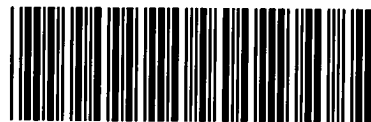


COMPANY REGISTRATION NUMBER: 04844708

A. W. Champion Holdings Limited
Financial Statements
31 December 2023

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A. W. Champion Holdings Limited

Financial Statements

Year ended 31 December 2023

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A. W. Champion Holdings 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

R Byrne

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 Holdings Limited

Strategic Report

Year ended 31 December 2023

The directors present the strategic report together with their annual report and the audited financial statements for the Group and Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company are as timber merchants.

BUSINESS REVIEW

Throughout 2023 the Group and Company has continued its plan to continually improve customer service and enhance profitability in the short to medium term.

2023 continued to be a very challenging trading environment due to the continued decline throughout the UK building industry. Turnover decreased by £2,185,122 (5.78%) and overall gross profit margin reduced very slightly to 40.38% (40.45% in 2022).

Pre-tax profit decreased to £636,133 and net current assets increased by 5.9% to £11,997,174.

Cash holding at the year-end was down by 5% at £5,230,223. The total stock value was down 13.4% at £5,887,723 on the prior year due largely to product price deflation.

The directors believe that the Group and Company have performed well in spite of the market conditions and that the financial strength and liquidity continue to be robust as illustrated by the Net current assets at the year-end of £11,997,174.

The directors consider that the business can best be reviewed by the key performance indicators of the Group and Company which communicate the financial performance and strength of the Group as a whole. These indicators include turnover, pre-tax profit and shareholders' funds: -

- Turnover decreased by 5.78% to £35,646,030 compared with 2022.
- Pre-tax profit decreased by £595,560 to £636,133.
- Shareholders' funds increased by £660,051 (4.1%) to £15,948,334 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 despite difficult trading conditions and will continue to monitor the performance of the business going forward using and developing the same principles.

A. W. Champion Holdings Limited

Strategic Report *(continued)*

Year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES

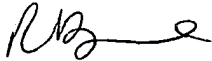
In the opinion of the directors the principal risks and uncertainties that could affect the Group and Company's future growth plans relate to the UK economy and particularly at this time the Ukraine War and the geo-political events emerging in Europe, which continues to create uncertainty in the construction 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 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, a healthy customer base, the long-standing relationships with key suppliers and ability to reduce certain costs in the short term, the directors currently believe that this risk can be managed for the year ahead. The Group and Company therefore continues to adopt the going concern basis in preparing its financial statements.

FUTURE DEVELOPMENTS

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 09/09/2024 and signed on behalf of the board by:



R Byrne
Company Secretary

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

A. W. Champion Holdings Limited

Directors' Report

Year ended 31 December 2023

The directors present their report and the financial statements of the Group for the year ended 31 December 2023.

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 12 to the financial statements.

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 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 currently managed by maintaining positive bank balances. 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 and Company 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 Holdings Limited

Directors' Report *(continued)*

Year ended 31 December 2023

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 Holdings Limited

Directors' Report *(continued)*

Year ended 31 December 2023

This report was approved by the board of directors on 09/09/2024 and signed on behalf of the board by:



R Byrne
Company Secretary

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

A. W. Champion Holdings Limited

Independent Auditor's Report to the Members of A. W. Champion Holdings Limited

Year ended 31 December 2023

Opinion

We have audited the financial statements of A. W. Champion Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 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 2023 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 Holdings Limited

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

Year ended 31 December 2023

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 Holdings Limited

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

Year ended 31 December 2023

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 legal and regulatory frameworks that are applicable to the Company and the Group and determined the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax and other compliance regulations in the jurisdictions in which the Company and the Group operates.
- We understood how the Company and the Group are 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 to the finance department, discussion with the finance department and management and any correspondence received from regulatory and legal bodies.
- We assessed the susceptibility of the Company's and the Group's and the 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 Company and the Group have 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 as discussed above. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the finance team and management; and focused testing.

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.

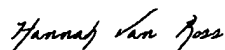
A. W. Champion Holdings Limited

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

Year ended 31 December 2023

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.



Hannah Van Ross (Senior Statutory Auditor)

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

10 September 2024

A. W. Champion Holdings Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2023

	Note	2023 £	2022 £
Turnover	4	35,646,030	37,831,152
Cost of sales		(21,253,614)	(22,525,172)
Gross profit		14,392,416	15,305,980
Administrative expenses		(13,756,283)	(14,074,287)
Operating profit	5	636,133	1,231,693
Interest receivable	9	23,918	6,266
Interest payable	10	-	(800)
Profit before taxation		660,051	1,237,159
Taxation on ordinary activities	11	(328,583)	(85,912)
Profit for the financial year and total comprehensive income		<u>331,468</u>	<u>1,151,247</u>

All the activities of the Group are from continuing operations.

