

COMPANY REGISTRATION NUMBER: 04844708

A. W. Champion Timber Limited
Financial Statements
31 December 2015



A. W. Champion Timber Limited

Financial Statements

Year ended 31 December 2015

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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 2015

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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of an investment holding company.

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 include turnover, pre tax profit and shareholders funds:-

- Turnover increased by £1,371,338 (5.3%) to £27,039,198.
- Gross profit margin has slightly reduced to 44.83% (2014 - 45.07%).
- Pre tax profit increased by £123,155 (11.6%) to £1,185,590.
- Net current assets increased by 7.9% to £6,849,674.
- Shareholders funds increased by £712,960 (8.8%) to £8,805,953 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 and will continue to monitor the performance of the business going forward using and developing the same principles.

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

The group continued to trade strongly during the year with sales growth reflected in improved net profitability.

The cash position at the end of the year was slightly down on that for the previous year as a result of fixed asset investments made in order to maintain the high quality of the group's operational capabilities.

The directors are content that the financial strength and liquidity of the group remain strong.

The group continues to explore opportunities for expansion, including the opening of new trading outlets. Where a new outlet is opened there is a short term detrimental impact on profitability over the first few years whilst the trade at the new outlet is built up. In June 2016 a new trading outlet was opened in Weybridge.

A. W. Champion Timber Limited

Strategic Report *(continued)*

Year ended 31 December 2015

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.

The construction industry is traditionally one of the first to experience the impact of changes in the wider economic landscape, and depending on which areas of construction are most affected such changes are reflected in the performance of the group.

In order that the group can react in a timely manner to any such changes the group monitors the performance of all aspects of the business on a regular ongoing basis by means of a comprehensive suite of reports that include monthly management accounts and key performance indicators.

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.

This report was approved by the board of directors on 16 August 2016 and signed on behalf of the board by:



S. P. Bowden
Company Secretary

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

A. W. Champion Timber Limited

Directors Report

Year ended 31 December 2015

The directors present their report and the financial statements of the group for the year ended 31 December 2015.

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)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Financial risk management objectives and policies

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.

Credit risk

The group's principal financial assets are bank balances, cash and trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for bad debts. The group has no significant concentration of credit risk, with exposure spread over a large number of customers. Trade debtors are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Cashflow risk

The group currently has no significant foreign exchange exposure, but has processes in place to monitor any such exposures should they arise.

Price risk

Due to the nature of the financial instruments used by the group there is no exposure to price risk caused by financial instruments.

Liquidity risk

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 creditor 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.

Going concern

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

A. W. Champion Timber Limited

Directors Report *(continued)*

Year ended 31 December 2015

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

Directors responsibilities statement

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have 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 and the company's auditor is aware of that information.

A. W. Champion Timber Limited

Directors Report *(continued)*

Year ended 31 December 2015

This report was approved by the board of directors on 16 August 2016 and signed on behalf of the board by:



S. P. Bowden
Company Secretary

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

A. W. Champion Timber Limited

Independent Auditor's Report to the Shareholders of A. W. Champion Timber Limited

Year ended 31 December 2015

We have audited the financial statements of A. W. Champion Timber Limited for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 strategic report and the directors 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 of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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

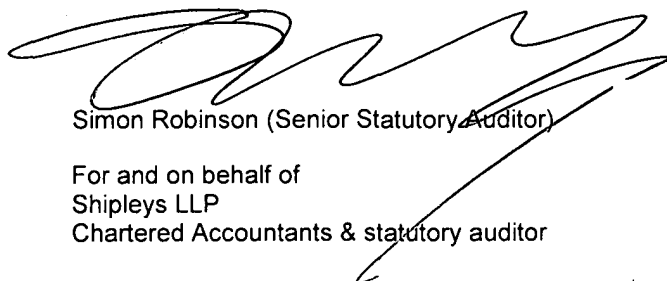
Independent Auditor's Report to the Shareholders of A. W. Champion Timber Limited *(continued)*

