

McCaughey, Russell & Baird Limited

Abridged Financial Statements

31 July 2018



Company Number : R 00381

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Company Information

Directors

C J Heron

A Jones (resigned 28th February 2018)

W N Larkin

T J O'Mahony

P J Kennedy

Secretary

G W Jordan

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast BT2 7DT

Bankers

Bank of Ireland

4-8 High Street

Belfast BT1 2BA

Solicitors

Pinsent Masons Belfast LLP

Soloist

1 Lanyon Place

Belfast BT1 3LP

Registered Office

Clarendon House

23 Clarendon Road

Belfast BT1 3BG

Abridged Balance Sheet

at 31 July 2018

	Note	2018 £	2017 £
Current assets			
Debtors	6	2,370,779	1,711,783
Cash at bank and in hand		<u>398,521</u>	<u>283,880</u>
		2,769,300	1,995,663
Creditors: amounts falling due within one year	7	<u>(1,679,528)</u>	<u>(981,233)</u>
Net current assets		1,089,772	1,014,430
Pensions deficit	9	<u>(466,198)</u>	<u>(773,198)</u>
Net assets		<u>623,574</u>	<u>241,232</u>
Capital and reserves			
Called up share capital	8	71,400	71,400
Profit and loss account		<u>552,174</u>	<u>169,832</u>
Shareholders' funds		<u>623,574</u>	<u>241,232</u>

The abridged financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A- small entities. The income statement has not been delivered. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of the abridged financial statements.

The notes on pages 3 to 10 form part of these abridged financial statements.

The financial statements were approved and authorised by the Board of Directors and were signed on its behalf by:



P J Kennedy
Director

05/12/2018



T J O'Mahony
Director

Notes to the financial statements

at 31 July 2018

1. General Information

The company's principal activity during the financial year was the trading of proteins and cereals for the animal feed industry

The company is a private limited company by shares and is incorporated and domiciled in the UK. The address of the registered office is Clarendon House, 23 Clarendon Road, Belfast, BT1 3BG.

2. Statement of compliance

The individual financial statements of McCaughey, Russell & Baird Limited have been prepared in compliance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including the provisions of FRS 102, Section 1A – small entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. Summary of significant accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared in Sterling which is the functional currency.

The company has net cash and a strong net asset position. As a result the directors believe it appropriate to adopt the going concern assumption.

No rounding has been applied other than in note 9.

Statement of cash flows

The company is availing of the small entity exemption from the requirement to draw up a statement of cash flows in accordance with FRS 102 Section 7.1B *Statement of Cash Flows*.

Financial instruments

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

The company enters into basic financial instrument transitions that result in the recognition of financial assets and liabilities such as cash, trade and other debtors, trade and other creditors and amounts owed to/by group undertakings

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.

Financial assets that are measured at cost and amortised costs are assessed at the end of each reporting period for impairment, if any objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated cash flows from the asset.

Debt instruments (excluding those repayable or receivable within one year) are initially measured at fair value and subsequently at amortised cost using the effective interest method. Debt instruments that are to be payable or receivable within one year are measured at the undiscounted amount of cash and or other consideration the company expects to pay or receive.

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

Notes to the financial statements

at 31 July 2018

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition, are readily convertible to known amounts of cash with insignificant risk to change in value.

Provision for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied;

- The company has transferred the significant risks and rewards of ownership to the buyer;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deferred taxation

The tax expense for the period comprises current and deferred tax.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income. Current tax is recognised in the income statement.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, a deferred tax liability/ (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements (continued)

at 31 July 2018

3. Summary of significant accounting policies (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

A funded group defined benefit scheme is operated for certain of the company's employees. The cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each balance sheet date, with the surplus or deficit arising recognised on the balance sheet.

When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Pensions

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation such estimates are subject to uncertainty. Further details are given in note 13.

Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Notes to the financial statements (continued)

at 31 July 2018

4. Directors' remuneration

The directors received no remuneration during the year (2017: £nil).

5. Staff costs

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

	2018 No.	2017 No.
Administration	<u>5</u>	<u>6</u>

Staff are remunerated by another Group company.

6. Debtors

	2018 £	2017 £
Trade debtors	2,266,142	1,557,347
Other debtors	3,235	844
Deferred tax asset	<u>101,402</u>	<u>153,592</u>
	<u>2,370,779</u>	<u>1,711,783</u>

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to fellow subsidiary	100	100
Amounts owed to related parties	1,632,718	953,259
Other creditors	149	2,295
Accruals and deferred income	464	25,579
Corporation tax	<u>46,097</u>	<u>-</u>
	<u>1,679,528</u>	<u>981,233</u>

8. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2018</i>	<i>No.</i>	<i>2017</i>
		<i>£</i>		<i>£</i>
Ordinary shares of £1 each	22,350	22,350	22,350	22,350
Deferred shares of £1 each	49,050	49,050	49,050	49,050
		<u>71,400</u>		<u>71,400</u>

The respective rights and restrictions attaching to the Ordinary Shares and Deferred Shares are as follows:

