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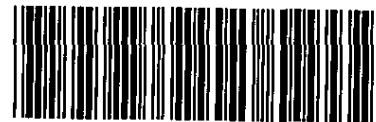
***Consolidated Timber Holdings
Limited***

***Annual Report and Audited
Consolidated Financial Statements***

31 March 2012

Company Registration Number
02295212 (England and Wales)

THURSDAY



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COMPANIES HOUSE

Directors M J Meyer (Chairman)
M J P Bacon
S D Holdsworth
G W Lee
M J Laughlin
A J Tilbury
A P Smith

Secretary A Stead

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Company registration number 02295212 (England and Wales)

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Consolidated Timber Holdings Limited

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form part of the statutory financial statements

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Chairman's statement 31 March 2012

In my statement last year, I intimated that consumption of timber products was continuing at a low level and that this trend was likely to continue. I am afraid that this has very much been the case and, as I write, it does not look as if consumption has improved. Under the circumstances, the headline profit figure, before taxation, of £1 541,000, against the previous year's £2 111,000 is a creditable performance. On the whole, our operating subsidiaries performed satisfactorily with good performances, in particular, from Falcon Panel Products and Hoffman Thornwood Ltd.


I have made reference in past statements to the impact of the FRS17 accounting standard which relates to the closed defined benefit pension scheme and its impact, which varies considerably on an annual basis on our balance sheet. This year, according to the experts, our pension liability increased by some £900,000, the adverse effect of which has been passed to our balance sheet but has the ongoing habit of distorting the worth of the business.

An interim dividend of 20p per share was paid on 6 April 2011 and a further interim dividend of 20p per share was paid on 30 November 2011.

As I have stated earlier, it is difficult to be sanguine about the future development of the UK economy and the construction industry. Economic growth is probably non-existent and certainly the building industry is, at present, showing little sign of a revival. The Government is currently endeavouring to stimulate civil engineering projects and construction in general and we must hope that their initiatives will permeate through to promote a higher level of activity in our industry.

I make mention every year of the endeavours of the very many excellent people that we have working in the Group. This year has been no exception and I should like to thank them for their achievements in difficult circumstances.

Although I have expressed concern about the level of consumption and the poor outlook, contradictorily, the current financial year has started reasonably well. I hope that this will be maintained and that a satisfactory result for the current year can be achieved.



M J Meyer

6 September 2012

Directors' report 31 March 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012

Principal activity

The principal activity of the group is the distribution of timber and panel products and packing cases

Review of business and future developments

The group's profit after taxation for the period amounted to £1,018,809 (2011 - £1,412,823)

A commentary on the group's performance in the period, the effect of the economic climate and future prospects is contained in the Chairman's Statement on page 1

The directors declared and paid interim dividends of £322,600 (2011 - £324,800) and propose that the retained profit after tax and dividends of £696,209 (2011 - £1,088,023) be transferred to reserves

Key performance indicators

The key performance indicators used by management to determine the progress and performance of the group are gross profit margins and volumes sold on a line by line basis and by customer, stock turn, debtor days, and the return on capital employed

During the period under review, the group's gross profit margin was 13.7% (2011 - 14.3%), the overall volume sold marginally decreased year on year, debtor days have remained constant and the return on capital employed was 9.4% (2011 - 12.98%)

Directors

The directors in office during the period were as follows

M J Meyer	
J B Clegg	(resigned 20 July 2011)
M J P Bacon	
S D Holdsworth	
G W Lee	
M J Laughlin	
A J Tilbury	
A P Smith	(appointed 18 July 2011)

Financial instruments and risk management

The principal financial instruments of the group comprise bank balances, bank and other borrowings, trade debtors, trade creditors and factored receivables. The main purpose of these instruments is to raise funds for the group's operations.

Principal risk and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

Credit risk

The group's maximum exposure to credit risk in relation to financial assets is represented by bank balances and cash, trade and other receivables. The group has no significant concentration of credit risk, credit insurance has been obtained to limit the group's exposure.

Liquidity risk

The group's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations. The group's borrowing facilities are principally provided by bank overdrafts and factored receivables. These are regularly reviewed to ensure they exceed forecast gross debt levels.

Interest rate risk

The group is exposed to interest rate risk on its bank overdrafts and factored receivables which are subject to variable rates of interest linked to bank base rates.

Foreign currency risk

The group's principal foreign currency exposures arise from purchases from overseas companies. The group has small transactional foreign currency exposures that are hedged using forward contracts.

Price risk

The group is exposed to commodity price risk. The group does not manage its exposure to commodity price risk due to cost benefit considerations.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period.

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ make judgements and 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, and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that

- ◆ so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- ◆ the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Charitable donations

The company made charitable donations of £2,540 (2011 - £4,004) during the period. The group made charitable donations of £5,009 (2011 - £5,902) during the period.

