NI 14053

North West Silos Limited

Report and Financial Statements

31 July 2012

Directors
M J McAree (Chairman)
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
Arnott House
12-16 Bridge Street
Belfast BT1 1LS

Registered Office
Clarendon House
23 Clarendon Road
Belfast BT1 3BG

Registered No: NI 14053

Directors' report

The directors present their report and financial statements for the year ended 31 July 2012.

Results and dividends

The group's profit for the year after taxation amounted to £82,433 (2011 – profit of £148,001). The directors do not recommend a final dividend (2011 – £nil).

Principal activities and review of the business

The principal activity of the group continues to be that of soya bean processing and trading of proteins and cereals.

Both the level of business and the year end financial position were satisfactory.

Directors

The directors who served the company during the year were as follows:

M J McAree (Chairman)
W N Larkin
T J O'Mahony
P J Kennedy

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Secretary
G W Jordan
Date: 28th November 2012

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of North West Silos Limited

We have audited the financial statements of North West Silos Limited for the year ended 31 July 2012 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of North West Silos Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Keith M Jess (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date 3 December 2012

Group profit and loss account

for the year ended 31 July 2012

	Notes	2012 £	2011 £
Turnover	2	38,596,312	33,634,124
Cost of sales		(37,978,683)	(32,833,258)
Gross profit		617,629	800,866
Distribution costs		(475,333)	(569,798)
Administrative expenses		(3,780)	(3,600)
Profit on ordinary activities before interest and tax	3	138,516	227,468
Other finance cost	6	(21,000)	(19,000)
Interest receivable on loan from associate		8,576	-
Other interest receivable		3,802	-
Interest due on loan from associate		(13,287)	(4,049)
Profit on ordinary activities before taxation		116,607	204,419
Taxation	7	(34,174)	(56,418)
Profit after taxation retained for the financial year	15	82,433	148,001

Group statement of total recognised gains and losses

for the year ended 31 July 2012

	Note	2012 £	2011 £
Profit for the financial year		82,433	148,001
Net actuarial loss recognised in respect of pension schemes	18	(242,000)	(47,000)
Deferred tax credit arising on net actuarial loss		55,660	12,690
Total recognised (loss)/gain for the year		(103,907)	113,691

Registered No: NI 14053

Group balance sheet

at 31 July 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	9	68,834	160,370
Current assets			
Stocks	11	553,087	144,892
Debtors	12	2,586,665	3,114,785
Cash at bank and in hand		129,880	110,946
		3,269,632	3,370,623
Creditors: amounts falling due within one year	13	(1,560,311)	(1,829,941)
Net current assets		1,709,321	1,540,682
Net assets excluding pension assets		1,778,155	1,701,052
Pension liability	18	(296,450)	(115,440)
Net assets including pension assets		1,481,705	1,585,612
Capital and reserves			
Called up share capital	14	980,002	980,002
Profit and loss account	15	501,703	605,610
Shareholders' funds	15	1,481,705	1,585,612

Director

M J McAree

Director

W N Larkin

28 November 2012

Registered No: NI 14053

Company balance sheet

at 31 July 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	9	68,834	160,370
Investments	10	71,500	71,500
		140,334	231,870
Current assets			
Stocks	11	553,087	144,892
Debtors	12	1,018,146	1,010,522
Cash at bank and in hand		38,404	18,517
		1,609,637	1,173,931
Creditors: amounts falling due within one year	13	(538,085)	(232,620)
Net current assets		1,071,552	941,311
Net assets		1,211,886	1,173,181
Capital and reserves			
Called up share capital	14	980,002	980,002
Profit and loss account	15	231,884	193,179
Shareholders' funds	15	1,211,886	1,173,181

Michael McAree

Director

M J McAree

Liam Larkin.

Director

W N Larkin

28 November 2012

Group statement of cash flows

for the year ended 31 July 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	16(a)	1,135,803	(356,035)
Taxation			
Tax paid		(121,047)	(62,017)
Financing			
Loans – related undertakings		(995,822)	275,000
Increase/(decrease) in cash	16(b)	18,934	(143,052)

Notes to the financial statements

at 31 July 2012

1. Accounting policies

Basis of preparation

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

Group financial statements

The group financial statements consolidate the financial statements of North West Silos Limited and all its subsidiary undertakings drawn up to 31 July 2012. No profit and loss account is presented for North West Silos Limited as permitted by section 408 of the Companies Act 2006.

