

Financial Statements Archwood Limited

For the period ended 3 October 2015

Registered number: 02037421



Archwood Limited
Registered number: 02037421

Company Information

Directors

M Moir
K K Riddle
S Underhill
R H Burbidge
R Lincoln (resigned 14 August 2015)
P Haggerty
J Burbidge
N A Smith (appointed 9 February 2015)
P Lerigo (appointed 16 March 2015)

Registered number

02037421

Registered office

Archwood House Kingsfield Court
Chester Business Park
Chester
CH4 9RE

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

Bankers

Natwest Bank Plc
Shrewsbury
Shropshire
SY1 1HE

Solicitors

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

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Directors' report

For the period ended 3 October 2015

The directors present their report and the audited financial statements for the Period ended 3 October 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 company and of the profit or loss of the company 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 accounting 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;
- 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company is the supply of quality timber based products to the home improvement and buildings industries.

Directors

The directors who served during the period were:

M Moir
K K Riddle
S Underhill
R H Burbidge
R Lincoln (resigned 14 August 2015)
P Haggerty
J Burbidge
N A Smith (appointed 9 February 2015)
P Lerigo (appointed 16 March 2015)

Directors' report

For the period ended 3 October 2015

Employee involvement

The company supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

The directors recognise the importance of good communications and relations with employees.

Environmental policies

The company is committed to reducing the environmental impacts caused by its operations as a manufacturer and supplier of predominantly timber based products for the building and home improvement sector. A copy of the environmental policy is available on request from the head office address, or can be viewed on the company's web site at www.richardburbidge.com.

Qualifying third party indemnity provisions

During the financial year, a qualifying third party indemnity provision for the benefit of all the directors was in force.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Underhill
Director



Date:

18/4/16

Strategic report

For the period ended 3 October 2015

Business review

The directors are satisfied with the performance of the business.

Principal risks and uncertainties

The company uses financial instruments, these include cash, finance leases and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

Interest rate risk

The company finances its operations through a mixture of retained profits and finance leases.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, credit limits are set and reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Currency risk

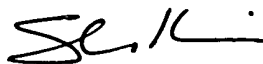
The company has a number of overseas suppliers. As a result the company reviews its currency exposure on a continual basis and will enter into hedges if considered necessary.

This report was approved by the board on

18/4/16

and signed on its behalf.

S Underhill
Director



Independent auditor's report to the members of Archwood Limited

We have audited the financial statements of Archwood Limited for the period ended 3 October 2015, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. 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, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 October 2015 and of its loss for the period 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of Archwood 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Grant Thornton UK LLP

Carl Williams (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Liverpool
Date: *20 April 2016*

Profit and loss account

For the period ended 3 October 2015

	Note	2015 £000	2014 £000
Turnover	1,2	48,378	28,081
Cost of sales		<u>(37,769)</u>	<u>(20,454)</u>
Gross profit		10,609	7,627
Administrative expenses		<u>(11,850)</u>	<u>(6,507)</u>
Operating (loss)/profit	3	(1,241)	1,120
Exceptional items			
Other exceptional items	7	<u>-</u>	<u>6,502</u>
(Loss)/profit on ordinary activities before interest		(1,241)	7,622
Interest receivable and similar income		15	29
Other finance income	6	<u>368</u>	<u>367</u>
(Loss)/profit on ordinary activities before taxation		(858)	8,018
Tax on (loss)/profit on ordinary activities	8	<u>(12)</u>	<u>(271)</u>
(Loss)/profit for the financial period	15	<u>(870)</u>	<u>7,747</u>

All amounts relate to continuing operations.

The notes on pages 9 to 24 form part of these financial statements.

Statement of total recognised gains and losses

For the period ended 3 October 2015

	Note	2015 £000	2014 £000
Profit for the financial period		(870)	7,747
Actuarial (loss)/gain related to pension scheme	20	1,990	(3,413)
Deferred tax attributable to actuarial gain / loss	20	(398)	410
Total recognised gains and losses relating to the period		722	4,744

The notes on pages 9 to 24 form part of these financial statements.