Policy and procedure on payment of creditors

The group aims to pay all creditors in accordance with the agreed payment terms. Payment terms for stock purchases are determined at the time the purchase contract is placed and are negotiated on a contract by contract basis. It is the group's policy to make payments for other purchases within 60 days of the invoice date, provided that the relevant invoice is received promptly and is correct.

By order of the board of directors



A Stead

Company Secretary

Approved by the board on 30 October 2012

Independent auditor's report to the members of Consolidated Timber Holdings Limited

We have audited the financial statements of Consolidated Timber Holdings Limited for the year ended 31 March 2012, which comprise the group profit and loss account, the group and company balance sheet, the group cash flow statement, the group statement of total recognised gains and losses, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- ◆ give a true and fair view of the state of the group's and the company's affairs as at 31 March 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

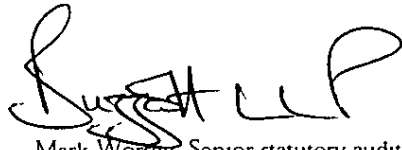
In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report 31 March 2012

Matters on which we are required to report by exception

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, 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



Mark Worsey, Senior statutory auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

[Date]

30 October 2012

Consolidated profit and loss account Year ended 31 March 2012

		Year to 31 March 2012 £	Year to 31 March 2011 £
	Notes		
Turnover		93,001,009	90 614 648
Cost of sales		(80,153,721)	(77 676,877)
Gross profit		12,847,288	12,937,771
Distribution costs		(2,391,909)	(2 351 894)
Administrative expenses		(8,607,706)	(8,145,201)
Group operating profit		1,847,673	2 440 676
Profit on ordinary activities before interest and taxation		1,847,673	2,440,676
Net interest payable	1	(306,672)	(329,059)
Profit on ordinary activities before taxation	3	1,541,001	2,111,617
Taxation	4	(522,192)	(698,794)
Profit for the financial period	14	1,018,809	1 412,823

There is no difference between the profit on ordinary activities before taxation and the retained profit for the periods stated above, and their historical cost equivalent

Consolidated statement of total recognised gains and losses Year ended 31 March 2012


	Year to 31 March 2012 £	Year to 31 March 2011 £
Consolidated statement of total recognised gains and losses		
Profit for the financial period after taxation	1,018,809	1,412,823
Actuarial (losses)/gains on defined benefit pension scheme	(1,492,000)	330 000
Deferred tax on actuarial losses/(gains) on defined benefit pension scheme	343,160	(85,800)
Buy back of share capital	(107,000)	—
Total recognised (losses)/gains for the financial period	(237,031)	1 657 023

The notes on pages 12 to 30 form part of these financial statements

Consolidated balance sheet 31 March 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	7		961,271		1,051,703
Tangible assets	8		2,874,708		3,225,299
Investments	9		210,000		240,000
			<u>4,045,979</u>		<u>4,517,002</u>
Current assets					
Stocks – goods for resale		15,367,997		14,533,311	
Debtors	10	20,277,859		19,297,078	
Cash at bank and in hand		563,750		3,693	
		<u>36,209,606</u>		<u>33,834,082</u>	
Creditors amounts falling due within one year	11a	(27,944,743)		(26,330,539)	
Net current assets			<u>8,264,863</u>		<u>7,503,543</u>
Total assets less current liabilities			<u>12,310,842</u>		<u>12,020,545</u>
Creditors amounts falling due after more than one year	11b		(368,928)		(395,000)
Provision for liabilities	12		(45,000)		(74,000)
Net assets excluding pension liability			<u>11,896,914</u>		<u>11,551,545</u>
Pension liability	6		(2,069,760)		(1,164,760)
Net assets including pension liability			<u>9,827,154</u>		<u>10,386,785</u>
Capital and reserves					
Called up share capital	13		806,000		816,000
Share premium account	14		600,000		600,000
Revaluation reserve	14		610,248		610,248
Capital redemption reserve	14		1,244,000		1,234,000
Capital reserves	14		475,847		475,847
Profit and loss account	14		6,091,059		6,650,690
Shareholders' funds – Equity interests	16		<u>9,827,154</u>		<u>10,386,785</u>

Signed on behalf of the board of directors by


M J Meyer
Director

Approved by the board on 30th October 2012

Consolidated Timber Holdings Limited
Company registration number 02295212 (England and Wales)

Company balance sheet 31 March 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	8		88,723		103 467
Investments	9		5,472,012		5 502 012
			5,560,735		5,605,479
Current assets					
Debtors	10	1,595,455		1,628 251	
Cash		624,457		268,171	
		2,219,912		1 896,422	
Creditors amounts falling due within one year	11a	(5,088,218)		(4 308,007)	
Net current liabilities			(2,868,306)		(2,411 585)
Total assets less current liabilities			2,692,429		3 193 894
Net assets excluding pension liability			2,692,429		3,193 894
Pension liability	6		(2,069,760)		(1,164,760)
Net assets including pension liability			622,669		2 029 134
Capital and reserves					
Equity share capital	13		806,000		816,000
Share premium	14		600,000		600,000
Capital redemption reserve	14		1,244,000		1,234,000
Profit and loss account	14		(2,027,331)		(620 866)
Shareholders' funds - Equity interests	16		622,669		2,029,134