The notes on pages 17 to 30 form part of these financial statements.

A. W. Champion Holdings Limited
Consolidated Statement of Financial Position
31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	4,031,408	4,040,030
Current assets			
Stocks	15	5,887,723	6,798,517
Debtors	16	2,833,036	2,398,172
Cash at bank and in hand		5,230,549	5,509,985
		<u>13,951,308</u>	<u>14,706,674</u>
Creditors: amounts falling due within one year	17	<u>(2,109,349)</u>	<u>(3,378,173)</u>
Net current assets		<u>11,841,959</u>	<u>11,328,501</u>
Total assets less current liabilities		<u>15,873,367</u>	<u>15,368,531</u>
Provisions			
Taxation including deferred tax	18	<u>(253,616)</u>	<u>(80,248)</u>
Net assets		<u>15,619,751</u>	<u>15,288,283</u>
Capital and reserves			
Called up share capital	22	652	652
Share premium account	23	32,255	32,255
Profit and loss account	23	15,586,844	15,255,376
Shareholders funds		<u>15,619,751</u>	<u>15,288,283</u>

These financial statements were approved by the board of directors and authorised for issue on 09/09/2024 and are signed on behalf of the board by:



P.W.A. Champion
Director

Company registration number: 04844708

The notes on pages 17 to 30 form part of these financial statements.

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

31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	14	32,581	32,581
Current assets			
Cash at bank and in hand		326	326
Creditors: amounts falling due within one year	17	(30,000)	(30,000)
Net current (liabilities)/assets		(29,674)	(29,674)
Total assets less current liabilities		<u>2,907</u>	<u>2,907</u>
Capital and reserves			
Called up share capital	22	652	652
Share premium account	23	32,255	32,255
Profit and loss account	23	(30,000)	(30,000)
Shareholders funds		<u>2,907</u>	<u>2,907</u>

The profit for the financial year of the parent Company was £nil (2022: £1,970,000).

These financial statements were approved by the board of directors and authorised for issue on 09/01/2024, and are signed on behalf of the board by:


P.W.A. Champion
Director

Company registration number: 04844708

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 notes on pages 17 to 30 form part of these financial statements.

A. W. Champion Holdings Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2023

	Called up Note share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2022	652	32,255	16,104,129	16,137,036
Profit for the year	—	—	1,151,247	1,151,247
Total comprehensive income for the year	—	—	1,151,247	1,151,247
Dividends paid and payable	12	—	(2,000,000)	(2,000,000)
Total investments by and distributions to owners	—	—	(2,000,000)	(2,000,000)
At 31 December 2022	652	32,255	15,255,376	15,288,283
Profit for the year	—	—	331,468	331,468
Total comprehensive income for the year	—	—	331,468	331,468
At 31 December 2023	652	32,255	15,586,844	15,619,751

The notes on pages 17 to 30 form part of these financial statements.

A. W. Champion Holdings Limited
Company Statement of Changes in Equity
Year ended 31 December 2023

	Called up Note share capital	Share premium account	Profit and loss account	Total £
	£	£	£	
At 1 January 2022	652	32,255	—	32,907
Profit for the year	—	—	1,970,000	1,970,000
Total comprehensive income for the year	—	—	1,970,000	1,970,000
Dividends paid and payable	12	—	(2,000,000)	(2,000,000)
Total investments by and distributions to owners	—	—	(2,000,000)	(2,000,000)
At 31 December 2022	652	32,255	(30,000)	2,907
Profit for the year	—	—	—	—
Total comprehensive income for the year	—	—	—	—
At 31 December 2023	652	32,255	(30,000)	2,907

The notes on pages 17 to 30 form part of these financial statements.

A. W. Champion Holdings Limited**Consolidated Statement of Cash Flows****Year ended 31 December 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	331,468	1,151,247
<i>Adjustments for:</i>		
Depreciation of tangible assets	842,820	792,769
Interest receivable	(23,918)	(6,266)
Interest payable	-	800
Gains on disposal of tangible assets	(45,150)	(60,213)
Taxation on ordinary activities	328,583	85,912
Accrued (income)/expenses	(478,394)	(887,594)
<i>Changes in:</i>		
Stocks	910,794	396,567
Trade and other debtors	(431,858)	(490,276)
Trade and other creditors	(584,062)	657,015
Cash generated from operations	<u>850,283</u>	<u>1,639,961</u>
Interest paid	-	(800)
Interest received	23,918	6,266
Tax paid	(384,476)	(477,312)
Net cash from operating activities	<u>489,725</u>	<u>1,168,115</u>
Cash flows from investing activities		
Purchase of tangible assets	(814,311)	(1,330,686)
Proceeds from sale of tangible assets	45,150	152,585
Net cash used in investing activities	<u>(769,161)</u>	<u>(1,178,101)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	(50,685)
Dividends paid	-	(2,000,000)
Net cash used in financing activities	<u>-</u>	<u>(2,050,685)</u>
Net (decrease)/increase in cash and cash equivalents	(279,436)	(2,060,671)
Cash and cash equivalents at beginning of year	5,509,985	7,570,656
Cash and cash equivalents at end of year	<u>5,230,549</u>	<u>5,509,985</u>

