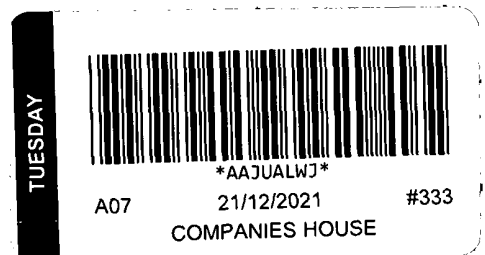


Registered number: 00201929

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

COMPANY INFORMATION

Directors	A P Howarth N D Howarth A P Turner
Registered number	00201929
Registered office	Prince Edward Works Pontefract Lane Leeds West Yorkshire LS9 0RA
Independent auditor	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Third Floor 10 South Parade Leeds West Yorkshire LS1 5QS

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 32

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Principal activity

The principal activity is the sale of timber and other building supplies via merchant branches.

Business model, review and results

Business Model

Howarth Timber & Building Supplies purchase products competitively through industry buying Groups and sells them on, primarily to small builders who will most commonly be involved with small developments or in the repairs and renewals market. Through competitive pricing, quality products and excellent customer service, the business is one of the leading independent Merchants in the UK.

Review of business and results

The year to 31 March 2021 has been turbulent, mainly due to the Covid 19 impact on our markets and supply chains. We started the year with all the branches closed due to the first lockdown, but reopened throughout April 2020, as further guidance was provided by the Government with regards the construction sector. The business has had to adopt to working in a safe manner and in accordance with Government guidelines and has spent approximately £0.4m on PPE for staff, temporary security staff to help manage customer numbers, and other costs directly related to Covid 19 during the period. The business has also faced disruption in certain branches from time to time due to the need for self-isolation.

Since reopening, trading has been buoyant, with a greater volume of retail customers spending on house improvements, and in particular landscaping products in the summer months and then from trade customers during the second half of the year. Material availability has been the main constraint on trading, with many timber and building products having been on allocation at some point in the year. Turnover increased 13% during the year to £113.8m (2020: £100.4m), helped by the two new branches which were opened in the prior year having a full year of trading, the increased trading since reopening and product price inflation in the second half of the year. Operating profit was £3.8m (2020: £0.5m), largely as a result of increased gross margin of £5.1m from sales, but with additional costs in the year, especially on staff, despite some financial support via government Covid assistance. The management team continues to work closely with branches to improve performance, both at a sales and operating profit level.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Raw material availability and prices: the company monitors raw material sources on a national basis

Environmental risks: the company places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.

Debtors: the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed. In addition, the company maintains credit insurance whereby the majority of outstanding debts are credit insured.

Major disruption/disaster: business continuity planning is reviewed regularly.

The effect of legislation or other regulatory activities: the group and company monitors forthcoming and current legislation regularly.

All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights.

Competitive risk: The company operates in highly competitive markets. The diversity of operations reduces the possible effect of action by any single competitor.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties (continued)

Covid 19: the pandemic has caused enormous disruption worldwide and the true economic implications are yet to be seen. Operationally, the business has implemented new ways of working in the business in order that we operate safely and in line with government guidance. The impact on demand for our products has been positive on the whole, but as we move out of the grip of the pandemic in 2021, and consumer spend potentially moves away from home improvements, this could impact the business.

Key performance indicators

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is being won continually and key customer relationships are monitored on a regular basis.
- Health and Safety: accident and absenteeism rates are monitored and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Financial	2021	2020	Measure
Return on capital	0.2	0.02	Profit before tax/net assets
Current ratio	1.16	1.04	Current assets/current liabilities
Stock turnover	7.9	8.87	Turnover/stock
Days debtors	41	42	Trade debtor's/turnover x 365
	£'000	£'000	
Sales per employee	220	200	Turnover/average number of employee
Operating profit per employee	7.38	0.93	Operating profit/average number of employees

The above ratios reflect the continued strong management of the business in terms of sound investment choices, good working capital management and strong employee base. Key performance ratios are used to monitor the use of working capital and cost controls, in particular employment costs which make up over 55% of the company overhead costs.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Directors' statement of compliance with duty to promote the success of the Company

The directors have an obligation to act in accordance with the duties set out in section 172 of the Companies Act 2006. This states that they must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between shareholders of the Company

Engagement with employees

The company recognises that its employees are key to the ongoing success of the business and regularly engages with employees, via company newsletters, company briefings, and engagement surveys. Reward and recognition schemes have been rolled out over the current financial year and further development of employee engagement activity is ongoing.