Signed on behalf of the board of directors by



M J Meyer
Director

Approved by the board on *30 October 2012.*

Consolidated Timber Holdings Limited
Company registration number 02295212 (England and Wales)

The notes on pages 12 to 30 form part of these financial statements

Cash flow statement 31 March 2012

	Notes	2012 £	2011 £
Cash inflow from operating activities	17	1,548,599	1,150,630
Returns on investments and servicing of finance			
Interest received		19,325	13,600
Interest paid		(283,997)	(282,659)
		(264,672)	(269,059)
Taxation		(554,380)	(419,675)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(197,613)	(340,228)
Receipts from sales of tangible fixed assets		28,423	15,970
		(169,190)	(324,258)
Equity dividends paid		(322,600)	(324,800)
Cash inflow before use of liquid resources and financing		237,757	(187,162)
Financing			
Increase in loans		402,768	—
Repayment of amounts borrowed		(170,000)	—
Increase/(decrease) in factored receivables		404,473	(1,174,973)
Repurchase of share capital		(107,000)	—
		530,241	(1,174,973)
Increase/(decrease) in cash in the period		767,998	(1,362,135)
Reconciliation of net cash flow to movement in net debt			
		2012 £	2011 £
Increase/(decrease) in cash in the period		767,998	(1,362,135)
Cash (inflow)/outflow from increase in debt and finance lease creditors		(637,241)	1,174,973
Movement in net debt		130,757	(187,162)
Net debt at 31 March 2011		(10,006,332)	(9,819,170)
Net debt at 31 March 2012		(9,875,575)	(10,006,332)

The notes on pages 12 to 30 form part of these financial statements

Principal accounting policies 31 March 2012

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets, and in accordance with applicable United Kingdom Accounting Standards

Basis of consolidation

The group financial statements consolidate the results of the company, its subsidiaries and associated companies made up to 31 March 2012. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisitions method.

No profit and loss account is presented for Consolidated Timber Holdings Limited as permitted by Section 408 of the Companies Act 2006.

Turnover

Turnover represents amounts invoiced for sales and services, as principal, excluding value added tax. No further disclosure has been given of the group's turnover since in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations for periods different from those in which they are included in the financial statements.

Deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Goodwill

Goodwill arising on consolidation as a result of the acquisition of subsidiaries is capitalised in the balance sheet and amortised on a straight line basis over its useful economic life, up to a maximum of 20 years. Provision is made for any impairment.

Under the transitional provisions of Financial Reporting Standard 10, Goodwill and Intangible Assets, negative goodwill on the acquisition of subsidiaries before the adoption of FRS 10, has been added to the capital reserve.

Tangible fixed assets and depreciation

Freehold properties are included in the balance sheet at their open market value and the aggregate surplus or deficit over cost is transferred to a revaluation reserve

Depreciation is provided by equal annual instalments to write off tangible fixed assets over their respective useful lives

The rates of depreciation are as follows

◆ Leasehold property	Over the period of the lease
◆ Plant and machinery	7½% - 25%
◆ Motor vehicles	20% - 25%
◆ Fixtures, fittings and equipment	7½% - 33%

Depreciation is not charged on the value of land

Investments

Except as stated below, investments are included at cost, less provision for any permanent diminution in value

In the consolidated financial statements, the group's interest in associated undertakings is stated using the equity method of accounting. The group's share of the results of associated undertakings is included in the consolidated profit and loss account. Investments in associated undertakings are carried in the consolidated balance sheet at the group's share of their net assets. Where year ends of associated undertakings are not coterminous, adjustments are made to reflect material transactions.

Stocks

Stocks, which represent timber and panel products purchased for resale, are stated at the lower of cost and net realisable value.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Pension costs

For the defined benefit pension scheme, the cost of providing benefits is calculated annually by an independent actuary using the projected unit credit method. The charge to the profit and loss account represents the current service cost of such obligations. The expected return on scheme assets and the interest cost on scheme liabilities are included under net interest in the profit and loss account.

Principal accounting policies 31 March 2012

Pension costs (continued)

The pension liability recognised in the balance sheet represents the excess of the present value of scheme liabilities over the fair value of the scheme assets. Differences between the actual and expected returns on assets and experience gains and losses arising on scheme liabilities during the period, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and losses.

