

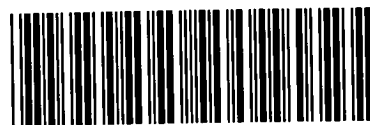
MAGNOLIA GROUP LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 30 DECEMBER 2018

MONDAY



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COMPANIES HOUSE

MAGNOLIA GROUP LIMITED
REGISTERED NUMBER: 00430745

BALANCE SHEET
AS AT 30 DECEMBER 2018

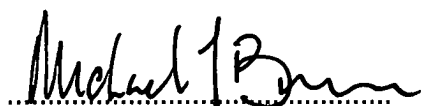
		30 December 2018 £000	30 December 2018 £000	31 December 2017 £000	31 December 2017 £000
	Note				
Current assets					
Debtors: amounts falling due within one year	4	2,654		2,654	
		<u>2,654</u>		<u>2,654</u>	
Creditors: amounts falling due within one year	5	(1,944)		(1,944)	
Net current assets			<u>710</u>		<u>710</u>
Total assets less current liabilities			<u>710</u>		<u>710</u>
Net assets			<u>710</u>		<u>710</u>
Capital and reserves					
Called up share capital	7		574		574
Share premium account			38		38
Profit and loss account			98		98
			<u>710</u>		<u>710</u>

The 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 financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Michael J Brown
 Director

Date: 27th September 2019

The notes on pages 3 to 6 form part of these financial statements.

MAGNOLIA GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 2 January 2017	574	38	98	710
Total comprehensive income for the period	-	-	-	-
At 1 January 2018	574	38	98	710
Total comprehensive income for the period	-	-	-	-
At 30 December 2018	574	38	98	710

The notes on pages 3 to 6 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

1. General information

Magnolia Group Limited is a private limited company, incorporated in England & Wales.

The Registered Office and principal place of business is 2 Wolseley Road, Woburn Road Industrial Estate, Kempston, Bedfordshire, MK42 7AD.

The financial statements have been prepared in compliance with Financial Reporting Standard 102 as it applies to the financial statements for the year ended 30 December 2018.

The financial statements are presented in sterling, which is also the functional currency of the Company, rounded to the nearest thousand.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.3 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.4 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

2. Accounting policies (continued)**2.4 Financial instruments (continued)**

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the period was 1 (2017 - 2).

4. Debtors

	30 December 2018 £000	31 December 2017 £000
Amounts owed by group undertakings	2,654	2,654
	<u>2,654</u>	<u>2,654</u>

5. Creditors: Amounts falling due within one year

	30 December 2018 £000	31 December 2017 £000
Amounts owed to group undertakings	1,086	1,086
Accruals and deferred income	858	858
	<u>1,944</u>	<u>1,944</u>

The parent company has undertaken not to require repayment of the above balance and continue to provide the company with sufficient financial support to meet its liabilities as they fall due for the foreseeable future.

MAGNOLIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

6. Financial instruments

All financial instruments are held at amortised cost.

7. Share capital

	30 December 2018 £000	31 December 2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
5,740,000 Ordinary shares of £0.10 each	<u>574</u>	<u>574</u>

8. Contingent liabilities

The Directors have been made aware of a potential liability in respect of a pension shortfall on a defined benefit pension scheme in wind up, where the company was the sponsoring employer. Latest advice indicates that the shortfall amounts to approximately £1,500,000.

The Directors have taken legal advice and believe that it is probable that an amount of £1,000,000 may become payable and accrued for this. However, the Directors intend to vigorously defend against any claim.

The Directors believe it is unlikely that any claim made against the company for the remaining £500,000 will be successful. Therefore it has not been provided for in these financial statements.

In January 2014 the company made a contribution of £142,029 to the Magnolia Group Pension Scheme to deal with some current liabilities of the scheme. The provision of £1,000,000 was reduced by this amount. The company still intends to vigorously defend against the claim and this payment is made without prejudice to that claim.

9. Related party transactions

As a subsidiary undertaking of Berkshire Hathaway Inc, the company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group headed by Berkshire Hathaway Inc. Transactions with other group companies are not disclosed since the ultimate parent company has prepared consolidated financial statements which are publicly available.

10. Controlling party

Northampton Acquisition Limited is the immediate parent undertaking of Magnolia Group Limited.

Berkshire Hathaway Inc, a company incorporated in the USA, is the controlling party and ultimate parent undertaking. The principal place of business of Berkshire Hathaway Inc. is 1440 Kiewit Plaza, Omaha, Nebraska 68121, USA. The financial statements of the group are available to the public from this address.

MAGNOLIA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

11. Auditor's information

The auditor's report on the financial statements for the period ended 30 December 2018 was unqualified.

The audit report was signed on 30 September 2019 by Atul Kariya FCCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.