	**34,315**

Subsidiary acquired of £1,020,000 is the cash paid to acquire the remaining 50% share holding in Afgritech Ltd (note 32).

The recapitalisation of £1,674,000 in the year represents the capitalisation of the loan receivable due from Afgritech Ltd prior to the acquisition of the additional 50% shareholding. The provision for impairment of £776,000 against the loan receivable due from Afgritech Ltd was transferred to investments on recapitalisation.

Amounts transferred to assets held for sale is the Company's cost of investment in Carrs Billington Agriculture (Sales) Ltd and Carrs Billington Agriculture (Operations) Ltd.

During the prior year there was an impairment of £100,000 recognised against the cost of investment in Afgritech Ltd following the impairment review of its subsidiary Afgritech LLC. This impairment of £100,000 reduced the carrying amount in respect of Afgritech Ltd to £nil.

17 Investment in associate

The associated undertaking at 3 September 2022 is:

Group and Company

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

The investment in Carrs Billington Agriculture (Operations) Ltd is held directly by the Company. The registered office of the associate is Cunard Building, Water Street, Liverpool L3 1EL.

The Group does not have the ability to control the financial and operating policies of its associate. The Group had a 49% shareholding and a 33% representation on the Board of Directors of Carrs Billington Agriculture (Operations) Ltd prior to disposal on 26 October 2022.

The associate is accounted for using the equity method.

At the year end Carrs Billington Agriculture (Operations) Ltd had capital commitments of £2,100,000 (2021: £2,408,000). No contingent liabilities exist within the associate.

At 3 September 2022 the investment in associate is included within assets of disposal group held for sale (note 9). The Group's share of its post-tax results are included within profit for the year from discontinued operations (note 9). The aggregate amounts relating to the associate, of which the Group recognises 49% are:

	2022 £'000	2021 £'000
Total assets	**57,893**	43,139
Total liabilities	**(26,836)**	(14,020)
Revenues	**167,177**	137,957
Profit after tax	**2,378**	1,696

18 Interest in joint ventures

The joint ventures at 3 September 2022 are:

Group

Name	Equity interest held %	Country of incorporation	Country of operation	Activity
Crystalyx Products GmbH	50	Germany[1]	Germany	Manufacture of animal feed blocks
Bibby Agriculture Ltd	26	England[2]	UK	Sale of agricultural products
Gold-Bar Feed Supplements LLC	50	USA[3]	USA	Manufacture of animal feed blocks
ACC Feed Supplement LLC	50	USA[4]	USA	Manufacture of animal feed blocks
Silloth Storage Company Ltd	50	England[5]	UK	Storage of molasses

1 Registered Office address: Industrieweg 110, 48155 Munster, Germany.

2 Registered Office address: 16 Montgomery Way, Rosehill Industrial Estate, Carlisle, Cumbria CA1 2UY.

3 Registered Office address: 783 Eagle Boulevard, Shelbyville, Tennessee 37160, USA.

4 Registered Office address: 5101 Harbor Drive, Sioux City, Iowa 51111, USA.

5 Registered Office address: 3 Filers Way, Weston Gateway Business Park, Weston-Super-Mare BS24 7JP.

On 6 June 2022 the Group acquired the remaining 50% interest in Afgritech Ltd (note 32) and the financial position and performance of this business together with its 100% owned subsidiary Afgritech LLC was fully consolidated from this date. The Group's joint venture interest was effectively disposed of at this date with an exceptional gain of £197,000, being the difference between the carrying value and fair value of the joint venture interest, recognised.

At 3 September 2022 the investment in Bibby Agriculture Ltd is included within assets of disposal group held for sale (note 9). The Group's share of its post-tax results are included within profit for the year from discontinued operations (note 9).

Crystalyx Products GmbH and Silloth Storage Company Ltd have a 31 December accounting year end.

The Company directly holds the interest in Crystalyx Products GmbH. Carrs Billington Agriculture (Sales) Ltd directly holds the interest in Bibby Agriculture Ltd. Animal Feed Supplement, Inc. directly holds the interest in Gold-Bar Feed Supplements LLC and ACC Feed Supplement LLC. Carrs Agriculture Ltd directly holds the interest in Silloth Storage Company Ltd.

18 Interest in joint ventures continued

Joint ventures are accounted for using the equity method.

At the year end the joint ventures had capital commitments of £107,000 (2021: £nil). No contingent liabilities exist within the joint ventures.

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

	2022 £'000	2021 £'000
Non-current assets (2022: including £705k classified as held for sale)	**5,826**	7,763
Current assets (2022: including £4,181k classified as held for sale)	**8,164**	10,176
Current liabilities (2022: including £(1,990)k classified as held for sale)	**(5,046)**	(6,054)
Non-current liabilities (2022: including £(26)k classified as held for sale)	**(26)**	(1,106)
Income	**46,640**	44,293
Expenses	**(45,052)**	(42,556)
Net finance cost	**(53)**	(49)

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

In the prior year an impairment of £1,314,000 was recognised against the investment in Afgritech Ltd and its subsidiary Afgritech LLC. This is not reflected in the aggregate amounts shown in the table above.

19 Investment in subsidiary undertakings

Name	Company registration number[11]	Ordinary Shares held %	Country of incorporation	Country of operation	Activity
Carrs Agriculture Ltd[11]	00480342	100	England[1]	UK	Manufacture of animal feed/mineral blocks and ingredients of animal feed
Carrs Billington Agriculture (Sales) Ltd		51	England[2]	UK	Agricultural retailers
Animal Feed Supplement, Inc.		100	USA[3]	USA	Manufacture of animal feed blocks
Carr's Supplements (NZ) Ltd		100	New Zealand[4]	New Zealand	Distributor of animal feed blocks
Carr's Engineering Ltd		100	England[1]	UK	Engineering
Wälischmiller Engineering GmbH		100	Germany[5]	Germany	Engineering
Carr's Engineering (US), Inc.		100	USA[6]	USA	Holding company
NuVision Engineering, Inc.		100	USA[6]	USA	Engineering
Carrs Properties Ltd[11]	00088157	100	England[1]	UK	Property holding
Carr's International Finance Ltd[11]	10888476	100	England[1]	UK	Finance company
Animax Ltd[11]	01604213	100	England[7]	UK	Manufacture of animal health products
Animax NZ Ltd		100	New Zealand[8]	New Zealand	Distributor of animal health products
Carr's Supplements (ROI) Ltd		100	Ireland[9]	Ireland	Distributor of animal feed blocks and health products
Afgritech Ltd[11]	05259304	100	England[1]	UK	Holding company
Afgritech LLC		100	USA[10]	USA	Producers of ingredients of animal feed
NW Total Engineered Solutions Ltd[11]	02953309	100	England[1]	UK	Engineering

1 Registered Office address: Old Croft, Stanwix, Carlisle, Cumbria CA3 9BAA.
2 Registered Office address: 16 Montgomery Way, Rosehill Industrial Estate, Carlisle, Cumbria CA1 2UY.
3 Registered Office address: 101 Roanoke Avenue, Poteau, Oklahoma 74953, USA.
4 Registered Office address: 17b Farnham Street, Parnell, Auckland, 1052, New Zealand.
5 Registered Office address: Schießstattweg 16, 88677 Markdorf, Germany.
6 Registered Office address: 2403 Sidney Street, Suite 700, Pittsburgh, Pennsylvania 15203, USA.
7 Registered Office address: Shepherds Grove West, Stanton, Bury St Edmunds, Suffolk IP31 2AR.
8 Registered Office address: RSM New Zealand (Auckland), Level 2, Building 5, 60 Highbrook Drive, East Tamaki, Auckland 2013, New Zealand.
9 Registered Office address: Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.
10 Registered Office address: 810 Waterman Drive, Watertown, New York 13601, USA.
11 UK subsidiaries that have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 3 September 2022. The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

19 Investment in subsidiary undertakings continued

Dormant subsidiaries are listed on page 179 of this Annual Report and Accounts.

Investments in the subsidiaries listed above are held directly by the Company with the following exceptions: Carr's Engineering Ltd holds 100% of the investment in Wälischmiller Engineering GmbH and NW Total Engineered Solutions Ltd; Carrs Agriculture Ltd holds 100% of the investment in Carr's Supplements (NZ) Ltd and Animax Ltd; Carr's Engineering (US), Inc. holds 100% of the investment in NuVision Engineering, Inc.; Animax Ltd holds 100% of the investment in Animax NZ Ltd; and Afgritech Ltd holds 100% of the investment in Afgritech LLC.

At 3 September 2022 the assets and liabilities of Carrs Billington Agriculture (Sales) Ltd are included within net assets of disposal group held for sale (note 9). Results are included within profit for the year from discontinued operations (note 9).

Non-controlling interests in subsidiary undertakings

The following tables summarise the information relating to Carrs Billington Agriculture (Sales) Ltd, where there is a material non-controlling interest. The amounts presented are before inter-company eliminations with other companies within the Group. The non-controlling interest in the subsidiary was 49% in both the current and prior year.

Balance sheet	2022 £'000	2021 £'000
Non-current assets	**24,145**	21,141
Current assets	**113,687**	70,091
Non-current liabilities	**(8,008)**	(6,061)
Current liabilities	**(95,621)**	(53,394)
Net assets	**34,203**	31,777
Net assets attributable to non-controlling interest	**16,759**	15,571

Income statement and statement of comprehensive income	2022 £'000	2021 £'000
Revenue (2021: restated)	**343,844**	284,240
Profit after tax	**2,330**	3,530
Profit after tax allocated to non-controlling interest	**1,142**	1,730

Revenue in the table above in respect of the prior year has been reduced by £13.3m following prior year restatements as detailed in notes 9 and 39. There is no other comprehensive income in the current or prior year.

Statement of cash flows	2022 £'000	2021 £'000
Cash flows from operating activities	**(7,323)**	4,049
Cash flows from investment activities	**(1,845)**	155
Cash flows from financing activities	**19,436**	(2,880)
Net increase in cash and cash equivalents	**10,268**	1,324

During the year dividends of £nil (2021: £1,647,000) were paid to the non-controlling interest.

20 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	2022 £'000	2021 (restated) £'000
Accelerated tax depreciation	**(3,676)**	(3,201)
Employee benefits	**(1,707)**	(2,343)
Other	**548**	223
Net deferred tax	**(4,835)**	(5,321)
Included in:		
Deferred tax assets	**213**	182
Deferred tax liabilities	**(5,048)**	(5,503)
Net deferred tax	**(4,835)**	(5,321)

Deferred tax net liabilities are expected to reverse after more than one year from the balance sheet date. Tax of £63,542 (2021: £17,123) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

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

Movement in deferred tax during the year

	At 29 August 2021 (restated) £'000	Exchange differences £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	Transferred to disposal group £'000	**At 3 September 2022 £'000**
Accelerated tax depreciation	(3,201)	**(146)**	**(563)**	**–**	**–**	**234**	**(3,676)**
Employee benefits	(2,343)	**–**	**(8)**	**644**	**–**	**–**	**(1,707)**
Other	223	**77**	**692**	**–**	**(33)**	**(411)**	**548**
	(5,321)	**(69)**	**121**	**644**	**(33)**	**(177)**	**(4,835)**

Amounts recognised in equity comprise deferred tax related to share-based payments.