Pension costs in respect of the group's defined contribution pension schemes represent contributions payable in the period to the schemes by the group.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements 31 March 2012

1 Net interest payable

	Year to 31 March 2012 £	Year to 31 March 2011 £
Bank and other interest receivable	19,325	13 600
Expected return on pension scheme assets	463,000	449,000
Interest payable on bank and other borrowings repayable within five years	(264,263)	(243 159)
Other interest charges	(19,734)	(39,500)
Interest on pension scheme liabilities	(505,000)	(509,000)
	(306,672)	(329,059)

2 Directors' remuneration

	Year to 31 March 2012 £	Year to 31 March 2011 £
Aggregate remuneration	850,975	19,719
Payment to defined contribution pension schemes	106,434	12 675
Sums paid to third party for directors' services	467,000	1,043,310
	1,424,409	1,075,704

Retirement benefits are accruing to 5 directors (2011 – one) under defined contribution schemes

Highest paid director

	Year to 31 March 2012 £	Year to 31 March 2011 £
Total amount of remuneration	168,797	225 278
Payments to defined contribution schemes	35,640	—
	204,437	225,278

Notes to the financial statements 31 March 2012

3 Profit on ordinary activities before taxation

	Year to 31 March 2012 £	Year to 31 March 2011 £
This is stated after charging		
Staff costs (including directors)		
Wages and salaries	5,211,287	4,324,841
Social security costs	586,242	457,287
Other pension costs	297,685	227,822
	6,095,214	5,009,950
Depreciation	528,144	511,748
Amortisation of intangible fixed assets	90,432	90,432
Amortisation of investments	30,000	30,000
Auditors' remuneration		
Audit of the company's and group's financial statements	9,000	9,000
Audit of the company's subsidiaries pursuant to legislation	65,150	68,400
Tax advisory services	13,600	13,600
Property lease rentals	704,107	703,814
Plant and Machinery lease rentals	32,669	—
Foreign exchange adjustments	(55,620)	(34,803)

The average monthly number of persons (including directors) employed by the group during the period was 144 (2011 - 138), analysed as follows

	Year to 31 March 2012	Year to 31 March 2011
Sales and production	110	104
Finance	11	11
Administration	23	23
	144	138

Notes to the financial statements 31 March 2012

4 Taxation

(a) The tax charge on the profit on ordinary activities for the period was as follows

	Year to 31 March 2012 £	Year to 31 March 2011 £
Corporation tax at 26% (2011 – 28%)		
Current period	417,032	553,880
Prior year	—	(5,446)
Current tax charge	417,032	548,434
Deferred tax	(29,000)	—
Deferred tax attributable to FRS 17	134,160	150,360
	522,192	698,794

(b) Tax recognised directly in equity through the statement of total recognised gains and losses

	Year to 31 March 2012 £	Year to 31 March 2011 £
Deferred tax charge/(credit) on actuarial gains and losses on defined benefit pension schemes	(343,160)	85,800

c) Factors affecting tax charge for the period

	Year to 31 March 2012 £	Year to 31 March 2011 £
Profit on ordinary activities for the period before taxation	1,541,001	2,111,617
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 – 28%)	400,661	591,253
Non deductible expenses	69,145	71,336
Difference between capital allowances and depreciation for the period	25,512	3,476
Other adjustments	(71,536)	(112,185)
Effect of lower tax rates	(6,750)	—
Adjustments in respect of prior year	—	(5,446)
Current tax charge	417,032	548,434

5 Dividends

	Year to 31 March 2012 £	Year to 31 March 2011 £
Interim dividends paid of £0.40 per share (2011 - £0.40)	322,600	324,800

6 Pension schemes

The group operates a number of pension schemes. The assets of all pension schemes are held in separate trustee administered funds and held separately from those of the group.

Defined benefit scheme

The group operates a funded defined benefit pension scheme (the Consolidated Timber Holdings Limited Pension Scheme) for certain full time employees. The cost of the group's contribution to the defined benefit scheme is calculated in accordance with the advice of an independent qualified actuary. The latest formal actuarial valuation of the scheme was carried out as at 31 December 2008. The principal assumptions adopted in the valuation were that the investment return pre-retirement would be 6.1% per annum, investment return post-retirement would be 4.9%, and rate of inflation would be 2.83% per annum.

At the date of the latest actuarial valuation, the market value of the scheme's assets was £5.203 million and the value of these assets represented 56% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

FRS17 disclosure for defined benefit scheme

United Kingdom Financial Reporting Standard 17 'Retirement Benefits', published in November 2000, sets out a basis for valuing pension scheme liabilities which is different from the triennial valuation. The Consolidated Timber Holdings Limited Pension Scheme is a defined benefit scheme and the most recent completed triennial valuation was made as at 31 December 2008. An independent actuary has completed the actuarial valuation, using the Projected Unit Credit Method to 31 March 2012 for the purposes of reporting under FRS 17.

