

REGISTRAR OF COMPANIES

Registration number: SC295564

A & J Murchie Limited
Unaudited Financial Statements
31 March 2018



A & J Murchie Limited

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**Chartered Accountants' Report to the Board of Directors on the Preparation of the
Unaudited Statutory Accounts of
A & J Murchie Limited
for the Year Ended 31 March 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of A & J Murchie Limited for the year ended 31 March 2018 as set out on pages 2 to 11 from the company's accounting records and from information and explanations you have given us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/membershandbook>.

This report is made solely to the Board of Directors of A & J Murchie Limited, as a body, in accordance with the terms of our engagement letter dated 25 April 2016. Our work has been undertaken solely to prepare for your approval the accounts of A & J Murchie Limited and state those matters that we have agreed to state to the Board of Directors of A & J Murchie Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than A & J Murchie Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that A & J Murchie Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of A & J Murchie Limited. You consider that A & J Murchie Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of A & J Murchie Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Dodd & Co Limited

Chartered Accountants
FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

29 October 2018

A & J Murchie Limited
(Registration number: SC295564)
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	<u>4</u>	1,805	29,330
Tangible assets	<u>5</u>	391,533	373,795
Other financial assets	<u>6</u>	117,437	108,451
		<u>510,775</u>	<u>511,576</u>
Current assets			
Stocks		417,080	427,863
Debtors	<u>7</u>	80,433	66,437
Investments	<u>8</u>	200	-
Cash and cash equivalents		<u>47</u>	<u>46</u>
		497,760	494,346
Creditors: Amounts falling due within one year	<u>9</u>	<u>(668,036)</u>	<u>(684,381)</u>
Net current liabilities		<u>(170,276)</u>	<u>(190,035)</u>
Total assets less current liabilities		340,499	321,541
Creditors: Amounts falling due after more than one year	<u>9</u>	(188,153)	(204,212)
Provisions for liabilities		<u>(67,531)</u>	<u>(63,825)</u>
Net assets		<u>84,815</u>	<u>53,504</u>
Capital and reserves			
Allotted, called up and fully paid share capital		200	200
Profit and loss account		<u>84,615</u>	<u>53,304</u>
Total equity		<u>84,815</u>	<u>53,504</u>

The notes on pages 4 to 11 form an integral part of these financial statements.
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A & J Murchie Limited

(Registration number: SC295564)

Balance Sheet as at 31 March 2018 (continued)

For the financial year ending 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 29 October 2018 and signed on its behalf by:

.....

A J Murchie

Director

.....

J W Murchie

Director

The notes on pages 4 to 11 form an integral part of these financial statements.

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital, incorporated in Scotland.

The address of its registered office is:

Gullielands Farm
ANNAN
DG12 5LJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company has net current liabilities at 31 March 2018 and meets its day to day working capital requirements through its bank overdraft facility which, in common with all such facilities, is repayable on demand. In addition the directors have provided financial support by way of short term loans. On the basis of this support, the directors consider it appropriate to prepare the financial statements on the going concern basis.

However, should the company not have the support of its bankers, and therefore be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

Government grants

Government grants such as the basic payment scheme are included in the profit and loss account when all the necessary conditions for receipt have been met.

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10% reducing balance
Plant and equipment	15% reducing balance
Motor vehicles	25% reducing balance
Furniture, fittings and office equipment	3 years straight line

Included in land and buildings is short leasehold property which relates to tenants improvements on land leased by the company from the directors. As the long term intention is for the farming operation to continue, it is deemed a true and fair view to depreciate the assets at 10% reducing balance over their useful economic life, and not the duration of the lease.

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

Other intangible fixed assets

Other intangible assets represent an investment in AMCo Common Consolidation which is a contractual requirement in order to benefit from the AMCo milk purchasing agreement. This investment is non refundable and is therefore being amortised over its useful life to the business. As there is no fixed period for the contract the directors have considered it appropriate to adopt an amortisation period of 5 years for the asset on a straight line basis. In addition an annual impairment review is performed.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for the sale of goods or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Trading stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. The cost of livestock represents the purchase cost plus any additional costs of rearing the animal. Net realisable value is based on selling price less anticipated selling costs. Crop stock is valued at fair value less any anticipated costs to sell.

