DYNAMIC WOODS – SCOTTISH WOOD LTD

(A company limited by shares)

Annual Report & Financial Statements

For the year ended

31 March 2017

Suppliers of quality Scottish home grown timber

"Revitalising the local woodland for the benefit of all"

TUESDAY

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COMPANIES HOUSE

Company No SC213622

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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DIRECTORS' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report together with the financial statements for the year ended 31 March 2016.

REFERENCE & ADMINISTRATIVE INFORMATION
Company Name Dynamic Woods – Scottish Wood ltd "Scottish Wood".
Company Number SC213622
Principal Address & Registered Office The Woods, Inzievar, Dunfermline, KY12 8HB
Directors Stuart Dewar
Kenneth Munnoch
Peter Cummins
John Rennie
Company Secretary Margaret Birley
Bankers Co-operative Bank plc

STRUCTURE, GOVERNANCE & MANAGEMENT
Scottish Wood is a company limited by shares. All shares are owned by Dynamic Woods (charity number SC030663). Directors are appointed by the trustees of Dynamic Woods and meet on a regular basis. All surplus funds in Scottish Wood, beyond what is required to run the company, are donated to Dynamic Woods.

Risk Management
The company is almost wholly dependant on sales of timber for its income (there is some income from training, however without timber sales there would be no training places). The demand for local timber is still strong but has dropped over the last two years (loss of large public works), the following main risks have been identified and steps taken to reduce their detrimental impact on the business: -

- Drop in orders – Scottish Wood has always worked on a positive cash flow and has reserve funds so that there would be time to implement further marketing should there be a drop off in orders. In an extreme case, staff numbers could be reduced.
- Inability to get round timber in quantities, and within certain timescales – we normally carry large stocks of round timber, and we replenish stocks when suitable local timber is available
- Over reliance on key members of staff. Further staff training and the design & implementation of administration systems are helping to spread the knowledge base
- Over reliance on key bits of equipment – backup provision is being built into the main processing elements in the yard.

OBJECTIVES & ACTIVITIES
The company's objectives are

- To promote the sustainable use of Scotland's woodland resources, especially timber processing and the development of timber products and waste wood minimisation.
- To donate surplus funds (and time) to further Dynamic Woods objectives:
  Promote the maintenance, conservation, reclamation and management, within and around Fife always for the public benefit, of predominately native flora and fauna by the carrying out of woodland and/or countryside management programmes for environmental, educational and/or training

ACHIEVEMENTS & PERFORMANCE

Scottish Wood has had a very successful year. Sales are remaining high and we are still benefiting from time we have invested (from reduced workflow) in training and improved efficiency measures. This year Scottish Wood returned a pretax £20,911 (£24,594 in 2016).. £5,000 have been allocated to Dynamic Woods (2016: £5,000). The drop in profit was due to the increased capital spending on improving machinery and infrastructure (yard improvements, in particular timber storage)

Sales

Sales were slightly down on previous years £392.058 (2016:£336977), they are still exceeded their levels pre the financial crisis. However it is not expected that Scottish Wood will continue to grow, or even meet this high turn over in subsequent years

Staff, Training & Development

Hamish has completed his apprenticeship, and is working well. He is popular, fits in well and very willing, an asset to the workforce.

Support for the Industry

ASHS

Scottish Wood continues to support the Association of Scottish Hardwood Sawmillers.

- Ran sawmiller development days, one on sawing and one on kilning. They were well attended and training materialls were aslo developed
- Industry representative on Forest Policy Group
- Worked direct;y with Falkland Estate to help develop plans sawmill and to advise on setting up social enterprises

Colleges and Schools

- Scottish Wood actively encourages schools and colleges that are involved in designing with timber to come and visit the yard and find out more. Several schools, colleges and groups have visited during the year. It was heartening to see that the majority of students now used local timber for their work

Timber grants were also offered to all of West Fife's secondary schools.

FINANCIAL REVIEW

Summary

This year Scottish Wood returned a pretax £20,911 (£24,594 in 2016).. £5,000 have been allocated to Dynamic Woods (2016: £5,000), leaving a net profit after tax of £15637 (£15675 in 2015). This was kept in Scottish Wood to ensure there are funds to meet the running costs of the yard and to fund infrastructure and equipment improvements

FUTURE PLANS

It is our belief that yards like this are the most efficient as they supply the most jobs per log and therefore make the most out of Scotland's natural resources. Our aim is develop and support the industry as a whole and not just the capability of the Scottish Wood yard.

Scottish Wood therefore plans to continue trading for the foreseeable future. Over the next couple of years we will continue to develop systems and staff to meet the demands of the industry..

In particular we are keen to develop a system of interns, training or apprenticeships in order to train new entrants into the industry.

