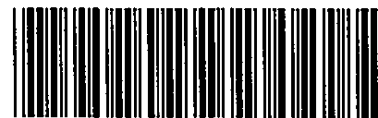


A W CHAMPION TIMBER LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2012

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A W CHAMPION TIMBER LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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A W CHAMPION TIMBER LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	P W A Champion M E Saunders S B L Lister (Non-executive Chairman)
Company secretary	S P Bowden
Registered office	Champion House Burlington Road New Malden Surrey KT3 4NB
Auditor	Shipleys LLP Chartered Accountants & Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ

A W CHAMPION TIMBER LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are as timber merchants, importers and sellers of allied products

Key Performance Indicators

The directors consider the key performance indicators of the group are those which communicate the financial performance and strength of the group as a whole. These indicators comprise turnover, pre tax profit and shareholders funds -

- Turnover increased by £205,618 (0.9%) to £22,024,193
- Gross profit margin has been slightly reduced to 44.7% (2011 45.6%)
- Pre tax profit decreased by £127,344 (16.7%) to £636,855
- Net current assets increased by 9.9% to £5,195,246
- Shareholders funds increased by £330,969 (5.0%) to £6,970,940 as a result of the profit earned during the year

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £465,132. Particulars of dividends proposed are detailed in note 9 to the financial statements.

DIRECTORS

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

P W A Champion
M E Saunders
S B L Lister (Non-executive
Chairman)

A W CHAMPION TIMBER LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

FINANCIAL INSTRUMENTS

The principal financial instruments of the group comprise bank balances, bank overdrafts and loans, trade debtors, trade creditors and amounts due to related companies. The main purpose of these instruments is to raise funds for the group's operations and to finance the operations of the group.

Due to the nature of the financial instruments used by the group there is no exposure to price risk caused by financial instruments. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

For bank balances, overdrafts and loans the liquidity risk is managed by maintaining positive bank balances and only borrowing from the bank in order to help finance potential expansion plans.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by regularly checking the financial health of our key suppliers and by ensuring sufficient funds are available to meet amounts that are due for payment and that these are paid promptly.

Amounts due to the related companies accrue interest in line with the base rate and are repayable on demand. The companies have common directors who are aware of the group's requirements for finance.

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 company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

A W CHAMPION TIMBER LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office
Champion House
Burlington Road
New Malden
Surrey
KT3 4NB

Signed by order of the directors



S P BOWDEN
Company Secretary

Approved by the directors on *20 September 2013*

A W CHAMPION TIMBER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A W CHAMPION TIMBER LIMITED

YEAR ENDED 31 DECEMBER 2012

We have audited the group and parent company financial statements ("the financial statements") of A W Champion Timber Limited for the year ended 31 December 2012. 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 shareholders, 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 shareholders 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 shareholders 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 pages 3 to 4, 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 (APB'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 company'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 annual report 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 FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 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 MATTERS 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.

A W CHAMPION TIMBER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A W CHAMPION TIMBER LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2012

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 company, 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



SIMON ROBINSON (Senior Statutory Auditor)

For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

25 September 2013

A W CHAMPION TIMBER LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
GROUP TURNOVER	2	22,024,193	21,818,575
Cost of sales		(12,176,622)	(11,865,597)
GROSS PROFIT		9,847,571	9,952,978
Administrative expenses		(9,208,725)	(9,184,261)
OPERATING PROFIT	3	638,846	768,717
Interest receivable		11,610	8,763
Interest payable and similar charges	6	(13,601)	(13,281)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		636,855	764,199
Tax on profit on ordinary activities	7	(171,723)	(227,546)
PROFIT FOR THE FINANCIAL YEAR	8	<u>465,132</u>	<u>536,653</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the
year as set out above

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 22 form part of these financial statements.