Movement in deferred tax during the prior year (restated)

	At 30 August 2020 £'000	Exchange differences £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	At 28 August 2021 £'000
Accelerated tax depreciation	(2,727)	23	(497)	–	–	(3,201)
Employee benefits	(1,527)	–	(515)	(301)	–	(2,343)
Other	(326)	19	497	–	33	223
	(4,580)	42	(515)	(301)	33	(5,321)

Company	2022 £'000	2021 £'000
Accelerated tax depreciation	**20**	28
Employee benefits	**(1,707)**	(2,343)
Other	**506**	114
Net deferred tax	**(1,181)**	(2,201)
Included in:		
Deferred tax liabilities	**(1,181)**	(2,201)

20 Deferred tax assets and liabilities continued

Other deferred tax assets and liabilities includes deferred tax on short-term timing differences, leases and trading losses. The Company has no unrecognised tax losses (2021: none).

Movement in deferred tax during the year

	At 29 August 2021 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	**At 3 September 2022 £'000**
Accelerated tax depreciation	28	**(8)**	**–**	**–**	**20**
Employee benefits	(2,343)	**(8)**	**644**	**–**	**(1,707)**
Other	114	**415**	**–**	**(23)**	**506**
	(2,201)	**399**	**644**	**(23)**	**(1,181)**

Amounts recognised in equity comprise deferred tax related to share-based payments.

Movement in deferred tax during the prior year

	At 30 August 2020 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	At 28 August 2021 £'000
Accelerated tax depreciation	22	6	–	–	28
Employee benefits	(1,527)	(515)	(301)	–	(2,343)
Other	140	(52)	–	26	114
	(1,365)	(561)	(301)	26	(2,201)

21 Inventories

Group	**2022 £'000**	2021 £'000
Raw materials and consumables	**15,352**	13,374
Work in progress	**3,074**	1,110
Finished goods and goods for resale	**8,564**	28,742
	26,990	43,226

Inventories are stated after a provision for impairment of £807,000 (2021: £2,202,000). The amount recognised as an expense in the year in respect of the write-down of inventories is £294,000 (2021 continuing operations: £126,000). The amount recognised as a credit in the year in respect of reversals of write-downs of inventories is £117,000 (2021 continuing operations: £29,000) and the amount utilised in the year was £49,000 (2021 continuing operations: £68,000).

The cost of inventories recognised as an expense and included in cost of sales is £94,392,000 (2021 continuing operations: £88,869,000).

The Company has no inventories (2021: none).

22 Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables (billed amounts), contract assets (unbilled amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. The timing of revenue recognition is measured in accordance with the progress of delivery on a contract which could either be in advance or in arrears of billing, resulting in either a contract asset or a contract liability.

Contract assets	2022 £'000	2021 (restated) £'000
At the beginning of the year	**7,514**	7,765
Exchange differences	**227**	(119)
Transfers from contract assets recognised at the beginning of the year to receivables	**(6,358)**	(6,516)
Increase related to services provided in the year	**6,497**	6,384
At the end of the year	**7,880**	7,514
Included within:		
Current assets	**7,564**	7,202
Non-current assets	**316**	312
	7,880	7,514

Contract liabilities	2022 £'000	2021 (restated) £'000
At the beginning of the year	**3,312**	2,179
Exchange differences	**215**	(64)
Revenue recognised against contract liabilities at the beginning of the year	**(2,889)**	(1,598)
Increase due to cash received, excluding any amounts recognised as revenue during the year	**1,788**	2,795
At the end of the year	**2,426**	3,312

The Group has assessed expected credit losses and the loss allowance for contract balances as immaterial. The Company has no contract assets or contract liabilities (2021: none).

23 Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current:				
Trade receivables	**14,397**	58,007	**–**	–
Less: provision for impairment of trade receivables	**(817)**	(2,003)	**–**	–
Trade receivables – net	**13,580**	56,004	**–**	–
Amounts owed by Group undertakings (note 37)	**–**	–	**1,336**	458
Amounts owed by other related parties (note 37)	**194**	1,646	**51**	871
Other taxes and social security receivable	**1,071**	1,460	**481**	–
Other receivables	**2,708**	1,073	**863**	476
Prepayments	**1,462**	1,552	**397**	474
	19,015	61,735	**3,128**	2,279
Non-current:				
Amounts owed by Group undertakings (note 37)	**–**	–	**34,208**	33,494
Other receivables	**23**	20	**–**	–
	23	20	**34,208**	33,494

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

During the year, for continuing operations, a credit of £136,000 (2021 continuing operations: a charge of £80,000) has been recognised within administrative expenses in the consolidated income statement in respect of the movement in provision for impairment of trade receivables.

During the prior year an impairment of £776,000 was recognised in both the Group and Company against a loan receivable due from its joint venture Afgritech Ltd. This is included in the amounts owed by other related parties in the table above.

For all other receivables presented above, the Group has assessed expected credit losses and the loss allowance as immaterial.

There are no interest-bearing, non-trading amounts owed by Group undertakings within current trade and other receivables in either the current or prior period.

Interest-bearing, non-trading amounts owed by Group undertakings within non-current receivables carry interest at 4.50%, 6.25% or Bank of England base rate + 2.50%. Such amounts are unsecured and have remaining terms of 1.3 – 1.5 years.

	2022		2021	
Group	**Gross £'000**	**Impairment £'000**	Gross £'000	Impairment £'000
The ageing of trade receivables is as follows:				
Not past due	**11,799**	**(9)**	38,878	(116)
Past due 1 – 30 days	**839**	**–**	8,791	(39)
Past due 31 – 60 days	**390**	**(13)**	3,531	(65)
Past due 61 – 90 days	**185**	**(12)**	1,684	(43)
Past due 91 – 120 days	**146**	**(26)**	954	(40)
Past 121 days	**1,038**	**(757)**	4,169	(1,700)
	14,397	**(817)**	58,007	(2,003)

23 Trade and other receivables continued

The Company has no trade receivables (2021: £nil).

In relation to trade receivables, the major source of estimation uncertainty is the recoverable value of those receivables. The judgements applied to this include the credit quality of customers, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors, and provisions for impairment are made using those judgements. Provisions for impairment are reviewed monthly by divisional management.

Trade receivables are assessed by management for credit risk and are considered past due when a counterparty has failed to make a payment when that payment was contractually due. Management assesses trade receivables that are past the contracted due date by the ageing periods as presented in the tables above, consistent with how it views the credit risk of trade receivables.

A default is determined to have occurred if the Group becomes aware of evidence that it will not receive all contractual cash flows that are due.

The maximum exposure to credit risk at the year end is the carrying value, net of provision for impairment, of each receivable. The Group and Company do not hold any significant collateral as security (2021: none).

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
The carrying value of trade receivables is denominated in the following currencies:				
Sterling	**7,857**	48,934	**–**	–
US Dollar	**2,556**	3,086	**–**	–
Euro	**2,369**	2,850	**–**	–
New Zealand Dollar	**798**	1,134	**–**	–
	13,580	56,004	**–**	–

24 Current tax assets

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Corporation tax recoverable	**3,866**	2,669	**2,550**	1,851
Group taxation relief	**–**	–	**–**	735
	3,866	2,669	**2,550**	2,586

25 Cash and cash equivalents and bank overdrafts

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cash and cash equivalents per the balance sheet	**22,515**	24,309	**12,726**	11,063
Cash and cash equivalents of disposal group classified as assets held for sale (note 9)	**12,074**	–	**–**	–
Bank overdrafts (note 27)	**(9,734)**	(4,613)	**–**	–
Cash and cash equivalents per the statement of cash flows	**24,855**	19,696	**12,726**	11,063

26 Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current:				
Trade payables	**10,886**	16,269	**778**	744
Amounts owed to Group undertakings (note 37)	–	–	**393**	11
Amounts owed to other related parties (note 37)	**105**	23,144	**–**	1
Other taxes and social security payable	**1,019**	1,697	**538**	409
Contingent cash consideration	–	1,320	**–**	–
Other payables	**1,393**	2,823	**47**	116
Accruals	**7,592**	24,268	**2,437**	1,114
Deferred income	**5**	5	**–**	–
	21,000	69,526	**4,193**	2,395
Non-current:				
Other payables	**313**	–	**–**	–
Deferred income	**23**	55	**–**	–
	336	55	**–**	–

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

Prior year trade and other payables includes contingent consideration on a prior year acquisition. This has been released to the income statement during the current year and has also been included as an adjusting item (note 5).

Deferred income comprises government grants as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At the beginning of the year	**60**	114	**–**	–
Amortisation in the year	**(32)**	(54)	**–**	–
At the end of the year	**28**	60	**–**	–
Included within:				
Current liabilities	**5**	5	**–**	–
Non-current liabilities	**23**	55	**–**	–
	28	60	**–**	–

27 Borrowings

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current:				
Bank overdrafts	**9,734**	4,613	**–**	–
Bank loans and other borrowings	**3,000**	6,500	**1,153**	2,341
Loans from Group undertakings (note 37)	**–**	–	**260**	–
	12,734	11,113	**1,413**	2,341
Non-current:				
Bank loans	**23,805**	23,159	**22,757**	21,906
	23,805	23,159	**22,757**	21,906
Borrowings are repayable as follows:				
On demand or within one year	**12,734**	11,113	**1,413**	2,341
In the second year	**1,704**	1,570	**1,154**	1,153
In the third to fifth years inclusive	**22,101**	21,589	**21,603**	20,753
	36,539	34,272	**24,170**	24,247

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £100,000 (2021: £121,000) of which £48,000 (2021: £60,000) is deducted from current liabilities and £52,000 (2021: £61,000) is deducted from non-current liabilities.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
The net borrowings are:				
Borrowings as above	**36,539**	34,272	**24,170**	24,247
Cash and cash equivalents	**(22,515)**	(24,309)	**(12,726)**	(11,063)
Net borrowings	**14,024**	9,963	**11,444**	13,184

Bank loans and other borrowings includes an amount of £nil (2021: £2,456,000) which is secured on trade receivables and represents the amount drawn down on an invoice discounting facility with The Royal Bank of Scotland PLC. In addition, The Royal Bank of Scotland PLC has legal charges over certain properties. At 3 September 2022 the invoice discounting facility is included within liabilities of disposal group classified as held for sale.

