

Company Registration No. 01003796 (England and Wales)

ANGLO-NORDEN FOREST PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

ANGLO-NORDEN FOREST PRODUCTS LIMITED

COMPANY INFORMATION

Director	A. Wedel
Secretary	A L O'Brien, LL.B., Barrister, FCCA
Company number	01003796
Registered office	Orwell Terminal Eagle Wharf Helena Road Ipswich IP3 0BT
Auditor	BG Audit LLP Statutory Auditors 7 Three Rivers Business Park Felixstowe Road, Foxhall IPSWICH IP10 0BF
Business address	Orwell Terminal, Eagle Wharf Helena Road Ipswich IP3 0BT

ANGLO-NORDEN FOREST PRODUCTS LIMITED

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ANGLO-NORDEN FOREST PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the strategic report for the year ended 31 December 2018.

Fair review of the business

The solid result achieved during the year ended 31st December 2018 leaves the group well placed financially and operationally at year end to serve our customers in the ensuing trading period.

Principal risks and uncertainties

The risks and uncertainties facing the group are those that are normally considered relevant to a business importing stock as principal and reselling on credit terms to customers in the UK (viz. currency fluctuations and bad debts).

Currency movements are hedged against, and strict credit controls are in operation.

Development and performance

The group's success is built on offering an outstanding service to its merchant customer base. During the financial year the company pursued its strategy of enhancing this offering and adding more capacity to meet growing demand.

Key performance indicators

The key performance indicators (KPIs) used by the board to review performance are annual turnover £37,000,781 and gross margin 8.23%. For the year ended 31st December 2018 both these KPIs are in line with company expectations and, in the case of gross margin, the generally accepted financial management benchmarks in the timber sector.

Position of the business at the year end

The group's financial and commercial position at year end is strong, possessing as it does an attractive portfolio of products and services together with the financial resources necessary to take advantage of the opportunities that its well-established position in the timber market continues to create

On behalf of the board

A. Wedel

Director

23 September 2019

ANGLO-NORDEN FOREST PRODUCTS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activities of the Group are the importation and resale of two categories of timber products:

- i. i. Softwood construction timber and panel products for distribution to timber and builder's merchants throughout the UK; and
- ii. ii. Fencing and related products for distribution to broadly the same category of customers but also to fencing companies and businesses in the agricultural sector.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

A. Wedel

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

Post reporting date events

No significant events have occurred between 31 December 2018 and the date of authorisation of these financial statements.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A. Wedel

Director

23 September 2019

ANGLO-NORDEN FOREST PRODUCTS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANGLO-NORDEN FOREST PRODUCTS LIMITED

Opinion

We have audited the financial statements of Anglo-Norden Forest Products Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, 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 the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ANGLO-NORDEN FOREST PRODUCTS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report; and
- the strategic report and the director's 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 and the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ANGLO-NORDEN FOREST PRODUCTS LIMITED

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.

Jonathan Oakley F.C.A. (Senior Statutory Auditor)
for and on behalf of BG Audit LLP
Statutory Auditors

23 September 2019

7 Three Rivers Business Park
Felixstowe Road, Foxhall
IPSWICH
IP10 0BF

ANGLO-NORDEN FOREST PRODUCTS LIMITED

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	£	£
Turnover	3	37,000,781	33,315,668
Cost of sales		(33,956,689)	(30,558,220)
Gross profit		3,044,092	2,757,448
Administrative expenses		(2,229,153)	(2,032,794)
Operating profit	4	814,939	724,654
Interest payable and similar expenses	8	(201,742)	(240,542)
Profit before taxation		613,197	484,112
Taxation	9	(135,856)	(86,322)
Profit for the financial year		477,341	397,790

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		737,017		821,624
Current assets					
Stocks	14	10,034,203		5,912,221	
Debtors	15	6,454,755		5,967,460	
Cash at bank and in hand		30,396		7,346	
		<u>16,519,354</u>		<u>11,887,027</u>	
Creditors: amounts falling due within one year	16	<u>(13,458,464)</u>		<u>(9,373,798)</u>	
Net current assets			<u>3,060,890</u>		<u>2,513,229</u>
Total assets less current liabilities			<u>3,797,907</u>		<u>3,334,853</u>
Creditors: amounts falling due after more than one year	17		(73,340)		(96,845)
Provisions for liabilities	20		(60,388)		(51,170)
Net assets			<u><u>3,664,179</u></u>		<u><u>3,186,838</u></u>
Capital and reserves					
Called up share capital	22	600,000		600,000	
Profit and loss reserves		<u>3,064,179</u>		<u>2,586,838</u>	
Total equity			<u><u>3,664,179</u></u>		<u><u>3,186,838</u></u>