Notes to the financial statements 31 March 2012

6 Pension schemes (continued)

Assuming retirement at age 65, the life expectancy in years is as follows

	At 31 March 2012	At 31 March 2011
For a male aged 65 now	21 0	20 9
At 65 for a male member aged 45 now	22 9	22 8
For a female aged 65 now	24 3	24 2
At 65 for a female member aged 45 now	26 3	26 2

The main financial assumptions in the FRS 17 valuation are as follow

	2012 % p a	2011 % p a	2010 % p a
Rate of increase in salaries	—	—	—
Rate of increase in pensions in payment	3 60	4 00	4 10
Rate of increase in deferred pension	2 70	3 30	4 10
Rate of retail price inflation	3 70	4 00	4 10
Rate of consumer price inflation	2 70	3 30	—
Liability discount rate	4 80	5 70	5 60

The fair value of assets in the scheme and the present value of the liabilities and the expected rate of return as at 31 March 2012 were as follows

	Investment return 2012	Investment return 2012	Investment return 2011	2011 £	Investment return 2010	2010 £
Equities	6 4% pa	4,136,000	7 5%pa	4 650 000	7 6%pa	4 221 000
Gilts	—	—	—	—	—	—
Cash	0 5% pa	524,000	0 5%pa	263 000	0 5%pa	4 000
Corporate Bonds	4 80% pa	2,571,000	5 0%pa	2 366 000	5 6%pa	2 562 000
Property	—	—	—	—	—	—
Total market value of the scheme assets		7,231,000		7 279 000		6 787 000
Present value of scheme liabilities		(9,919,000)		(8 853 000)		(9 092 000)
Deficit in the scheme		(2,688,000)		(1 574 000)		(2 305 000)
Related tax assets at 24% (2011 – 26% 2010 – 28%)		618,240		409 240		645 400
Net pension liability		(2,069,760)		(1 164 760)		(1 659 600)

Analysis of amounts charged or (credited) to net interest payable (note 1)

	2012 £	2011 £
Expected return on pension scheme assets	(463,000)	(449 000)
Interest on pensions scheme liabilities	505,000	509,000
	42,000	60,000

Notes to the financial statements 31 March 2012

6 Pension schemes (continued)

Movement in deficit before tax during the period

	2012 £	2011 £
Deficit in the scheme as at 1 April 2011	(1,574,000)	(2,305,000)
Movements in the period		
Contributions paid	420,000	461,000
Other finance cost	(42,000)	(60,000)
Actuarial (gain)/loss	(1,492,000)	330,000
Deficit in the scheme at 31 March 2012	(2,688,000)	(1,574,000)

Analysis of amounts that go through the statement of total recognised gains and losses

	2012 £	2011 £
Actual return less expected return on pension scheme assets	(376,000)	(26,000)
Net experience loss arising on the scheme liabilities	(133,000)	18,000
Change in assumptions underlying the present value for the scheme liabilities	(983,000)	338,000
Actuarial (gain)/loss recognised	(1,492,000)	330,000

History of experience gains and losses

	2012 £	2011 £	2010 £	2008 £	2007 £
Difference between the expected and actual return on scheme assets					
Amount	(376,000)	(26,000)	1,195,000	(1,230,000)	(153,000)
Percentage of scheme assets	5.2%	0.4%	18.0%	23%	2.5%
Experience gains and (losses) on scheme liabilities					
Amount	(133,000)	18,000	490,000	(11,000)	—
Percentage of present value of scheme liabilities	1.3%	0.2%	5.0%	0.0%	0.0%
Total amount recognised in statement of total recognised gains and losses					
Amount	(1,492,000)	330,000	447,000	(1,056,000)	419,000
Percentage of present value of scheme liabilities	15.0%	3.7%	5.0%	13.0%	5.1%

On 1 July 2002, the company's defined benefit pension scheme closed for further accrual of benefits. This event has been taken into account in the above calculations.

Contributions in the year to 31 March 2013 are expected to be £420,000 (2012 - £419,000).

Defined contribution schemes

The group also operates defined contribution pension schemes for a number of employees within the group. The pension cost of contributions to these schemes was £297,685 (2011 - £227,822).

Notes to the financial statements 31 March 2012

7 Intangible assets - Goodwill

	2012 £
Cost	
At 1 April 2011	1,962,516
Additions	—
At 31 March 2012	<u>1,962,516</u>
Amortisation	
At 1 April 2011	910,813
Charge for period	90,432
At 31 March 2012	<u>1,001,245</u>
Net book values	
At 31 March 2012	<u>961,271</u>
At 31 March 2011	<u>1,051,703</u>

8 Tangible fixed assets

Group	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost or valuation						
At 1 April 2011	1 400 000	145 071	3,111 577	564 610	800 038	6,021,296
Additions	—	9 112	64,860	96 475	27 166	197,613
Disposals	—	—	(26 687)	(99 719)	—	(126,406)
At 31 March 2012	<u>1 400 000</u>	<u>154 183</u>	<u>3 149 750</u>	<u>561 366</u>	<u>827 204</u>	<u>6,092,503</u>
Depreciation						
At 1 April 2011	—	103 058	1 823 266	250 255	619 418	2,795,997
Charge for period	—	5 665	297 320	150 436	74 723	528,144
Disposals	—	—	(26 687)	(79 659)	—	(106,346)
At 31 March 2012	<u>—</u>	<u>108 723</u>	<u>2 093 899</u>	<u>321 032</u>	<u>694 141</u>	<u>3,217,795</u>
Net book values						
At 31 March 2012	<u>1,400 000</u>	<u>45 460</u>	<u>1 055 851</u>	<u>240 334</u>	<u>133 063</u>	<u>2,874,708</u>
At 31 March 2011	<u>1 400 000</u>	<u>42 013</u>	<u>1 288 311</u>	<u>314 355</u>	<u>180 620</u>	<u>3 225 299</u>

The freehold property was valued by Stimpsons Chartered Surveyors on the basis of open market value during the year ended 31 March 2010. The directors do not believe there has been any movement in the property's value during the year.