Engagement with suppliers, customers and others

Suppliers

We are a key member of the Fortis buying Group, with the majority of stock purchases made via Fortis. This not only provides access to better pricing, but also promotes longer term supplier relationships and focus by key members of the buying group on each category, with regular meetings and discussions between these.

Customers

Our customer base ranges from retail customers to larger construction companies and many other smaller trades people and businesses in between.

We focus on delivering products and services to the variety of customers to address their needs.

This ranges from a B2C and B2B website offering, fostering longer term relationships with key customers and ensuring that the branches are staffed with knowledgeable staff to provide help and advice to the customers on a day to day basis.

Environment

The Group and Company has an environmental policy, and all timber is sourced from accredited suppliers with Chain of Custody procedures in place to ensure these materials meet the Government and C.P.E.T. (Central Point of Expertise in Timber) policy and guidelines on sustainable forest management practices are obtained from legal and sustainable forest sources.

Streamlined Energy and Carbon Reporting (SECR)

Reporting requirements under SECR are included in the consolidated accounts of Howarth Timber Group Limited.

Future Developments

The company continues to look for new opportunities to improve and expand the network of branches it operates and also the product offering to customers. The company will review on an annual basis branch improvement and refurbishment proposals and reviews opportunities to acquire new branches on a regular basis.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Future Developments (Continued)

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is being won continually and key customer relationships are monitored on a regular basis.
- Health and Safety: accident and absenteeism rates are monitored and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.

This report was approved by the board on *17 December 2021* and signed on its behalf.



N D Howarth
Director

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The principal activity is the sale of timber and other building supplies via merchant branches.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,875,000 (2020 - £105,000).

The total distribution of dividends for the year ended 31 March 2021 is £470,000 (2020: £1,050,000).

Directors

The directors who served during the year and up to the date of this report were:

A P Howarth
N D Howarth
A P Turner

Future developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report in pages 1 and 2

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Engagement with employees

Howarth Timber and Buildings Supplies operates on the belief that employees are its most important asset and staff are treated as such. The business also has a zero tolerance approach to all forms of discrimination and all employees are judged on their abilities and all staff have the same opportunity for progression. Furthermore, the business is committed to the development of employee consultation so that the views of the employees can be taken into account in making decisions which are likely to affect their interests.

The company recognises that its employees are key to the ongoing success of the business and regularly engages with employees, via company newsletters, company briefings, and engagement surveys. Reward and recognition schemes are in place and further development of employee engagement activity is ongoing.

Matters covered in the strategic report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report under s414C(11). The Strategic Report includes a business review, significant events in the year, information on the Company's key performance indicators and future developments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Armstrong Watson Audit Limited, were appointed during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 December 2021 and signed on its behalf.



N D Howarth
Director

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

Opinion

We have audited the financial statements of Howarth Timber & Building Supplies Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement Of Comprehensive Income, the Balance Sheet, the Statement Of Changes In Equity 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 Financial Reporting Standard 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 Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

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 contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER & BUILDING SUPPLIES LIMITED (CONTINUED)

Opinion 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER & BUILDING SUPPLIES LIMITED (CONTINUED)

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER & BUILDING SUPPLIES LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ross Preston

Ross Preston (Senior Statutory Auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Leeds

17 December 2021

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	Restated 2020 £000
Turnover	4	113,781	100,429
Cost of sales		(77,812)	(69,564)
Gross profit		35,969	30,865
Administrative expenses		(33,288)	(30,464)
Other operating income	5	1,136	67
Operating profit	6	3,817	468
Income from shares in group undertakings		-	116
Amounts written off investments		-	(104)
Interest payable and similar expenses	9	(160)	(232)
Profit before tax		3,657	248
Tax on profit	10	(782)	(143)
Profit for the financial year		2,875	105

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 32 form part of these financial statements.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED
REGISTERED NUMBER: 00201929