Tangible fixed assets

The cost or valuation of tangible fixed assets are written off by equal annual instalments, over their expected useful life, as follows:

Plant and machinery	–	10 years
Furniture and equipment, fixtures and fittings	–	10 years
Office equipment	–	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investment

Investment in subsidiaries is stated at cost. The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, except if matched hedging contracts for forward sales exist where the hedged value is used. The directors consider this policy is more appropriate for the true and fair view.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred tax

Deferred tax 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 a 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;

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 July 2012

1. Accounting policies (continued)

Foreign currencies

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

Monetary assets and liabilities 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 group'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. Changes in the actuarial valuation, other than those arising from actuarial gains and losses, are recognised in the profit and loss account. Changes arising from actuarial gains and losses are recognised in the statement of total recognised gains and losses.

2. Turnover

Turnover, which is stated net of valued added tax, represents amounts invoiced for goods and services supplied by the Group.

Turnover is attributable to continuing activities of processing of soya beans and trading of proteins and cereals and geographical markets are confined to the British Isles.

3. Operating profit

This is stated after charging:

	2012	*2011*
	£	*£*
Auditors' remuneration	3,780	3,600
Depreciation of fixed assets	91,536	92,227

4. Directors' remuneration

The directors received no remuneration during the year (2011 – £nil).

Notes to the financial statements

at 31 July 2012

5. Staff costs

	2012	*2011*
	£	*£*
Wages and salaries	3,645	4,365
Social security costs	403	484
Other pension costs	3,550	3,550
	7,598	8,399

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

	No.	*No.*
Administration	6	6

6. Other finance cost

	2012	*2011*
	£	*£*
Expected return on pension scheme assets	90,000	91,000
Interest on pension scheme liabilities	(111,000)	(110,000)
	(21,000)	(19,000)

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2012	*2011*
	£	*£*
Current tax:		
UK corporation tax on profit for the year	46,714	74,714
Adjustments in respect of previous periods	(2,621)	(2,674)
Total current tax (note 7(b))	44,093	72,040
Deferred tax:		
Accelerated capital allowances	-	(20,826)
Origination and reversal of timing differences	(13,601)	4,050
Impact of rate change	3,682	1,154
Total deferred tax	(9,919)	(15,622)
Tax on profit on ordinary activities	34,174	56,418

Notes to the financial statements

at 31 July 2012

7. Tax (continued)

(b) Factors affecting tax current charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25.33% (2011 – 27.33%). The differences are explained below:

	2012	*2011*
	£	*£*
Profit on ordinary activities before tax	116,607	204,419
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.33% (2011 – 27.33%)	29,537	55,868
Effects of:		
Disallowed expenses and non-taxable income	-	8
Accelerated capital allowances	20,244	21,101
Other timing difference	(3,067)	(2,263)
Adjustment in respect of previous periods	(2,621)	(2,674)
Current tax for the year (note 7(a))	44,093	72,040

(c) Deferred tax

The balance recognised at the year end is as follows:

	2012	*2011*
	£	*£*
Included in debtors (note 12)	30,106	8,650
Included in creditors (note 13)	(3,867)	-
Included in pension scheme (note 18)	88,550	40,560
	114,789	49,210

Group

	£
At 1 August 2011	49,210
Deferred tax in group and loss account	9,919
Amount credited to STRGL	55,660
At 31 July 2012	114,789

8. Profit attributable to members of the parent undertaking

The profit dealt with in the financial statements of the parent undertaking was £38,705 (2011 – profit of £52,281).

