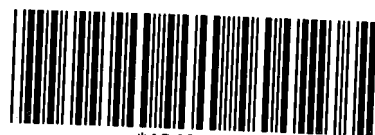


COMPANY REGISTRATION NUMBER: 04844708

A. W. Champion Timber Limited
Financial Statements
31 December 2021

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A. W. Champion Timber Limited

Financial Statements

Year ended 31 December 2021

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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 2021

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 2021.

PRINCIPAL ACTIVITIES

The principal activity of the holding 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

Throughout 2021 the Group has continued its plan to continually improve customer service and enhance profitability.

Turnover increased by £9,381,797 (30%) and overall gross profit margin held up well at 46.49% (46.68% in 2020).

Pre-tax profit increased significantly by 123% to £4,618,080 and net current assets increased by 38% to £12,622,799.

Cash holding at the year-end was up by 20% at £7,570,656. The total stock value was up 36% at £7,195,084 on the prior year primarily due to inflationary pressures.

The directors believe that the company has performed well and that the financial strength and liquidity continue to be robust as illustrated by the Net current assets at the year-end of £12,622,799.

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 £9,381,797 (30%) to £40,493,963.
- Pre-tax profit increased by £2,547,433 (123%) to £4,618,080.
- Shareholders' funds increased by £3,707,568 (30%) to £16,137,036 as a result of the profit earned during the year.

The directors are of the opinion that the above figures show that the Group and Company has performed well and will continue to monitor the performance of the business going forward using and developing the same principles.

A. W. Champion Timber Limited

Strategic Report *(continued)*

Year ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES

In the opinion of the directors the principal risks and uncertainties that could affect the Group and company's future growth plans relate to the UK economy including the current Ukraine Crisis, which continues to create uncertainty in the construction industry and the wider economy.

The directors have considered and will continue to monitor the risk and implications of the threats posed by the geo-political events, and the impact that the Ukraine conflict has had on our business sector and the wider macro-economic environment. Based on a review of the activities of the Group and Company to date, the current working capital position of the Group and Company and the long-standing relationships with key suppliers, the directors currently believe that this risk can be managed for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its financial statements.

FUTURE DEVELOPMENTS

The Group is committed to a continuing programme of staff development and training. The directors are continuing to examine new business opportunities and will invest in schemes where they can expect a good return on investments.

This report was approved by the board of directors on 20 June 2022 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 2021

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2021.

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

The directors did not recommend payment of a dividend in the financial year.

Financial risk management objectives and policies

The principal financial instruments of the group comprise bank balances, bank 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, stock 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 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 2021

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, including future developments.

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 2021

This report was approved by the board of directors on 20 June 2022 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 Members of A. W. Champion Timber Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of A. W. Champion Timber Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

A. W. Champion Timber Limited

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

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

A. W. Champion Timber Limited

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

Year ended 31 December 2021

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and company's business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud, and instances of non-compliance with laws and regulations; or
- We understood how the Group and Company is complying with those frameworks by making enquiries on management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided by the finance department, discussion with the finance department and management, and any correspondence received from regulatory and legal bodies; and
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur by enquiring with management and the finance department, during the planning and execution phase of our audit. We considered the programs and controls that the Group and Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error; and
- Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of bank letters, board minutes and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A. W. Champion Timber Limited

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

Year ended 31 December 2021

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Robinson

Simon Robinson (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered Accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

20/06/2022

A. W. Champion Timber Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	40,493,963	31,112,166
Cost of sales		<u>(21,669,760)</u>	<u>(16,588,462)</u>
Gross profit		18,824,203	14,523,704
Administrative expenses		<u>(14,205,284)</u>	<u>(12,461,693)</u>
Operating profit	5	4,618,919	2,062,011
Interest receivable	9	1,339	12,856
Interest payable	10	<u>(2,178)</u>	<u>(4,220)</u>
Profit before taxation		4,618,080	2,070,647
Taxation on ordinary activities	11	<u>(910,512)</u>	<u>(421,288)</u>
Profit for the financial year and total comprehensive income		<u>3,707,568</u>	<u>1,649,359</u>

All the activities of the group are from continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