The Company, together with certain subsidiaries, acts as guarantor on the bank loans.

Loans from Group undertakings are non-interest-bearing. Such amounts are unsecured and repayable on demand. The bank loans are repayable by instalments and the overdraft is repayable on demand.

Non-current bank loans includes a drawn down revolving credit facility of £21.6m (2021: £19.6m) which is repayable in December 2024. At the year end the Group had £7.0m, including £2.0m in respect of the disposal group, of undrawn revolving credit facilities (2021: £9.0m).

28 Derivatives and other financial instruments

The Group's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing its risk. These policies have remained unchanged throughout the year.

Currency rate risk – financial instruments by currency

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises when future commercial transactions, or recognised assets or liabilities, are denominated in a currency that is not the entity's functional currency.

The table below discloses balances across the Group that are denominated in a currency other than that entity's functional currency. Inter company balances have been excluded from the table.

	2022					2021				
Group	**Sterling £'000**	**US Dollar £'000**	**Euro £'000**	**NZ Dollar £'000**	**Total £'000**	Sterling £'000	US Dollar £'000	Euro £'000	NZ Dollar £'000	Total £'000
Assets										
Current trade and other receivables	**30**	**57**	**87**	**–**	**174**	343	433	234	–	1,010
Cash and cash equivalents	**584**	**445**	**554**	**3**	**1,586**	969	1,759	864	3	3,595
	614	**502**	**641**	**3**	**1,760**	1,312	2,192	1,098	3	4,605
Liabilities										
Current derivatives	**–**	**62**	**–**	**–**	**62**	–	–	–	–	–
Current trade and other payables	**–**	**–**	**21**	**9**	**30**	5	–	35	–	40
Non-current borrowings	**–**	**–**	**4,609**	**–**	**4,609**	–	–	4,568	–	4,568
	–	**62**	**4,630**	**9**	**4,701**	5	–	4,603	–	4,608

The table below discloses balances in the Company's balance sheet that are denominated in a currency other than the Company's functional currency.

	2022			2021		
Company	**US Dollar £'000**	**Euro £'000**	**Total £'000**	US Dollar £'000	Euro £'000	Total £'000
Assets						
Non-current receivables	**17,308**	**5,708**	**23,016**	14,574	6,728	21,302
Current trade and other receivables	**736**	**–**	**736**	399	–	399
Cash and cash equivalents	**374**	**234**	**608**	1,191	260	1,451
	18,418	**5,942**	**24,360**	16,164	6,988	23,152
Liabilities						
Current borrowings	**260**	**–**	**260**	–	–	–
Non-current borrowings	**–**	**4,609**	**4,609**	–	4,568	4,568
	260	**4,609**	**4,869**	–	4,568	4,568

Other taxes and social security receivable and prepayments are excluded from trade and other receivables in the tables above as they are not financial instruments. For this same reason, other taxes and social security payable is excluded from trade and other payables. Deferred income in respect of government grants is excluded as it is not a financial liability.

28 Derivatives and other financial instruments continued

Sensitivity analysis

The impact of a 10% weakening or strengthening in Sterling against balances across the Group that are denominated in a currency other than that entity's functional currency is shown in the table below.

	2022		2021	
	10% weakening £'000	**10% strengthening £'000**	10% weakening £'000	10% strengthening £'000
Impact on profit after taxation	**218**	**(221)**	12	(10)
Impact on total equity	**218**	**(221)**	12	(10)

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

Interest rate risk

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

	2022		2021	
Group borrowings	**Weighted average effective interest rate %**	**£'000**	Weighted average effective interest rate %	£'000
Bank overdrafts	**3.55**	**9,734**	1.84	4,613
Bank loans and other borrowings	**3.12**	**26,805**	1.74	29,659
		36,539		34,272
Fixed rate		**1,265**		1,671
Floating rate		**35,274**		32,601
		36,539		34,272

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

Bank overdrafts	US prime rate + 1.0% margin; US prime rate + 0.5% margin; Bank of England base rate + 1.7% margin
Bank loans and other borrowings	Bank of England base rate + 1.67%; Bank of England base rate + 1.77%; Euribor + 1.7%; Bank of England base rate + 1.15% margin; Wall Street Journal prime rate – 1%

	2022		2021	
Company borrowings	**Weighted average effective interest rate %**	**£'000**	Weighted average effective interest rate %	£'000
Bank loans	**3.25**	**23,910**	1.79	24,247
Loans from Group undertakings	**–**	**260**	–	–
		24,170		24,247
Floating rate		**23,910**		24,247
Interest free		**260**		–
		24,170		24,247

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

Bank loans	Bank of England base rate + 1.67%; Bank of England base rate + 1.77%; Euribor + 1.7%

28 Derivatives and other financial instruments continued

Sensitivity analysis

The impact of a 1% decrease or increase in interest rates during the year is shown in the table below.

	2022		2021	
	1% decrease £'000	**1% increase £'000**	1% decrease £'000	1% increase £'000
Impact on profit after taxation	**228**	**(228)**	396	(396)
Impact on total equity	**228**	**(228)**	396	(396)

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

Liquidity risk

The Group's policy throughout the year has been to maintain a mix of short and medium-term borrowings. Short-term flexibility is achieved by overdraft facilities. In addition, it is the Group's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Group's liquidity. The Group monitors daily cash balances and forecasts, together with net debt, to ensure adequate headroom exists under its committed facilities.

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

	2022				2021			
Group	**Total £'000**	**Within one year £'000**	**One to two years £'000**	**Two to five years £'000**	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank overdrafts	**9,734**	**9,734**	**–**	**–**	4,613	4,613	–	–
Bank loans and other borrowings	**28,655**	**3,825**	**2,477**	**22,353**	30,651	6,975	1,990	21,686
Derivatives	**62**	**62**	**–**	**–**	–	–	–	–
Trade and other payables	**19,976**	**19,976**	**–**	**–**	67,824	67,824	–	–
Other non-current liabilities	**313**	**–**	**313**	**–**	–	–	–	–
	58,740	**33,597**	**2,790**	**22,353**	103,088	79,412	1,990	21,686

	2022				2021			
Company	**Total £'000**	**Within one year £'000**	**One to two years £'000**	**Two to five years £'000**	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank loans	**25,710**	**1,956**	**1,913**	**21,841**	25,167	2,785	1,551	20,831
Loans from Group undertakings	**260**	**260**	**–**	**–**	–	–	–	–
Trade and other payables	**3,655**	**3,655**	**–**	**–**	1,986	1,986	–	–
	29,625	**5,871**	**1,913**	**21,841**	27,153	4,771	1,551	20,831

The above tables exclude leases accounted for under IFRS 16. Details of the contractual undiscounted cash flows for leases under IFRS 16 can be found in note 14.

Trade and other payables in the tables above exclude other taxes and social security which do not meet the definition of financial liabilities under IFRS 7. Deferred income in respect of government grants has also been excluded as it does not give rise to a contractual obligation to pay cash.

28 Derivatives and other financial instruments continued

Borrowing facilities

The Group has various undrawn facilities. The undrawn facilities available at 3 September 2022, in respect of which all conditions precedent had been met, were as follows:

	2022 Floating rate £'000	2021 Floating rate £'000
Expiring in one year or less	**20,720**	6,379
Expiring within two and five years inclusive	**5,391**	29,617
	26,111	35,996

Included in the table above for facilities expiring in one year or less is £13,051,000 (2021: £nil) in respect of discontinued operations and included within facilities expiring within two and five years inclusive is £2,000,000 (2021: £24,185,000) in respect of discontinued operations.

Undrawn facilities include overdraft facilities of £2.5m (2021: £2.5m) that are renewable on an annual basis.

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

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt, excluding leases, divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet. At 3 September 2022, the Group had net debt of £14.0m (2021: £10.0m). Based on net debt (note 34), and for the current year excluding net assets within the disposal group, gearing was 15.7% at the year end (2021: 7.4%).

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

Fair value hierarchy

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

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

Transfers between levels are deemed to have occurred at the end of the reporting period. There were no transfers between levels in the above hierarchy in the period.

All derivative financial instruments are measured at fair value using level 2 inputs. The Group's bankers provide the valuations for the derivative financial instruments at each reporting period end based on mark to market valuation techniques.

Contingent consideration is measured at fair value using level 3 inputs. Fair value is determined considering the expected payment, which is discounted to present value. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition.

28 Derivatives and other financial instruments continued

The significant unobservable inputs are the projections of future profitability, which in the prior year were based on the budget for the year to August 2022, and the discount rate, which was based on the incremental borrowing rate. At 28 August 2021, all of the remaining contingent consideration payable was included within current liabilities and was therefore not discounted. The range of possible outcomes for the contingent consideration payable at 28 August 2021 was between £nil and £1,320,000. During the current year all of the fair value recognised at the beginning of the year has been released to the income statement.

The following table presents a reconciliation of the contingent consideration liability measured at fair value on a recurring basis using significant unobservable inputs (level 3).

	2022 £'000	2021 £'000
Fair value at the beginning of the year	**1,320**	3,422
Exchange differences	**–**	(12)
Payments made to vendors (including legal costs)	**–**	(1,077)
Change in fair value	**(1,320)**	(1,013)
Fair value at the end of the year	**–**	1,320

The change in fair value has been included as an adjusting item (note 5).

Fair values of financial assets and liabilities

The fair values of Group and Company financial assets and liabilities are not materially different to book value.

Derivative financial instruments

Hedge of net investment in foreign subsidiaries

The Group hedges foreign denominated loans against its investment in foreign subsidiaries. A foreign exchange pre-tax gain of £101,000 (2021: pre-tax loss of £36,000) was recognised in equity during the year on translation of US Dollar denominated loans with a carrying value of $1,608,000 (2021: $1,608,000) to Sterling. A foreign exchange pre-tax loss of £41,000 (2021: pre-tax gain of £201,000) was recognised in equity during the year on translation of Euro denominated loans with a carrying value of €5,330,000 (2021: €5,330,000) to Sterling. The Group's net investment hedge was fully effective in both the current and prior year and therefore no gain or loss is recognised in the consolidated income statement.

Currency derivatives

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

	2022		2021	
Group	**Fair value £'000**	**Contractual or notional amount £'000**	Fair value £'000	Contractual or notional amount £'000
At the beginning of the year	**–**	**–**	3	105
Exchange differences	**(2)**	**–**	–	–
Losses during the year	**(60)**	**(557)**	(3)	(105)
At the end of the year – included within current liabilities	**(62)**	**(557)**	–	–

The Company has no forward foreign currency contracts (2021: none).

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

Gains and losses on currency-related derivatives are included within administrative expenses.

29 Retirement benefits

The Group participates in two defined benefit pension schemes: Carr's Group Pension Scheme and Carrs Billington Agriculture Pension Scheme.