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £000	Restated 2020 £000
Fixed assets			
Intangible assets	12	712	893
Tangible assets	13	15,698	15,884
Investments	14	-	10
		<u>16,410</u>	<u>16,787</u>
Current assets			
Stocks	15	14,029	11,315
Debtors: amounts falling due within one year	16	15,230	14,446
		<u>29,259</u>	<u>25,761</u>
Creditors: amounts falling due within one year	17	(25,368)	(24,819)
Net current assets		<u>3,891</u>	<u>942</u>
Total assets less current liabilities		<u>20,301</u>	<u>17,729</u>
Creditors: amounts falling due after more than one year	18	(1,799)	(1,629)
Provisions for liabilities			
Deferred tax	21	(190)	(193)
		<u>(190)</u>	<u>(193)</u>
Net assets		<u>18,312</u>	<u>15,907</u>
Capital and reserves			
Called up share capital	22	48	48
Profit and loss account	23	18,264	15,859
		<u>18,312</u>	<u>15,907</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


N D Howarth
 Director

17 DECEMBER 2021

The notes on pages 14 to 32 form part of these financial statements.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2020 (as restated)	48	15,859	15,907
Comprehensive income for the year			
Profit for the year	-	2,875	2,875
Total comprehensive income for the year	-	2,875	2,875
Dividends: Equity capital	-	(470)	(470)
Total transactions with owners	-	(470)	(470)
At 31 March 2021	48	18,264	18,312

The notes on pages 14 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2019 (as restated)	48	16,804	16,852
Comprehensive income for the year			
Profit for the year	-	105	105
Total comprehensive income for the year	-	105	105
Dividends: Equity capital	-	(1,050)	(1,050)
Total transactions with owners	-	(1,050)	(1,050)
At 31 March 2020 (as restated)	48	15,859	15,907

The notes on pages 14 to 32 form part of these financial statements.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Howarth Timber & Building Supplies Limited (the "Company") is a company incorporated and domiciled in the UK. The Company's registered office is at Prince Edward Works, Pontefract Lane, Leeds, LS9 0RA.

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

The Company's principal activity during this period was the sale of timber & building supplies via merchant branches.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29. Previously the Company had adopted International Financial Reporting Standards.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company is a subsidiary undertaking of Howarth Timber Group Limited and manages its day-to-day working capital requirements through a group wide facility which covers all the groups trading entities.

The Group manages its financial requirements through a combination of retained earnings and external finance facilities. The external financial facilities currently available to the Group include longer term fixed rate borrowings, medium term revolving credit facility, bank overdrafts and asset finance facilities.

The revolving credit facility was renewed at an increased facility level of £10m on 5 August 2019 for a 3 year period through to 5 August 2022, ensuring the business has sufficient flexibility to manage its affairs in the short to medium term. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed. However, the company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to the attention of the directors to suggest that renewal will not be forthcoming on acceptable terms.

The directors have prepared forecasts for the Group for a period to 31 March 2023. These forecasts have then been further sensitised for severe, but plausible downside scenarios, in relation to a further decline in sales, an increase in overhead costs and increased working capital requirements.

These forecasts and projections show that the Group is expected to be able to operate within the level of its current facility and in the view of the directors there is significant headroom under the current facility that would enable the Group to trade in the event of the severe, but plausible downside risks which have been modelled.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future and for a period of 12 months from signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is the amount derived from ordinary activities and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

The company operates merchant branches for the sale of timber and building products. Sales of goods are recognised on delivery or collection by the customer.

2.4 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howarth Timber Group Limited as at 31 March 2021 and these financial statements may be obtained from Companies House.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.7 Government grants

The job retention scheme grant income is recognised when there is reasonable assurance that the entity will comply with the conditions relating to the grant and that the grant will be received.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life. The goodwill is being written off over a period of seven years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 4% p.a. reducing balance
Plant and machinery	- 3-10 years straight line basis
Motor vehicles	- 4-7 years straight line basis
Fixtures and fittings	- 4-7 years straight line basis
Office equipment	- 4-7 years straight line basis

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets held under finance leases are depreciated in the same manner as owned assets.

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.20 Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

Financial liabilities (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 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.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period.

If the revision affects both current and future periods, the revision will impact both the period of the revision and future periods.

Trade Debtors

The directors consider that material estimates and judgements are applied in assessing the recoverable amount of trade debtors. The directors assess historic recovery rates and identify individual trade debtor balances that have passed their credit terms when assessing recoverable amount. Where individual balances are identified as past due the directors assess the balance on its own merits in assessing whether it is appropriate to recognise a bad debt or not against the balance.

Stock

The directors consider that material estimates and judgements are applied in assessing the net realisable value of stock. The directors assess stock ageing and historic stock turn information to identify slow moving stock lines that may be at risk of not being realised in excess of their carrying value. Specific items identified as slow moving are subject to provision where the directors assess, based on their experience, that the stock line will not be realised at its carrying value.