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

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	3,594,485	3,360,721
Current assets			
Stocks	14	7,195,084	5,283,337
Debtors	15	1,993,808	1,690,251
Cash at bank and in hand		7,570,656	6,292,891
		<u>16,759,548</u>	<u>13,266,479</u>
Creditors: amounts falling due within one year	16	<u>(4,136,749)</u>	<u>(4,096,166)</u>
Net current assets		<u>12,622,799</u>	<u>9,170,313</u>
Total assets less current liabilities		<u>16,217,284</u>	<u>12,531,034</u>
Creditors: amounts falling due after more than one year	17	—	(47,887)
Provisions			
Taxation including deferred tax	18	<u>(80,248)</u>	<u>(53,679)</u>
Net assets		<u><u>16,137,036</u></u>	<u><u>12,429,468</u></u>
Capital and reserves			
Called up share capital	22	652	652
Share premium account	23	32,255	32,255
Profit and loss account	23	<u>16,104,129</u>	<u>12,396,561</u>
Shareholders funds		<u><u>16,137,036</u></u>	<u><u>12,429,468</u></u>

These financial statements were approved by the board of directors and authorised for issue on 20 June 2022, and are signed on behalf of the board by:



P.W.A. Champion
Director

Company registration number: 04844708

The notes on pages 17 to 29 form part of these financial statements.

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

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	13	32,581	32,581
Current assets			
Cash at bank and in hand		<u>326</u>	<u>326</u>
Net current assets		<u>326</u>	<u>326</u>
Total assets less current liabilities		<u><u>32,907</u></u>	<u><u>32,907</u></u>
Capital and reserves			
Called up share capital	22	652	652
Share premium account	23	<u>32,255</u>	<u>32,255</u>
Shareholders funds		<u><u>32,907</u></u>	<u><u>32,907</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit for the financial year of the parent company was £Nil (2020: £Nil).

These financial statements were approved by the board of directors and authorised for issue on 20 Jan 2022, and are signed on behalf of the board by:



P.W.A. Champion
 Director

Company registration number: 04844708

The notes on pages 17 to 29 form part of these financial statements.

A. W. Champion Timber Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2020	652	32,255	10,747,202	10,780,109
Profit for the year	—	—	1,649,359	1,649,359
Total comprehensive income for the year	—	—	1,649,359	1,649,359
At 31 December 2020	652	32,255	12,396,561	12,429,468
Profit for the year	—	—	3,707,568	3,707,568
Total comprehensive income for the year	—	—	3,707,568	3,707,568
At 31 December 2021	<u>652</u>	<u>32,255</u>	<u>16,104,129</u>	<u>16,137,036</u>

The notes on pages 17 to 29 form part of these financial statements.

A. W. Champion Timber Limited
Company Statement of Changes in Equity
Year ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2020	652	32,255	—	32,907
Profit for the year			—	—
At 31 December 2020	652	32,255	—	32,907
Profit for the year			—	—
At 31 December 2021	<u>652</u>	<u>32,255</u>	<u>—</u>	<u>32,907</u>

The notes on pages 17 to 29 form part of these financial statements.

A. W. Champion Timber Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,707,568	1,649,359
<i>Adjustments for:</i>		
Depreciation of tangible assets	689,327	647,570
Interest receivable	(1,339)	(12,856)
Interest payable	2,178	4,220
Gains on disposal of tangible assets	(238,033)	(3,389)
Taxation on ordinary activities	910,512	421,288
Accrued expenses	387,629	887,178
<i>Changes in:</i>		
Stocks	(1,911,747)	(603,028)
Trade and other debtors	(303,557)	86,798
Trade and other creditors	(404,850)	235,983
Cash generated from operations	2,837,688	3,313,123
Interest paid	(2,178)	(4,220)
Interest received	1,339	12,856
Tax paid	(798,944)	(213,775)
Net cash from operating activities	<u>2,037,905</u>	<u>3,107,984</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,305,691)	(692,678)
Proceeds from sale of tangible assets	620,633	67,800
Net cash used in investing activities	<u>(685,058)</u>	<u>(624,878)</u>
Cash flows from financing activities		
Proceeds from borrowings	(75,082)	(73,606)
Net cash used in financing activities	<u>(75,082)</u>	<u>(73,606)</u>
Net increase in cash and cash equivalents	1,277,765	2,409,500
Cash and cash equivalents at beginning of year	6,292,891	3,883,391
Cash and cash equivalents at end of year	<u>7,570,656</u>	<u>6,292,891</u>

The notes on pages 17 to 29 form part of these financial statements.

A. W. Champion Timber Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

A.W. Champion Timber Limited is a private company limited by shares incorporated in the United Kingdom. The address of the registered office and principal place of business 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.

2. 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'.

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.

The amounts in the financial statements are presented to the nearest £, unless otherwise stated.

Going concern

The directors have considered the basis of preparation of the financial statements and have concluded that it is appropriate to prepare these on the going concern basis. This assessment is based on the Group and company's position and performance and its forecasts showing sufficient funds in the Group and Company to enable the Group and Company to manage its liabilities as they fall due for the foreseeable future.