Carr's Group Pension Scheme (Group and Company)

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

From 1 September 2015 the defined contribution section was closed. Members of that section were enrolled in a new defined contribution scheme, the Carr's Group Retirement Savings Scheme ("Carr's Group RSS"), set up under a Master Trust arrangement.

The defined benefit section of the scheme was previously closed to new members, and has closed to future accrual with effect from 31 December 2015. Members of this section became entitled to become members of the Carr's Group RSS from 1 January 2016. There were no pension contributions made by the Group over the year to the defined benefit section (2021: £nil).

The following disclosures relate to the defined benefit section of the Carr's Group Pension Scheme. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2020 and updated on an approximate basis to 3 September 2022 by a qualified independent actuary.

Major assumptions:

	2022 %	2021 %
Inflation (RPI)	**3.50**	3.30
Inflation (CPI)	**2.80**	2.60
Rate of discount	**4.50**	1.70
Pension in payment increases:		
RPI or 5.0% per annum if less	**3.20**	3.30
RPI or 5.0% per annum if less, minimum 3.0% per annum	**3.80**	3.70

The assumption for CPI has been derived by making an adjustment for the expected long-term gap between RPI and CPI. This has generally been viewed as more credible than fixing the assumption based on the Bank of England CPI inflation target. This may change going forward, especially from 2030, when RPI will be aligned with CPIH.

The assumed RPI/CPI gap as at 3 September 2022 and at 28 August 2021 is 0.7%. This broadly reflects retention of a 0.9% p.a. assumed gap before 2030 and 0% p.a. gap thereafter, suitably weighted to reflect the scheme's exposure to CPI liabilities in the period before non-pensioner members' retirement and, given the maturity of the population, is significantly weighted to the period before 2030.

The mortality tables used in the valuation as at 3 September 2022 are 100% of 2019 Vita Curves for males and females with allowance for mortality improvements using CMI_2021 with a 1.25% p.a. underpin. The mortality assumptions adopted imply the following life expectancies at age 65 as at 3 September 2022:

	At 3 September 2022	At 28 August 2021
Males currently age 45	**23.2 years**	23.1 years
Females currently age 45	**25.6 years**	25.6 years
Males currently age 65	**21.9 years**	21.8 years
Females currently age 65	**24.2 years**	24.1 years

29 Retirement benefits continued

No adjustments have been made to mortality assumptions at the year end to reflect the potential effects of COVID-19 as the actual plan experience is not yet available and it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the scheme will be carried out in the future as part of the 31 December 2023 funding valuation for the Carr's Group Pension Scheme.

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

	2022 £'000	2021 £'000
Administrative expenses	**126**	18
Net interest on the net defined benefit asset	**(159)**	(147)
Total income	**(33)**	(129)

The (income)/expense is recognised within the Income Statement as shown below:

	2022 £'000	2021 £'000
Within operating profit:		
Administrative expenses	**126**	18
Within interest:		
Finance income	**(159)**	(147)
Total income	**(33)**	(129)

Remeasurements of the net defined benefit asset to be shown in the Statement of Comprehensive Income:

	2022 £'000	2021 £'000
Actual gains and losses arising from changes in:		
Financial assumptions	**18,433**	(3,265)
Demographic assumptions	**(467)**	314
Experience adjustments	**(2,120)**	(220)
Return on assets, excluding interest income	**(18,422)**	4,376
Total remeasurement of the net defined benefit asset	**(2,576)**	1,205

Amounts included in the Balance Sheet:

	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	**(48,578)**	(66,254)
Fair value of scheme assets	**55,406**	75,625
Surplus in funded scheme	**6,828**	9,371

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

	2022 £'000	2021 £'000
Benefit obligation at the beginning of the year	**66,254**	65,834
Interest cost	**1,101**	1,150
Net measurement (gains)/losses – financial	**(18,433)**	3,265
Net measurement losses/(gains) – demographic	**467**	(314)
Net measurement losses – experience	**2,120**	220
Benefits paid	**(2,931)**	(3,901)
Benefit obligation at the end of the year	**48,578**	66,254

29 Retirement benefits continued

Benefit obligation by participant status:

	2022 £'000	2021 £'000
Vested deferred	**12,450**	19,602
Retirees	**36,128**	46,652
	48,578	66,254

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

	2022 £'000	2021 £'000
Fair value of scheme assets at the beginning of the year	**75,625**	73,871
Interest income on scheme assets	**1,260**	1,297
Return on assets, excluding interest income	**(18,422)**	4,376
Benefits paid	**(2,931)**	(3,901)
Scheme administrative cost	**(126)**	(18)
Fair value of scheme assets at the end of the year	**55,406**	75,625

Analysis of the scheme assets and actual return:

	Fair value of assets	
	2022 £'000	2021 £'000
Equity instruments	**5,723**	10,247
Property	**3,109**	2,561
Bonds	**43,578**	57,759
Cash	**1,014**	2,625
Other	**1,982**	2,433
	55,406	75,625
Actual return on scheme assets	**(17,162)**	5,673

Equity instruments, bonds and 'other' assets are held in unquoted Mercer fund portfolios and are not held directly by the Pension Scheme. These Mercer portfolios in turn invest in a mix of quoted and unquoted underlying assets. Property assets are held by Legal & General Investment Management. 'Other' assets relate to assets held in the Mercer's Alternative Strategies funds within the Scheme's growth portfolio. Cash includes investments in UK Cash Funds within the Mercer fund portfolios.

In accordance with IAS 19, Scheme assets must be valued at the fair value at the balance sheet date. The following applies to the assets in the Scheme:

Asset	Valuation
Equity instruments	Fair value being the net asset value provided by the investment manager
Property	Closing bid price for unit holdings in managed property fund
Bonds	Fair value being the net asset value provided by the investment manager
Other	Fair value being the net asset value provided by the investment manager

29 Retirement benefits continued

Sensitivity analysis

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

	Change in assumption	Present value of defined benefit obligation £'000
Discount rate	-25 basis points	**50,022**
	+25 basis points	**47,195**
Price inflation rate	-25 basis points	**47,463**
	+25 basis points	**49,737**
Post-retirement mortality assumption	-1 year age rating	**50,553**
	+1 year age rating	**46,636**

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. It is not an indication of actual results which may materially differ, for example, changes in some assumptions may actually be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methodology and principal assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

The weighted average duration of the defined benefit obligation is approximately 12 years (2021: 14 years).

Expected cash flows for the following year:

	£'000
Expected employer contributions	**–**
Expected contributions to reimbursement rights	**–**
Expected total benefit payments by the scheme:	
Year 1	**3,021**
Year 2	**3,114**
Year 3	**3,210**
Year 4	**3,309**
Year 5	**3,411**
Next 5 years	**18,696**

29 Retirement benefits continued

Characteristics and the risks associated with the Scheme

Information about the characteristics of the Scheme:

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at 31 December 2015 (or date of leaving, if earlier) and their length of service. Since 31 December 2015 the Scheme has been closed to future accrual.

The Scheme is a registered scheme under UK legislation.

The Scheme is subject to the scheme funding requirements outlined in UK legislation. As at 31 December 2020, being the date of the most recent finalised actuarial valuation, the scheme funding valuation of the Scheme revealed a surplus of £2.3m equating to a funding level of 103%. On a solvency basis the scheme had a deficit of £10.0m, equating to a funding level of 88%. The purpose of the scheme funding valuation is to monitor the progress towards achieving the Trustees' funding objectives and to determine the past service contributions and future service contributions that may be required. The solvency valuation provides an indication of the financial impact on members were the scheme to wind up with no money recoverable from the employer. The Trustees agreed that deficit contributions were not required and therefore contributions to the Scheme by the Group and Company in the year ending August 2023 are expected to be £nil, with the exception of a one-off contribution of £0.4m made on completion of the disposal of the discontinued operations on 26 October 2022. The next full triennial actuarial valuation will be as at 31 December 2023, at which point the funding requirements will be revisited.

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

Risk exposure and investment strategy

The Scheme's investment strategy is to invest in return-seeking assets and lower risk assets, such as bonds. This strategy reflects the Scheme's liability profile and the Trustees' attitude to risk. The objective is to achieve a 110% funding level on a gilts +0.25% p.a. basis by 2024–2028. The Trustees have a fiduciary management arrangement with Mercer who have certain delegated responsibilities over investment decisions within parameters set by the Trustees. These parameters are reviewed on a regular basis to ensure they are still appropriate. Assets are invested in Mercer portfolios and in respect of property, Legal & General Investment Management. The Scheme aims to reduce risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk through liability hedging, diversification and de-risking triggers. Where de-risking triggers are met, assets are transferred from growth asset portfolios to matching asset portfolios. The objective of the matching asset portfolio is to manage the impact on the funding level of interest rate risk and inflation risk such that the majority of the Scheme's risk is allocated to the growth portfolio.

Carr's Group Retirement Savings Scheme ("RSS")

The Company offers membership in a Master Trust arrangement, Carr's Group RSS, following the closure of both sections of the Carr's Group Pension Scheme. The pension expense for this scheme for the year including discontinued operations was £1,900,000 (2021: £1,909,000).

Carrs Billington Agriculture Pension Scheme

One of the Group's subsidiaries, Carrs Billington Agriculture (Sales) Ltd, is a participating employer in the Carrs Billington Agriculture Pension Scheme, which is a multi-employer defined benefit pension scheme. For the reasons explained below this scheme is accounted for as a defined contribution scheme.

The scheme is closed to new entrants and has been closed to future accrual since 1 December 2007. There is currently a surplus, calculated in accordance with IAS 19, of £5.6m (2021: £5.4m).

Under the rules of the scheme, any employer wishing to exit the scheme would trigger a partial wind-up of the scheme and would therefore be responsible for their s75 debt. A full wind-up of the plan would also trigger s75 debts for each participating employer.

29 Retirement benefits continued

The history of the scheme is that it was brought together from many other pension schemes and employers following multiple acquisitions over several years. Many of those acquisitions had little or no records of employee histories. Because of this, approximately 85% of the scheme liabilities are 'orphan liabilities'. For the purposes of estimating an allocation of these orphan liabilities over the current participating employers, they have been split in the same proportion as their calculated share of non-orphan liabilities. At the last finalised actuarial valuation, the buy-out deficit was £5.3m and the Group's estimated liability on the wind-up of the scheme was £2.6m. In the actual event of a wind-up of the scheme the Trustees, with assistance from the actuary and legal counsel, would need to determine how the orphan liabilities should be allocated.

Because of the scheme history described above, it is not possible to calculate the Group's share of the assets and liabilities of the scheme, and consequently despite it being a defined benefit pension scheme, the Group treats it as a defined contribution pension scheme for accounting purposes. The Group does not expect to pay any contributions to the scheme in the next reporting period (2021: £nil). Previously the deficit repair contributions have been funded solely by the sponsoring employer. The last finalised triennial valuation of the scheme as at 31 December 2021 showed that the scheme had a surplus of £4.1m on a technical provisions basis. As the scheme is in surplus, a recovery plan is not required. The sponsoring employer will meet the cost of administrative expenses up to an allowance of £100k per annum.