Impairment of Tangible Fixed Assets

The directors consider whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Sale of goods	113,781	100,429
	<u>113,781</u>	<u>100,429</u>

All turnover arose within the United Kingdom.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Other operating income

	2021	2020
	£000	£000
Rent received	18	67
Job retention scheme and other grant income	1,118	-
	<u>1,136</u>	<u>67</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciaton	2,238	2,267
Profit on sale of fixed assets	174	154
	<u>174</u>	<u>154</u>

7. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	46	49
	<u>46</u>	<u>49</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

In the prior year, audit fees were payable to KPMG LLP, in the current year, audit fees were payable to Armstrong Watson Audit Limited.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Employees

Staff costs, including directors remuneration, were as follows:

	2021	2020
	£000	£000
Wages and salaries	16,037	13,996
Social security costs	1,468	1,344
Cost of defined contribution scheme	840	881
	18,345	16,221

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Production	147	141
Selling and Distribution	287	289
Administration	83	73
	517	503

All current Directors are remunerated in fellow Group undertakings. The estimated cost for these services is £100,000 (2020: £100,000).

9. Interest payable and similar expenses

	2021	2020
	£000	£000
Bank interest payable	1	47
Other loan interest payable	159	185
	160	232

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. Taxation

	2021	<i>Restated</i>
	£000	2020
		£000
Corporation tax		
Current tax on profits for the year	785	143
Total current tax	785	143
Deferred tax		
Origination and reversal of timing differences	(3)	-
Total deferred tax	(3)	-
Taxation on profit on ordinary activities	782	143

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	<i>Restated</i>
	£000	2020
		£000
Profit on ordinary activities before tax	3,657	248
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	695	47
Effects of:		
Non-tax expense in relation to investment write off	-	12
Adjustments to tax charge in respect of prior periods	29	(26)
Non-deductible expenses	3	38
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(22)
Non-taxable income	-	35
Group relief	-	4
Fixed asset timing differences	55	55
Total tax charge for the year	782	143

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. Taxation (continued)

Factors that may affect future tax charges

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11. Dividends

	2021 £000	2020 £000
Dividends paid	470	1,050
	<u>470</u>	<u>1,050</u>

12. Intangible assets

	Goodwill £000
Cost	
At 1 April 2020	1,269
At 31 March 2021	<u>1,269</u>
Amortisation	
At 1 April 2020 (as restated)	376
Charge for the year on owned assets	181
At 31 March 2021	<u>557</u>
Net book value	
At 31 March 2021	<u>712</u>
At 31 March 2020 (as restated)	<u>893</u>

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation						
At 1 April 2020 (as restated)	11,464	3,739	8,086	4,964	747	29,000
Additions	203	529	1,068	253	40	2,093
Disposals	-	(67)	(692)	(99)	-	(858)
At 31 March 2021	11,667	4,201	8,462	5,118	787	30,235
Depreciation						
At 1 April 2020 (as restated)	1,790	3,222	4,046	3,574	483	13,115
Charge for the year on owned assets	360	217	1,206	370	85	2,238
Disposals	-	(67)	(649)	(100)	-	(816)
At 31 March 2021	2,150	3,372	4,603	3,844	568	14,537
Net book value						
At 31 March 2021	9,517	829	3,859	1,274	219	15,698
At 31 March 2020 (as restated)	9,673	517	4,040	1,390	264	15,884

14. Fixed asset investments

	Investments £000
At 1 April 2020	10
Disposals	(10)
At 31 March 2021	-

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

15. Stocks

	2021 £000	2020 £000
Finished goods	14,029	11,315
	<u>14,029</u>	<u>11,315</u>

16. Debtors

	2021 £000	2020 £000
Trade debtors	12,676	11,596
Other debtors	19	117
Prepayments and accrued income	2,471	2,733
Corporation tax	64	-
	<u>15,230</u>	<u>14,446</u>

17. Creditors: Amounts falling due within one year

	2021 £000	<i>Restated</i> 2020 £000
Bank overdrafts	179	7,306
Bank loans	436	273
Trade creditors	17,853	14,166
Amounts owed to group undertakings	2,390	1,571
Other taxation and social security	1,220	479
Obligations under finance lease and hire purchase contracts	416	364
Other creditors	835	127
Accruals and deferred income	2,039	533
	<u>25,368</u>	<u>24,819</u>

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18. Creditors: Amounts falling due after more than one year

	2021	<i>Restated</i>
	£000	2020
		£000
Bank loans	1,089	1,488
Shares classified as liability	2	2
Net obligations under finance leases and hire purchase contracts	708	139
	1,799	1,629

The bank loans are secured by mortgages on specific freehold properties.