Year ended 31 December 2015

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

18 AUGUST 2016

A. W. Champion Timber Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	27,039,198	25,667,860
Cost of sales		<u>(14,916,756)</u>	<u>(14,098,283)</u>
Gross profit		12,122,442	11,569,577
Administrative expenses		<u>(10,957,726)</u>	<u>(10,517,307)</u>
Operating profit	5	1,164,716	1,052,270
Interest receivable	9	34,646	25,733
Interest payable	10	<u>(13,772)</u>	<u>(15,568)</u>
Profit on ordinary activities before taxation		1,185,590	1,062,435
Taxation on ordinary activities	11	<u>(267,262)</u>	<u>(240,961)</u>
Profit for the financial year and total comprehensive income		<u>918,328</u>	<u>821,474</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited

Consolidated Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	14	2,450,952	2,260,755
Current assets			
Stocks	16	3,565,733	3,329,897
Debtors	17	1,672,105	1,468,495
Cash at bank and in hand		4,964,928	5,041,170
		<u>10,202,766</u>	<u>9,839,562</u>
Creditors: amounts falling due within one year	18	<u>(3,353,092)</u>	<u>(3,490,453)</u>
Net current assets		<u>6,849,674</u>	<u>6,349,109</u>
Total assets less current liabilities		<u>9,300,626</u>	<u>8,609,864</u>
Creditors: amounts falling due after more than one year	19	(395,213)	(459,321)
Provisions			
Taxation including deferred tax	21	<u>(99,460)</u>	<u>(57,550)</u>
Net assets		<u><u>8,805,953</u></u>	<u><u>8,092,993</u></u>
Capital and reserves			
Called up share capital	24	652	652
Share premium account	25	32,255	32,255
Profit and loss account	25	8,773,046	8,060,086
Shareholders funds		<u><u>8,805,953</u></u>	<u><u>8,092,993</u></u>

These financial statements were approved by the board of directors and authorised for issue on 16 August 2016, and are signed on behalf of the board by:



P.W.A. Champion
Director



S.B.L. Lister (Non-executive Chairman)
Director

Company registration number: 04844708

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited
Company Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	15	32,581	32,581
Current assets			
Debtors	17	114	114
Cash at bank and in hand		212	212
		<u>326</u>	<u>326</u>
Net current assets		<u>326</u>	<u>326</u>
Total assets less current liabilities		<u>32,907</u>	<u>32,907</u>
Capital and reserves			
Called up share capital	24	652	652
Share premium account	25	32,255	32,255
Shareholders funds		<u>32,907</u>	<u>32,907</u>

These financial statements were approved by the board of directors and authorised for issue on 16 August 2016, and are signed on behalf of the board by:



P.W.A. Champion
Director



S.B.L. Lister (Non-executive Chairman)
Director

Company registration number: 04844708

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2015

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2014		652	32,255	7,377,566	7,410,473
Profit for the year		—	—	821,474	821,474
Total comprehensive income for the year		—	—	821,474	821,474
Dividends paid and payable	13	—	—	(138,954)	(138,954)
Total investments by and distributions to owners		—	—	(138,954)	(138,954)
At 31 December 2014		652	32,255	8,060,086	8,092,993
Profit for the year		—	—	918,328	918,328
Total comprehensive income for the year		—	—	918,328	918,328
Dividends paid and payable	13	—	—	(205,368)	(205,368)
Total investments by and distributions to owners		—	—	(205,368)	(205,368)
At 31 December 2015		<u>652</u>	<u>32,255</u>	<u>8,773,046</u>	<u>8,805,953</u>

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited
Company Statement of Changes in Equity
Year ended 31 December 2015

