

**R & H Hall Trading Limited**

**Directors' Report and Financial Statements**

**Year ended 31 July 2018**

**Registered number: NI059022**



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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors**

S. Coyle (appointed on 1 October 2018)  
P. Dunne (appointed 28 February 2018)  
I. Hurley (resigned 28 February 2018)  
W. Larkin  
T. O'Mahony

**Secretary**

Origin Secretarial Limited

**Registered Office**

Unit 4A McLean Road  
Campsie Real Estate  
Londonderry  
BT47 3PF

**Registered number:** NI059022

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

## STRATEGIC REPORT

The directors present their strategic report on the Company for the year ended 31 July 2018.

### **Principal activities and business review (including principal risks and uncertainties and future developments)**

The company's principal activity is that of grain and feed ingredient trading.

The directors are satisfied with the performance of the company and expect that the company will continue to grow and maintain current profitability levels.

The directors consider the principal risks and uncertainties the company faces to be:

- volatility in commodity markets;
- spontaneous combustion and/or fire; and
- significant facility and/or mechanical breakdown.

The directors believe that these risks are effectively managed through adequate insurance cover, emergency reaction plan, on site security and ongoing inspection and maintenance of plant and equipment.

Key performance indicators that are focused on by management include:

- sales volumes;
- margin per tonne;
- overheads;
- working capital balances;
- days sales outstanding; and
- discharge and storage tonnes.

Each of these indicators are monitored by management against budget and against prior years.

### **Financial risk management**

The principal financial risk arises from the purchase of product in foreign currencies. This risk is managed by entering into foreign currency contracts with financial institutions, which will be used to pay for the product on delivery.

On behalf of the board



P. Dunne  
Director

21 MARCH 2019

## DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 July 2018.

### Results for the year

The profit and loss account and the balance sheet are set out on pages 8 and 9 respectively. Profit for the financial year amounted to £147,883 (2017: £947,631). Total equity as at 31 July 2018 amounted to £9,500,010 (2017: £10,300,127).

A review of the business of the company, its future developments and financial risk management is included within the strategic report and included in this report by cross reference.

### Dividends

Dividends of £1,050,000 were paid during the year (2017: £Nil). There was no transfer to reserves recommended by the directors (2017: None).

### Directors

The directors and secretary who served during the year and subsequent to the year end were as follows:

#### *Directors*

S. Coyle (appointed on 1 October 2018)

P. Dunne (appointed 28 February 2018)

I. Hurley (resigned 28 February 2018)

W. Larkin

T. O'Mahony

#### *Secretary*

Origin Secretarial Limited

### Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Unit 4A McLean Road, Campsie Real Estate, Londonderry, BT47 3PF and at 4-6 Riverwalk, Citywest Business Campus, Dublin 24, Ireland.

### Political donations

The company did not make any political donations for the year.

### Post balance sheet events

There have been no significant events since the year end which would require disclosure in the financial statements.

### Statement of directors' responsibilities

The directors are responsible for preparing the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* ('FRS 102'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**DIRECTORS' REPORT - continued**

**Statement of directors' responsibilities – continued**

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.

**Disclosure of information to auditors**

The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office in accordance with Section 487 of the Companies Act 2006.

**On behalf of the board**



**P. Dunne**

**Date: 21 March 2019**

# ***Independent auditors' report to the members of R & H Hall Trading Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, R & H Hall Trading Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities. With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# **Independent auditors' report to the members of R & H Hall Trading Limited**

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' 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 auditors' 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. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Martin Cowie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
10 April 2019



