Consolidated Timber Holdings Limited

Annual Report and Audited Consolidated Financial Statements

31 March 2013

Company Registration Number
02295212 (England and Wales)

BVLP

Directors	M J Meyer (Chairman) M J P Bacon S D Holdsworth M J Laughlin A J Tilbury A P Smith J D Gregory D J Colman (appointed 29 September 2013)
Secretary	A Stead
Registered office	Clock House Station Approach Shepperton Middlesex TW17 8AN
Company registration number	02295212 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc Floor 27 One Churchill Place London E14 5HP
Solicitors	Penningtons Solicitors LLP Abacus House 33 Gutter Lane London EC2V 8AR

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form part of the statutory financial statements

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Chairman's statement 31 March 2013

In the last paragraph of my statement last year, I made the point that although the apparent level of consumption in our industry was poor, we had experienced a reasonable start to the financial year Although trading conditions continued to remain difficult, exacerbated by poor weather conditions in the Winter and early Spring, a result of £1 51m was achieved before amortisation of goodwill and negative adjustments relative to the FRS17 Accounting convention relative to pension liabilities I deem this to be a satisfactory result taking all factors into consideration

I am pleased to report that the current financial year has seen a reasonable improvement in the level of activity helped by higher raw material prices and a modicum of uplift in consumption, which seems to be continuing across the full range of our operations

On 29 September 2013, the Group acquired Triesse Holdings Ltd Triesse is involved in supplying panel products for industry, and the veneering and laminating of particle board I believe that their activities will complement the current operations of the Group and will make a useful contribution to our future development

Two interim dividends were paid during the year, the first of 20 pence per share in April and the second of 15 pence per share in November 2012 The current financial year has started reasonably well with an encouraging pick up in the level of activity taking place Ongoing prospects seem to be propitious in particular as there are encouraging noises emanating from the house building industry and the economy in general

Lastly, I should like to thank all those who work in the company for their strenuous efforts in not the easiest of economic conditions

M J Meyer

4 October 2013

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2013

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 £1,005,638 (2012 - £1,018,809)

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

The directors declared and paid interim dividends of £282,300 (2012 - £322,600) and propose that the retained profit after tax and dividends of £723,338 (2012 – £696,209) 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 2% (2012 – 13 8%), the overall volume of raw material sold marginally increased, debtor days improved from 59 to 56 days, and the return on capital employed was 8 5% (2012 – 9 4%)

Directors

The directors in office during the period were as follows

M J Meyer	
M J P Bacon	
S D Holdsworth	
G W Lee	(resigned 31 December 2012)
M J Laughlin	
A J Tilbury	
A P Smith	
J D Gregory	(appointed 1 January 2013)

Financial instruments and risk management

The principal financial instruments of the group comprise bank balances, bank and other borrowings, trade debtors, trade creditors, factored receivables and forward exchange contracts 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 £1,000 (2012 - £2,540) during the period
The group made charitable donations of £3,844 (2012 - £5,009) during the period

By order of the board of directors

S D Holdsworth
Director
Approved by the board on 4 October 2013

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 2013, 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 2013 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

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

Buzzacott LLP

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

4 October 2013

Consolidated profit and loss account Year ended 31 March 2013

	Notes	***Year to 31 March 2013 £***	Year to 31 March 2012 £
Turnover		***92,500,057***	93,001,009
Cost of sales		***(80,318,998)***	(80,153,721)
Gross profit		***12,181,059***	12,847,288
Distribution costs		***(2,485,213)***	(2,391,909)
Administrative expenses		***(7,975,733)***	(8,607,706)
Group operating profit		***1,720,113***	1,847,673
Profit on ordinary activities before interest and taxation		***1,720,113***	1,847,673
Net interest payable	1	***(333,845)***	(306,672)
Profit on ordinary activities before taxation	3	***1,386,268***	1,541,001
Taxation	4	***(380,630)***	(522,192)
Profit for the financial period	14	***1,005,638***	1,018,809