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2014		652	32,255	—	32,907
Profit for the year		—	—	138,954	138,954
Total comprehensive income for the year		—	—	138,954	138,954
Dividends paid and payable	13	—	—	(138,954)	(138,954)
Total investments by and distributions to owners		—	—	(138,954)	(138,954)
At 31 December 2014		652	32,255	—	32,907
Profit for the year		—	—	205,368	205,368
Total comprehensive income for the year		—	—	205,368	205,368
Dividends paid and payable	13	—	—	(205,368)	(205,368)
Total investments by and distributions to owners		—	—	(205,368)	(205,368)
At 31 December 2015		652	32,255	—	32,907

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	918,328	821,474
<i>Adjustments for:</i>		
Depreciation of tangible assets	436,727	362,978
Interest receivable	(34,646)	(25,733)
Interest payable	13,772	15,568
Gains on disposal of tangible assets	(11,000)	(9,975)
Taxation on ordinary activities	267,262	240,961
Accrued income	(40,251)	(158,022)
<i>Changes in:</i>		
Stocks	(235,836)	46,216
Trade and other debtors	(203,610)	57,902
Trade and other creditors	(85,801)	479,460
Cash generated from operations	1,024,945	1,830,829
Interest paid	(13,772)	(15,568)
Interest received	34,646	25,733
Tax paid	(236,661)	(158,323)
Net cash from operating activities	<u>809,158</u>	<u>1,682,671</u>
Cash flows from investing activities		
Purchase of tangible assets	(626,924)	(279,194)
Proceeds from sale of tangible assets	11,000	9,975
Net cash used in investing activities	<u>(615,924)</u>	<u>(269,219)</u>
Cash flows from financing activities		
Proceeds from borrowings	(64,108)	(62,312)
Dividends paid	(205,368)	(138,954)
Net cash used in financing activities	<u>(269,476)</u>	<u>(201,266)</u>
Net (decrease)/increase in cash and cash equivalents	(76,242)	1,212,186
Cash and cash equivalents at beginning of year	5,041,170	3,828,984
Cash and cash equivalents at end of year	<u>4,964,928</u>	<u>5,041,170</u>

The notes on pages 15 to 28 form part of these financial statements.

A. W. Champion Timber Limited

Notes to the Financial Statements

Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. General information

A.W. Champion Timber Limited is a limited company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Champion House, Burlington Road, New Malden, Surrey, KT3 4NB.

The principal activity of the company is that of an investment holding company.

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

In the directors' opinion, based on the current forecasts of the group and its working capital requirements, the group has sufficient funds to meet its liabilities for at least twelve months from approval of these accounts.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

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.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are occasionally required to make judgements, estimates and assumptions where the carrying amounts of assets and liabilities are not otherwise readily apparent. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Where estimates and underlying assumptions have been used, these are reviewed regularly. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

A key source of estimation uncertainty that has a significant effect on the amounts recognised in the financial statements is stock provision. The provision is made for obsolete or defective items where appropriate during the year end stock takes. A further provision is then applied to write stock down to the estimated net realisable value.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its 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
Computer software and equipment	-	14% and 33% straight line respectively
Motor vehicles	-	25% straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	25% straight line
Yard vehicles	-	10% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Trade and other debtors

Trade and other debtors are initially recorded at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, receivables and stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Defined contribution plans

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.

4. Turnover

Turnover arises from:

	2015 £	2014 £
Sale of goods	<u>27,039,198</u>	<u>25,667,860</u>

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.

5. Operating profit

Operating profit or loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible assets	436,727	362,978
Gains on disposal of tangible assets	(11,000)	(9,975)
Defined contribution plans expense	264,339	213,580
Operating lease rentals	1,205,982	1,155,422
Cost of stock recognised as expense	<u>14,916,756</u>	<u>14,098,283</u>

6. Auditor's remuneration

	2015 £	2014 £
Fees payable for the audit of the financial statements	<u>24,750</u>	<u>22,500</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>1,250</u>	<u>1,250</u>

7. Particulars of employees

The average number of persons employed by the group during the year, including the directors, amounted to:

	2015 No	2014 No
Number of production and sales staff	152	137
Number of office and management staff	54	54
	<u>206</u>	<u>191</u>