The historical cost of the freehold property included at the valuation above is £789,752 (2011 - £789,752).

Notes to the financial statements 31 March 2012

8 Tangible fixed assets (continued)
Company

	Leasehold property £	Motor vehicles £	Fixtures fittings and equipment £	Total £
Cost				
At 1 April 2011	44,347	68,053	83,315	195,715
Additions	4,832	—	9,921	14,753
At 31 March 2012	<u>49,179</u>	<u>68,053</u>	<u>93,236</u>	<u>210,468</u>
Depreciation				
At 1 April 2011	2,334	44,701	45,213	92,248
Charge for period	4,862	8,137	16,498	29,497
At 31 March 2012	<u>7,196</u>	<u>52,838</u>	<u>61,711</u>	<u>121,745</u>
Net book values				
At 31 March 2012	<u>41,983</u>	<u>15,215</u>	<u>31,525</u>	<u>88,723</u>
At 31 March 2011	<u>42,013</u>	<u>23,352</u>	<u>38,102</u>	<u>103,467</u>

9 Fixed asset investments

Group	2012 £
Shares in associates	
Equity	
At 1 April 2011	<u>300,000</u>
At 31 March 2012	<u>300,000</u>
Amortisation	
At 1 April 2011	<u>60,000</u>
Charge for period	<u>30,000</u>
At 31 March 2012	<u>90,000</u>
Net book values	
At 31 March 2012	<u>210,000</u>
At 31 March 2011	<u>240,000</u>

Notes to the financial statements 31 March 2012

9 Fixed asset investments (continued)

Company	2012 £
Shares in subsidiary undertakings and associates	
Equity	
At 1 April 2011	5,562,012
At 31 March 2012	5,562,012
Amortisation	
At 1 April 2011	60,000
Charge for period	30,000
At 31 March 2012	90,000
Net book values	
At 31 March 2012	5,472,012
At 31 March 2011	5,502,012

10 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	17,926,550	17,491,807	26,834	—
Amounts owed by group undertakings				
MBM Speciality Forest Products Limited	—	—	28,048	3,727
Hoffman Thornwood Limited	—	—	10,501	3,287
Trafalgar Cases Limited	—	—	1,063,291	1,061,559
Meridian Wood Products Limited	—	—	395,000	395,000
	—	—	1,496,840	1,463,573
Other debtors	363,956	154,349	23,966	121,744
Prepayments and accrued income	644,079	643,887	47,815	42,934
Bills receivable	1,343,274	1,007,035	—	—
	20,277,859	19,297,078	1,595,455	1,628,251

The amount owed by Meridian Wood Products Limited totalling £395,000 is due after one year (2011 - £395,000)

Notes to the financial statements 31 March 2012

11a Creditors Amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Amounts due in respect of factored receivables	9,811,557	9 407,084	—	—
Bank loans and overdrafts	33,840	207,941	—	—
Amounts owed to group undertakings				
Compass Forest Products Limited	—	—	1,930,850	2,005,096
Falcon Panel Products Limited	—	—	1,211,290	987,136
MBM Forest Products Limited	—	—	700,869	840,449
	—	—	3,843,009	3,832,681
Trade creditors	13,221,238	12,646,192	220,844	206,589
Other creditors	407,226	8 849	180,771	7,969
Corporation tax	416,912	554 260	—	—
Other taxation and social security	2,074,299	1 810 127	317,582	228,254
Accruals	1,979,671	1,696,086	526,012	32,514
	27,944,743	26,330,539	5,088,218	4 308 007

11b Creditors Amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loan	368,928	—	—	—
Other creditors	—	395 000	—	—
	368,928	395 000	—	—

The maturity analysis of the group's and company's bank and other borrowings is as follows

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Within one year or on demand				
Bank loans and overdrafts	33,840	207,941	—	—
Amounts due in respect of factored receivables	9,811,557	9,407,084	—	—
	9,845,397	9,615,025	—	—
Between one and five years				
Bank loan	368,928	—	—	—
Other borrowings	—	395 000	—	—
	368,928	395,000	—	—
	10,214,325	10,010 025	—	—

The bank loan is a creditor of Meridian Wood Products Limited (Meridian), which has a liability to Barclays bank of £402,768. The bank loan is secured by a charge on the freehold property held by Meridian and also by a guarantee given by Consolidated Timber Holdings Limited.