All of the group's activities derived from continuing operations during the above two financial years

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

The principal accounting policies and notes on pages 12 to 29 form an integral part of these financial statements

Consolidated statement of total recognised gains and losses Year ended 31 March 2013

Consolidated statement of total recognised gains and losses	***Year to 31 March 2013 £***	Year to 31 March 2012 £
Profit for the financial period after taxation	***1,005,638***	1,018,809
Actuarial losses on defined benefit pension scheme	***(250,000)***	(1,492,000)
Deferred tax on actuarial losses on defined benefit pension scheme	***57,500***	343,160
Buy-back of share capital	—	(107,000)
Total recognised gains/(losses) for the financial period	***813,138***	(237,031)

The principal accounting policies and notes on pages 12 to 29 form an integral part of these financial statements

Consolidated balance sheet 31 March 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	7		*1,170,839*		961,271
Tangible assets	8		*2,661,917*		2,874,708
Investments	9		*180,000*		210,000
			4,012,756		4,045,979
Current assets					
Stocks – goods for resale		*15,593,929*		15,367,997	
Debtors	10	*19,715,032*		20,277,859	
Cash at bank and in hand		*328,806*		563,750	
		35,637,767		36,209,606	
Creditors amounts falling due within one year	11a	*(26,912,539)*		(27,944,743)	
Net current assets			*8,725,228*		8,264,863
Total assets less current liabilities			*12,737,984*		12,310,842
Creditors amounts falling due after more than one year	11b		*(345,302)*		(368,928)
Provision for liabilities	12		*(55,000)*		(45,000)
Net assets excluding pension liability			*12,337,682*		11,896,914
Pension liability	6		*1,979,690*		2,069,760
Capital and reserves					
Called up share capital	13		*806,000*		806,000
Share premium account	14		*600,000*		600,000
Revaluation reserve	14		*610,248*		610,248
Capital redemption reserve	14		*1,244,000*		1,244,000
Capital reserves	14		*475,847*		475,847
Profit and loss account	14		*6,621,897*		6,091,059
Shareholders' funds – Equity interests	16		*10,357,992*		9,827,154
			12,337,682		11,896,914

Signed on behalf of the board of directors by

M J Meyer
Director

Approved by the board on 4 October 2013

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

The principal accounting policies and notes on pages 12 to 29 form an integral part of these financial statements

Company balance sheet 31 March 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	8		**63,698**		88,723
Investments	9		**5,742,012**		5,472,012
			5,805,710		5,560,735
Current assets					
Debtors	10	**1,953,073**		1,595,455	
Cash		**985,185**		624,457	
		2,938,258		2,219,912	
Creditors amounts falling due within one year	11a	**(4,415,978)**		(5,088,218)	
Net current liabilities			**(1,477,720)**		(2,868,306)
Total assets less current liabilities excluding pension liability			**4,327,990**		2,692,429
Pension liability	6		**1,979,690**		2,069,760
Capital and reserves					
Equity share capital	13		**806,000**		806,000
Share premium	14		**600,000**		600,000
Capital redemption reserve	14		**1,244,000**		1,244,000
Profit and loss account	14		**(301,700)**		(2,027,331)
Shareholders' funds - Equity interests	16		**2,348,300**		622,669
			4,327,990		2,692,429

Signed on behalf of the board of directors by

M J Meyer
Director

Approved by the board on 4 October 2013

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Cash flow statement Year end 31 March 2013

	Notes	2013 £	2012 £
Cash inflow from operating activities	17	***628,402***	1,548,599
Returns on investments and servicing of finance			
Interest received		***11,871***	19,325
Interest paid		***(241,716)***	(283,997)
		(229,845)	(264,672)
Taxation		***(417,046)***	(554,380)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		***(535,548)***	(197,613)
Receipts from sales of tangible fixed assets		***416,423***	28,423
		(119,125)	(169,190)
Acquisitions and disposals			
Payments to acquire investments in subsidiaries		***(300,000)***	—
		(300,000)	—
Equity dividends paid		***(282,300)***	(322,600)
Cash (outflow)/inflow before use of liquid resources and financing		***(719,914)***	237,757
Financing			
(Decrease)/increase in loans		***(23,626)***	402,768
Repayment of amounts borrowed		***(225,000)***	(170,000)
Increase in factored receivables		***733,596***	404,473
Repurchase of share capital		—	(107,000)
		484,970	530,241
(Decrease)/increase in cash in the period		***(234,944)***	767,998