**PROFIT AND LOSS ACCOUNT**  
Year ended 31 July 2018

	Note	2018 £	2017 £
<b>Turnover</b>		<b>108,550,125</b>	95,971,778
Cost of sales		<u>(104,827,406)</u>	<u>(92,776,269)</u>
<b>Gross profit</b>		<b>3,722,719</b>	3,195,509
Administrative expenses		<u>(2,593,836)</u>	<u>(1,878,624)</u>
<b>Operating profit</b>		<b>1,128,883</b>	1,316,885
Interest payable and similar expenses	5	<u>(113,000)</u>	<u>(44,650)</u>
<b>Profit on ordinary activities before taxation</b>	4	<b>1,015,883</b>	1,272,235
Tax on profit on ordinary activities	7	<u>(868,000)</u>	<u>(324,604)</u>
<b>Profit for the financial year</b>		<b><u>147,883</u></b>	<b><u>947,631</u></b>

**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 July 2018

		2018 £	2017 £
<b>Profit for the financial year</b>		<b>147,883</b>	947,631
Actuarial gain relating to pension schemes recharged from fellow group company	14	<u>102,000</u>	<u>81,050</u>
<b>Total comprehensive income for the financial year</b>		<b><u>249,883</u></b>	<b><u>1,028,681</u></b>

**BALANCE SHEET**  
**As at 31 July 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	9	2,451,499	2,582,230
Tangible assets	8	43,812	57,116
		<u>2,495,311</u>	<u>2,639,346</u>
<b>Current assets</b>			
Stocks	10	4,733,968	2,812,296
Debtors	11	20,760,753	19,047,847
Cash at bank and in hand		246,713	3,843
		<u>25,741,434</u>	<u>21,863,986</u>
Creditors: amounts falling due within one year	12	(18,605,705)	(14,217,450)
<b>Net current assets</b>		<u>7,135,729</u>	<u>7,646,536</u>
<b>Total assets less current liabilities</b>		<u>9,631,040</u>	<u>10,285,882</u>
Deferred tax asset/(liability)	13	(131,030)	14,245
<b>Net assets</b>		<u>9,500,010</u>	<u>10,300,127</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,000,000	2,000,000
Profit and loss account		7,500,010	8,300,127
<b>Total equity</b>		<u>9,500,010</u>	<u>10,300,127</u>

The financial statements on pages 8 to 23 were approved by the board on 21 March 2019 and were signed on its behalf by:



P. Dunne  
Director

**R&H Hall Trading Limited**  
**Registered number: NI059022**

Date: 21 March 2019

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 July 2018**

	Called up share capital £	Profit and loss account £	Total equity £
<b>2018</b>			
At 1 August 2017	2,000,000	8,300,127	10,300,127
Profit for the financial year	-	147,883	147,883
Actuarial gain relating to pension schemes recharged from fellow group company	-	102,000	102,000
Total comprehensive income for the year	-	249,883	249,883
Dividends paid	-	(1,050,000)	(1,050,000)
At 31 July 2018	2,000,000	7,500,010	9,500,010
	Called up share capital £	Profit and loss account £	Total equity £
<b>2017</b>			
At 1 August 2016	2,000,000	7,271,446	9,271,446
Profit for the financial year	-	947,631	947,631
Actuarial gain relating to pension schemes recharged from fellow group company	-	81,050	81,050
Total comprehensive income for the year	-	1,028,681	1,028,681
Dividends paid	-	-	-
At 31 July 2017	2,000,000	8,300,127	10,300,127

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

The company's principal activity is that of grain and feed ingredient trading. The company is incorporated as a company limited by shares in the United Kingdom. The address of the registered office is Unit 4A McLean Road, Campsie Real Estate, Londonderry, BT47 3PF, United Kingdom.

### 2 Statement of compliance

The individual financial statements of R&H Hall Trading Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* ('FRS 102') and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

### 3 Summary of significant accounting policies

The following accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year and the preceding year in dealing with items which are considered material in relation to the company's financial statements.

#### (a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historic cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies.

The company is a wholly owned subsidiary of Origin Enterprises UK Limited and of its ultimate parent, Origin Enterprises plc. It is included in the consolidated financial statements of Origin Enterprises plc which are publicly available.

