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McCaughey, Russell & Baird Limited

Abridged Financial Statements

31 July 2022

Company Number : R0000381

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Company information

Directors

C J Heron

W N Larkin (Resigned 1 September 2022)

T J O'Mahony

P J Kennedy

B F Kent (Appointed 1 September 2022)

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast BT2 7DT

Bankers

Bank of Ireland

1 Donegall Square South

Belfast

BT1 5LR

Solicitors

A&L Goodbody

42-46 Fountain Street

Belfast

BT1 5EF

Registered Office

Clarendon House

23 Clarendon Road

Belfast BT1 3BG

Abridged balance sheet

as at 31 July 2022

| | Note | 2022 £ | 2021 £ |
|---|------|--------------------|------------------|
| Current assets | | | |
| Debtors | 6 | 3,197,112 | 2,033,190 |
| Cash at bank and in hand | | <u>104,738</u> | <u>182,957</u> |
| | | 3,301,850 | 2,216,147 |
| Creditors: amounts falling due within one year | 7 | <u>(1,589,301)</u> | <u>(468,798)</u> |
| Net current assets | | 1,712,549 | 1,747,349 |
| Pensions deficit | 9 | <u>(22,000)</u> | <u>(817,000)</u> |
| Net assets | | <u>1,690,549</u> | <u>930,349</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 71,400 | 71,400 |
| Profit and loss account | | <u>1,619,149</u> | <u>858,949</u> |
| Shareholder funds | | <u>1,690,549</u> | <u>930,349</u> |

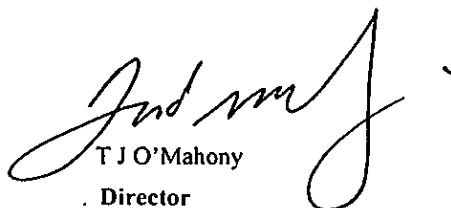
The abridged financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A- small entities. The profit and loss account has not been delivered. The Directors acknowledge 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 on 30 November 2022 and were signed on its behalf by:



P J Kennedy
Director



T J O'Mahony
Director

Notes to the abridged financial statements

at 31 July 2022

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. No rounding has been applied other than in note 9 where amounts have been rounded to the nearest £000.

Applicability of going concern basis

The current war in Ukraine has brought uncertainty to the economic stability of the global markets in which the company operates. Like many businesses, the company has been exposed to the effects of this war. Whilst we have continued to successfully trade throughout this period we have experienced unprecedented increased levels of inflation, especially increased Raw Material prices. To date, the company has been able to pass on most of these cost increases to its customers and therefore, the Board of Directors are confident that there will be no material impacts to the profitability of the company.

The company has net cash and a net asset position and its financial forecasts and projections have been prepared considering the changes in operations and trading performance as a result of the war which indicate that even after reasonably possible sensitivities the company will continue to meet its obligations as they fall due. As a result, the directors have reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and believe that it is appropriate to adopt the going concern assumption in preparing the financial statements.

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 transactions that result in the recognition of financial assets and liabilities such as cash, trade and other debtors, trade and other creditors and amounts owed by associated company and amounts owed to fellow subsidiaries and related parties.

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 profit and loss account.

Notes to the abridged financial statements

at 31 July 2022

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions. These 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 profit and loss account 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.

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 profit and loss account.

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 any overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Notes to the abridged financial statements

at 31 July 2022

4. Summary of significant accounting policies (continued)

Taxation (continued)

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill, if any) 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.

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 profit and loss account 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 and loss account within the 'interest payable and similar charges'.

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 9.

Notes to the abridged financial statements

at 31 July 2022

3. Summary of significant accounting policies (continued)

Critical accounting judgements and estimation uncertainty (continued)

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.

4. Directors' remuneration

The directors received no remuneration from the company during the year (2021: £nil).

5. Staff costs

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

| | 2022 No. | 2021 No. |
|----------------|-------------|-------------|
| Administration | 4 | 4 |

Staff are remunerated by another entity within the Group.