The amounts due in respect of factored receivables are secured by the trade debtors (note 10) and by an unlimited multilateral company guarantee (note 19).

Consolidated Timber Holdings Limited 24

Notes to the financial statements 31 March 2012

12 Provision for liabilities

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Deferred tax				
Balance at 1 April 2011	(335,240)	(571,400)	(409,240)	(645,400)
Transfer to profit and loss account (Credited)/debited to statement of total recognised gains and losses	105,160 (343,160)	150,360 85,800	134,160 (343,160)	150,360 85,800
Balance at 31 March 2012 including deferred tax on pension liability	(573,240)	(335,240)	(618,240)	(409,240)

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Deferred taxation provided in the financial statements is as follows				
Accelerated capital allowances	45,000	74,000	—	—
Short-term timing differences	—	—	—	—
Deferred tax provision	45,000	74,000	—	—
Deferred tax asset on pension liability (note 6)	(618,240)	(409,240)	(618,240)	(409,240)
	(573,240)	(335,240)	(618,240)	(409,240)

Of the deferred tax balance, £618,240 (2011 - £409,240) has been deducted in arriving at the net pension liability on the balance sheet

The recoverability of the deferred tax asset on the pension liability is dependent on future taxable profits exceeding those arising from the reversal of the deferred tax assets

13 Called up share capital

	2012 £	2011 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	806,000	816,000

During the year, 10,000 ordinary shares were repurchased by the company

Notes to the financial statements 31 March 2012

14 Reserves

<i>Group</i>	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Capital reserves £	Profit and loss account £
At 1 April 2011	600,000	610,248	1,234,000	475,847	6,650,690
Retained profit	—	—	—	—	1,018,809
Dividend paid	—	—	—	—	(322,600)
Company repurchase of own shares	—	—	10,000	—	(107,000)
Actuarial loss on pension liability	—	—	—	—	(1,492,000)
Deferred tax on pension liability	—	—	—	—	343,160
At 31 March 2012	600,000	610,248	1,244,000	475,847	6,091,059

The cumulative amount of negative goodwill within the capital reserve as at 31 March 2012 is £475,847 (2011 - £475,847). This negative goodwill will be credited to the profit and loss account on subsequent disposal of the subsidiaries.

<i>Company</i>	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2011	600,000	1,234,000	(620,866)
Profit for the financial period	—	—	171,975
Dividend paid	—	—	(322,600)
Company repurchase of own shares	—	10,000	(107,000)
Actuarial loss on pension liability	—	—	(1,492,000)
Deferred tax on pension liability	—	—	343,160
At 31 March 2012	600,000	1,244,000	(2,027,331)

The directors have noted that the company had insufficient distributable reserves in its profit and loss account when dividends totalling £161,600 were declared in April 2011. This resulted in the balance sheet showing an overdrawn profit and loss reserve of £833,843 at 30 April 2012. This was rectified in September 2011 when sufficient dividends were received from wholly owned subsidiaries.

15 Consolidated Timber Holdings Limited profit and loss account

Consolidated Timber Holdings Limited has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The amount of the consolidated profit for the financial period dealt within the financial statements of the holding company is a profit after tax of £171,975 (2011 – profit £646,757).

Notes to the financial statements 31 March 2012

16 Reconciliation of movements in shareholders' funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit for the financial period	1,018,809	1,412,823	171,975	646,757
Dividends paid	(322,600)	(324,800)	(322,600)	(324,800)
Retained result	696,209	1,088,023	(150,625)	321,957
Actuarial (loss)/gain on pension liability	(1,492,000)	330,000	(1,492,000)	330,000
Deferred tax on pension liability	343,160	(85,800)	343,160	(85,800)
Company purchase of own shares	(107,000)	—	(107,000)	—
Net (reduction in)/addition to shareholders funds	(559,631)	1,332,223	(1,406,465)	566,157
Shareholders' funds at 1 April 2011	10,386,785	9,054,562	2,029,134	1,462,977
Shareholders' funds at 31 March 2012	9,827,154	10,386,785	622,669	2,029,134

17 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	1,847,673	2,440,676
Depreciation	528,144	511,748
Amortisation of goodwill	90,432	90,432
Profit on disposal of fixed assets	(8,363)	(11,653)
Difference between pension charge and cash contributions made	(420,000)	(461,000)
Change in value of investments	30,000	30,000
Increase in stocks	(834,686)	(425,160)
Increase in debtors	(980,781)	(2,778,458)
Increase in creditors	1,296,180	1,754,045
Net cash inflow from continuing operating activities	1,548,599	1,150,630