#### (b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is calculated on a straight line basis over the estimated useful working lives of the relevant tangible assets as follows:

Plant and machinery	20 years
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##### (i) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significant different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**3 Summary of significant accounting policies- continued**

**(c) Intangible assets**

The company's intangible asset consists of the company's new ERP system, Microsoft Dynamics AX. The asset is stated at cost less accumulated amortisation and accumulated impairment losses and is amortised over its estimated useful life of 10 years, on a straight line basis.

**(d) Foreign currencies**

The financial statements are expressed in sterling (£).

Transactions during the year denominated in foreign currencies have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

**(e) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**(f) Turnover**

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value-added tax. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes but before deduction of settlement discounts.

The company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The company recognises turnover when (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the company retains no continuing managerial involvement or effective control over the goods; (c) the amount of turnover and costs can be measured reliably and (d) it is probable that future economic benefits will flow to the entity.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies- continued

#### (g) Inventories

Stocks are measured at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, packaging and pallets where applicable.

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its net realisable value and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in profit or loss.

#### (h) Pension

The Company operates a defined benefit pension scheme which is now closed to future accrual.

For the Company's defined benefit scheme, the difference between the market value of the scheme's assets and the actuarially assessed present value of the scheme's liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability in the balance sheet, net of deferred tax to the extent that it is deemed to be recoverable.

The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees and earned during the period plus the cost of any benefit improvements granted to members during the period.

The expected return on the pension scheme's assets during the period and the increase in the scheme's liabilities due to the unwinding of the discount during the period are shown as financing costs in the profit and loss account. Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities due to changes in assumptions or because actual experience during the period was different to that assumed, are recognized as actuarial gains and losses in the statement of comprehensive income.

#### (i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### (j) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables, intercompany receivables and cash and bank balances, are initially recognised at transaction price; unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**3 Summary of significant accounting policies- continued**

**(j) Financial instruments - continued**

*(i) Financial assets - continued*

Other financial assets, including investments in equity instruments which are subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, intercompany payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

*(iii) Derivatives*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**(k) Called up share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies- continued

#### (l) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### (m) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### (n) Use of judgements in applying the Company's accounting policies

The preparation of financial statements in conformity with FRS 102 requires the use of significant judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Actual results may differ from these estimates. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to accounting for deferred income tax, inventory impairments and provision for receivables.

##### (i) *Deferred income tax*

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Significant judgement is used when assessing both the extent to which deferred tax assets should be recognised and the amount to be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

##### (ii) *Inventory Impairments*

It is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of the inventory.

##### (iii) *Provision for receivables*

Management reviews the recoverability of receivables taking into account objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

### Exemptions for qualifying under FRS 102

The company has elected to avail of a number of disclosure requirement exemptions available to qualifying entities as set out under FRS 102 paragraph 1.12(c) on the following basis;

- The company meets the definition of a 'Qualifying Entity' under FRS 102.
- Its ultimate parent company, Origin Enterprises plc, prepares group consolidated financial statements that include disclosures equivalent to those required by FRS 102. Note 12 gives further details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.
- The company otherwise applies the recognition, measurement and disclosure requirements of FRS 102.

In accordance with FRS 102 the company has availed of the following disclosure exemptions:

- The requirement of FRS 102 paragraph 4.12(a)(iv) to disclose a reconciliation of the number of shares outstanding at the beginning and end of the period;
- The requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows;
- The financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- The requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.



## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>4 Statutory information</b>	<b>2018 £</b>	<b>2017 £</b>
(a) The profit on ordinary activities before taxation is stated after charging:		
Depreciation	<u>20,926</u>	<u>20,940</u>
Auditors remuneration		
Remuneration for the statutory audit and other audit services carried out by the company's auditors is as follows:		
Audit of individual financial statements	<u>3,711</u>	<u>3,740</u>
(b) Directors' remuneration		
Emoluments	<u>105,219</u>	<u>92,000</u>
Contributions to retirement benefit schemes:		
- defined contribution	<u>11,652</u>	<u>11,000</u>

Retirement benefits are accruing to 2 directors (2017: 2 directors) under a defined contribution scheme and 1 director (2017: 1 director) under the Origin Enterprises plc UK hybrid pension scheme.