- (i) As regards income: the profits which the Company may determine to distribute in respect of any financial year shall be distributed as follows:
the first £100,000 thereof shall be distributed among the holders of the Ordinary Shares in proportion to the amounts paid up on the Ordinary Shares held by them respectively; the next £100 thereof shall be distributed among the holders of the Deferred Shares in proportion to the amounts paid up on the Deferred Shares held by them respectively and the balance of such profits shall be distributed among the holders of the Ordinary Shares in proportion to the amounts paid up on the Ordinary Shares held by them respectively.
- (ii) As regards capital: on a return of assets, on liquidation or otherwise, the assets of the Company available for distribution among the members shall be applied, first, in repaying to the holders of the Ordinary Shares the sum of £1,000 per share, second, in repaying to the holders of the Deferred Shares the amounts paid up on such shares, and the balance of such assets shall belong to and be distributed among the holders of the Ordinary Shares held by them respectively.
- (iii) As regards voting: the holders of the Deferred Shares shall not be entitled to receive notice of or to attend or vote at any general meeting of the Company by virtue of their respective holdings of the Deferred Shares.

Notes to the financial statements (continued)

at 31 July 2018

9. Pensions

The Company's principal pension scheme is a defined benefit scheme, which is funded by the payment of contributions to a separately administered trust fund. Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of regular actuarial valuations using the projected unit method.

The most recent actuarial valuation was carried out at 1 April 2014 and updated to 31 July 2018 using the major assumptions as set out below:

	2018	2017
Rate of increase in pensions in payment	1.90%	1.60%
Discount rate	2.90%	2.50%
Inflation assumption (CPI)	2.40%	2.40%

The assets in the scheme and the expected rate of return were:

	2018	2017
	<i>Net assets</i>	<i>Net assets</i>
	£000	£000
Equities	515	509
Bonds	1,784	1,728
Property	79	96
Cash	124	128
Other	234	-
Total market value of assets	2,736	2,461
Present value of scheme liabilities	(3,202)	(3,234)
Deficit in the scheme	(466)	(773)

Analysis of total other finance costs on pension scheme

	2018	2017
	£	£
Expected return on pension scheme assets	62,000	61,000
Interest on pension liabilities	(80,000)	(81,000)
Total other finance expense	(18,000)	(20,000)

Total recognised in the profit and loss account

	2018	2017
	£	£
Total recognised in the profit and loss account	(18,000)	(20,000)

Notes to the financial statements (continued)

at 31 July 2018

9. Pensions (continued)

Analysis of the amount recognised in the statement of comprehensive income

	2018 £	2017 £
Loss recognised in respect of the change in benefit obligations	(4,000)	(65,000)
Gain recognised in respect of the change in plan assets	225,000	82,000
Actuarial gain recognised in the statement of comprehensive income	<u>221,000</u>	<u>17,000</u>

Changes in the present value of defined benefit obligations are analysed as follows:

	2018 £000	2017 £000
At 1 August	3,234	3,298
Interest cost	80	81
Benefits paid	(116)	(210)
Actuarial loss	4	65
At 31 July	<u>3,202</u>	<u>3,234</u>

Changes in the fair value of plan assets are analysed as follows:

	2018 £000	2017 £000
At 1 August	2,461	2,414
Expected return on plan assets	62	61
Employer contributions	104	114
Benefits paid	(116)	(210)
Actuarial gain	225	82
At 31 July	<u>2,736</u>	<u>2,461</u>

Two year history

	2018 £000	2017 £000
Benefit obligations at end of year	3,202	3,234
Fair value of plan assets at end of year	2,736	2,461
Deficit	(466)	(773)
Difference between expected and actual return on pension scheme assets:		
– amount	225	82
– % of scheme assets	8%	3%
Experience gains and losses arising on scheme liabilities:		
– amount	331	(20)
– % of scheme liabilities	10%	1%

10. Contingent liability

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.

11. Related party transactions

During the year the company entered into transactions with the following related parties:

W & R Barnett Trading Limited

R & H Hall Trading Limited

A summary of the transactions is as follows:

	2018	2017
	£	£
Purchases of materials	44,318,261	38,075,027
Purchases of services	116,244	112,864
Amounts owed to related parties	1,632,718	953,259

In addition the company has taken advantage of the exemption under section 33 of FRS 102, Related Party Disclosures paragraph 33.1A, not to disclose related party transactions with entities that are part of the North West Silos Limited group.

12. Ultimate parent undertaking and controlling party

The immediate parent undertaking is North West Silos Limited, a company incorporated in Northern Ireland. The group's ultimate parent undertaking is W&R Barnett Holdings Limited, a company incorporated and registered in Northern Ireland. Up to 24 October 2018, the group's ultimate parent undertaking and the parent undertaking of the largest group of undertakings to consolidate these financial statements was W. & R. Barnett, Limited, a company incorporated and registered in Northern Ireland. The group financial statements of W. & R. Barnett, Limited are available at its registered office: Clarendon House, 23 Clarendon Road, Belfast.

The ultimate controlling party are the shareholders of W&R Barnett Holdings Limited.

13. Auditor's Report

The auditor's report on the full statutory financial statements as prepared for members was unqualified and signed by Senior Statutory Auditor, Michael Kidd, Ernst & Young LLP.