The notes on pages 17 to 30 form part of these financial statements.

A. W. Champion Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2023

1. General information

A.W. Champion Holdings 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 a period of not less than 12 months of the approval of the financial statements.

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 and particularly at this time the Ukraine War and the geo-political events emerging in Europe, 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 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 Company, a healthy customer base, the long-standing relationships with key suppliers and ability to reduce certain costs in the short term, the directors currently believe that this risk can be managed for the year ahead. The Group and Company therefore continues to adopt the going concern basis in preparing its financial statements.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

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.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

3. Accounting policies *(continued)*

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.

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.

A. W. Champion Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2023

3. Accounting policies *(continued)*

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.

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.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

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 and the Group 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.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

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:

	2023 £	2022 £
Sale of goods	<u>35,646,030</u>	<u>37,831,152</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):

	2023 £	2022 £
Depreciation of tangible assets	842,820	792,769
Gains on disposal of tangible assets	(45,150)	(60,213)
Impairment of trade debtors	12,589	8,842
Operating lease rentals	1,665,152	1,524,983
Cost of stock recognised as expense	<u>21,253,614</u>	<u>22,525,172</u>

6. Auditor's remuneration

	2023 £	2022 £
Fees payable for the audit of the financial statements	<u>25,750</u>	<u>25,000</u>

Fees payable to the Company's auditor and its associates for other services:

Taxation advisory services	<u>4,250</u>	<u>4,200</u>
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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:

	2023 No.	2022 No.
Average staff	<u>190</u>	<u>211</u>
	<u>190</u>	<u>211</u>

A. W. Champion Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2023

7. Particulars of employees (continued)

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

	2023	2022
	£	£
Wages and salaries	6,938,104	7,389,361
Social security costs	722,369	781,075
Other pension costs	330,954	410,058
	<u>7,991,427</u>	<u>8,580,494</u>

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

8. Directors' remuneration

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

	2023	2022
	£	£
Remuneration	235,202	320,235
Company contributions to defined contribution pension plans	14,218	21,878
	<u>249,420</u>	<u>342,113</u>

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

	2023	2022
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

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

	2023	2022
	£	£
Aggregate remuneration	<u>153,342</u>	<u>185,440</u>

9. Interest receivable

	2023	2022
	£	£
Interest on cash and cash equivalents	<u>23,918</u>	<u>6,266</u>

10. Interest payable

	2023	2022
	£	£
Interest on banks loans and overdrafts	<u>-</u>	<u>800</u>

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

11. Taxation on ordinary activities

Major components of tax income

	2023 £	2022 £
Current tax:		
UK current tax income	155,215	85,912
Deferred tax:		
Origination and reversal of timing differences	173,368	—
Taxation on ordinary activities	328,583	85,912

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 19% in the period to 31 March 2023 and 25% in the period to 31 December 2023, giving an effective rate of 23.5% (2022: 19%).

	2023 £	2022 £
Profit on ordinary activities before taxation	660,051	1,237,159
Profit on ordinary activities by rate of tax	155,248	235,060
Effect of expenses not deductible for tax purposes	197,949	121,758
Effect of capital allowances and depreciation	(197,982)	(270,906)
Tax on profit	155,215	85,912

12. Dividends

	2023 £	2022 £
Dividends paid during the year	—	2,000,000

A. W. Champion Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2023

13. Tangible assets

Group	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Jan 2023	1,607,168	4,275,603	3,277,569	870,060	1,634,610	11,665,010
Additions	—	268,391	255,006	68,269	242,532	834,198
Disposals	—	—	—	—	(114,060)	(114,060)
At 31 Dec 2023	1,607,168	4,543,994	3,532,575	938,329	1,763,082	12,385,148
Depreciation						
At 1 Jan 2023	770,459	2,548,500	2,721,951	821,505	762,565	7,624,980
Charge for the year	38,106	357,842	138,879	38,134	269,859	842,820
Disposals	—	—	—	—	(114,060)	(114,060)
At 31 Dec 2023	808,565	2,906,342	2,860,830	859,639	918,364	8,353,740
Carrying amount						
At 31 Dec 2023	798,603	1,637,652	671,745	78,690	844,718	4,031,408
At 31 Dec 2022	836,709	1,727,103	555,618	48,555	872,045	4,040,030

The Company has no tangible assets.