<b>5 Interest payable and similar expenses</b>	<b>2018 £</b>	<b>2017 £</b>
Interest on borrowings wholly repayable within 5 years, otherwise than by instalments	<u>113,000</u>	<u>44,650</u>

**6 Staff costs**

The average number of persons employed by the company during the year was 9 (2017: 8), all of whom were employed in management and administration.

	<b>2018 £</b>	<b>2017 £</b>
The staff costs comprise:		
Wages and salaries	540,372	489,538
Social welfare costs	<u>59,163</u>	<u>54,462</u>
	<u>599,535</u>	<u>544,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 7 Tax on profit on ordinary activities

2018  
£

2017  
£

## (a) Tax on profit on ordinary activities

## Current tax:

Current tax charge

722,724

430,000

## Deferred tax:

Timing differences

14,060

(246)

Adjustment in respect of prior periods

131,216

(105,973)

Effect of tax rate change on opening balance

-

823

Total deferred tax (credit)/charge (note 13)

145,276

(105,396)

Tax on profit on ordinary activities

868,000

324,604

(b) Reconciliation of profit on ordinary activities before taxation at the standard rate to the actual charge at the effective rate.

The tax charge for the year is different to the tax charge that would result from applying the standard rate of corporation tax in the United Kingdom to profit on ordinary activities before taxation. The differences are explained below:

2018  
£

2017  
£

Profit on ordinary activities before tax

1,015,883

1,272,235

Profit on ordinary activities before tax multiplied by the standard rate of tax 19% (2017: 19.67%)

193,018

250,249

Effects of:

Expenses not deductible for tax purposes

593,920

197,361

Other

722,724

430,000

Group relief claimed

(769,224)

(447,894)

Adjust closing deferred tax to average rate of 20.00%

(1,654)

861

Adjustment to tax charge in respect of previous periods – deferred tax

131,216

(105,973)

868,000

324,604

17

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 8 Tangible assets

Plant and  
machinery  
£

## Cost

At 1 August 2017

300,804

Additions during the year

7,622

At 31 July 2018

308,426

## Accumulated depreciation

At 1 August 2017

243,688

Charged in year

20,926

At 31 July 2018

264,614

## Net book amounts

At 31 July 2018

43,812

At 31 July 2017

57,116

## 9 Intangible assets

Computer  
software  
£

## Cost

At 1 August 2017

2,627,814

Additions during the year

142,772

At 31 July 2018

2,770,586

## Accumulated amortisation

At 1 August 2017

45,584

Charged in year

273,503

At 31 July 2018

319,087

## Cost or valuation

At 31 July 2018

2,451,499

At 31 July 2017

2,582,230

## 10 Stocks

2018  
£2017  
£

Finished goods for resale

4,733,9682,812,296

In the opinion of the directors, the replacement cost of stocks did not differ significantly from the amount shown above.

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>11 Debtors</b>	<b>2018</b>	<b>2017</b>
	£	£
Trade debtors	2,685,993	3,486,300
Amounts owed by related parties	15,268,308	12,211,072
Amounts owed by other group undertakings	2,782,519	3,210,374
Value added tax payable	-	136,444
Prepayments and other debtors	23,933	3,657
	<u>20,760,753</u>	<u>19,047,847</u>

Amounts due from related parties and other group undertakings are unsecured, interest free and payable on demand.

<b>12 Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	£	£
Amounts owed to other group undertakings	10,559,378	7,465,034
Amounts owed to related parties	6,943,206	4,793,447
Other tax and social security	637,299	-
Accruals and deferred income	465,822	1,958,969
	<u>18,605,705</u>	<u>14,217,450</u>

Amounts owed to related parties and other group undertakings are unsecured, interest free and repayable on demand.