The Group's level of participation in the scheme is estimated at 48.5%, which is based on its estimated share of the total buy-out liabilities. The Group has a 49% shareholding in its associate company which is the sponsoring company of the pension scheme. As a result of equity accounting for its share of the net assets of the associate, the Group recognises 49% of the surplus calculated on an IAS 19 accounting basis within 'Investment in associate' in its consolidated balance sheet.

At 3 September 2022 the investment in associate is included within assets of a disposal group held for sale (note 9).

Other pension schemes

The pension expense in respect of defined contribution pension arrangements in foreign subsidiaries during the year was £551,000 (2021: £565,000).

Pension contributions into NEST during the year, including discontinued operations, amounted to £103,000 (2021: £92,000).

The Group also pays contributions into various defined contribution schemes acquired through business combinations. The pension expense during the year in respect of these schemes, including discontinued operations, was £nil (2021: £16,000).

Other pension-related expenses

During the year the Group, including discontinued operations, incurred expenses associated with pension schemes, including death in service insurance policy premiums, of £94,000 (2021: £142,000).

30 Share capital

	2022		2021	
Group and Company	**Shares**	**£'000**	Shares	£'000
Allotted and fully paid Ordinary Shares of 2.5p each:				
At the beginning of the year	**93,720,125**	**2,343**	92,465,833	2,312
Allotment of shares	**279,471**	**7**	1,254,292	31
At the end of the year	**93,999,596**	**2,350**	93,720,125	2,343

The table above includes no (2021: nil) shares held in Treasury.

The consideration received on the allotment of shares during the year was £352,071 (2021: £1,010,438).

For details of share-based payment schemes see note 31.

Since the year end 21,937 shares have been allotted with a nominal value of £548 due to the exercise of share options.

31 Share-based payments

Group

The Group operates three active share-based payment schemes at 3 September 2022.

The Executive Directors participate in a deferred bonus share plan under which 25% of any bonus earned will be deferred into awards over shares in the Company, with awards subject to a two-year post-vesting holding period.

Under the Long Term Incentive Plan, shares will be awarded to eligible individuals subject to an earnings per share ("EPS") target measured against average annual increases over a three-year period. For the awards granted in November 2019, November 2020 and December 2021 an average annual growth of EPS must exceed 3.0% for 25% of the awards to vest and 100% vest at 10.0%, with a straight-line calculation between 25% and 100% of the award.

All employees, subject to eligibility criteria, may participate in the Share Save Scheme. Under this scheme, employees are offered savings contracts for three-year vesting period plans. The exercise period is six months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values for Long Term Incentive Plans and Share Save Schemes are as follows:

	Long Term Incentive Plan December 2021	Long Term Incentive Plan November 2019	Long Term Incentive Plan November 2019	Share Save Scheme (3-Year Plan 2022)	Share Save Scheme (3-Year Plan 2021)	Share Save Scheme (3-Year Plan 2020)
Grant date	10/12/21	23/11/20	11/11/19	06/06/22	21/12/20	16/12/19
Share price at grant date (weighted average)	£1.51	£1.25	£1.43	£1.355	£1.275	£1.565
Exercise price (weighted average)	£0.00	£0.00	£0.00	£1.15	£1.02	£1.223
Fair value per option at grant	£1.368	£1.102	£1.277	£0.38	£0.37	£0.46
Number of employees at grant	10	7	8	150	216	157
Shares under option at grant	529,766	721,437	610,464	492,231	1,176,886	508,407
Vesting period (years)	3	3	3	3	3	3
Model used for valuation	Market value*	Market value*	Market value*	Black-Scholes	Black-Scholes	Black-Scholes
Expected volatility	–	–	–	40.0%	41.3%	36.4%
Option life (years)	10	10	10	3.55	3.65	3.65
Expected life (years)	6.5	6.5	6.5	3.3	3.4	3.4
Risk-free rate	–	–	–	1.78%	-0.07%	0.61%
Expected dividends expressed as a dividend yield	1.08%	1.81%	2.33%	3.80%	3.73%	3.04%
Expectations of vesting	56%	26%	0%	95%	95%	100%

* Discounted for dividends forgone over the three-year vesting period.

The fair value of the deferred bonus plan offered to the Executive Directors is calculated with reference to the market value of the shares under award discounted to reflect illiquidity during the post-vesting two-year period.

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of each option.

The expected life is the midpoint of the exercise period. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

31 Share-based payments continued

Number of options (LTIP and Share Save)

	Long Term Incentive Plan December 2021 Number '000	Long Term Incentive Plan November 2020 Number '000	Long Term Incentive Plan November 2019 Number '000	Long Term Incentive Plan December 2018 Number '000	Share Save Scheme (3-Year Plan 2022) Number '000	Share Save Scheme (3-Year Plan 2021) Number '000	Share Save Scheme (3-Year Plan 2020) Number '000	Share Save Scheme (3-Year Plan 2019) Number '000
Outstanding:								
At 30 August 2020	–	–	610	580	–	–	451	326
Granted in the year	–	721	–	–	–	1,177	–	–
Exercised in the year	–	–	–	–	–	–	(1)	(1)
Forfeited in the year	–	–	(55)	(52)	–	(95)	(95)	(62)
At 28 August 2021	**–**	**721**	**555**	**528**	**–**	**1,082**	**355**	**263**
Granted in the year	**530**	**–**	**–**	**–**	**492**	**–**	**–**	**–**
Exercised in the year	**–**	**–**	**–**	**–**	**–**	**(5)**	**(10)**	**(234)**
Forfeited in the year	**(28)**	**(272)**	**–**	**(528)**	**(9)**	**(160)**	**(62)**	**(23)**
At 3 September 2022	**502**	**449**	**555**	**–**	**483**	**917**	**283**	**6**
Exercisable:								
At 28 August 2021	–	–	–	–	–	–	–	–
At 3 September 2022	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6**
Weighted average:								
Remaining contractual life (years)	**9**	**8**	**7**	**6**	**3.3**	**2.07**	**1.07**	**0.07**
Remaining expected life (years)	**5.50**	**4.50**	**3.50**	**2.50**	**3.05**	**1.82**	**0.82**	**–**

The total charge recognised for the year arising from share-based payments are as follows:

	2022 £'000	2021 £'000
Deferred Bonus Share Plan 2022	**26**	–
Deferred Bonus Share Plan 2021	**(44)**	119
Deferred Bonus Share Plan 2020	**–**	17
Deferred Bonus Share Plan 2018	**–**	(11)
Long Term Incentive Plan December 2021	**120**	–
Long Term Incentive Plan November 2020	**(27)**	105
Long Term Incentive Plan December 2017	**–**	11
Share Save Scheme (3-Year Plan 2022)	**10**	–
Share Save Scheme (3-Year Plan 2021)	**114**	84
Share Save Scheme (3-Year Plan 2020)	**37**	75
Share Save Scheme (3-Year Plan 2019)	**13**	23
Share Save Scheme (3-Year Plan 2018)	**–**	41
	249	464

31 Share-based payments continued

Company

The movement in the number of outstanding options under the share schemes for the Company is shown below.

Number of options (LTIP and Share Save)

	Long Term Incentive Plan December 2021 Number '000	Long Term Incentive Plan November 2020 Number '000	Long Term Incentive Plan November 2019 Number '000	Long Term Incentive Plan December 2018 Number '000	Share Save Scheme (3-Year Plan 2022) Number '000	Share Save Scheme (3-Year Plan 2021) Number '000	Share Save Scheme (3-Year Plan 2020) Number '000	Share Save Scheme (3-Year Plan 2019) Number '000
Outstanding:								
At 30 August 2020	–	–	443	470	–	–	42	35
Granted in the year	–	588	–	–	–	157	–	–
Exercised in the year	–	–	–	–	–	–	–	–
Forfeited in the year	–	–	–	(52)	–	–	(8)	(18)
At 28 August 2021	**–**	**588**	**443**	**418**	**–**	**157**	**34**	**17**
Granted in the year	**326**	**–**	**–**	**–**	**31**	**–**	**–**	**–**
Exercised in the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17)**
Forfeited in the year	**(28)**	**(272)**	**–**	**(418)**	**–**	**(17)**	**–**	**–**
At 3 September 2022	**298**	**316**	**443**	**–**	**31**	**140**	**34**	**–**
Exercisable:								
At 28 August 2021	–	–	–	–	–	–	–	–
At 3 September 2022	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Weighted average:								
Remaining contractual life (years)	**9**	**8**	**7**	**6**	**3.3**	**2.07**	**1.07**	**0.07**
Remaining expected life (years)	**5.50**	**4.50**	**3.50**	**2.50**	**3.05**	**1.82**	**0.82**	**–**

The total charge recognised for the year arising from share-based payments are as follows:

	2022 £'000	2021 £'000
Deferred Bonus Share Plan 2022	**26**	–
Deferred Bonus Share Plan 2021	**(44)**	119
Deferred Bonus Share Plan 2020	**–**	17
Deferred Bonus Share Plan 2018	**–**	(11)
Long Term Incentive Plan December 2021	**68**	–
Long Term Incentive Plan November 2020	**(30)**	83
Long Term Incentive Plan December 2017	**–**	(2)
Share Save Scheme (3-Year Plan 2022)	**1**	–
Share Save Scheme (3-Year Plan 2021)	**19**	13
Share Save Scheme (3-Year Plan 2020)	**3**	10
Share Save Scheme (3-Year Plan 2019)	**2**	2
Share Save Scheme (3-Year Plan 2018)	**–**	9
	45	240

31 Share-based payments continued

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

	2022 £'000	2021 £'000
Long Term Incentive Plan December 2021	**52**	–
Long Term Incentive Plan November 2020	**25**	22
Share Save Scheme (3-Year Plan 2022)	**9**	–
Share Save Scheme (3-Year Plan 2021)	**138**	61
Share Save Scheme (3-Year Plan 2020)	**96**	70
Share Save Scheme (3-Year Plan 2019)	**–**	66
Total carrying amount of investments	**320**	219

32 Acquisition

Afgritech Ltd

On 6 June 2022 Carr's Group plc acquired the remaining 50% of Afgritech Ltd taking its interest from 50% to 100%. Afgritech Ltd is a holding company with a 100% owned subsidiary Afgritech LLC. Afgritech LLC is a manufacturer of an animal feed ingredient. Cash consideration paid was £1.0m.