A W CHAMPION TIMBER LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	2,390,342	2,555,828
CURRENT ASSETS			
Stocks	12	3,087,460	3,179,763
Debtors	13	1,432,638	1,400,589
Cash at bank and in hand		3,508,037	3,327,581
		<u>8,028,135</u>	<u>7,907,933</u>
CREDITORS: Amounts falling due within one year	14	<u>(2,832,889)</u>	<u>(3,182,257)</u>
NET CURRENT ASSETS		<u>5,195,246</u>	<u>4,725,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,585,588</u>	<u>7,281,504</u>
CREDITORS: Amounts falling due after more than one year	15	(582,148)	(583,333)
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	(32,500)	(58,200)
		<u>6,970,940</u>	<u>6,639,971</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	652	652
Share premium account	20	32,255	32,255
Other reserves	20	3,500,255	3,500,255
Profit and loss account	20	3,437,778	3,106,809
SHAREHOLDERS' FUNDS	21	<u>6,970,940</u>	<u>6,639,971</u>

These financial statements were approved by the directors and authorised for issue on 20 September 2013, and are signed on their behalf by


P W A Champion


S B L Lister

The notes on pages 11 to 22 form part of these financial statements.

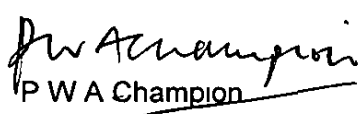
A W CHAMPION TIMBER LIMITED

BALANCE SHEET

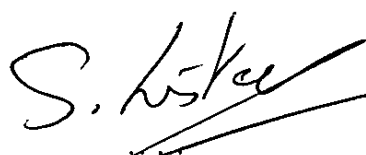
31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Investments	11		32,581		32,581
CURRENT ASSETS					
Debtors	13	114		114	
Cash at bank		<u>212</u>		<u>212</u>	
			326		326
TOTAL ASSETS			<u>32,907</u>		<u>32,907</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19		652		652
Share premium account	20		<u>32,255</u>		<u>32,255</u>
SHAREHOLDERS' FUNDS			<u>32,907</u>		<u>32,907</u>

These financial statements were approved by the directors and authorised for issue on 20 September 2013, and are signed on their behalf by



P W A Champion



S B L Lister

Company Registration Number 04844708

The notes on pages 11 to 22 form part of these financial statements.

A W CHAMPION TIMBER LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	596,964	1,256,760
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(1,991)	(4,518)
TAXATION	22	(208,602)	(241,282)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(215,943)	(567,082)
EQUITY DIVIDENDS PAID		–	(57,385)
CASH INFLOW BEFORE FINANCING		<u>170,428</u>	<u>386,493</u>
FINANCING	22	10,028	(66,667)
INCREASE IN CASH	22	<u>180,456</u>	<u>319,826</u>

The notes on pages 11 to 22 form part of these financial statements

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary company. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and long leasehold buildings - 2% straight line

Freehold garages - 10% straight line

Improvements to premises - 10% straight line

Plant and machinery - 10% straight line

Computer software and equipment - 14% and 33% straight line respectively

Fixtures and fittings - 25% straight line

Motor vehicles - 25% straight line

Yard vehicles - 10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is determined on a first in first out basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The subsidiary company operates defined contribution pension schemes. Contributions payable to these schemes are charged to the Profit and Loss Account in the period to which they relate. These contributions are invested separately from the company's assets.

Deferred taxation

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 tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group and all the turnover arises in the United Kingdom.

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of owned fixed assets	383,225	361,965
Profit on disposal of fixed assets	(1,796)	(13,250)
Auditor's remuneration		
- as auditor	28,750	28,000
- for other services	1,905	4,462
Operating lease costs		
- Other	<u>1,080,454</u>	<u>1,039,204</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2012 No	2011 No
Number of production and sales staff	132	132
Number of office and management staff	<u>50</u>	<u>51</u>
	<u>182</u>	<u>183</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	4,535,567	4,626,610
Social security costs	438,819	454,703
Other pension costs	<u>187,244</u>	<u>178,936</u>
	<u>5,161,630</u>	<u>5,260,249</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	156,984	189,861
Value of company pension contributions to money purchase schemes	<u>44,516</u>	<u>39,693</u>
	<u>201,500</u>	<u>229,554</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2012	2011
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	<u>13,601</u>	<u>13,281</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 24.5% (2011 26.49%)	194,242	203,246
(Over)/under provision in prior year	<u>3,181</u>	<u>-</u>
Total current tax	197,423	203,246
Deferred tax		
Origination and reversal of timing differences	(25,700)	24,300
Tax on profit on ordinary activities	<u>171,723</u>	<u>227,546</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2011 26.49%)