19. Loans

Analysis of the maturity of loans is given below:

	2021	<i>Restated</i>
	£000	2020
		£000
Amounts falling due within one year		
Bank loans	436	273
	436	273
Amounts falling due 1-2 years		
Bank loans	1,089	1,488
	1,089	1,488
	1,525	1,761

The bank loans are secured by mortgages on specific freehold properties.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£000	£000
Within one year	416	364
Between 1-5 years	708	139
	1,124	503

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21. Deferred taxation

	2021	2020
	£000	£000
At beginning of year	(193)	(193)
Charged to profit or loss	3	-
At end of year	(190)	(193)

The provision for deferred taxation is made up as follows:

	2021	2020
	£000	£000
Accelerated capital allowances	(190)	(193)
	(190)	(193)

22. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
48,000 (2020 - 48,000) Ordinary shares of £1.00 each	48	48

23. Reserves

Profit and loss account

This reserve represents cumulative profits and losses, net of any dividends paid.

24. Contingent liabilities

The company and fellow subsidiary undertakings are party to unlimited multilateral company guarantees to HSBC plc in respect of any liability to HSBC plc incurred by Howarth Timber Group Limited or its subsidiaries. The total guaranteed borrowings at 31 March 2021 amounted to £Nil (2020: £Nil).

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

25. Capital commitments

At 31 March 2021 the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	868	477
	<u>868</u>	<u>477</u>

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £839,515 (2020: £881,100). There were contributions payable to the fund at the current year end of £72,010 (2020: £66,404).

27. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	400	763
Later than 1 year and not later than 5 years	1,584	1,522
Later than 5 years	1,647	2,556
	<u>3,631</u>	<u>4,841</u>

28. Controlling party

The Company is a subsidiary undertaking of Howarth Timber Group Limited which is the ultimate parent company incorporated in the UK. The ultimate controlling party is Howarth Timber Group Limited. Howarth Timber Group Limited is the largest and smallest group into which the company is consolidated. Copies of the consolidated financial statements of Howarth Timber Group Limited are available from Prince Edward Works, Pontefract Lane, Leeds, West Yorkshire, LS9 0RA.

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

29. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2019. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 April 2019 £000	Effect of transition 1 April 2019 £000	FRS 102 (as restated) 1 April 2019 £000	As previously stated 31 March 2020 £000	Effect of transition 31 March 2020 £000	FRS 102 (as restated) 31 March 2020 £000
Note						
Fixed assets	12,292	(202)	12,090	21,510	(4,723)	16,787
Current assets	28,742	-	28,742	25,763	(1)	25,762
Creditors: amounts falling due within one year	(21,892)	-	(21,892)	(25,219)	399	(24,820)
Net current assets	6,850	-	6,850	544	398	942
Total assets less current liabilities	19,142	(202)	18,940	22,054	(4,325)	17,729
Creditors: amounts falling due after more than one year	(2,055)	-	(2,055)	(5,568)	3,939	(1,629)
Provisions for liabilities	(33)	-	(33)	(193)	-	(193)
Net assets	17,054	(202)	16,852	16,293	(386)	15,907
Capital and reserves	17,054	(202)	16,852	16,293	(386)	15,907

HOWARTH TIMBER & BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

29. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2020 £000	Effect of transition 31 March 2020 £000	FRS 102 (as restated) 31 March 2020 £000
Turnover		100,429	-	100,429
Cost of sales		(69,564)	-	(69,564)
		<hr/>	<hr/>	<hr/>
		30,865	-	30,865
Administrative expenses		(30,280)	(184)	(30,464)
Other operating income		67	-	67
		<hr/>	<hr/>	<hr/>
Operating profit		652	(184)	468
Income from shares in group undertakings		116	-	116
Amounts written off investments		(104)	-	(104)
Interest payable and similar charges		(232)	-	(232)
Taxation		(143)	-	(143)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		289	(184)	105
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 Goodwill on business combinations was not previously amortised under FRS 101. The useful life of the goodwill has been assessed as 10 years. A right of use asset and associated creditor in respect of lease obligations was recognised under FRS 101.