Notes to the financial statements

at 31 July 2012

9. Tangible fixed assets

Group and company	*Furniture and equipment*	*Plant and machinery*	*Fixtures and fittings*	*Total*
	£	*£*	*£*	*£*
Cost:				
At 1 August 2011	16,237	1,298,166	4,253	1,318,656
Additions	–	–	–	–
At 31 July 2012	16,237	1,298,166	4,253	1,318,656
Depreciation:				
At 1 August 2011	16,237	1,138,916	3,133	1,158,286
Charge for the year	–	91,103	433	91,536
At 31 July 2012	16,237	1,230,019	3,566	1,249,822
Net book value:				
At 31 July 2012	–	68,147	687	68,834
At 1 August 2011	–	159,250	1,120	160,370

10. Investments

Company	*Subsidiary undertakings*
	£
Cost	490,100
Amounts written off	(418,600)
Net book value:	
At 1 August 2011 and 31 July 2012	71,500

The investment in subsidiary undertakings comprises the following:

Name of company	*Country of incorporation*	*Holding*	*Proportion held*	*Nature of business*
McCaughey, Russell & Baird Limited	Northern Ireland	Ordinary Shares	100%	Trading of proteins and cereals
		Deferred Shares	100%	
D T Russell & Baird (Ireland) Limited	Northern Ireland	Ordinary Shares	100%	Dormant

Notes to the financial statements

at 31 July 2012

11. Stocks

	Group and Company 2012 £	Group and Company 2011 £
Raw materials	553,087	100,153
Finished goods	-	44,739
	553,087	144,892

12. Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	1,802,488	2,292,246	258,558	188,035
Other debtors	74,314	7,791	24,059	7,739
Amounts owed by related undertakings	662,104	671,000	718,059	671,000
Prepayments and accrued income	17,653	135,098	17,470	135,098
Deferred tax asset	30,106	8,650	-	8,650
	2,586,665	3,114,785	1,018,146	1,010,522

13. Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade creditors	10,863	17,293	10,863	17,293
Amounts owed to related undertakings	1,180,988	1,613,085	154,844	24,837
Current corporation tax	6,303	79,049	8,924	70,966
Group relief	–	–	11,518	–
Accruals and deferred income	351,223	119,524	348,069	119,524
Other creditors	7,067	990	–	–
Deferred tax liability	3,867	–	3,867	–
	1,560,311	1,829,941	538,085	232,620

Notes to the financial statements

at 31 July 2012

14. Called up share capital

		Authorised
	2012	2011
	£	£
"A" Ordinary shares of £1 each	1,000,000	1,000,000
"B" Ordinary shares of £1 each	1,000,000	1,000,000
	2,000,000	2,000,000

				Allotted, called up and fully paid
		2012		2011
Allotted, called up and fully paid	No.	£	No.	£
"A" Ordinary shares of £1 each	490,001	490,001	490,001	490,001
"B" Ordinary shares of £1 each	490,001	490,001	490,001	490,001
		980,002		980,002

15. Reconciliation of shareholders' funds and movements on reserves

Group	*Share capital*	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 1 August 2010	980,002	491,919	1,471,921
Profit for the year	–	148,001	148,001
Actuarial loss recognised in respect of pension scheme	–	(47,000)	(47,000)
Deferred tax credit arising on actuarial loss	–	12,690	12,690
At 1 August 2011	980,002	605,610	1,585,612
Profit for the year	–	82,433	82,433
Actuarial loss recognised in respect of pension scheme	–	(242,000)	(242,000)
Deferred tax credit arising on actuarial loss	–	55,660	55,660
At 31 July 2012	980,002	501,703	1,481,705

Company	*Share capital*	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 1 August 2010	980,002	140,898	1,120,900
Profit for the year	–	52,281	52,281
At 1 August 2011	980,002	193,179	1,173,181
Profit for the year	–	38,705	38,705
At 31 July 2012	980,002	231,884	1,211,886

Notes to the financial statements

at 31 July 2012

16. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2012	*2011*
	£	*£*
Operating profit	116,607	204,419
Depreciation	91,536	92,227
Decrease/(increase) in debtors	540,679	(885,295)
(Increase)/decrease in stocks	(408,195)	23,276
Increase in creditors	816,176	228,338
Non-cash FRS 17 adjustments	(21,000)	(19,000)
Net cash inflow/(outflow) from operating activities	1,135,803	(356,035)

(b) Analysis of net funds

	At 1 August 2011	*Cash flows*	*At 31 July 2012*
	£	*£*	*£*
Cash at bank and in hand	110,946	18,934	129,880
Loans due within one year	1,298,000	995,822	2,293,822
	1,408,946	1,014,756	2,423,702

17. Capital commitments

There are no capital commitments at the year end (2011 – £nil).