Reconciliation of net cash flow to movement in net debt

	2013 £	2012 £
(Decrease)/increase in cash in the period	***(234,944)***	767,998
Cash inflow from increase in debt and finance lease creditors	***(484,970)***	(637,241)
Movement in net debt	***(719,914)***	130,757
Net debt at 31 March 2012	***(9,875,575)***	(10,006,332)
Net debt at 31 March 2013	***(10,595,489)***	(9,875,575)

The principal accounting policies and notes on pages 12 to 29 form an integral part of these financial statements

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 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	25% - 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 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

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 2013

1 *Net interest payable*

	2013	2012
	£	£
Bank and other interest receivable	**11,974**	19,325
Expected return on pension scheme assets	**362,000**	463,000
Interest payable on bank and other borrowings repayable within five years	**(241,819)**	(264,263)
Other interest charges	**—**	(19,734)
Interest on pension scheme liabilities	**(466,000)**	(505,000)
	(333,845)	(306,672)

2 *Directors' remuneration*

	2013	2012
	£	£
Aggregate remuneration	**868,999**	850,975
Payment to defined contribution pension schemes	**114,540**	106,434
Sums paid to third party for directors' services	**—**	467,000
	983,539	1,424,409

Retirement benefits are accruing to 5 directors (2012 – 5) under defined contribution schemes

Highest paid director

	2013	2012
	£	£
Total amount of remuneration	**174,366**	168,797
Payments to defined contribution schemes	**35,640**	35,640
	210,006	204,437

3 Profit on ordinary activities before taxation

	2013 £	2012 £
This is stated after charging		
Staff costs (including directors)		
Wages and salaries	***5,476,707***	5,211,287
Social security costs	***585,823***	586,242
Other pension costs	***295,912***	297,685
	6,358,442	6,095,214
Depreciation	***400,499***	528,144
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	***7,200***	9,000
Audit of the company's subsidiaries pursuant to legislation	***74,800***	65,150
Tax advisory services	***15,000***	13,600
Property lease rentals	***657,843***	704,107
Plant and Machinery lease rentals	***29,118***	32,669
Motor vehicle lease rentals	***75,933***	—
Foreign exchange adjustments	***(13,743)***	(55,620)

The average monthly number of persons (including directors) employed by the group during the period was 143 (2012 - 144), analysed as follows

	2013	2012
Sales and production	***108***	107
Finance	***14***	13
Administration	***21***	24
	143	144

4 Taxation

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

	2013	2012
	£	£
Corporation tax at 24% (2012 – 26%)		
Current period	**338,200**	417,032
Prior year	—	—
Current tax charge	**338,200**	417,032
Deferred tax	**10,000**	(29,000)
Deferred tax attributable to FRS 17	**32,430**	134,160
	380,630	522,192

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

	2013	2012
	£	£
Deferred tax charge/(credit) on actuarial gains and losses on defined benefit pension schemes	**(57,500)**	(343,160)

c) Factors affecting tax charge for the period

	2013	2012
	£	£
Profit on ordinary activities for the period before taxation	**1,386,268**	1,541,001
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 – 26%)	**332,704**	400,661
Non deductible expenses	**59,960**	69,145
Difference between capital allowances and depreciation for the period	**(1,214)**	25,512
Other adjustments	**(50,092)**	(71,536)
Effect of lower tax rates	**(3,000)**	(6,750)
Adjustments in respect of prior year	**(158)**	—
Current tax charge	**338,200**	417,032