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>636,855</u>	<u>764,199</u>
Profit on ordinary activities by rate of tax	156,012	202,460
Expenses not deductible for tax purposes	1,916	3,214
Capital allowances for period in excess of depreciation	43,915	(2,428)
Tax chargeable at lower rates	(7,601)	-
Adjustments to tax charge in respect of previous periods	<u>3,181</u>	<u>-</u>
Total current tax (note 7(a))	<u>197,423</u>	<u>203,246</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £134,163 (2011 - £57,385)

9. DIVIDENDS

Equity dividends

	2012	2011
	£	£
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>57,385</u>
Proposed at the year-end (recognised as a liability)		
Equity dividends on ordinary shares	<u>134,163</u>	<u>-</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

10. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Leasehold Improvements £	Plant & Equip ment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST						
At 1 Jan 2012	1,672,915	812,430	2,393,322	771,812	565,836	6,216,315
Additions	—	50,619	70,553	19,950	94,972	236,094
Disposals	—	—	(450,859)	(32,070)	(107,457)	(590,386)
At 31 Dec 2012	1,672,915	863,049	2,013,016	759,692	553,351	5,862,023
DEPRECIATION						
At 1 Jan 2012	354,536	501,851	1,661,080	756,441	386,579	3,660,487
Charge for the year	48,037	63,093	181,530	15,510	75,055	383,225
On disposals	—	—	(450,859)	(32,070)	(89,102)	(572,031)
At 31 Dec 2012	402,573	564,944	1,391,751	739,881	372,532	3,471,681
NET BOOK VALUE						
At 31 Dec 2012	1,270,342	298,105	621,265	19,811	180,819	2,390,342
At 31 Dec 2011	1,318,379	310,579	732,242	15,371	179,257	2,555,828

11. INVESTMENTS

Company	Group companies £
COST	
At 1 January 2012 and 31 December 2012	32,581
NET BOOK VALUE	
At 31 December 2012 and 31 December 2011	32,581

The company owns 100% of the issued share capital of A W Champion Limited a company incorporated in England A W Champion Limited carries on the business of timber merchants, importers and sellers of allied products

12. STOCKS

	Group 2012 £	2011 £	Company 2012 £	2011 £
Stock	3,087,460	3,179,763	—	—

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

13. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,073,829	1,052,542	—	—
Amounts owed by group undertakings	—	—	114	114
Prepayments and accrued income	358,809	348,047	—	—
	<u>1,432,638</u>	<u>1,400,589</u>	<u>114</u>	<u>114</u>

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	77,880	66,667	—	—
Trade creditors	861,073	1,251,093	—	—
Dividends payable	134,163	—	—	—
Other creditors including taxation				
Corporation tax	194,242	205,421	—	—
Other taxation	700,641	706,148	—	—
Other creditors	365,734	215,883	—	—
Accruals and deferred income	499,156	737,045	—	—
	<u>2,832,889</u>	<u>3,182,257</u>	<u>—</u>	<u>—</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	<u>77,880</u>	<u>66,667</u>	<u>—</u>	<u>—</u>

15. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	<u>582,148</u>	<u>583,333</u>	<u>—</u>	<u>—</u>

Long term creditors are in respect of a bank loan secured by a legal charge over assets of the group, a guarantee, and cross guarantee and debentures between A W Champion Ltd and A W Champion Timber Ltd. The interest charged on the loan is a margin of 2.25% over HSBC's Base rate. Repayment will be in equal monthly instalments of £6,490 and all or part of the loan may be repaid at any time with a penalty fee of 1% of any amount repaid early.