18. Pensions

The group'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 2011 and updated to 31 July 2012 using the major assumptions as set out below:

	2012	*2011*
Rate of increase in pensions in payment	2.45%	2.50%
Discount rate	4.30%	5.25%
Inflation assumption	2.45%	3.15%

Notes to the financial statements

at 31 July 2012

18. Pensions (continued)

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

	2012 Expected long term rate of return	*Net assets*	*2011 Expected long term rate of return*	*Net assets*
	%	*£000*	*%*	*£000*
Equities	5.75%	431	6.70%	338
Bonds	3.40%	1,358	4.35%	1,366
Property	5.75%	107	6.70%	105
Cash	0.50%	165	0.50%	168
Total market value of assets		2,061		1,977
Present value of scheme liabilities		(2,446)		(2,133)
Deficit in the scheme		(385)		(156)
Related deferred tax asset		89		41
Net pension liability		(296)		(115)

Analysis of total other finance costs on pension scheme

	2012	*2011*
	£	*£*
Expected return on pension scheme assets	90,000	91,000
Interest on pension liabilities	(111,000)	(110,000)
Total other finance expense	(21,000)	(19,000)

Total recognised in the Profit and Loss account

	2012	*2011*
	£	*£*
Total recognised in the Profit and Loss account	(21,000)	(19,000)

Analysis of the amount recognised in the statement of total recognised gains and losses

	2012	*2011*
	£	*£*
Loss recognised in respect of the change in benefit obligations	(246,000)	(23,000)
Gain/(loss) recognised in respect of the change in plan assets	4,000	(24,000)
Actuarial loss recognised in the statement of total recognised gains and losses	(242,000)	(47,000)

Notes to the financial statements

at 31 July 2012

18. Pensions (continued)

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

	2012	*2011*
	£000	*£000*
At 1 August	2,133	2,039
Interest cost	111	110
Benefits paid	(44)	(39)
Actuarial loss	246	23
At 31 July	2,446	2,133

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

	2012	*2011*
	£000	*£000*
At 1 August	1,977	1,915
Expected return on plan assets	90	91
Employer contributions	34	34
Benefits paid	(44)	(39)
Actuarial gain/(loss)	4	(24)
At 31 July	2,061	1,977

Five year history

	2012	*2011*	*2010*	*2009*	*2008*
	£000	*£000*	*£000*	*£000*	*£000*
Benefit obligation at end of year	2,446	2,133	2,039	1,741	1,628
Fair value of plan assets at end of year	2,061	1,977	1,915	1,823	1,776
Surplus/(deficit)	(385)	(156)	(124)	82	148
Difference between expected and actual return on pension scheme assets:					
– amount (£000)	4	(24)	(14)	(54)	(74)
– % of scheme assets	0%	(1%)	(1%)	(3%)	(4%)
Experience gains and losses arising on scheme liabilities:					
– amount (£000)	(23)	–	20	29	(135)
– % of scheme liabilities	(-1%)	0%	1%	2%	(8%)

Notes to the financial statements

at 31 July 2012

19. Related party transactions

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

W & R Barnett Trading Limited
R & H Hall Trading Limited
West Twin Silos Limited
Precision Liquids Limited
Precision Analysis Ltd
Bio Search (NI) Ltd
John Thompson & Sons Limited

A summary of the transactions is as follows:

	2012	*2011*
	£	*£*
Purchases of materials	35,637,220	30,149,604
Purchases of services	411,613	419,991
Sales	2,702,785	3,148,439

In addition the company has taken advantage of the exemption of FRS 8 from disclosing transactions with related parties that are part of the North West Silos Limited group.

20. Ultimate parent

The Group is jointly owned and controlled by W&R Barnett, Limited and Origin Enterprises PLC.

21. 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.