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

7. Particulars of employees *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£	£
Wages and salaries	5,645,547	5,558,015
Social security costs	516,931	525,871
Other pension costs	264,339	213,580
	<u>6,426,817</u>	<u>6,297,466</u>

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014
	£	£
Remuneration	244,275	238,527
Company contributions to defined contribution pension plans	23,405	22,422
	<u>267,680</u>	<u>260,949</u>

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

	2015	2014
	No	No
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2015	2014
	£	£
Aggregate remuneration	140,229	136,646
Company contributions to defined contribution pension plans	13,858	13,404
	<u>154,087</u>	<u>150,050</u>

9. Interest receivable

	2015	2014
	£	£
Interest on cash and cash equivalents	<u>34,646</u>	<u>25,733</u>

10. Interest payable

	2015	2014
	£	£
Interest on banks loans and overdrafts	<u>13,772</u>	<u>15,568</u>

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

11. Taxation on ordinary activities

Major components of tax expense

	2015 £	2014 £
Current tax:		
UK current tax expense	225,352	236,661
Deferred tax:		
Origination and reversal of timing differences	41,910	4,300
Taxation on ordinary activities	<u>267,262</u>	<u>240,961</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).

	2015 £	2014 £
Profit on ordinary activities before taxation	1,185,590	1,062,435
Profit on ordinary activities by rate of tax	240,041	228,351
Effect of expenses not deductible for tax purposes	7,303	2,112
Effect of capital allowances and depreciation	20,156	11,962
Effect of different UK tax rates on some earnings	(238)	(1,464)
Tax on profit on ordinary activities	<u>267,262</u>	<u>240,961</u>

12. Profit for the year of the parent company

The profit for the financial year of the parent company was £205,368 (2014: £138,954).

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Equity dividends on ordinary shares	<u>205,368</u>	<u>138,954</u>

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

14. Tangible assets

Group	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Jan 2015	1,607,168	1,023,110	2,296,414	717,236	634,143	6,278,071
Additions	–	167,811	197,664	47,284	214,165	626,924
Disposals	–	–	–	–	(54,382)	(54,382)
At 31 Dec 2015	1,607,168	1,190,921	2,494,078	764,520	793,926	6,850,613
Depreciation						
At 1 Jan 2015	465,611	709,009	1,671,865	694,011	476,820	4,017,316
Charge for the year	38,106	87,924	173,406	23,553	113,738	436,727
Disposals	–	–	–	–	(54,382)	(54,382)
At 31 Dec 2015	503,717	796,933	1,845,271	717,564	536,176	4,399,661
Carrying amount						
At 31 Dec 2015	1,103,451	393,988	648,807	46,956	257,750	2,450,952
At 31 Dec 2014	1,141,557	314,101	624,549	23,225	157,323	2,260,755

The company has no tangible assets.

Freehold land and buildings with a carrying amount of £1,103,451 (2014: £1,141,557) have been pledged to secure borrowings of the Group.

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Jan 2015 and 31 Dec 2015	32,581
Impairment	
At 1 Jan 2015 and 31 Dec 2015	–
Carrying amount	
At 1 Jan 2015 and 31 Dec 2015	32,581

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

15. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
A. W. Champion Limited - Timber merchants, importers and sellers of allied products	England	Ordinary	100

16. Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Stock	<u>3,565,733</u>	<u>3,329,897</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,208,700	1,051,563	—	—
Amounts owed by group undertakings	—	—	114	114
Prepayments and accrued income	<u>463,405</u>	<u>416,932</u>	<u>—</u>	<u>—</u>
	<u>1,672,105</u>	<u>1,468,495</u>	<u>114</u>	<u>114</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	77,880	77,880	—	—
Trade creditors	1,430,585	1,273,432	—	—
Accruals and deferred income	657,347	697,598	—	—
Corporation tax	225,352	236,661	—	—
Social security and other taxes	787,068	840,694	—	—
Other creditors	<u>174,860</u>	<u>364,188</u>	<u>—</u>	<u>—</u>
	<u>3,353,092</u>	<u>3,490,453</u>	<u>—</u>	<u>—</u>

