

Registers

COMPANY REGISTRATION NUMBER 04844708

A W CHAMPION TIMBER LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2013

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A W CHAMPION TIMBER LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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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

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2013

The directors present the strategic report together with their annual report and the audited financial statements for the group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The directors consider that the business can best be reviewed by the key performance indicators of the group 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 £667,542 (3.0%) to £22,691,735.
- Gross profit margin has slightly increased to 45.14% (2012 - 44.7%).
- Pre tax profit increased by £98,034 (15.4%) to £734,889.
- Net current assets increased by 8.6% to £5,640,817.
- Shareholders funds increased by £439,533 (6.3%) to £7,410,473 as a result of the profit earned during the year.

The directors are of the opinion that the above figures show that the group has performed well in what has been a difficult trading environment.

The group also benefits from the skill and performance of its management and staff.

PRINCIPAL RISKS AND UNCERTAINTIES

In the opinion of the directors the principal risks and uncertainties facing the group relate to the economy and its impact on the construction industry.

FUTURE DEVELOPMENTS

The group is committed to a continuing programme of staff development and training which will help to ensure that customers receive a high level of service.

The directors are continuing to examine new business opportunities and will invest in schemes where they can expect a good return on any investment.

Signed by order of the directors



S.P. BOWDEN
Company Secretary

Approved by the directors on 2nd July 2014

A W CHAMPION TIMBER LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of the group for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £555,816. Particulars of dividends paid 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)

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.

A W CHAMPION TIMBER LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 these 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.

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.

STRATEGIC REPORT

The group has prepared a Strategic Report on page 2 in accordance with the requirements issued under the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's 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 2nd July 2014

A W CHAMPION TIMBER LIMITED

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

YEAR ENDED 31 DECEMBER 2013

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 2013 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement 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 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 page 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

A W CHAMPION TIMBER LIMITED

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

YEAR ENDED 31 DECEMBER 2013

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

2nd July 2014

A W CHAMPION TIMBER LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
GROUP TURNOVER	2	22,691,735	22,024,193
Cost of sales		<u>(12,448,255)</u>	<u>(12,176,622)</u>
GROSS PROFIT		10,243,480	9,847,571
Administrative expenses		<u>(9,504,646)</u>	<u>(9,208,725)</u>
OPERATING PROFIT	3	738,834	638,846
Interest receivable		13,420	11,610
Interest payable and similar charges	6	<u>(17,365)</u>	<u>(13,601)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		734,889	636,855
Tax on profit on ordinary activities	7	<u>(179,073)</u>	<u>(171,723)</u>
PROFIT FOR THE FINANCIAL YEAR	8	<u>555,816</u>	<u>465,132</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 21 form part of these financial statements.

A W CHAMPION TIMBER LIMITED

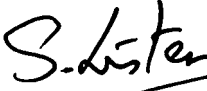
GROUP BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	10	2,344,539	2,390,342
CURRENT ASSETS			
Stocks	12	3,376,113	3,087,460
Debtors	13	1,526,397	1,432,638
Cash at bank and in hand		3,828,984	3,508,037
		<u>8,731,494</u>	<u>8,028,135</u>
CREDITORS: Amounts falling due within one year	14	<u>(3,090,677)</u>	<u>(2,832,889)</u>
NET CURRENT ASSETS		<u>5,640,817</u>	<u>5,195,246</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,985,356</u>	<u>7,585,588</u>
CREDITORS: Amounts falling due after more than one year	15	(521,633)	(582,148)
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	(53,250)	(32,500)
		<u>7,410,473</u>	<u>6,970,940</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	3,877,311	3,437,778
SHAREHOLDERS' FUNDS	21	<u>7,410,473</u>	<u>6,970,940</u>

These accounts were approved by the directors and authorised for issue on 2nd July 2014 and are signed on their behalf by:


P W A Champion


S B L Lister

The notes on pages 11 to 21 form part of these financial statements.

A W CHAMPION TIMBER LIMITED

BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	£	2012 £	£
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 accounts were approved by the directors and authorised for issue on 2nd July 2014 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 21 form part of these financial statements.

A W CHAMPION TIMBER LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	1,237,423	596,964
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(3,945)	(1,991)
TAXATION	22	(194,242)	(208,602)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(407,328)	(215,943)
EQUITY DIVIDENDS PAID		(250,446)	—
CASH INFLOW BEFORE FINANCING		<u>381,462</u>	<u>170,428</u>
FINANCING	22	(60,515)	10,028
INCREASE IN CASH	22	<u><u>320,947</u></u>	<u><u>180,456</u></u>

The notes on pages 11 to 21 form part of these financial statements.