Balance sheet

As at 3 October 2015

	Note	£000	3 October 2015 £000	27 September 2014 £000
Fixed assets				
Tangible assets	9		4,741	5,303
Current assets				
Stocks	10	8,903		9,894
Debtors	11	11,021		12,309
Cash at bank		2,951		2,325
		<u>22,875</u>		<u>24,528</u>
Creditors: amounts falling due within one year	12	<u>(6,318)</u>		<u>(7,373)</u>
Net current assets			<u>16,557</u>	<u>17,155</u>
Total assets less current liabilities			<u>21,298</u>	<u>22,458</u>
Provisions for liabilities				
Deferred tax	13		<u>(367)</u>	<u>(50)</u>
Net assets excluding pension scheme liability			<u>20,931</u>	<u>22,408</u>
Defined benefit pension scheme liability	20		<u>(4,815)</u>	<u>(6,723)</u>
Net assets including pension scheme liability			<u><u>16,116</u></u>	<u><u>15,685</u></u>
Capital and reserves				
Called up share capital	14		38	38
Share premium account	15		2,329	2,329
Profit and loss account	15		<u>13,749</u>	<u>13,318</u>
Shareholders' funds	16		<u><u>16,116</u></u>	<u><u>15,685</u></u>

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

18/4/16

S Underhill
Director



The notes on pages 9 to 24 form part of these financial statements.

Notes to the financial statements

For the period ended 3 October 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The directors have reviewed the accounting policies in accordance with Financial Reporting Standard No. 18 "Accounting Policies" and consider them to be the most appropriate to the company.

The principal accounting policies of the company have remained unchanged for the previous period and are set out below.

1.2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard No. 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the Period, exclusive of Value Added Tax and trade discounts.

Revenue is recognised on despatch of goods.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	2 to 10 years
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Assets under construction are not depreciated until brought into working use.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Notes to the financial statements

For the period ended 3 October 2015

1. Accounting policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Research and development

Research and development expenditure is written off in the year in which it is incurred.

Notes to the financial statements

For the period ended 3 October 2015

1. Accounting policies (continued)

1.11 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 27 October 2015.

The company has applied the Amendment to Financial Reporting Standard No. 17 "Retirement Benefits" which is effective for accounting periods commencing on or after 6 April 2007. The amendment to Financial Reporting Standard No. 17 primarily affects disclosures in relation to defined benefit pension schemes. However for quoted securities the fair value is now taken to be the current bid price rather than the mid-market value.

The company operates a defined benefit scheme for certain employees. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in interest receivable and other income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Notes to the financial statements

For the period ended 3 October 2015

1. Accounting policies (continued)

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1.14 Employee share scheme

In accordance with Financial Reporting Standard No. 20 "Share-based payment", the fair value of the share option is calculated at the balance sheet date and recognised as an expense in the profit and loss account, with corresponding increase in liabilities in the balance sheet. The fair value is recognised over the period to which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse, whether due to employees leaving the company prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted for the profitability of achieving these via the option pricing model. The total amount recognised in the profit and loss account as an expense is adjusted to reflect the actual number of awards that vest except where forfeiture is due to the failure to meet market-based performance measures.

Notes to the financial statements

For the period ended 3 October 2015

2. Turnover

The whole of the turnover is attributable to the supply of quality timber based products to the homes improvement and building industries as follows.