<b>13 Deferred tax asset/(liability)</b>	<b>2018</b>	<b>2017</b>
	£	£
Deferred tax:		
At 1 August	14,245	(91,151)
Profit and loss account (note 7)	(145,275)	105,396
At 31 July	<u>(131,030)</u>	<u>14,245</u>

Deferred tax asset/(liability) is split as follows:

Accelerated capital allowances	(139,746)	5,530
Short term timing difference	8,715	8,715
	<u>(131,030)</u>	<u>14,245</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 14 Post employment benefits

The Origin UK Pension Scheme has two sections, the Main Section and the UAP Section. Each section has its own sponsoring employer. The assets and liabilities of the old R&H Hall Scheme were transferred to the Main Section along with the assets and liabilities of the Masstock Arable (UK) Limited Retirement Benefits Plan (the "Masstock Scheme") and the CSC Crop Protection Limited Pension and Life Assurance Fund (the "CSC Scheme"). The Company is a sponsoring employer for the Main Section of the Origin UK Scheme and is liable for 5% of any net pension liability associated with the main section. A fellow group company, Masstock Arable (UK) Limited is liable for the remaining 95% of any net pension liability. Masstock Arable (UK) Limited accounts for the entire Main Section of the Origin UK Pension Scheme and recharges the Company for its 5% through an intra-group charge.

The effect of the above transfer and the movements of the Origin UK Pension Scheme – Main Section for which the Company is liable for 5% of are summarised as follows:

	Origin UK Pension Scheme Main Section £'000
Pension scheme deficit at 1 August 2017	(3,981)
Charged to the profit and loss account during the year	(478)
Movements through the statement of comprehensive income	1827
Contributions made during the year	693
<b>Origin UK Pension scheme – Main section deficit at 31 July 2018</b>	<b>(1,939)</b>
<b>Company liability for Origin UK Pension Scheme – Main Section – 5% (a)</b>	<b>(97)</b>

(a) Company liability included in amounts owed to other group undertakings (note 12).

**The Origin UK Pension Scheme – Main Section**

The Origin UK Pension Scheme – Main section, which is a defined benefit scheme, has been closed to new members. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement. However, the number of active members of the scheme will at the same time be reducing with the corresponding reduction in overall costs of contribution by the company.

The valuations of the defined benefit scheme used for the purposes of the following disclosures are those of the most recent actuarial valuation carried out at 31 July 2016 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

The main assumptions used by the actuary were as follows:

	2018	2017	
Discount rate	2.70%	2.50%	per annum
Salary increases	3.40%	3.30%	per annum
Inflation (RPI)	2.60%	2.30%	per annum
Pension increases	2.60%	2.30%	per annum

Assumptions regarding future mortality are set based on advice from published statistics and experience.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 14 Post employment benefits - continued

	2018	2017
Longevity at aged 65 for current pensioners		
Male	21.9	22.0
Female	23.8	24.0
Longevity at aged 65 for members currently aged 45		
Male	23.1	23.3
Female	25.0	25.5

The fair value of assets in the scheme at each balance sheet date were:

	Asset value 2018 £'000	% of assets 2018	Asset value 2017 £'000	% of assets 2017
Equities	11,783	24%	10,850	23%
Aviva insurance policy	4,910	10%	5,076	11%
Cash	491	1%	-	0%
Property	491	1%	369	1%
Investment funds	19,148	39%	20,284	42%
Other	12,047	25%	11,268	23%
Total scheme assets	48,870		47,847	

	2018 £'000	2017 £'000
The return on plan assets was:		
Interest income	1,180	1,095
Return on plan assets less interest income	1,109	1,319
	2,289	2,414

	2018 £'000	2017 £'000
The valuation results at each balance sheet date were:		
Fair value of scheme assets	48,870	47,847
Present value of scheme liabilities	(50,809)	(51,828)
Net pension deficit	(1,939)	(3,981)