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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 an average cost 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 2013

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The subsidiary company operates a money purchase scheme. Contributions payable to the scheme 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 2013

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of owned fixed assets	389,631	383,225
Profit on disposal of fixed assets	(2,250)	(1,796)
Auditor's remuneration		
- as auditor	26,500	28,750
- for other services	1,770	1,905
Operating lease costs:		
- Other	<u>1,101,335</u>	<u>1,080,454</u>

4. PARTICULARS OF EMPLOYEES

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

	2013 No	2012 No
Number of production and sales staff	132	132
Number of office and management staff	<u>50</u>	<u>50</u>
	<u>182</u>	<u>182</u>

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	4,770,957	4,535,567
Social security costs	464,937	438,819
Other pension costs	195,447	187,244
	<u>5,431,341</u>	<u>5,161,630</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2013 £	2012 £
Remuneration receivable	203,066	156,984
Value of company pension contributions to money purchase schemes	<u>44,927</u>	<u>44,516</u>
	<u>247,993</u>	<u>201,500</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

5. DIRECTORS' REMUNERATION *(continued)*

Remuneration of highest paid director:

	2013 £	2012 £
Total remuneration (excluding pension contributions)	105,665	97,687
Value of company pension contributions to money purchase schemes	31,789	31,398
	<u>137,454</u>	<u>129,085</u>

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

	2013 No	2012 No
Money purchase schemes	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Interest payable on bank borrowing	<u>17,365</u>	<u>13,601</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 23.25% (2012 – 24.50%)	158,323	194,242
(Over)/under provision in prior year	-	3,181
Total current tax	<u>158,323</u>	<u>197,423</u>
Deferred tax:		
Origination and reversal of timing differences	<u>20,750</u>	<u>(25,700)</u>
Tax on profit on ordinary activities	<u>179,073</u>	<u>171,723</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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 23.25% (2012 – 24.50%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>734,889</u>	<u>636,855</u>
Profit on ordinary activities by rate of tax	170,837	156,012
Expenses not deductible for tax purposes	1,494	1,916
Capital allowances for period in excess of depreciation	(7,586)	43,915
Tax chargeable at lower rates	(6,422)	(7,601)
Adjustments to tax charge in respect of previous periods	-	3,181
Total current tax (note 7(a))	<u>158,323</u>	<u>197,423</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £116,283 (2012 - £134,163).

9. DIVIDENDS

Equity dividends

	2013 £	2012 £
Dividends for the year on ordinary shares	<u>116,283</u>	<u>134,163</u>

The dividend in respect of the year to 31 December 2013 was paid during the year. The dividend in respect of the year to 31 December 2012 was included in creditors at the year end and was paid in 2013.

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

10. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Leasehold Improvements £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST						
At 1 Jan 2013	1,672,915	863,049	2,013,016	759,692	553,351	5,862,023
Additions	–	101,422	203,418	6,680	98,058	409,578
Disposals	–	–	–	(69,391)	(16,800)	(86,191)
Retention not required	(65,750)	–	–	–	–	(65,750)
At 31 Dec 2013	1,607,165	964,471	2,216,434	696,981	634,609	6,119,660
DEPRECIATION						
At 1 Jan 2013	402,573	564,944	1,391,751	739,881	372,532	3,471,681
Charge for the year	24,929	69,091	197,820	9,082	88,709	389,631
On disposals	–	–	–	(69,391)	(16,800)	(86,191)
At 31 Dec 2013	427,502	634,035	1,589,571	679,572	444,441	3,775,121
NET BOOK VALUE						
At 31 Dec 2013	1,179,663	330,436	626,863	17,409	190,168	2,344,539
At 31 Dec 2012	1,270,342	298,105	621,265	19,811	180,819	2,390,342

11. INVESTMENTS

Company	Group companies £
COST	
At 1 January 2013 and 31 December 2013	32,581
NET BOOK VALUE	
At 31 December 2013 and 31 December 2012	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 2013 £	2012 £	Company 2013 £	2012 £
Stock	3,376,113	3,087,460	–	–

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

13. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	1,175,462	1,073,829	–	–
Amounts owed by group undertakings	–	–	114	114
Prepayments and accrued income	350,935	358,809	–	–
	<u>1,526,397</u>	<u>1,432,638</u>	<u>114</u>	<u>114</u>