A geographical analysis of turnover is as follows:

	2015 £000	2014 £000
United Kingdom	47,506	27,697
European Union	577	384
Rest of World	295	-
	<u>48,378</u>	<u>28,081</u>

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the company	1,119	624
- held under finance leases	-	124
Auditor's remuneration	23	25
Auditor's remuneration - non-audit	25	16
Operating lease rentals:		
- plant and machinery	267	11
Difference on foreign exchange	13	6
Loss on disposal of fixed assets	329	-
	<u>329</u>	<u>-</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	8,445	4,902
Social security costs	747	438
Other pension costs (Note 20)	386	254
	<u>9,578</u>	<u>5,594</u>

Notes to the financial statements

For the period ended 3 October 2015

4. Staff costs (continued)

The average monthly number of employees, including the directors, during the period was as follows:

	2015 No.	2014 No.
Production staff	169	175
Administrative staff	195	202
	364	377

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs and amounts recognised in the statement of recognised gains and losses.

Notes to the financial statements

For the period ended 3 October 2015

5. Directors' remuneration

	2015 £000	2014 £000
Remuneration	<u>1,077</u>	<u>1,058</u>
Company pension contributions to defined contribution pension schemes	<u>50</u>	<u>18</u>

During the Period retirement benefits were accruing to 9 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £506,046 (2014 - £569,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,700 (2014 - £Nil).

Share options

The company operates a share option scheme for one of its directors (who is also the highest paid director). The maximum number of shares that will vest is 4,786 T & P Ordinary shares, of which 1,974 will vest if the director is employed by the company on the exercise date and the remaining 2,812 will vest only if certain performance conditions are met. There is a put-option in place whereby the director is able to convert the shares to cash upon exercise of the options. The fair value of the options has been determined in accordance with the principles set out in the option agreement, the company's articles of association and the requirements of FRS 20. Under this method, the expense to the profit and loss account for the year is £Nil (2014: £88,358) and the corresponding liability at 03 October 2015 is £Nil (2014: £269,053). During the year the director surrendered 592 options for cash consideration of £269,053.

6. Other finance income

	2015 £000	2014 £000
Expected return on pension scheme assets	1,921	1,878
Interest on pension scheme liabilities	(1,553)	(1,511)
	<u>368</u>	<u>367</u>

7. Exceptional items

	2015 £000	2014 £000
Waived amounts due to fellow subsidiaries	<u>-</u>	<u>6,502</u>

Notes to the financial statements

For the period ended 3 October 2015

8. Taxation

	2015 £000	2014 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	(160)	249
Adjustments in respect of prior periods	(145)	(62)
Total current tax	(305)	187
Deferred tax (see note 13)		
Origination and reversal of timing differences	317	84
Tax on (loss)/profit on ordinary activities	12	271

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 22%). The differences are explained below:

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before tax	(858)	8,018
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 22%)	(172)	1,764
Effects of:		
Non taxable profit from intercompany waiver	-	(1,443)
Tax payable on profits generated in other entities	-	34
Capital allowances for period in excess of depreciation	152	-
Adjustments to tax charge in respect of prior periods	(145)	(62)
Short term timing difference leading to an increase/(decrease) in taxation	(75)	(33)
FRS17 adjustments	(65)	(73)
Group relief	160	-
Payment from fellow subsidiary for group relief	(160)	-
Current tax (credit)/charge for the period (see note above)	(305)	187

Notes to the financial statements

For the period ended 3 October 2015

9. Tangible fixed assets

	Plant & machinery £000	Assets in course of construction £000	Total £000
Cost			
At 28 September 2014	22,102	1,187	23,289
Additions	1,086	-	1,086
Disposals	(1,592)	-	(1,592)
Transfer between classes	1,187	(1,187)	-
At 3 October 2015	22,783	-	22,783
Depreciation			
At 28 September 2014	17,986	-	17,986
Charge for the Period	1,319	-	1,319
Eliminated on disposals	(1,263)	-	(1,263)
At 3 October 2015	18,042	-	18,042
Net book value			
At 3 October 2015	4,741	-	4,741
At 27 September 2014	4,116	1,187	5,303

Included within the net book value of £4,741,000 is £Nil (2014 - £119,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2014 - £124,000).