Maggie Birley
Company Secretary

DYNAMIC WOODS – SCOTTISH WOOD LTD Company No SC213622

PROFIT & LOSS ACCOUNT

(INCORPORATING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2017

	FY 2017	FY 2016
Income		
Retail Sales	£381,460.78	£324,545.48
Carriage Income	£10,606.00	£11,412.00
credit card fees	£16.55	£20.38
Miscellaneous Income	(£25.00)	£18.23
consultancy	£0.00	£1,000.00
Total Income	£392,058.33	£336,996.09
Cost of Sales		
Retail Cost of Sales	£15,894.12	£13,174.27
Timber & transport	£104,973.44	£80,660.61
Wages for Production Labour	£90,457.27	£99,212.99
Materials & Supplies	£9,197.48	£4,354.61
Carriage	£14,723.80	£12,095.66
Total Cost of Sales	£235,246.11	£209,498.14
Gross Profit	£156,812.22	£127,497.95
Expenses		
Advertising	£77.74	£70.75
Membership & subscriptions	£662.52	£395.76
Motor Expenses	£1,813.25	£1,932.11
Bad Debts	£0.00	(£1,352.44)
Annual Investment Allowance	£41,927.70	£23,493.13
Insurance	£6,829.61	£6,733.07
Banking Legal & Professional	£1,922.37	£1,184.23
Payroll	£64,708.08	£52,856.47
Repairs & renewals (< £500)	£14,300.04	£13,189.85
New equipment under £500	£844.15	£1,389.63
safety clothing/equipment	£2,174.17	£1,311.20
Office Supplies	£1,405.31	£965.48
Janetorial supplies	£326.17	£449.29
Telephone & postage	£1,476.07	£1,125.92
Travel, Meals & Entertainment	£132.75	£0.00
training	£461.50	£668.11
Miscellaneous Expense	£5.03	£12.29
Total Expenses	£139,066.46	£104,424.85
Operating Profit	£17,745.76	£23,073.10
Other Income		
Interest Income	£165.79	£339.99
Tax free incentives	£3,000.00	£2,000.00
Total Other Income	£3,165.79	£2,339.99
Other Expenses		
Interest Expense	£0.00	£180.57
Grants to charities	£5,000.00	£5,000.00
company tax	£0.00	£3,918.80
Total Other Expenses	£5,000.00	£9,099.37
Net Profit / (Loss)	£15,911.55	£16,313.72

DYNAMIC WOODS – SCOTTISH WOOD LTD Company No SC213622

BALANCE SHEET
AS AT 31 MARCH 2017

Assets	2017	2016
Fixed Assets	£16,782	£16,782
Current Assets	£239,903	£218,427
Total Assets	£256,686	£235,210
Liabilities		
Current Liabilities	£14,926	£12,974
Prepayments and deposit	£154	£394
Taxes, VAT and PAYE	£15,627	£7,785
pensions	£12,243	£6,144
savings and loans	--960	-£995
arrested earnings	-£11	-£11
inzievar Products	£19,348	£29,471
ASHS Associate membership	£560	£560
Long-Term Liabilities	£17,167	£17,167
Total Liabilities	£79,056	£73,491
Net Assets	£177629	£16718
Capital		
Capital	£47,173	£47,173
New Capital Grants	£7,000	£7,000
Retained Earnings	£161718	£91,231
Current Year Earnings	£15637	£16,313
Total Capital	£177629	£161,718

The statement of financial activities includes all gains and losses recognised in the year.
The notes on pages 9 to 10 form an integral part of these accounts.

For the year ending 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 9 to 10 form an integral part of these accounts.

Approved by the directors on 21/12/2017 and signed on their behalf by: -

Maggie Birley

Maggie Birley
Company Secretary

BASIS OF PREPARATION

1.1 Basis of accounting
These accounts have been prepared on the basis of historic cost in accordance with the Financial Reporting Standard for Smaller Entities (2015)

1.2 Changes in the basis of accounting
None

1.3 Changes to previous accounts
None

2 ACCOUNTING POLICIES

2.1 Income
Income is entered into the accounts when invoices are raised, when timber is ready for collection. Deposits taken on orders are recorded as trade debtors until an invoice is raised.

2.2 Expenditure & Liabilities
Expenditure is entered into the accounts when a purchase order is made
Liabilities are recognised as soon as there is a legal or constructive obligation to pay out resources.
Accruals are made for bonuses on wages that correspond to the profit that the business has made during the year.

2.3 Assets
Tangible fixed assets are capitalised if they can be used for more they have a value of more than £500 and can be used for more than one year. They are valued at cost or, if gifted, at their value on receipt.

2.4 Depreciation
Depreciation is calculated to write off the cost of tangible fixed assets over their useful economic lives.
The rates used are as follows: -
Existing Pool - Plant, Machinery & Equipment - 20% per annum reducing balance.
New equipment - Annual Investment Allowance 100% (up to annual limit)

2.5 Taxation
The company is liable for income or capital gains tax and is registered for VAT.

3 RELATED PARTY TRANSACTIONS

No remuneration was paid to the Directors or any connected persons during the year (2016: £Nil).
No expenses were paid to the Directors or any connected persons during the year (2016: £Nil).
£5,000 were donated to Dynamic Woods for the year 2017 (2016: £5,000).

4 TANGIBLE FIXED ASSETS

	2017		2016	
TANGIBLE FIXED ASSETS	buildings	plant, machinery & equipment	buildings	plant, machinery & equipment
Cost of Valuation				
Balance as at 31/03/2015	16,783	307,513	16,783	284,020
additions during the year (For AIA)		41927		23493
disposals during the year				
Balance as at 31/03/2016	**16,783**	**349,440**	**16,783**	**307,513**
Accumulated depreciation				
Balance as at 31/03/2015		307,513		284,020
AIA		41927		23493
Charge for year		0		0
Balance as at 31/03/2015		**349,440**		**307,513**
Net book value				
as at 31/03/2016	**16,783**	**0**	**16,783**	**0**

5 SHARES

The Company has 100 shares valued at £1 each. Dynamic Woods owns all the shares.