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	77,880	77,880	–	–
Trade creditors	973,087	861,073	–	–
Dividends payable	–	134,163	–	–
Other creditors including taxation:				
Corporation tax	158,323	194,242	–	–
Other taxation	787,108	700,641	–	–
Other creditors	238,659	365,734	–	–
Accruals and deferred income	855,620	499,156	–	–
	<u>3,090,677</u>	<u>2,832,889</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	<u>77,880</u>	<u>77,880</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	<u>521,633</u>	<u>582,148</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 2013

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	
	2013	2012	2013	2012
	£	£	£	£
Due in 2 to 5 years	311,520	311,520	-	-
Due in over 5 years	210,113	270,628	-	-
	<u>521,633</u>	<u>582,148</u>	<u>-</u>	<u>-</u>

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Provision brought forward	32,500	58,200	-	-
Increase/(Decrease) in provision	20,750	(25,700)	-	-
Provision carried forward	<u>53,250</u>	<u>32,500</u>	<u>-</u>	<u>-</u>

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

Group	2013		2012	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>53,250</u>	<u>-</u>	<u>32,500</u>	<u>-</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2013		2012	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	17,280
Within 2 to 5 years	35,000	268,100	-	268,100
After more than 5 years	666,101	-	701,101	-
	<u>701,101</u>	<u>268,100</u>	<u>701,101</u>	<u>285,380</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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18. RELATED PARTY TRANSACTIONS

During the year payments for consultancy of £39,537 (2012: £28,142) 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 (2012 : £449,300). The amount owed to A W Champion Properties Limited by A W Champion Limited at the end of the year was £161,394 (2012: £276,022).

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
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	3,437,778
Profit for the year	—	—	555,816
Equity dividends	—	—	(116,283)
Balance carried forward	<u>32,255</u>	<u>3,500,255</u>	<u>3,877,311</u>

Company	Share premium account £	Profit and loss account £
Balance brought forward	32,255	—
Profit for the year	—	116,283
Equity dividends	—	(116,283)
Balance carried forward	<u>32,255</u>	<u>—</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	555,816	465,132
Equity dividends	(116,283)	(134,163)
Net addition to shareholders' funds	<u>439,533</u>	<u>330,969</u>
Opening shareholders' funds	6,970,940	6,639,971
Closing shareholders' funds	<u>7,410,473</u>	<u>6,970,940</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	738,834	638,846
Depreciation	389,631	383,225
Profit on disposal of fixed assets	(2,250)	(1,796)
(Increase)/decrease in stocks	(288,653)	92,303
Increase in debtors	(93,759)	(32,049)
Increase/(decrease) in creditors	493,620	(483,565)
Net cash inflow from operating activities	<u>1,237,423</u>	<u>596,964</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £	2012 £
Interest received	13,420	11,610
Interest paid	(17,365)	(13,601)
Net cash outflow from returns on investments and servicing of finance	<u>(3,945)</u>	<u>(1,991)</u>

TAXATION

	2013 £	2012 £
Taxation	<u>(194,242)</u>	<u>(208,602)</u>

CAPITAL EXPENDITURE

	2013 £	2012 £
Payments to acquire tangible fixed assets	(409,578)	(236,094)
Receipts from sale of fixed assets	2,250	20,151
Net cash outflow from capital expenditure	<u>(407,328)</u>	<u>(215,943)</u>

FINANCING

	2013 £	2012 £
(Repayment of)/increase in bank loans	(60,515)	10,028
Net cash (outflow)/inflow from financing	<u>(60,515)</u>	<u>10,028</u>

A W CHAMPION TIMBER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013		2012	
	£	£	£	£
Increase in cash in the period	320,947		180,456	
Net cash outflow from/(inflow) from bank loans	<u>60,515</u>		<u>(10,028)</u>	
		<u>381,462</u>		<u>170,428</u>
Change in net funds		381,462		170,428
Net funds at 1 January 2013		<u>2,848,009</u>		<u>2,677,581</u>
Net funds at 31 December 2013		<u><u>3,229,471</u></u>		<u><u>2,848,009</u></u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2013 £	Cash flows £	At 31 Dec 2013 £
Net cash:			
Cash in hand and at bank	<u>3,508,037</u>	<u>320,947</u>	<u>3,828,984</u>
Debt:			
Debt due within 1 year	(77,880)	—	(77,880)
Debt due after 1 year	<u>(582,148)</u>	<u>60,515</u>	<u>(521,633)</u>
	<u>(660,028)</u>	<u>60,515</u>	<u>(599,513)</u>
Net funds	<u><u>2,848,009</u></u>	<u><u>381,462</u></u>	<u><u>3,229,471</u></u>

23. CONTROLLING PARTY

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