The following amounts were recognised within the consolidated income statement for the year ended 3 September 2022 in respect of acquisitions made in that year:

	Total £'000
Revenue	**2,349**
Profit before taxation	**133**

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

Total acquisition-related costs amounted to £27,000, which have been recognised within administrative expenses in the consolidated income statement in the year and have been included in the gain on acquisition of Afgritech within adjusting items (note 5).

The assets and liabilities recognised in the acquisition accounting are set out below.

	Fair value £'000
Property, plant and equipment	**1,306**
Inventories	**441**
Receivables	**817**
Cash at bank	**594**
Payables	**(814)**
Bank loans	**(331)**
Taxation	**35**
Net assets acquired	**2,048**
Fair value of existing interest held in joint venture	**(1,024)**
Negative goodwill	**(4)**
	1,020
Satisfied by:	
Cash consideration	**1,020**

32 Acquisition continued

Pro forma full-year information

IFRS 3 (revised) requires disclosure of information as to the impact on the financial statements if the acquisitions had occurred at the beginning of the accounting year.

The pro forma summary below presents the Group as if the acquisitions had been acquired on 29 August 2021.

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

Continuing operations	£'000
Revenue	**132,884**
Profit before taxation	**7,027**

33 Cash generated from/(used in) continuing operations

	Group		Company	
	2022 £'000	2021 (restated) £'000	**2022 £'000**	2021 £'000
Profit for the year from continuing operations	**6,042**	5,747	**7,987**	6,261
Adjustments for:				
Tax	**1,524**	1,788	**(144)**	(8)
Tax credit in respect of R&D	**(1,553)**	(260)	**–**	–
Dividends received from subsidiaries	**–**	–	**(7,090)**	(8,248)
Dividends received from associate and joint ventures	**–**	–	**(2,250)**	(1,039)
Depreciation of property, plant and equipment	**2,778**	2,576	**27**	33
Depreciation of right-of-use assets	**1,276**	1,219	**114**	105
Depreciation of investment property	**5**	6	**–**	–
Intangible asset amortisation	**988**	1,228	**–**	–
Goodwill impairment	**4,219**	–	**–**	–
Profit on disposal of property, plant and equipment	**(17)**	(73)	**–**	–
Profit on disposal of right-of-use assets	**(5)**	–	**(3)**	–
Profit on disposal of investment property	**(76)**	–	**–**	–
Gain on acquisition of Afgritech	**(764)**	–	**–**	–
Adjustments to contingent consideration	**(1,320)**	(1,013)	**–**	–
Net fair value charge on share-based payments	**148**	345	**45**	240
Other non-cash adjustments	**(119)**	(606)	**(2,818)**	637
Finance costs:				
Interest income	**(351)**	(260)	**(1,723)**	(1,593)
Interest expense and borrowing costs	**1,077**	985	**580**	531
Share of results of joint ventures	**(840)**	(991)	**–**	–
Impairment of joint venture (Company: impairment of loan receivable)	**–**	2,090	**–**	876
IAS 19 income statement charge (excluding interest):				
Administrative expenses (note 29)	**126**	18	**126**	18
Changes in working capital (excluding the effects of acquisitions):				
(Increase)/decrease in inventories	**(6,153)**	568	**–**	–
Increase in receivables	**(218)**	(1,509)	**(297)**	(471)
(Decrease)/increase in payables	**(2,294)**	6,273	**1,761**	749
Cash generated from/(used in) continuing operations	**4,473**	18,131	**(3,685)**	(1,909)

34 Analysis of net debt and leases

Group	At 29 August 2021 £'000	Cash flow £'000	Other non-cash changes £'000	Acquired with subsidiaries £'000	Exchange movements £'000	Transferred to liabilities of disposal group £'000	At 3 September 2022 £'000
Cash and cash equivalents	24,309	**9,354**	**–**	**594**	**332**	**(12,074)**	**22,515**
Bank overdrafts	(4,613)	**(5,121)**	**–**	**–**	**–**	**–**	**(9,734)**
	19,696	**4,233**	**–**	**594**	**332**	**(12,074)**	**12,781**
Loans and other borrowings:							
– Current	(6,500)	**(20,849)**	**77**	**(117)**	**(26)**	**24,415**	**(3,000)**
– Non-current	(23,159)	**(322)**	**(48)**	**(214)**	**(62)**	**–**	**(23,805)**
Net debt	(9,963)	**(16,938)**	**29**	**263**	**244**	**12,341**	**(14,024)**
Leases:							
– Current	(2,967)	**–**	**(181)**	**–**	**–**	**1,732**	**(1,416)**
– Non-current	(12,458)	**3,186**	**(3,212)**	**–**	**(108)**	**6,464**	**(6,128)**
Leases	(15,425)	**3,186**	**(3,393)**	**–**	**(108)**	**8,196**	**(7,544)**
Net debt and leases	(25,388)	**(13,752)**	**(3,364)**	**263**	**136**	**20,537**	**(21,568)**

Group	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)
Net debt and leases	(32,819)	9,920	(2,546)	57	(25,388)

Company	At 29 August 2021 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 3 September 2022 £'000
Cash and cash equivalents	11,063	**1,592**	**–**	**71**	**12,726**
Loans and other borrowings:					
– Current	(2,341)	**75**	**853**	**–**	**(1,413)**
– Non-current	(21,906)	**(763)**	**(48)**	**(40)**	**(22,757)**
Net debt	(13,184)	**904**	**805**	**31**	**(11,444)**
Leases:					
– Current	(98)	**–**	**(15)**	**–**	**(113)**
– Non-current	(250)	**105**	**(86)**	**–**	**(231)**
Leases	(348)	**105**	**(101)**	**–**	**(344)**
Net debt and leases	(13,532)	**1,009**	**704**	**31**	**(11,788)**

34 Analysis of net debt and leases continued

Company	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	7,984	3,116	–	(37)	11,063
Loans and other borrowings:					
– Current	(2,450)	110	–	(1)	(2,341)
– Non-current	(22,947)	900	(60)	201	(21,906)
Net debt	(17,413)	4,126	(60)	163	(13,184)
Leases:					
– Current	(97)	–	(1)	–	(98)
– Non-current	(354)	98	6	–	(250)
Leases	(451)	98	5	–	(348)
Net debt and leases	(17,864)	4,224	(55)	163	(13,532)

Other non-cash changes in net debt for both the Group and Company relate to the release of deferred borrowing costs to the income statement. Additionally, for the Group, it includes amounts reclassified as leases in the year and, in respect of the Company, the settlement of a loan from a subsidiary with a non-cash dividend from the subsidiary . For leases, these relate to new leases entered into during the year net of liabilities extinguished on exit of leases.

The table below shows a reconciliation of cash flows shown in the tables above to the consolidated and Company statements of cash flows.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Net increase in cash and cash equivalents per cash flow statement	**5,159**	9,392	**1,663**	3,079
Cash acquired with subsidiaries	**(594)**	–	**–**	–
Effects of exchange rate differences	**(332)**	296	**(71)**	37
Cash flows from cash and cash equivalents less bank overdrafts in tables above	**4,233**	9,688	**1,592**	3,116
Cash flows from/(used in) financing activities per cash flow statement	**13,650**	(6,469)	**(3,752)**	(5,698)
Proceeds from issue of ordinary share capital	**(352)**	(1,010)	**(352)**	(1,010)
Purchase of own shares held in trust	**–**	110	**–**	110
Dividends paid to shareholders	**4,687**	5,490	**4,687**	5,490
Dividend paid to related party (included within discontinued operations)	**–**	1,647	**–**	–
Cash flows from loans and other borrowings and leases per tables above	**17,985**	(232)	**583**	(1,108)
Cash flow from net debt and leases per tables above	**(13,752)**	9,920	**1,009**	4,224

35 Capital commitments

Group	**2022 £'000**	2021 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts:		
Property, plant and equipment	**521**	1,164
Right-of-use assets	**301**	–
	822	1,164

The Company has no capital commitments (2021: none).

36 Financial guarantees and contingent liabilities

The Company, together with certain subsidiary undertakings, has entered into a guarantee with Clydesdale Bank PLC (trading as Virgin Money) in respect of the Group loans, overdraft, asset finance and guarantee facilities with that bank, which at 3 September 2022 amounted to £8,474,000 (2021: £2,674,000).

Certain subsidiary undertakings utilise guarantee facilities with financial institutions which include their own bankers. These financial institutions in the normal course of business enter into certain specific guarantees with some of the subsidiaries' customers. All these guarantees allow the financial institutions to have recourse to the subsidiaries if a guarantee is enforced. The total outstanding of such guarantees at 3 September 2022 was £2,963,000 (2021: £3,098,000).

The Company has provided specific guarantees to certain customers of subsidiaries. These are in place to guarantee the completion of the contract in any event. The contracts under these guarantees had a total contract value of £33,447,000 (2021: £14,788,000) and as at 3 September 2022 £17,766,000 (2021: £359,000) remained uncompleted.

The Company has provided a guarantee over the lease of a premises occupied by a subsidiary. The guarantee is in respect of prompt and full payment of rents due throughout the term of the lease. As at 3 September 2022, the cumulative rent payable over the remaining term of the lease is £520,000 (2021: £728,000).

The Company has entered into a guarantee with the Trustees of the Carrs Billington Agriculture Pension Scheme in respect of the punctual payment of obligations due to the pension scheme by the participating employers of the scheme. The Company's total liability shall not exceed £1,500,000 (2021: £1,500,000). This guarantee has been extinguished on completion of the sale of the disposal group on 26 October 2022.

One of the Group's subsidiary undertakings is a participating employer in the Carrs Billington Agriculture Pension Scheme. On a wind-up of the scheme the buy-out deficit would be split between the participating employers with the Group's level of participation in the scheme estimated at 48.5%. At the last actuarial valuation, the Group's estimated liability on the wind-up of the scheme was £2.6m (2021: £6.6m). This contingent liability has been extinguished on completion of the sale of the disposal group on 26 October 2022.

Certain UK subsidiaries have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 3 September 2022. The Company will guarantee the debts and liabilities of these subsidiaries at the balance sheet date in accordance with section 479C of the Companies Act 2006. Details of the subsidiaries taking audit exemption are included in Note 19. The Company has assessed the probability of loss under the guarantee as remote.

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

37 Related parties

Group and Company

Identity of related parties

The Group has a related party relationship with its subsidiaries, associate and joint ventures and with its Directors.