The financial statements were approved and signed by the director and authorised for issue on 23 September 2019

A. Wedel
Director

ANGLO-NORDEN FOREST PRODUCTS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	726,875		815,033	
Investments	11	1,000		1,000	
		<u>727,875</u>		<u>816,033</u>	
Current assets					
Stocks	14	8,022,992		3,836,346	
Debtors	15	6,414,184		6,868,783	
Cash at bank and in hand		17,095		3,640	
		<u>14,454,271</u>		<u>10,708,769</u>	
Creditors: amounts falling due within one year	16	(11,881,683)		(8,589,432)	
Net current assets		<u>2,572,588</u>		<u>2,119,337</u>	
Total assets less current liabilities		<u>3,300,463</u>		<u>2,935,370</u>	
Creditors: amounts falling due after more than one year	17	(73,340)		(96,845)	
Provisions for liabilities	20	(60,388)		(51,170)	
Net assets		<u><u>3,166,735</u></u>		<u><u>2,787,355</u></u>	
Capital and reserves					
Called up share capital	22	600,000		600,000	
Profit and loss reserves		2,566,735		2,187,355	
Total equity		<u><u>3,166,735</u></u>		<u><u>2,787,355</u></u>	

The financial statements were approved and signed by the director and authorised for issue on 23 September 2019

A. Wedel
Director

Company Registration No. 01003796

ANGLO-NORDEN FOREST PRODUCTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2017	600,000	2,189,048	2,789,048
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	397,790	397,790
Balance at 31 December 2017	600,000	2,586,838	3,186,838
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	477,341	477,341
Balance at 31 December 2018	600,000	3,064,179	3,664,179

ANGLO-NORDEN FOREST PRODUCTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2017	600,000	1,817,991	2,417,991
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	369,364	369,364
Balance at 31 December 2017	600,000	2,187,355	2,787,355
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	379,380	379,380
Balance at 31 December 2018	600,000	2,566,735	3,166,735

ANGLO-NORDEN FOREST PRODUCTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(2,531,761)		1,137,515
Interest paid			(201,742)		(240,542)
Income taxes paid			(70,135)		(59,849)
Net cash (outflow)/inflow from operating activities			(2,803,638)		837,124
Investing activities					
Purchase of tangible fixed assets		(39,411)		(352,628)	
Proceeds on disposal of tangible fixed assets		2,100		-	
Net cash used in investing activities			(37,311)		(352,628)
Financing activities					
Payment of finance leases obligations		(23,505)		17,848	
Net cash (used in)/generated from financing activities			(23,505)		17,848
Net (decrease)/increase in cash and cash equivalents			(2,864,454)		502,344
Cash and cash equivalents at beginning of year			(3,685,567)		(4,187,911)
Cash and cash equivalents at end of year			(6,550,021)		(3,685,567)
Relating to:					
Cash at bank and in hand			30,396		7,346
Bank overdrafts included in creditors payable within one year			(6,580,417)		(3,692,913)

ANGLO-NORDEN FOREST PRODUCTS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28	(1,844,664)		883,102	
Interest paid		(173,620)		(122,880)	
Income taxes paid		(63,254)		(31,964)	
Net cash (outflow)/inflow from operating activities		(2,081,538)		728,238	
Investing activities					
Purchase of tangible fixed assets		(33,730)		(352,628)	
Proceeds on disposal of tangible fixed assets		2,100		-	
Net cash used in investing activities		(31,630)		(352,628)	
Financing activities					
Payment of finance leases obligations		(23,505)		17,848	
Net cash (used in)/generated from financing activities		(23,505)		17,848	
Net (decrease)/increase in cash and cash equivalents		(2,136,673)		393,458	
Cash and cash equivalents at beginning of year		(3,378,039)		(3,771,497)	
Cash and cash equivalents at end of year		(5,514,712)		(3,378,039)	
Relating to:					
Cash at bank and in hand		17,095		3,640	
Bank overdrafts included in creditors payable within one year		(5,531,807)		(3,381,679)	

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Anglo-Norden Forest Products Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Orwell Terminal, Eagle Wharf, Helena Road, Ipswich, IP3 0BT.