Bank loans and overdrafts are secured by a legal charge over assets, a guarantee, and cross guarantee and debentures between A. W. Champion Limited and A. W. Champion Timber Limited.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	<u>395,213</u>	<u>459,321</u>	<u>-</u>	<u>-</u>

Long term creditors are in respect of a bank loan secured by a legal charge over assets, a guarantee, and cross guarantee and debentures between A. W. Champion Limited and A. W. Champion Timber Limited. 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.

Borrowings are repayable as follows:

Bank loans

	2015	2014
	£	£
Less than one year	77,880	77,880
Between one and two years	77,880	77,880
Between two and five years	233,640	233,640
After five years	83,693	147,801
	<u>473,093</u>	<u>537,201</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Included in provisions (note 21)	<u>99,460</u>	<u>57,550</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	<u>99,460</u>	<u>57,550</u>	<u>-</u>	<u>-</u>

21. Provisions

Group	Deferred tax (note 20) £
At 1 January 2015	57,550
Charge against provision	41,910
At 31 December 2015	<u>99,460</u>

The company does not have any provisions.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £264,339 (2014: £213,580).

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>6,173,628</u>	<u>6,092,521</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,903,678)</u>	<u>(1,810,633)</u>

Financial instruments that are debt instruments measured at amortised cost:

	2015 £	2014 £
Trade debtors	1,208,700	1,051,563
Cash at bank and in hand	<u>4,964,928</u>	<u>5,041,170</u>
	<u>6,173,628</u>	<u>6,092,733</u>

Financial liabilities measured at amortised cost:

	2015 £	2014 £
Bank loans	473,093	537,201
Trade creditors	<u>1,430,585</u>	<u>1,273,432</u>
	<u>1,903,678</u>	<u>1,810,633</u>

24. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares of £0.01 each	<u>65,162</u>	<u>652</u>	<u>65,162</u>	<u>652</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

25. Reserves

The profit and loss reserve includes all current and prior retained period profits and losses.

The share premium reserve records the amount above the nominal value received for shares sold, less transaction costs.

26. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Not later than 1 year	1,086,187	1,072,656	–	–
Later than 1 year and not later than 5 years	3,382,257	3,699,827	–	–
Later than 5 years	26,748,656	27,553,132	–	–
	<u>31,217,100</u>	<u>32,325,615</u>	<u>–</u>	<u>–</u>

27. Related party transactions

Company

During the year payments for consultancy of £60,639 (2014: £50,657) 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 (2014 : £449,300) and this was paid during the year. Monies held on behalf of A. W. Champion Properties Limited by A. W. Champion Limited at the end of the year amounted to £75,887 (2014 : £302,022).

The total remuneration of directors and other members of key management for the year totalled £772,570 (2014: £796,900).

28. Controlling party

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

29. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 January 2014.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

29. Transition to FRS 102 *(continued)*

Under previous UK GAAP, the company opted to present the release of negative goodwill on acquisition of A W Champion Limited within "other reserves". The company has taken this opportunity, as permitted under FRS 102, to change the presentation of "other reserves" and combine these reserves with the profit and loss reserve.

Reconciliation of equity

Group	1 January 2014			31 December 2014		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Called up share capital	652		652	652		652
Share premium	32,255		32,255	32,255		32,255
Other reserves	3,500,255	(3,500,255)	-	3,500,255	(3,500,255)	-
Profit and loss account	3,877,311	3,500,255	7,377,566	4,559,831	3,500,255	8,060,086
Capital And Reserves	<u>7,410,473</u>	<u>-</u>	<u>7,410,473</u>	<u>8,092,993</u>	<u>-</u>	<u>8,092,993</u>

Reconciliation of equity

No transitional adjustments were required for the company.

Reconciliation of profit or loss for the year

No transitional adjustments were required.