5 Dividends

	2013	2012
	£	£
Interim dividends paid of £0 35 per share (2012 - £0 40)	**282,300**	322,600

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 2011 The principal assumptions adopted in the valuation were that the investment return pre-retirement would be 5 4% per annum, investment return post-retirement would be 4 2%, and rate of inflation would be 3 23% per annum

At the date of the latest actuarial valuation, the market value of the scheme's assets was £6 963 million and the value of these assets represented 69% 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 2011 An independent actuary has completed the actuarial valuation, using the Projected Unit Credit Method to 31 March 2013 for the purposes of reporting under FRS 17

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

	At 31 March 2013	At 31 March 2012
For a male aged 65 now	***22.0***	21 0
At 65 for a male member aged 45 now	***24 3***	22 9
For a female aged 65 now	***24 6***	24 3
At 65 for a female member aged 45 now	***27 0***	26 3

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

	2013 % p.a	2012 % p a	2011 % p a
Rate of increase in pensions in payment	***3 60***	3 60	4 00
Rate of increase in deferred pension	***2 70***	2 70	3 30
Rate of retail price inflation	***3 70***	3 70	4 00
Rate of consumer price inflation	***2 70***	2 70	3 30
Liability discount rate	***4 20***	4 80	5 70

6 ***Pension schemes*** (continued)

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 2013 were as follows

	Investment return 2013	***Investment return 2013***	Investment return 2012	2012 £	Investment return 2011	2011 £
Equities	***6 1%p a***	***4,985,000***	6 4% pa	4,136,000	7 5%pa	4,650,000
Cash	***0 5%p a***	***755,000***	0 5% pa	524,000	0 5%pa	263 000
Corporate Bonds	***4 2%p a***	***2,023,000***	4 80% pa	2,571 000	5 0%pa	2 366 000
Total market value of the scheme assets		***7,763,000***		7 231 000		7,279,000
Present value of scheme liabilities		***(10,560,000)***		(9,919 000)		(8 853 000)
Deficit in the scheme		***(2,797,000)***		(2,688,000)		(1 574 000)
Related tax assets at 23% (2012 - 24%, 2011- 26%)		***643,310***		618,240		409,240
Net pension liability		***(2,153,690)***		(2,069,760)		(1 164 760)

The net pension liability at 31 March 2013 includes a balance of £174,000 recognised in Creditors amounts falling due within one year The remaining balance of £1,979,690 has been recognised in the pension liability

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

	2013 £	2012 £
Expected return on pension scheme assets	***(362,000)***	(463,000)
Interest on pensions scheme liabilities	***466,000***	505,000
	104,000	42,000

Movement in deficit before tax during the period

	2013 £	2012 £
Deficit in the scheme as at 1 April 2012	***(2,688,000)***	(1,574,000)
Movements in the period		
Contributions paid	***245,000***	420,000
Other finance cost	***(104,000)***	(42,000)
Actuarial loss	***(250,000)***	(1,492 000)
Deficit in the scheme at 31 March 2013	***2,797,000***	(2,688,000)

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

	2013 £	2012 £
Actual return less expected return on pension scheme assets	***304,000***	(376,000)
Net experience loss arising on the scheme liabilities	***(26,000)***	(133,000)
Change in assumptions underlying the present value for the scheme liabilities	***(528,000)***	(983,000)
Actuarial loss recognised	***(250,000)***	(1,492,000)

6 ***Pension schemes*** (continued)

History of experience gains and losses

	2013 £	2012 £	2011 £	2010 £	2008 £
Difference between the expected and actual return on scheme assets					
Amount	***304,000***	(376,000)	(26,000)	1,195,000	(1,230,000)
Percentage of scheme assets	***3.9%***	5 2%	0 4%	18 0%	23%
Experience gains and (losses) on scheme liabilities					
Amount	***(26,000)***	(133,000)	18,000	490,000	(11,000)
Percentage of present value of scheme liabilities	***0.2%***	1 3%	0 2%	5 0%	0 0%
Total amount recognised in statement of total recognised gains and losses					
Amount	***(250,000)***	(1,492,000)	330,000	447,000	(1,056,000)
Percentage of present value of scheme liabilities	***2.4%***	15 0%	3 7%	5 0%	13 0%