The group consists of Anglo-Norden Forest Products Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £379,380 (2017 - £369,364 profit).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Anglo-Norden Forest Products Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Plant and machinery	10% and 20% reducing balance
Fixtures, fittings and equipment	10% and 15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Sale of goods	37,000,781	33,315,668
	<u>37,000,781</u>	<u>33,315,668</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	36,892,998	33,158,790
Rest of the World	107,783	156,878
	<u>37,000,781</u>	<u>33,315,668</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	103,668	100,574
Depreciation of tangible fixed assets held under finance leases	19,359	18,381
Loss/(Profit) on disposal of tangible fixed assets	(1,109)	-
Cost of stocks recognised as an expense	31,363,581	28,206,734
	<u>31,363,581</u>	<u>28,206,734</u>

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,485	11,015
Audit of the company's subsidiaries	5,100	3,795
	<u>16,585</u>	<u>14,810</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Office and management	25	22	21	18
Warehouse staff	14	10	14	10
	<u>39</u>	<u>32</u>	<u>35</u>	<u>28</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	1,579,482	1,377,933	1,347,600	1,185,147
Social security costs	171,734	166,745	151,678	150,601
Pension costs	53,721	33,011	51,280	32,193
	<u>1,804,937</u>	<u>1,577,689</u>	<u>1,550,558</u>	<u>1,367,941</u>

7 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>222,700</u>	<u>249,680</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>222,700</u>	<u>249,680</u>

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	169,712	237,115
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,908	3,184
Other interest	28,122	243
Total finance costs	201,742	240,542

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	126,638	70,135
Deferred tax		
Origination and reversal of timing differences	9,218	16,187
Total tax charge	135,856	86,322

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	613,197	484,112
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	116,507	93,192
Tax effect of expenses that are not deductible in determining taxable profit	430	335
Effect of change in corporation tax rate	-	(8,946)
Permanent capital allowances in excess of depreciation	-	(291)
Depreciation on assets not qualifying for tax allowances	2,381	2,032
Deferred tax adjustments in respect of prior years	16,538	-
Taxation charge	135,856	86,322

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

Group	Leasehold improvements	Plant and fixtures, fittings and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	394,645	659,286	247,815	1,680,342
Additions	5,265	7,414	26,732	39,411
Disposals	-	-	(23,000)	(23,000)
At 31 December 2018	399,910	666,700	274,547	1,696,753
Depreciation and impairment				
At 1 January 2018	32,217	474,432	77,495	858,718
Depreciation charged in the year	39,859	35,184	22,175	123,027
Eliminated in respect of disposals	-	-	(22,009)	(22,009)
At 31 December 2018	72,076	509,616	99,670	959,736
Carrying amount				
At 31 December 2018	327,834	157,084	174,877	737,017
At 31 December 2017	362,428	184,854	170,320	821,624

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and machinery	77,438	96,797	77,438	96,797

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

(Continued)

Company	Leasehold improvements	Plant and fixtures, fittings and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	394,645	658,603	245,394	1,653,038
Additions	5,265	1,733	26,732	33,730
Disposals	-	-	(23,000)	(23,000)
At 31 December 2018	399,910	660,336	272,126	1,663,768
Depreciation and impairment				
At 1 January 2018	32,217	474,133	76,018	838,005
Depreciation charged in the year	39,859	34,506	22,039	120,897
Eliminated in respect of disposals	-	-	(22,009)	(22,009)
At 31 December 2018	72,076	508,639	98,057	936,893
Carrying amount				
At 31 December 2018	327,834	151,697	174,069	726,875
At 31 December 2017	362,428	184,470	169,376	815,033

11 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	12	-	-	1,000	1,000

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2018 and 31 December 2018	1,000
Carrying amount	
At 31 December 2018	1,000
At 31 December 2017	1,000

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Woodbank Timber Limited	England and Wales	Supply of timber and panel products	Ordinary	100.00	

13 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,137,785	5,807,306	6,144,193	6,723,430
Carrying amount of financial liabilities				
Measured at amortised cost	13,034,374	8,036,792	11,584,793	7,396,452

14 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	10,034,203	5,912,221	8,022,992	3,836,346

15 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	5,949,692	5,362,423	5,313,797	4,782,222
Amounts owed by group undertakings	-	-	642,303	1,496,325
Other debtors	188,093	444,883	188,093	444,883
Prepayments and accrued income	316,970	160,154	269,991	145,353
	6,454,755	5,967,460	6,414,184	6,868,783

Included in trade debtors is £5,949,692 (2017: £Nil) relating to amounts outstanding on an invoice discounting agreement.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Creditors: amounts falling due within one year