Transactions with key management personnel

Key management personnel are considered to be the Directors and their remuneration is disclosed within the Remuneration Committee Report and note 6.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Balances reported in the Balance Sheet				
Amounts owed by businesses controlled by key management personnel (in a trading capacity):				
Trade and other receivables	**–**	379	**–**	–
Trade and other payables	**–**	(1)	**–**	(1)
Transactions reported in the Income Statement				
Revenue	**182**	405	**–**	–
Purchases	**–**	(5)	**–**	(5)

37 Related parties continued

Transactions with subsidiaries

	Company	
	2022 £'000	2021 £'000
Balances reported in the Balance Sheet		
Amounts owed by subsidiary undertakings:		
Non-current loans receivable	**34,208**	33,494
Other receivables	**1,336**	458
	35,544	33,952
Amounts owed to subsidiary undertakings:		
Current loans payable	**(260)**	–
Other payables	**(393)**	(11)
	(653)	(11)
Transactions reported in the Income Statement		
Management charges receivable	**2,824**	3,400
Dividends receivable	**7,090**	8,248
Interest receivable	**1,428**	1,372
Purchases	**–**	(1)

Included within other receivables is £848,000 (2021: £nil) in respect of loans owed by subsidiary undertakings.

Transactions with associate

	Group		Company	
	2022 £'000	2021 (restated) £'000	**2022 £'000**	2021 £'000
Balances reported in the Balance Sheet				
Amounts owed by associate:				
Trade and other receivables	**94**	205	**41**	70
Assets included in disposal group classified as held for sale	**922**	–	**–**	–
	1,016	205	**41**	70
Amounts owed to associate:				
Trade and other payables	**(67)**	(23,128)	**–**	–
Liabilities included in disposal group classified as held for sale	**(33,486)**	–	**–**	–
	(33,553)	(23,128)	**–**	–
Transactions reported in the Income Statement (continuing operations)				
Revenue	**604**	441	**–**	–
Rental income	**20**	20	**–**	–
Management charges receivable	**110**	109	**110**	109
Dividends receivable	**–**	–	**–**	1,039
Management charges payable	**–**	–	**–**	–
Purchases	**–**	(190)	**–**	–

Amounts presented for transactions reported in the income statement are in respect of continuing operations only. Transactions between Carrs Billington Agriculture (Sales) Ltd and the associate are excluded as they are both within the disposal group. The prior year amounts presented for transactions reported in the income statement have been restated to aid comparability.

37 Related parties continued

Transactions with joint ventures

	Group		Company	
	2022 £'000	2021 (restated) £'000	**2022 £'000**	2021 £'000
Balances reported in the Balance Sheet				
Amounts owed by joint ventures:				
Trade and other receivables	**100**	1,062	**10**	801
Assets included in disposal group classified as held for sale	**6**	–	**–**	–
	106	1,062	**10**	801
Amounts owed to joint ventures:				
Trade and other payables	**(38)**	(15)	**–**	–
Liabilities included in disposal group classified as held for sale	**(20)**	–	**–**	–
	(58)	(15)	**–**	–
Transactions reported in the Income Statement (continuing operations)				
Revenue	**208**	853	**–**	–
Management charges receivable	**94**	87	**–**	–
Dividends receivable	**–**	–	**2,250**	–
Purchases	**(804)**	(404)	**–**	–

Included within Group and Company trade and other receivables is £nil (2021: £793,000) in respect of loans owed by joint ventures. A provision for impairment of £776,000 has been recognised in the prior year by both the Group and Company against the loan receivable. The amounts included in the table above for the prior year are net of this provision for impairment.

Amounts presented for transactions reported in the income statement are in respect of continuing operations only. Transactions between Carrs Billington Agriculture (Sales) Ltd and Bibby Agriculture Ltd are excluded as they are both within the disposal group. The prior year amounts presented for transactions reported in the income statement have been restated to aid comparability.

Other related parties

NW Total Engineered Solutions Ltd occupies its premises under a 15-year lease with Ironworks Properties LLP. The owners of Ironworks Properties LLP were employed by NW Total Engineered Solutions Ltd until 31 March 2022. This lease is accounted for under IFRS 16 and at the year end the lease liability included in the consolidated balance sheet was £979,000 (2021: £1,047,000). Lease payments made in the year were £98,000 (2021: £98,000).

38 Post balance sheet event

On 31 August 2022, the Group entered into a conditional agreement to dispose of its interests in the Carr's Billington Agricultural business to Edward Billington & Son Limited. The sale was conditional on approval by the Group's shareholders which was given at a General Meeting held on 19 September 2022. The disposal completed on 26 October 2022.

On completion, the Company received £24.7m initial cash proceeds following certain working capital adjustments since the announcement on 31 August 2022. The consideration receivable remains subject to any final adjustments once the completion accounts mechanism is finalised.

39 Prior year restatements

The Board has made two prior year restatements to continuing operations, both related to revenue recognised under IFRS15 (Revenue from Contracts with Customers). The first restatement relates to the timing of revenue recognition for a small number of contracts with a single customer in China, where an adjustment to correct the accounting treatment in previous years has been made, to adhere to IFRS15 requirements on enforceable rights to payment in the event of termination of contract by the customer. This restatement of prior years has resulted in shareholders' equity at 30 August 2020 being reduced by £254,000 and increases to revenue (£951,000) and adjusted profit after tax (£249,000) in the year to 28 August 2021.

The second case relates to contracts directly related to Mechanical Stress Improvement Process technology and specifically whether these contracts contained two performance obligations (the conclusion reached in prior years) or one. This is an area which requires significant judgement and after careful consideration, the Board decided to account for the contracts as having one rather than two performance obligations. The impact of this change has been reflected on previous years' results as a prior year restatement. Shareholders' equity at 30 August 2020 was reduced by £392,000 as a result of this change. For the year to 28 August 2021, revenue was reduced by £386,000 and adjusted profit after tax decreased by £305,000 as a result of this change.

39 Prior year restatements continued

The Board has also made two prior year restatements to discontinued operations, both related to revenue recognition. Firstly, in prior years the Group had incorrectly identified itself as acting as a principal when recognising revenue related to fertiliser sales, made through one specific supplier. A review of this transaction highlighted that the Group was acting as an agent, rather than principal, under IFRS 15 guidance, which means the net proceeds from the transaction, rather than gross sales, should be recognised as revenue. A correction to reduce both revenue and cost of sales in the year to 28 August 2021 by £10,497,000 has been made. There is no impact on profit.

A further correction to reduce both revenue and cost of sales of £2,769,000 has also been made in respect of intra-company transactions which had not been netted off in prior years. There is no impact on profit.

The prior year restatements to discontinued operations are reflected in note 9.

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

	28 August 2021 (previously reported – Group) £'000	28 August 2021 (previously reported – continuing operations only) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	28 August 2021 (restated – continuing operations only) £'000
Income Statement					
Revenue	417,254	119,754	951	(386)	120,319
Cost of sales	(365,174)	(88,589)	(606)	–	(89,195)
Gross profit	52,080	31,165	345	(386)	31,124
Adjusted operating profit	17,585	11,118	345	(386)	11,077
Reported operating profit	13,024	8,241	345	(386)	8,200
Adjusted profit before taxation	16,613	10,453	345	(386)	10,412
Reported profit before taxation	12,052	7,576	345	(386)	7,535
Taxation	(2,400)	(1,773)	(96)	81	(1,788)
Adjusted profit for the year	14,675	9,413	249	(305)	9,357
Reported profit for the year	9,652	5,803	249	(305)	5,747
Basic EPS (pence)	8.3	6.2	0.3	(0.3)	6.2
Diluted EPS (pence)	8.1	6.1	0.3	(0.3)	6.1

	28 August 2021 (previously reported) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	28 August 2021 (restated) £'000
Balance Sheet				
Deferred tax asset	–	–	182	182
Total non-current assets	123,363	–	182	123,545
Total assets	262,504	–	182	262,686
Contract liabilities	(2,447)	–	(865)	(3,312)
Total current liabilities	(86,095)	–	(865)	(86,960)
Total liabilities	(127,270)	–	(865)	(128,135)
Net assets	135,234	–	(683)	134,551
Other reserves	2,578	–	28	2,606
Retained earnings	103,006	–	(711)	102,295
Total shareholders' equity	118,082	–	(683)	117,399
Total equity	135,234	–	(683)	134,551

39 Prior year restatements continued

In accordance with IAS 1, a third balance sheet has been presented to show the impact to the opening balance sheet for the prior year.

The affected financial statement line items are as follows.

Group	30 August 2020 (previously reported) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	30 August 2020 (restated) £'000
Balance Sheet				
Inventories	40,961	618	–	41,579
Contract assets	8,114	(349)	–	7,765
Total current assets	120,403	269	–	120,672
Total assets	244,805	269	–	245,074
Contract liabilities	(1,061)	(622)	(496)	(2,179)
Total current liabilities	(70,814)	(622)	(496)	(71,932)
Deferred tax liabilities	(4,783)	99	104	(4,580)
Total non-current liabilities	(42,360)	99	104	(42,157)
Total liabilities	(113,174)	(523)	(392)	(114,089)
Net assets	131,631	(254)	(392)	130,985
Other reserves	4,436	(5)	14	4,445
Retained earnings	98,907	(249)	(406)	98,252
Total shareholders' equity	114,831	(254)	(392)	114,185
Total equity	131,631	(254)	(392)	130,985

FIVE-YEAR STATEMENT

Continuing operations Revenue and results	(Restated)[1,2] 2018 £'000	(Restated)[1,2] 2019 £'000	(Restated)[1,2] 2020 £'000	(Restated)[2] 2021 £'000	**2022** **£'000**
Revenue	104,781	107,607	113,493	120,319	**124,240**
Operating profit	9,528	10,801	7,160	8,200	**8,232**
Analysed as:					
Adjusted operating profit	10,485	13,152	9,794	11,077	**11,906**
Adjusting items	(957)	(2,351)	(2,634)	(2,877)	**(3,674)**
Operating profit	9,528	10,801	7,160	8,200	**8,232**
Finance income	358	463	311	260	**351**
Finance costs	(801)	(841)	(1,184)	(925)	**(1,017)**
Profit before taxation	9,085	10,423	6,287	7,535	**7,566**
Analysed as:					
Adjusted profit before taxation	10,042	12,774	8,921	10,412	**11,240**
Adjusting items	(957)	(2,351)	(2,634)	(2,877)	**(3,674)**
Profit before taxation	9,085	10,423	6,287	7,535	**7,566**
Taxation	(906)	(1,767)	(581)	(1,788)	**(1,524)**
Profit for the year from continuing operations	8,179	8,656	5,706	5,747	**6,042**
Discontinued operations					
Profit/(loss) for the year from discontinued operations	5,261	3,994	3,299	3,849	**(2,193)**
Profit for the year	13,440	12,650	9,005	9,596	**3,849**
Earnings per share – basic (continuing operations)	9.0p	9.4p	6.2p	6.2p	**6.4p**
– adjusted (continuing operations)	9.9p	11.4p	8.3p	10.1p	**10.0p**
Dividends per ordinary share	4.5p	4.75p	4.75p	5.0p	**5.2p**

1 Restated for the change in accounting policy for configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS").

2 Restated in relation to the recognition of revenue from customer contracts within the Engineering division.

Revenue and results included in the table above have been restated to reflect the separate disclosure of continuing operations and discontinued operations following the disposal of the Carr's Billington Agricultural businesses.