Trade creditors

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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method where due after more than one year.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Equity shares and debt securities

Recognition and measurement

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method.

Dividends on equity securities are recognised in income when receivable.

Impairment

For instruments measured at cost less impairment the impairment is the difference between the assets' carrying amount and the best estimate the entity would receive for the asset if it were sold at the reporting date.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 4 (2017 - 4).

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

4 Intangible assets

	Other intangible assets £	Total £
Cost or valuation		
At 1 April 2017	88,264	88,264
Disposals	(25,120)	(25,120)
At 31 March 2018	63,144	63,144
Amortisation		
At 1 April 2017	58,934	58,934
Amortisation charge	2,405	2,405
At 31 March 2018	61,339	61,339
Carrying amount		
At 31 March 2018	1,805	1,805
At 31 March 2017	29,330	29,330

5 Tangible assets

	Land and buildings £	Plant and equipment £	Motor vehicles £	Furniture, fittings and office equipment £	Total £
Cost or valuation					
At 1 April 2017	31,885	694,848	33,387	892	761,012
Additions	-	107,650	-	-	107,650
Disposals	-	(63,542)	-	-	(63,542)
At 31 March 2018	31,885	738,956	33,387	892	805,120
Depreciation					
At 1 April 2017	14,833	350,714	20,778	892	387,217
Charge for the year	1,705	50,274	3,152	-	55,131
Eliminated on disposal	-	(28,761)	-	-	(28,761)
At 31 March 2018	16,538	372,227	23,930	892	413,587
Carrying amount					

At 31 March 2018	<u>15,347</u>	<u>366,729</u>	<u>9,457</u>	<u>-</u>	<u>391,533</u>
At 31 March 2017	<u>17,052</u>	<u>344,134</u>	<u>12,609</u>	<u>-</u>	<u>373,795</u>

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

6 Other financial assets (current and non-current)

	2018 £	2017 £
Non-current financial assets		
Financial assets at cost less impairment	117,437	108,451
	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 April 2017	108,451	108,451
Additions	8,986	8,986
At 31 March 2018	117,437	117,437
Carrying amount		
At 31 March 2018	117,437	117,437
At 31 March 2017	108,451	108,451

7 Debtors

	2018 £	2017 £
Trade debtors	43,602	42,481
Other debtors	36,831	23,956
	80,433	66,437

8 Current asset investments

	2018 £	2017 £
Other investments	200	-

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

9 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	<u>10</u>	534,134	557,416
Trade creditors		95,535	92,457
Corporation tax liability		12,913	2,306
Other creditors		25,454	32,202
		<u>668,036</u>	<u>684,381</u>
Due after one year			
Loans and borrowings	<u>10</u>	177,838	192,078
Other creditors		10,315	12,134
		<u>188,153</u>	<u>204,212</u>
		2018 £	2017 £
After more than five years by instalments		54,517	74,445
		<u>54,517</u>	<u>74,445</u>

10 Loans and borrowings

	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	22,124	21,218
Bank overdrafts	299,642	316,011
Finance lease liabilities	32,822	40,604
Other borrowings	179,546	179,583
	<u>534,134</u>	<u>557,416</u>

A & J Murchie Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

Current loans and borrowings includes the following liabilities, on which security has been given by the company:

	2018 £	2017 £
Bank borrowings	22,124	21,218
Bank overdrafts	299,642	316,011
Finance lease liabilities	32,822	40,604
	<u>354,588</u>	<u>377,833</u>

Bank borrowings are secured by fixed and floating charges over the company's assets.

Bank overdrafts are secured by fixed and floating charges over the company's assets.

Finance lease liabilities are secured on the assets to which they relate.

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	128,577	151,051
Finance lease liabilities	49,261	41,027
	<u>177,838</u>	<u>192,078</u>

Non-current loans and borrowings includes the following liabilities, on which security has been given by the company:

	2018 £	2017 £
Bank borrowings	128,577	151,051
Finance lease liabilities	49,261	41,027
	<u>177,838</u>	<u>192,078</u>

Bank borrowings are secured by fixed and floating charges over the company's assets.

Finance lease liabilities are secured on the assets to which they relate.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.