		Group 2018 £	2017 £	Company 2018 £	2017 £
	Notes				
Bank loans and overdrafts	18	6,580,417	3,692,913	5,531,807	3,381,679
Obligations under finance leases	19	23,471	23,471	23,471	23,471
Trade creditors		5,353,447	3,463,290	5,083,743	3,190,419
Corporation tax payable		126,638	70,135	104,784	63,254
Other taxation and social security		370,792	1,363,716	265,446	1,226,571
Other creditors		-	713	-	383
Accruals and deferred income		1,003,699	759,560	872,432	703,655
		<u>13,458,464</u>	<u>9,373,798</u>	<u>11,881,683</u>	<u>8,589,432</u>

Net obligations under hire purchase contracts are secured on the assets concerned. The bank overdrafts are secured by fixed and floating charges over the assets of the group and an Intergroup Guarantee.

17 Creditors: amounts falling due after more than one year

		Group 2018 £	2017 £	Company 2018 £	2017 £
	Notes				
Obligations under finance leases	19	<u>73,340</u>	<u>96,845</u>	<u>73,340</u>	<u>96,845</u>

Net obligations under hire purchase contracts are secured on the assets concerned.

18 Loans and overdrafts

		Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts		<u>6,580,417</u>	<u>3,692,913</u>	<u>5,531,807</u>	<u>3,381,679</u>
Payable within one year		<u>6,580,417</u>	<u>3,692,913</u>	<u>5,531,807</u>	<u>3,381,679</u>

The bank overdrafts are secured by fixed and floating charges over the assets of the group and an Intergroup Guarantee.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	23,471	23,471	23,471	23,471
In two to five years	73,340	96,845	73,340	96,845
	<u>96,811</u>	<u>120,316</u>	<u>96,811</u>	<u>120,316</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 7 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	<u>60,388</u>	<u>51,170</u>
	Liabilities 2018 £	Liabilities 2017 £
Company		
Accelerated capital allowances	<u>60,388</u>	<u>51,170</u>
	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	51,170	51,170
Charge to profit or loss	<u>9,218</u>	<u>9,218</u>
Liability at 31 December 2018	<u>60,388</u>	<u>60,388</u>

The net deferred tax liability expected to reverse in the year ended 31st December 2019 is £12,225. This primarily relates to the reversal of timing differences on acquired tangible assets and capital allowances through depreciation, offset by expected tax deductions when payments are made to utilise provisions.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	53,721	33,011
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
600,000 Ordinary shares of £1 each	600,000	600,000
	<u> </u>	<u> </u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	43,560	88,185	43,560	88,185
Between two and five years	32,670	76,230	32,670	76,230
	<u>76,230</u>	<u>164,415</u>	<u>76,230</u>	<u>164,415</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>252,306</u>	<u>249,680</u>

The company is exempt from disclosing related party transactions as they are with a company that is wholly owned within the Group.

25 Directors' transactions

During the year advances of £48,115 were made to a director. Repayments of £48,115 were made by a director.

26 Controlling party

Anglo Norden Forest Products Limited is a wholly owned subsidiary of Hightide Properties Limited. Hightide Properties Limited is a wholly owned subsidiary of First Names Group (an independent trustee) incorporated in Jersey.

The ultimate controlling party of First Names Group is James Haithwaite.

ANGLO-NORDEN FOREST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27 Cash (absorbed by)/generated from group operations

	2018 £	2017 £
Profit for the year after tax	477,341	397,790
Adjustments for:		
Taxation charged	135,856	86,322
Finance costs	201,742	240,542
Gain on disposal of tangible fixed assets	(1,109)	-
Depreciation and impairment of tangible fixed assets	123,027	118,955
Movements in working capital:		
Increase in stocks	(4,121,982)	(906,356)
Increase in debtors	(487,295)	(1,128,830)
Increase in creditors	1,140,659	2,329,092
Cash (absorbed by)/generated from operations	(2,531,761)	1,137,515

28 Cash (absorbed by)/generated from operations - company

	2018 £	2017 £
Profit for the year after tax	379,380	369,364
Adjustments for:		
Taxation charged	114,002	79,441
Finance costs	173,620	122,880
Gain on disposal of tangible fixed assets	(1,109)	-
Depreciation and impairment of tangible fixed assets	120,897	116,999
Movements in working capital:		
Increase in stocks	(4,186,646)	(654,596)
Decrease/(increase) in debtors	454,599	(1,333,826)
Increase in creditors	1,100,593	2,182,840
Cash (absorbed by)/generated from operations	(1,844,664)	883,102

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.