The directors have considered and will continue to monitor the risk and implications of the threats posed by the geo-political events, and the impact that the Ukraine conflict has had on our business sector and the wider macro-economic environment. Based on a review of the activities of the Group and Company to date, the current working capital position of the Group and Company and the long-standing relationships with key suppliers, the directors currently believe that this risk can be managed for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its financial statements.

A. W. Champion Timber Limited
Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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, in respect of the parent company's individual financial statements only:

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

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.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors occasionally 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 and represents amounts receivable for the manufacture and distribution of timber products, stated net of discounts and of Value Added Tax.

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.

A. W. Champion Timber Limited
Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

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.

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	-	2.5% 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.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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 2021

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 recorded at the transaction price 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..

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.

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>40,493,963</u>	<u>31,112,166</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/(crediting):

	2021	2020
	£	£
Depreciation of tangible assets	689,327	647,570
Gains on disposal of tangible assets	(238,033)	(3,389)
Impairment of trade debtors	11,232	23,239
Operating lease rentals	1,699,776	1,553,931
Cost of stock recognised as expense	<u>21,669,760</u>	<u>16,655,074</u>

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>23,250</u>	<u>23,250</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>4,235</u>	<u>4,235</u>

7. Particulars of employees

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

	2021	2020
	No.	No.
Production staff	157	141
Management staff	60	64
	<u>217</u>	<u>205</u>

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

	2021	2020
	£	£
Wages and salaries	7,628,119	6,453,774
Social security costs	806,789	661,087
Other pension costs	547,702	453,768
	<u>8,982,610</u>	<u>7,568,629</u>

The holding company did not have any employees during the current or prior year.

A. W. Champion Timber Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

8. Directors' remuneration

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

	2021 £	2020 £
Remuneration	373,124	286,650
Company contributions to defined contribution pension plans	<u>40,846</u>	<u>44,961</u>
	<u>413,970</u>	<u>331,611</u>

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

	2021 No.	2020 No.
Defined contribution plans	<u>1</u>	<u>1</u>

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

	2021 £	2020 £
Aggregate remuneration	<u>202,665</u>	<u>180,848</u>

9. Interest receivable

	2021 £	2020 £
Interest on cash and cash equivalents	<u>1,339</u>	<u>12,856</u>

10. Interest payable

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>2,178</u>	<u>4,220</u>

11. Taxation on ordinary activities

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	883,943	392,313
Deferred tax:		
Origination and reversal of timing differences	<u>26,569</u>	<u>28,975</u>
Taxation on ordinary activities	<u>910,512</u>	<u>421,288</u>

A. W. Champion Timber Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

11. Taxation on ordinary activities (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	4,618,080	2,070,647
Profit on ordinary activities by rate of tax	877,435	393,423
Effect of expenses not deductible for tax purposes	33,077	27,865
Tax on profit	910,512	421,288

12. Tangible assets

Group	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Jan 2021	1,607,168	3,409,907	2,840,534	825,478	1,032,783	9,715,870
Additions	375,000	469,615	340,416	5,691	114,969	1,305,691
Disposals	(375,000)	—	—	—	(74,875)	(449,875)
At 31 Dec 2021	1,607,168	3,879,522	3,180,950	831,169	1,072,877	10,571,686
Depreciation						
At 1 Jan 2021	694,247	1,903,044	2,391,987	727,139	638,732	6,355,149
Charge for the year	38,106	305,479	166,631	69,372	109,739	689,327
Disposals	—	—	—	—	(67,275)	(67,275)
At 31 Dec 2021	732,353	2,208,523	2,558,618	796,511	681,196	6,977,201
Carrying amount						
At 31 Dec 2021	874,815	1,670,999	622,332	34,658	391,681	3,594,485
At 31 Dec 2020	912,921	1,506,863	448,547	98,339	394,051	3,360,721

The holding company has no tangible assets.

Freehold land and buildings with a carrying amount of £874,815 (2020: £912,921) have been pledged to secure borrowings of the Company.

13. Investments

The group has no investments.

A. W. Champion Timber Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

13. Investments *(continued)*

Holding Company	Shares in group undertakings £
Cost	
At 1 January 2021 and 31 December 2021	<u>32,581</u>
Impairment	
At 1 January 2021 and 31 December 2021	<u>-</u>
Carrying amount	
At 1 January 2021 and 31 December 2021	<u>32,581</u>
At 31 December 2020	<u>32,581</u>

Subsidiaries, associates and other investments

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

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

A. W. Champion Limited is incorporated in the United Kingdom and its registered office is Champion House, Burlington Road, New Malden, Surrey, KT3 4NB. The net assets of A. W. Champion Limited as at the reporting date amounted to £16,136,710 and its profit for the year totalled £3,707,568.