10. Stocks

	3 October 2015 £000	27 September 2014 £000
Raw materials	2,539	2,900
Finished goods and goods for resale	6,364	6,994
	8,903	9,894

Notes to the financial statements

For the period ended 3 October 2015

11. Debtors

	3 October 2015 £000	27 September 2014 £000
Trade debtors	9,980	11,532
Amounts owed by group undertakings	285	294
Other debtors	504	483
Corporation tax recoverable	252	-
	<u>11,021</u>	<u>12,309</u>

12. Creditors:

Amounts falling due within one year

	3 October 2015 £000	27 September 2014 £000
Bank loans and overdrafts	551	87
Net obligations under finance leases and hire purchase contracts	30	106
Trade creditors	2,886	2,851
Other taxation and social security	752	1,153
Accruals and deferred income	2,099	3,176
	<u>6,318</u>	<u>7,373</u>

13. Deferred taxation

	3 October 2015 £000	27 September 2014 £000
At beginning of period	50	(34)
Charged for period	317	84
	<u>367</u>	<u>50</u>

Notes to the financial statements

For the period ended 3 October 2015

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	3 October 2015 £000	27 September 2014 £000
Excess of taxation allowances over depreciation on fixed assets	375	42
Other timing differences	(8)	8
	<u>367</u>	<u>50</u>

14. Share capital

	3 October 2015 £	27 September 2014 £
Allotted, called up and fully paid		
37,500 Ordinary shares of £1 each	<u>37,500</u>	<u>37,500</u>

15. Reserves

	Share premium account £000	Profit and loss account £000
At 28 September 2014	2,329	13,318
Profit for the period		(870)
Dividends: Equity capital		(291)
Pension reserve movement		1,592
	<u>2,329</u>	<u>13,749</u>
At 3 October 2015		

The closing balance on the Profit and loss account includes a £4,815 thousand (2014 - £6,723 thousand) debit, stated after deferred taxation of £NIL thousand (2014 - £1,681 thousand), in respect of pension scheme liabilities of the company pension scheme.

Notes to the financial statements

For the period ended 3 October 2015

16. Reconciliation of movement in shareholders' funds

	3 October 2015 £000	27 September 2014 £000
Opening shareholders' funds	15,685	11,250
Profit for the period	(870)	7,747
Dividends (Note 17)	(291)	(309)
Other recognised gains and losses during the period	1,592	(3,003)
	<u>16,116</u>	<u>15,685</u>
Closing shareholders' funds		

17. Dividends

	2015 £000	2014 £000
Dividends paid on equity capital - £7.75 (2014: £8.24) per share	<u>291</u>	<u>309</u>

18. Contingent liabilities

There were no contingent liabilities at 3 October 2015 or 27 September 2014.

19. Capital commitments

There were no capital commitments at 3 October 2015 or 27 September 2014.

Notes to the financial statements

For the period ended 3 October 2015

20. Pension commitments

The company operates two defined benefit staff pension schemes, a defined contribution staff pension scheme, a stakeholder scheme, a director's money purchase scheme and an overseas money purchase scheme. The assets of the schemes are held in separate trustee administered funds. Note that the Akinson Marketing pension scheme was acquired from a fellow subsidiary company during the prior year.

The Richard Burbidge Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2014 and updated to 3 October 2015, and was carried out by Aon Hewitt, an independent actuary. The actuarial value of the assets at that date was sufficient to cover 108% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The market value of the assets of the staff pension scheme was £29.7m at 5 April 2014.

The Atkinson Marketing Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2014 and was carried out by AON Consulting Limited, an independent actuary. The actuarial value of the assets at that date was sufficient to cover over 100% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The market value of the assets of the staff pension scheme was £2.8m at 5 April 2014.

Retirement benefits – FRS 17 disclosures at 03 October 2015

The present value of the scheme liabilities has been determined using the projected unit method as required by FRS 17. The schemes are closed to new entrants and so, under the projected unit method the current service cost will increase as the active members of the scheme approach retirement. As this rate is applied to a salary roll which will decline as members leave or retire, the service cost amount will decline in the long term.