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 14 Post employment benefits - continued

	2018 £'000	2017 £'000
<b>Movement in fair value of scheme assets</b>		
Fair value of assets at the beginning of the year	47,847	45,557
Interest income	1,181	1,095
Employer contributions	693	766
Contributions by scheme participants	115	129
Benefits paid	(2,075)	(1,019)
Re-measurement gains - return on plan assets excluding interest income	1,109	1,319
<b>Fair value of assets at the end of the year</b>	<b>48,870</b>	<b>47,847</b>
<b>Movement in present value of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the year	(51,828)	(51,186)
Current service cost	(382)	(514)
Past service cost	-	(255)
Contributions by scheme participants	(115)	(129)
Interest cost	(1,276)	(1,226)
Benefits paid	2,075	1,019
Re-measurement - actuarial gain/(loss)	717	463
<b>Defined benefit obligation at the end of the year</b>	<b>(50,809)</b>	<b>(51,828)</b>
<b>Analysis of defined benefit expense recognised in the profit and loss account:</b>		
Current service cost	(386)	(514)
Past service cost	-	(255)
<b>Total recognised in operating profit</b>	<b>(386)</b>	<b>(769)</b>
Expected return on pension scheme assets	1,181	1,095
Interest cost on scheme liabilities	(1,276)	(1,226)
<b>Included in interest costs</b>	<b>(95)</b>	<b>(131)</b>
<b>Net charge to profit and loss account</b>	<b>(481)</b>	<b>(900)</b>

The following shows the amount recognised in the statement of comprehensive income:

Return on plan assets excluding interest income	1,109	1,319
Experience adjustment on scheme liabilities	(163)	539
Changes in demographical and financial assumptions	881	(76)
<b>Actuarial gain/(loss)</b>	<b>1,827</b>	<b>1,782</b>

The Company expects to contribute approximately £786,000 (2017: £547,000) to its defined benefit scheme in the next financial year ended 31 July 2019.

## 15 Dividends

	2018 £	2017 £
Final dividend paid	1,050,000	-
Dividends of £1,050,000 were paid during the year (2017: £Nil).		

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 16 Called up share capital

	2018 £'000	2017 £'000
<b>Authorised</b>		
2,000,000 (2017: 2,000,000) ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Allotted, called up and fully paid</b>		
2,000,000 (2017: 2,000,000) ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## 17 Contingent liabilities

The company is a participant in a banking arrangement along with other group and associated companies. The company has issued a cross company guarantee and indemnity in favour of Bank of Ireland pursuant to which each company that is a member of this banking arrangement guarantees, on a joint and several basis, the payment and performance by each other company of its obligations to the bank.

## 18 Group membership and controlling party

The directors regard Origin Enterprises plc as the controlling party of the company. The company's immediate parent undertaking is Origin Enterprises UK Limited, an undertaking incorporated and operating in the United Kingdom. The smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Origin Enterprises plc. Copies of the Origin Enterprises plc group financial statements may be obtained from 4-6 Riverwalk, Citywest Business Campus, Dublin 24, Ireland.

## 19 Related party transactions

The company has taken advantage of the exemption, under FRS 102 paragraph 33.1A, from disclosing intra-group transactions as it is a wholly-owned subsidiary of its parent undertaking Origin Enterprises plc, whose financial statements are publicly available.

In the normal course of business, the Group undertakes arms-length transactions with its associates and other related parties. A summary of transactions with these related parties during the year are as follows:

	Sale of goods £	Purchase of goods £	Receiving services from £	Payment of tax liability £
Transactions with associates and joint ventures of Origin Enterprises plc	<u>54,202,935</u>	<u>104,476,268</u>	<u>636,716</u>	<u>722,724</u>

The balances owing to the company from related parties at 31 July 2018 were £15,268,308 (2017: £12,211,072) and the balances owing from the company to related parties at 31 July 2018 were £6,943,206 (2017: £4,793,447).