14. Stocks

	Group		Company
	2021	2020	2021
	£	£	£
Stock	<u>7,195,084</u>	<u>5,283,337</u>	<u>-</u>

15. Debtors

	Group		Company
	2021	2020	2021
	£	£	£
Trade debtors	1,370,895	1,213,085	-
Amounts owed by related undertakings	122,021	-	-
Prepayments and accrued income	500,892	477,166	-
	<u>1,993,808</u>	<u>1,690,251</u>	<u>-</u>

A. W. Champion Timber Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

16. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	50,685	77,880	-	-
Trade creditors	1,401,318	1,834,952	-	-
Accruals and deferred income	1,808,147	1,420,518	-	-
Corporation tax	477,312	392,313	-	-
Social security and other taxes	256,917	257,459	-	-
Other creditors	142,370	113,044	-	-
	<u>4,136,749</u>	<u>4,096,166</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.

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	-	47,887	-	-
	<u>-</u>	<u>47,887</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

	2021	2020
	£	£
Less than one year	50,685	77,880
Between one and two years	-	47,887
	<u>50,685</u>	<u>125,767</u>

18. Provisions

Group	Deferred tax (note 19) £
At 1 January 2021	53,679
Charge against provision	26,569
At 31 December 2021	<u>80,248</u>

The holding company does not have any provisions.

A. W. Champion Timber Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

19. Deferred tax

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 18)	<u>80,248</u>	<u>53,679</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	<u>80,248</u>	<u>53,679</u>	<u>-</u>	<u>-</u>

20. Employee benefits

Defined contribution plans

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £547,702 (2020: £453,768). Contributions totalling £207,954 (2020: £25,033) were payable to the fund at the reporting date.

21. Financial instruments

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

Financial assets that are debt instruments measured at amortised cost

	Group	
	2021	2020
	£	£
Cash at bank and in hand	7,570,656	6,292,891
Trade debtors	1,370,895	1,213,085
	<u>8,941,551</u>	<u>7,505,946</u>

Financial liabilities measured at amortised cost

	Group	
	2021	2020
	£	£
Bank loans	50,685	125,767
Trade creditors	3,351,835	3,356,947
	<u>3,402,520</u>	<u>3,482,714</u>

A. W. Champion Timber Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

21. Financial instruments (continued)

Financial assets measured at amortised cost

Income and expenditure incurred in respect of the above financial instruments is disclosed in notes 5, 9 and 10.

22. Called up share capital

Issued, called up and fully paid

	2021		2020	
	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.

23. 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.

24. Analysis of changes in net debt

	At 1 Jan 2021 £	Cash flows £	At 31 Dec 2021 £
Cash at bank and in hand	6,292,891	1,277,765	7,570,656
Debt due within one year	(77,880)	27,195	(50,685)
Debt due after one year	(47,887)	47,887	—
	<u>6,167,124</u>	<u>1,352,847</u>	<u>7,519,971</u>

25. Commitments under operating leases

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

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Not later than 1 year	1,440,470	1,451,376	—	—
Later than 1 year and not later than 5 years	4,068,035	4,217,613	—	—
Later than 5 years	30,196,310	31,182,301	—	—
	<u>35,704,815</u>	<u>36,851,290</u>	<u>—</u>	<u>—</u>

A. W. Champion Timber Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

26. Other financial commitments

As at 31 December 2021, the Group had no other capital commitments or contracts for capital expenditure in place (2020: £141,500).

Contingencies

As at the reporting date the Group had no contingencies or charges over assets in place.

27. Related party transactions

Group

During the year payments for consultancy of £8,337 (2020: £21,189) were made to S.B.L. Lister who was a director of the company. There were no amounts outstanding at the year end (2020: £nil).

The company rents property from A. W. Champion Properties Limited, whose directors are S.B.L. Lister and P.W.A. Champion and who are also directors of A. W. Champion Limited. The amount charged by A. W. Champion Properties Limited in respect of the year was £495,700 (2020: £495,700) and this was paid during the year. Monies held on behalf of A. W. Champion Properties Limited at the end of the year amounted to £nil (2020: £8,029).

During the year, the company charged A. W. Champion Properties Limited management charges of £9,424 (2020: £9,148).

The total remuneration of directors and other members of key management for the year totalled £1,332,030 (2020: £1,118,433).

Company

A. W. Champion Timber Limited did not enter into any related party transactions which require disclosure under FRS 102.

28. Controlling party

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