FIVE-YEAR STATEMENT continued

Net assets employed	(Restated)[1,3] 2018 £'000	(Restated)[1,2,3] 2019 £'000	(Restated)[1,3] 2020 £'000	(Restated)[3] 2021 £'000	**2022 £'000**
Non-current assets					
Goodwill	24,272	32,877	32,041	31,560	**23,609**
Other intangible assets	1,895	7,878	6,365	5,151	**4,635**
Property, plant and equipment	38,484	37,325	38,259	36,198	**33,204**
Right-of-use assets	–	16,086	14,856	16,777	**8,223**
Investment property	170	164	158	152	**74**
Investments	21,207	23,076	24,666	23,822	**6,097**
Contract assets	–	–	–	312	**316**
Financial assets					
– Non-current receivables	21	22	20	20	**23**
Retirement benefit asset	10,146	7,769	8,037	9,371	**6,828**
Deferred tax assets	–	410	–	182	**213**
	96,195	125,607	124,402	123,545	**83,222**
Current assets					
Inventories	42,371	46,270	42,197	43,226	**26,990**
Contract assets	–	9,466	7,416	7,202	**7,564**
Trade and other receivables	67,516	55,573	51,686	61,735	**19,015**
Current tax assets	181	–	2,068	2,669	**3,866**
Financial assets					
– Derivative financial instruments	26	–	3	–	**–**
– Cash and cash equivalents	24,632	28,649	17,571	24,309	**22,515**
Assets included in disposal group classified as held for sale	–	–	–	–	**148,531**
	134,726	139,958	120,941	139,141	**228,481**
Total assets	230,921	265,565	245,343	262,686	**311,703**
Current liabilities					
Financial liabilities					
– Borrowings	(34,994)	(22,673)	(11,420)	(11,113)	**(12,734)**
– Leases	–	(2,801)	(2,778)	(2,967)	**(1,416)**
– Derivative financial instruments	–	–	–	–	**(62)**
Contract liabilities	–	(1,334)	(3,297)	(3,312)	**(2,426)**
Trade and other payables	(64,337)	(62,424)	(55,522)	(69,526)	**(21,000)**
Current tax liabilities	(175)	(736)	(33)	(42)	**(711)**
Liabilities included in disposal group classified as held for sale	–	–	–	–	**(101,566)**
	(99,506)	(89,968)	(73,050)	(86,960)	**(139,915)**
Non-current liabilities					
Financial liabilities					
– Borrowings	(4,997)	(26,846)	(25,021)	(23,159)	**(23,805)**
– Leases	–	(12,777)	(11,171)	(12,458)	**(6,128)**
Deferred tax liabilities	(3,971)	(4,707)	(4,377)	(5,503)	**(5,048)**
Other non-current liabilities	(1,784)	(2,999)	(1,385)	(55)	**(336)**
	(10,752)	(47,329)	(41,954)	(41,175)	**(35,317)**
Total liabilities	(110,258)	(137,297)	(115,004)	(128,135)	**(175,232)**
Net assets	120,663	128,268	130,339	134,551	**136,471**

1 Restated for the change in accounting policy for configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS").

2 Restated for the adoption of IFRS 16 'Leases'.).

3 Restated in relation to the recognition of revenue from customer contracts within the Engineering division.

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

The Annual Report and Accounts 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
EBITDA	Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of the associate and joint ventures. 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 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 11.
Adjusted diluted 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 adjusted for the effects of any potentially dilutive options. Diluted earnings per share is shown in note 11.
Net debt	The net position of the Group's and Company's cash at bank and borrowings as per the balance sheet. Details of the movement in net debt is shown in note 34.
Underlying sales growth/decline	Year-on-year increase/(decrease) in sales revenue excluding the impact of acquisitions and disposals. This performance measure allows the user to have a clearer understanding of the organic sales growth/decline of the Group. A reconciliation of underlying sales growth/decline to reported revenue is shown below.
Operating cash flow	Cash generated from operating activities. This measure is shown on the face of the consolidated statement of cash flows and is shown below. Operating cash flow demonstrates how much cash is available for the Group to utilise for capital investment, paying dividends, or financing/repaying borrowings.

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY continued

Alternative performance measure	Definition and comments
Gross margin	Reported gross profit as a percentage of reported revenue. Gross margin is a reflection of how successfully the Group manages raw material price volatility and its selling prices in competitive markets. A calculation of gross margin is shown below.
Adjusted Group operating margin	Operating profit after adding back items regarded by the Directors as adjusting items as a percentage of revenue. Adjusted Group operating margin excluding adjusting items is presented because if included, these items could distort the understanding of the Group's performance for the year and the comparability between the years presented. The calculation of adjusted Group operating margin to the statutory equivalent is shown below.
Return on net assets	Profit before tax after adding back items regarded by the Directors as adjusting items as a percentage of net assets. This financial performance metric allows users to understand how effectively and efficiently the Group is using its assets to generate earnings. The calculation of return on net assets is shown below.
Ratio of net debt to EBITDA	The ratio of net debt to EBITDA is a measurement of leverage and reflects the Group's ability to service its debt. The calculation of net debt to EBITDA is shown below.

The following tables show reconciliations and calculations that are not presented elsewhere in this Annual Report and Accounts.

Underlying sales growth/decline

	Continuing operations		
	2022 £'000	2021 £'000	Change
Reported and underlying revenue	**124,240**	120,319	+3.3%

Operating cash flow

	Continuing operations		
	2022 £'000	2021 £'000	Change
Cash generated from operating activities per the consolidated statement of cash flows	**2,861**	16,031	-82.2%

Gross margin

	Continuing operations		
	2022 £'000	2021 £'000	Change
Reported revenue	**124,240**	120,319	+3.3%
Reported gross profit	**29,608**	31,124	
Gross profit as a percentage of revenue	**23.8%**	25.9%	

Adjusted Group operating margin

	Continuing operations		
	2022 £'000	2021 £'000	Change
Reported operating profit	**8,232**	8,200	+0.4%
Adjusting items (note 5)	**3,674**	2,877	
Adjusted operating profit	**11,906**	11,077	+7.5%
Reported revenue	**124,240**	120,319	
Adjusted operating profit as a percentage of reported revenue	**9.6%**	9.2%	

Return on net assets

	2022 £'000	2021 £'000
Reported profit before taxation (2022: continuing operations only)	**7,566**	12,011
Adjusting items (2022: continuing operations only) (note 5)	**3,674**	4,561
Adjusted profit before taxation (2022: continuing operations only)	**11,240**	16,572
Net assets per the consolidated balance sheet	**136,470**	134,551
Net assets of disposal group classified as held for sale (note 9)	**(46,965)**	–
Adjusted net assets (2022: continuing operations only)	**89,505**	134,551
Adjusted profit before taxation as a percentage of adjusted net assets	**12.6%**	12.3%

Ratio of net debt to EBITDA

	2022 £'000	2021 £'000
Adjusted EBITDA (2022: continuing operations only) (note 2)	**15,075**	20,881
Net debt (2022: continuing operations only) (note 34)	**14,024**	9,963
Ratio of net debt to adjusted EBITDA	**0.93**	0.48

DIRECTORY OF OPERATIONS

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CA3 9BA
Tel: 01228 554600
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SPECIALITY AGRICULTURE

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Afgritech LLC
810 Waterman Drive,
Watertown,
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AminoMax
Lansil Way, Lancaster
LA1 3QY
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Animal Feed Supplement, Inc
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Stanton,
Bury St Edmund's, Suffolk
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Animax NZ Limited
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Caltech
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Tel: 016973 32592

Carr's Supplements (NZ) Limited
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Burnside, Christchurch,
8053, New Zealand
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Carr's Supplements (ROI) Limited
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Centre, Creamery Road,
Piltown, County Kilkenny,
E32 FK57, Ireland
Tel: 00 353 87 063 5950

Crystalyx Products GmbH*
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Oldenburg, Germany
Tel: 00 49 441 2188 92142

Gold-Bar Feed Supplements LLC*
783 Eagle Boulevard,
Shelbyville TN 37160, USA
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Scotmin
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Heathfield Industrial Estate,
Ayr KA8 9RX
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Silloth Storage Company*
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Wigton, Cumbria
CA7 4JQ

ENGINEERING

Bendalls Engineering
Brunthill Road, Kingstown
Industrial Estate, Carlisle
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Carr's MSM
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Spitfire Way, Hunts Rise,
South Marston Park,
Swindon, Wiltshire
SN3 4TX
Tel: 01793 824 891

Chirton Engineering
Unit 4A, Tyne Tunnel Trading
Estate, High Flatworth,
North Shields, Tyne and Wear
NE29 7SW
Tel: 0191 296 2020

NuVision Engineering, Inc.
2403 Sidney Street,
Suite 700,
Pittsburgh,
Pennsylvania 15203, USA
Tel: 001 888 748 8232

NuVision Engineering, Inc.
184 B Rolling Hill Road,
Mooresville,
North Carolina 28117, USA
Tel: 001 704 799 2707

NW Total Engineered Solutions Limited
Unit 2 Andrews Way, Barrow
in Furness, Cumbria
LA14 2UE
Tel: 01229 811000

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

* joint venture company.

DORMANT SUBSIDIARIES AT 3 SEPTEMBER 2022

Company Name	Registered and Located	Ownership
Carr's Group Corporate Trustee Ltd	England and Wales[1]	100%
Chirton Engineering Ltd	England and Wales[1]	100%
Conegar S.A.	Uruguay[2]	100%
Horse and Pet Warehouse Ltd	Scotland[3]	51%[5]
Paul Chuter Agricultural Services Ltd	England and Wales[4]	51%[5]
Pearson Farm Supplies Ltd	England and Wales[4]	51%[5]
Phoenix Feeds Ltd	England and Wales[4]	51%[5]

1 Registered Office address: Old Croft, Stanwix, Carlisle, Cumbria CA3 9BA.

2 Registered Office address: Juncal 1305, Piso 18, Montevideo, Uruguay.

3 Registered Office address: Unit 1a, Whitfield Drive, Heathfield Industrial Estate, Ayr KA8 9RX.

4 Registered Office address: 16 Montgomery Way, Rosehill Industrial Estate, Carlisle, Cumbria CA1 2UY.

5 100% owned by Carrs Billington Agriculture (Sales) Ltd which is a 51% subsidiary of Carr's Group plc. Carrs Billington Agriculture (Sales) Ltd and its subsidiaries were disposed of on 26 October 2022.

REGISTERED OFFICE AND ADVISERS

Registered Office

Carr's Group plc
Old Croft, Stanwix,
Carlisle
CA3 9BA
Registered No. 98221

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Financial Adviser and Broker

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