18 Analysis of changes in net debt

	At 31 March 2011 £	Cashflows £	Other movements £	At 31 March 2012 £
Cash in hand and at bank	3,693	560,057	—	563,750
Bank overdrafts	(207,941)	207,941	—	—
	(204,248)	767,998	—	563,750
Debt due within one year				
Bank loans	—	(33,840)	—	(33,840)
Other loans	—	170,000	(395,000)	(225,000)
Factored receivables	(9,407,084)	(404,473)	—	(9,811,557)
	(9,407,084)	(268,313)	(395,000)	(10,070,397)
Debt due after more than one year				
Bank loans	—	(368,928)	—	(368,928)
Other loans	(395,000)	—	395,000	—
	(395,000)	(368,928)	395,000	(368,928)
Net debt	(10,006,332)	130,757	—	(9,875,575)

19 Contingent liabilities

The nature of the group's activities gives rise to contingent liabilities in respect of the following

- (a) Indemnities issued in respect of deferred duty, and
- (b) Forward contracts for the purchase of foreign currencies

A first fixed charge over certain book debts and a floating charge over all other rights and assets have been given as security to BNP Paribas Commercial Finance Limited

A fixed charge has been given in favour of Barclays Bank plc over all rights, title and interest of the company in or arising out of an agreement with BNP Paribas Commercial Finance Limited and all book debts and other debts subject to such agreement. Additionally, a fixed and floating charge over all other assets has been given to Barclays Bank plc

An unlimited multilateral company guarantee has been given by the company to Barclays Bank plc, jointly with Hoffman Thornwood Limited, MBM Forest Products Limited, Compass Forest Products Limited, MBM Speciality Forest Products Limited, Falcon Panel Products Limited and Trafalgar Cases Limited to secure all bank liabilities with each other. At 31 March 2012, the amount guaranteed by the company under this arrangement was £55,690 (2011 - £226,799)

An unlimited multilateral company guarantee has been given by the company to BNP Paribas Commercial Finance Limited, jointly with Hoffman Thornwood Limited, MBM Forest Products Limited, Compass Forest Products Limited, Falcon Panel Products Limited, Trafalgar Cases Limited and MBM Speciality Forest Products Limited to secure all lending

Notes to the financial statements 31 March 2012

facilities At 31 March 2012, the amount guaranteed by the company under this arrangement was £10,666,138 (2011 - £10,551,836)

There were forward purchase foreign exchange contracts with a sterling value of £1,743,488 outstanding at 31 March 2012 (2011 - £812,534)

20 Capital and other financial commitments

The group was committed to making minimum operating lease payments as follows at 31 March 2012

	2012 £	2011 £
Land and buildings		
On leases expiring		
Within one year	1,000	1,000
Between two and five years	444,900	444,900
Over five years	146,873	146,873
	<u>592,773</u>	<u>592,773</u>
Others		
On leases expiring		
Between two and five years	32,669	32,669

21 Subsidiary and associated undertakings

All of the following companies are included in the consolidated financial statements of Consolidated Timber Holdings Limited, unless stated otherwise They are all incorporated in Great Britain, registered in England and Wales and operate (where not dormant) in the United Kingdom

<i>Subsidiary and associated undertakings (wholly owned unless stated otherwise)</i>	<i>Nature of activities</i>
MBM Forest Products Limited	Timber trading company
Compass Forest Products Limited	Timber trading company
Falcon Panel Products Limited†	Panel product distributor
Hoffman Thornwood Limited	Timber trading company
Strebord Limited	Dormant
MBM Speciality Forest Products Limited	Timber trading company
Meridian Wood Products Limited (50% holding)	Property investment company
Trafalgar Cases Limited	Packing cases manufacturer
Ramkor International Limited (50% holding)	Panel product distributor

M J Meyer, a director of the company, holds 50% of the ordinary shares of Meridian Wood Products Limited His voting rights follow those of Consolidated Timber Holdings Limited and the company is therefore treated as a subsidiary of Consolidated Timber Holdings Limited

† Held by a subsidiary undertaking

Notes to the financial statements 31 March 2012

22 Control

The directors do not believe there was a controlling party in the two periods ended 31 March 2012

23 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with entities whose shares are 100% controlled within the group

During the period the company was charged £467,000 (2011 - £1,094,418) by the Inman Partnership LLP, in respect of management services supplied. At the period end, the amount outstanding was £467,000 (2011 - £nil). The Inman Partnership is under the control of certain directors of Consolidated Timber Holdings Limited. Consolidated Timber Holdings Limited is a non-designated member of the LLP.

During the period Falcon Panel Products Limited bought services to the value of £67,698 (2011 - £85,663) from Ramkor International Limited. The balance due from Falcon Panel Products Limited at the period end was £4,735 (2011 - £4,500).

On 4 April 2011, a first interim dividend of £0.20 (2010 - £0.20) per ordinary share was paid. On 5 December 2011, a second interim dividend of £0.20 (2010 - £0.20) per ordinary share was paid. The following dividends were received by directors and related parties of Consolidated Timber Holdings Limited:

	2012	2011
	£	£
M J Meyer	162,000	162,000
M J P Bacon	42,844	42,844
M J Laughlin	35,294	35,294
A J Tilbury	4,000	4,000
A P Smith	2,000	2,000