6. Debtors

| | 2022 £ | 2021 £ |
|-----------------------------------|------------------|------------------|
| Trade debtors | 3,030,268 | 1,064,795 |
| Amounts owed by related company | 39,790 | 655,739 |
| Amounts owed by group undertaking | 62,804 | 45,045 |
| Other debtors | 26,131 | 30,741 |
| Deferred tax asset | 38,119 | 236,870 |
| | <u>3,197,112</u> | <u>2,033,190</u> |

7. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|-----------------------------------|------------------|----------------|
| Amounts owed to group undertaking | 12,514 | 5,677 |
| Amounts owed to related parties | 1,543,376 | 420,971 |
| Other creditors | 150 | 13,198 |
| Accruals and deferred income | - | 3,089 |
| Corporation tax | 33,261 | 25,863 |
| | <u>1,589,301</u> | <u>468,798</u> |

Notes to the abridged financial statements

at 31 July 2022

8. Issued share capital

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>2022</i> | <i>No.</i> | <i>2021</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>71,040</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 abridged financial statements

at 31 July 2022

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 31 July 2022 using the major assumptions as set out below:

| | 2022 | 2021 |
|---|-------|-------|
| Rate of increase in pensions in payment | 1.80% | 1.80% |
| Discount rate | 3.50% | 1.70% |
| Inflation assumption (CPI) | 2.70% | 2.80% |

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

| | 2022 | 2021 |
|-------------------------------------|------------------------|------------------------|
| | <i>Net liabilities</i> | <i>Net liabilities</i> |
| | £000 | £000 |
| Equities | 50 | 85 |
| Bonds and debts instrument | 2,648 | 2,546 |
| Property | - | - |
| Cash | 137 | 141 |
| Other | 79 | 229 |
| Total market value of assets | 2,914 | 3,001 |
| Present value of scheme liabilities | (2,936) | (3,818) |
| Deficit in the scheme | (22) | (817) |

Analysis of finance costs on pension scheme

| | 2022 | 2021 |
|--|----------|----------|
| | £ | £ |
| Expected return on pension scheme assets | 51,000 | 44,000 |
| Interest on pension liabilities | (64,000) | (58,000) |
| Total net finance costs | (13,000) | (14,000) |

Total recognised in the profit and loss account

| | 2022 | 2021 |
|---|----------|----------|
| | £ | £ |
| Total net finance costs (as above) | (13,000) | (14,000) |
| Total recognised in the profit and loss account | (14,000) | (14,000) |

Notes to the abridged financial statements

at 31 July 2021

9. Pensions (continued)

Analysis of the amount recognised in the statement of comprehensive income

| | 2022 | 2021 |
|--|----------------|----------------|
| | £ | £ |
| Loss recognised in respect of the change in benefit obligations | 824,000 | 61,000 |
| Gain recognised in respect of the change in plan assets | (130,000) | 47,000 |
| Actuarial loss recognised in the statement of comprehensive income | <u>694,000</u> | <u>108,000</u> |

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

| | 2022 | 2021 |
|----------------|--------------|--------------|
| | £000 | £000 |
| At 1 August | 3,818 | 3,491 |
| Interest cost | 64 | 58 |
| Benefits paid | (122) | (120) |
| Actuarial loss | (824) | (61) |
| At 31 July | <u>2,936</u> | <u>3,818</u> |

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

| | 2022 | 2021 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| At 1 August | 3,001 | 2,916 |
| Expected return on plan assets | 51 | 44 |
| Employer contributions | 114 | 114 |
| Benefits paid | (122) | (120) |
| Actuarial gain | (130) | 47 |
| At 31 July | <u>2,914</u> | <u>3,001</u> |

Two-year history

| | 2022 | 2021 |
|---|--------|--------|
| | £000 | £000 |
| Benefit obligations at end of year | 2,936 | 3,818 |
| Fair value of plan assets at end of year | 2,914 | 3,001 |
| Deficit | (22) | (817) |
| Difference between expected and actual return on pension scheme assets: | | |
| – amount | (130) | 47 |
| – % of scheme assets | (4.5%) | 1.6% |
| Experience gains and losses arising on scheme liabilities: | | |
| – amount | (66) | (13) |
| – % of scheme liabilities | (2.2%) | (0.3%) |

Notes to the abridged financial statements

at 31 July 2022

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:

| | 2022 | 2021 |
|--|------------|------------|
| | £ | £ |
| Purchases of materials | 64,414,583 | 47,724,887 |
| Purchases of services | 130,824 | 127,008 |
| Amounts owed by related parties (note 6) | 39,790 | 655,739 |
| Amounts owed to related parties (note 7) | 1,543,376 | 420,971 |

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 and the parent undertaking of the largest group of undertakings to consolidate these financial statements is W&R Barnett Holdings Limited, a company incorporated and registered in Northern Ireland. The group financial statements of W&R Barnett Holdings Limited are available at its registered office: Clarendon House, 23 Clarendon Road, Belfast, BT1 3BG.

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

13. Auditors' report

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