The net position of the two schemes, after adjusting for deferred tax are as follows:

Richard Burbidge defined benefit scheme £5,196,000 liability

Atkinson Marketing defined benefit scheme £381,000 asset

All disclosures below are made for the schemes in totality.

The amounts recognised in the Balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(37,203)	(40,911)
Fair value of scheme assets	31,184	32,507
Deficit in scheme	(6,019)	(8,404)
Related to deferred tax asset/(liability)	1,204	1,681
Net liability	(4,815)	(6,723)

The pension scheme assets include ordinary shares issued by Archwood Limited with a fair value of £NIL (2014 - £NIL). Scheme assets also include property occupied by Archwood Limited with a fair value of £NIL (2014 - £NIL).

Notes to the financial statements

For the period ended 3 October 2015

20. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2015 £000	2014 £000
Interest on obligation	(1,553)	(1,511)
Expected return on scheme assets	1,921	1,878
Total	<u>368</u>	<u>367</u>

Movements in the present value of the defined benefit obligation were as follows:

	2015 £000	2014 £000
Opening defined benefit obligation	40,911	33,909
Interest cost	1,553	1,511
Actuarial Gains/Losses	(3,067)	3,482
Liabilities transferred from group entity	-	2,676
Benefits paid	(2,194)	(667)
Other benefit outgo over the period	-	-
Closing defined benefit obligation	<u>37,203</u>	<u>40,911</u>

Changes in the fair value of scheme assets were as follows:

	2015 £000	2014 £000
Opening fair value of scheme assets	32,507	28,448
Expected return on assets	1,921	1,878
Actuarial gains and (losses)	(1,077)	69
Contributions by employer	27	-
Assets transferred from group entity	-	2,779
Benefits paid	(2,194)	(667)
	<u>31,184</u>	<u>32,507</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £5,974,000 (2014 - £7,566,000).

The company expects to contribute £160,000 to its Defined benefit pension scheme in 2016.

Notes to the financial statements

For the period ended 3 October 2015

20. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
DGF	63.00 %	65.00 %
Bonds	32.00 %	31.00 %
Property	4.00 %	3.00 %
Cash	1.00 %	1.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate at 3 October	3.80 %	3.90 %
Expected return on scheme assets at 3 October	5.90 %	6.20 %
Future pension increases	3.20 %	3.40 %
CPI inflation	2.10 %	2.40 %
RPI inflation	3.20 %	3.40 %

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(37,203)	(40,911)	(33,909)	(30,259)	(26,635)
Scheme assets	31,184	32,507	28,448	28,937	25,939
(Deficit)/surplus	(6,019)	(8,404)	(5,461)	(1,322)	(696)
Experience adjustments on scheme liabilities	3,067	(3,482)	(3,107)	(2,827)	1,700
Experience adjustments on scheme assets	(1,077)	69	(1,456)	1,868	(1,900)

The post-retirement mortality assumptions used to value the benefit obligation at 03 October 2015 are based on the PXA92 plus 1% table with a current year of use.

Notes to the financial statements

For the period ended 3 October 2015

21. Operating lease commitments

At 03 October 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	3 October 2015 £000	27 September 2014 £000	3 October 2015 £000	27 September 2014 £000
Expiry date:				
Within 1 year	-	-	17	43
Between 2 and 5 years	107	-	96	98
After more than 5 years	-	-	-	160

In accordance with UK GAAP, the disclosure note includes all amounts payable over a straight line basis up until the first rent review (5 years after the rent commencement date).

22. Related party transactions

In accordance with Financial Reporting Standard No. 8 'Related party disclosures', the company is exempt from disclosing transactions with company's in the Ripat Limited Group.

23. Ultimate parent undertaking and controlling party

The immediate parent company is Ripat Limited, a company incorporated in England and Wales. The companies accounts are available at Companies House.

Richard Burbidge, a director of this company and Ripat Limited, and members of his close family control the Group as a result of controlling directly or indirectly 100% of the issued share capital of Ripat Limited.