Freehold land and buildings with a carrying value of £798,603 (2022: £836,709) have been pledged to secure borrowings of the Group.

14. Investments

The Group has no investments.

Company	Shares in Group undertakings £
Cost	
At 1 January 2022 and 31 December 2023	32,581
Impairment	
At 1 January 2022 and 31 December 2023	—

A. W. Champion Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2023

14. Investments (continued)

Company	Shares in Group undertakings £
Carrying amount	
At 1 January 2023 and 31 December 2023	32,581
At 31 December 2022	32,581

Subsidiaries, associates and other investments

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

	Class of share	Percentage of shares held
Subsidiary undertakings		
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.

15. Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Stock	5,887,723	6,798,517	-	-

16. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,366,730	1,311,972	-	-
Amounts owed by related Group undertakings	179,472	180,975	-	-
Prepayments and accrued income	606,155	421,305	-	-
Corporation tax repayable	656,156	426,895	-	-
Other debtors	24,523	57,025	-	-
	2,833,036	2,398,172	-	-

Amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

17. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	1,598,279	2,155,906	–	–
Accruals and deferred income	442,159	920,553	–	–
Corporation tax	–	–	–	–
Amounts owed to related Group undertakings	–	–	30,000	–
Social security and other taxes	228	183,836	–	–
Other creditors	68,683	117,878	–	–
	<u>2,109,349</u>	<u>3,378,173</u>	<u>30,000</u>	<u>–</u>

18. Provisions

Group	Deferred tax (note 19) £
At 1 January 2023 and 31 December 2023	<u>253,616</u>

The Company does not have any provisions.

19. Deferred tax

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions (note 18)	<u>253,616</u>	<u>80,248</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	<u>253,616</u>	<u>80,248</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 amount recognised in the statement of profit or loss as an expense in relation to defined contribution plans was £330,954 (2022: £410,458). Contributions totalling £69,345 (2022: £72,483) were payable to the fund at the reporting date.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

21. Financial instruments

Financial assets measured at amortised cost

Financial assets that are debt instruments measured at amortised cost:

	2023	2022
	£	£
Cash at bank	5,230,549	5,509,985
Trade debtors	1,366,730	1,311,972
Prepayments	606,155	421,3056

Financial liabilities measured at amortised cost:

	2023	2022
	£	£
Trade creditors	1,598,279	2,155,906

22. Called up share capital

Issued, called up and fully paid

	2023		2022	
	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.

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

24. Analysis of changes in net debt

	At 1 Jan 2023	Cash flows	At 31 Dec 2023
	£	£	£
Cash at bank and in hand	5,509,985	(279,436)	5,230,549
	<u>5,509,985</u>	<u>(279,436)</u>	<u>5,230,549</u>

25. Commitments under operating leases

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	1,110,365	1,057,218	—	—
Later than 1 year and not later than 5 years	4,258,801	4,103,788	—	—
Later than 5 years	29,397,196	30,299,671	—	—
	<u>34,766,362</u>	<u>35,460,677</u>	<u>—</u>	<u>—</u>

26. Other financial commitments

As at 31 December 2023, the Group had no other capital commitments or contracts for capital expenditure in place in the current or previous year.

Contingencies

As at the reporting date the Group had no contingencies or charges over assets in place (2022: £nil).

Charges

The following securities are held over the Group and Company;

Debenture including Fixed Charge over all present freehold and leasehold property and First Floating Charge over all assets and undertaking both present and future dated 06 August 2012.

First Legal Charge dated 06 August 2012 over Leasehold Property known as Unit A Moorfield Point, 41 Moorfield Road, Slyfield Industrial Estate Guildford, Surrey, GU1 1RU.

Composite Company Unlimited Multilateral Guarantee dated 06 August 2012 given by A.W.Champion Limited and A.W. Champion Holdings Limited.

27. Related party transactions

Group

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 Holdings Limited. The amount charged by A W Champion Properties Limited in respect of the year was £515,500 (2022: £515,500) and this was paid during the year. Amounts owed by A. W. Champion Properties Ltd to A. W. Champion Ltd at the year end amounted to £179,472 (2022: £180,975)

During the year, the Company charged A. W. Champion Properties Limited management charges of £10,143 (2022: £10,143).

The total remuneration of directors and other members of key management for the year totalled £656,946 (2022: £974,547).

A. W. Champion Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

27. Related party transactions *(continued)*

Company

A. W. Champion Holdings 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.