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

15. CREDITORS: Amounts falling due after more than one year (continued)

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Due in 2 to 5 years	311,520	266,667	-	-
Due in over 5 years	270,628	316,666	-	-
	<u>582,148</u>	<u>583,333</u>	<u>-</u>	<u>-</u>

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Provision brought forward	58,200	33,900	-	-
(Decrease)/Increase in provision	(25,700)	24,300	-	-
Provision carried forward	<u>32,500</u>	<u>58,200</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>32,500</u>	<u>-</u>	<u>58,200</u>	<u>-</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	2012		2011	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	17,280	-	14,010
Within 2 to 5 years	-	268,100	-	302,660
After more than 5 years	701,101	-	666,101	-
	<u>701,101</u>	<u>285,380</u>	<u>666,101</u>	<u>316,670</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

18. RELATED PARTY TRANSACTIONS

During the year payments for consultancy of £28,142 (2011 £32,063) were made by A W Champion Limited to S B L Lister who was a director of the company

The subsidiary company, A W Champion Limited, rents property from A W Champion Properties Limited, whose directors include S B L Lister and P W A Champion who are also directors of A W Champion Limited and A W Champion Timber Limited. The amount charged by A W Champion Properties Limited in respect of the year was £449,300 (2011 £449,300). The amount owed to A W Champion Properties Limited by A W Champion Limited at the end of the year was £276,022 (2011 £165,118).

19. SHARE CAPITAL

Authorised share capital:

	2012 £	2011 £
100,000 Ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
65,162 Ordinary shares of £0.01 each	<u>65,162</u>	<u>652</u>	<u>65,162</u>	<u>652</u>

20. RESERVES

Group	Share premium account £	Reserve on consolidation £	Profit and loss account £
Balance brought forward	32,255	3,500,255	3,106,809
Profit for the year	—	—	465,132
Equity dividends	—	—	(134,163)
Balance carried forward	<u>32,255</u>	<u>3,500,255</u>	<u>3,437,778</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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20. RESERVES *(continued)*

Company	Share premium account £	Profit and loss account £
Balance brought forward	32,255	–
Profit for the year	–	134,163
Equity dividends	–	(134,163)
Balance carried forward	<u>32,255</u>	<u>–</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	465,132	536,653
Equity dividends	(134,163)	(57,385)
Net addition to shareholders' funds	<u>330,969</u>	<u>479,268</u>
Opening shareholders' funds	6,639,971	6,160,703
Closing shareholders' funds	<u>6,970,940</u>	<u>6,639,971</u>

22. NOTES TO THE CASH FLOW STATEMENT

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM
OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit	638,846	768,717
Depreciation	383,225	361,965
Profit on disposal of fixed assets	(1,796)	(13,250)
Decrease/(increase) in stocks	92,303	(301,360)
Increase in debtors	(32,049)	(167,488)
(Decrease)/increase in creditors	(483,565)	608,176
Net cash inflow from operating activities	<u>596,964</u>	<u>1,256,760</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	11,610	8,763
Interest paid	(13,601)	(13,281)
Net cash outflow from returns on investments and servicing of finance	<u>(1,991)</u>	<u>(4,518)</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

TAXATION

	2012 £	2011 £
Taxation	<u>(208,602)</u>	<u>(241,282)</u>

CAPITAL EXPENDITURE

	2012 £	2011 £
Payments to acquire tangible fixed assets	<u>(236,094)</u>	<u>(580,332)</u>
Receipts from sale of fixed assets	<u>20,151</u>	<u>13,250</u>
Net cash outflow from capital expenditure	<u>(215,943)</u>	<u>(567,082)</u>

FINANCING

	2012 £	2011 £
Increase in/(repayment of) bank loans	<u>10,028</u>	<u>(66,667)</u>
Net cash inflow/(outflow) from financing	<u>10,028</u>	<u>(66,667)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Increase in cash in the period	180,456	319,826
Net cash (inflow) from/outflow from bank loans	<u>(10,028)</u>	<u>66,667</u>
	<u>170,428</u>	<u>386,493</u>
Change in net funds	170,428	386,493
Net funds at 1 January 2012	<u>2,677,581</u>	<u>2,291,088</u>
Net funds at 31 December 2012	<u>2,848,009</u>	<u>2,677,581</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash			
Cash in hand and at bank	3,327,581	180,456	3,508,037
Debt:			
Debt due within 1 year	(66,667)	(11,213)	(77,880)
Debt due after 1 year	(583,333)	1,185	(582,148)
	<u>(650,000)</u>	<u>(10,028)</u>	<u>(660,028)</u>
Net funds	<u>2,677,581</u>	<u>170,428</u>	<u>2,848,009</u>

23. CONTROLLING PARTY

During the year, the company was under the control of Mr P W A Champion who was the major shareholder