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 The current service cost for the year is £nil

Contributions for the year to 31 March 2014 are expected to be £476,000 (2013 £420,000)

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 £295,912 (2012 - £297,685)

7 ***Intangible assets - Goodwill***

	2013 £
Cost	
At 1 April 2012	1,808,655
Additions	300,000
At 31 March 2013	2,108,655
Amortisation	
At 1 April 2012	847,384
Charge for period	90,432
At 31 March 2013	937,816
Net book values	
At 31 March 2013	1,170,839
At 31 March 2012	961,271

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 2012	1,400,000	154,183	3,149,750	667,572	827,204	***6,198,709***
Additions	—	—	311,386	206,631	17,531	***535,548***
Disposals	—	—	—	(813,440)	(11,137)	***(824,577)***
At 31 March 2013	1,400,000	154,183	3,461,136	60,763	833,598	***5,909,680***
Depreciation						
At 1 April 2012	—	108,723	2,093,899	427,238	694,141	***3,324,001***
Charge for period	—	6,318	242,877	89,785	61,519	***400,499***
Disposals	—	—	—	(465,600)	(11,137)	***(476,737)***
At 31 March 2013	—	115,041	2,336,776	51,423	744,523	***3,247,763***
Net book values						
At 31 March 2013	1,400,000	39,142	1,124,360	9,340	89,075	***2,661,917***
At 31 March 2012	1,400,000	45,460	1,055,851	240,334	133,063	***2,874,708***

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 (2012 - £789,752)

Company	Leasehold property £	Motor vehicles £	Fixtures fittings and equipment £	*Total* £
Cost				
At 1 April 2012	49,179	68,053	93,236	***210,468***
Additions	—	67,037	10,991	***78,028***
Disposals	—	(116,690)	(11,137)	***(127,827)***
At 31 March 2013	49,179	18,400	93,090	***160,669***
Depreciation				
At 1 April 2012	7,196	52,838	61,711	***121,745***
Charge for period	5,248	16,628	20,207	***42,083***
Disposals	—	(55,720)	(11,137)	***(66,857)***
At 31 March 2013	12,444	13,746	70,781	***96,971***
Net book values				
At 31 March 2013	36,735	4,654	22,309	***63,698***
At 31 March 2012	41,983	15,215	31,525	***88,723***

9 Fixed asset investments

Group	2013 £
Shares in associates	
Equity	
At 1 April 2012	300,000
At 31 March 2013	300,000
Amortisation	
At 1 April 2012	90,000
Charge for period	30,000
At 31 March 2013	120,000
Net book values	
At 31 March 2013	180,000
At 31 March 2012	210,000

Company	2013 £
Shares in subsidiary undertakings and associates	
Equity	
At 1 April 2012	5,562,012
Additions	300,000
At 31 March 2013	5,862,012
Amortisation	
At 1 April 2012	90,000
Charge for period	30,000
At 31 March 2013	120,000
Net book values	
At 31 March 2013	5,742,012
At 31 March 2012	5,472,012

10 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	**16,873,966**	17,926,550	**26,834**	26,834
Amounts owed by group undertakings				
MBM Speciality Forest Products Limited	—	—	**20,316**	28,048
Hoffman Thornwood Limited	—	—	**7,747**	10,501
Trafalgar Cases Limited	—	—	**1,065,389**	1,063,291
Meridian Wood Products Limited	—	—	**620,000**	395,000
	—	—	**1,713,452**	1,496,840
Other debtors	**520,330**	363,956	**149,888**	23,966
Prepayments and accrued income	**741,102**	644,079	**62,899**	47,815
Bills receivable	**1,579,634**	1,343,274	—	—
	19,715,032	20,277,859	**1,953,073**	1,595,455

The amount owed by Meridian Wood Products Limited totalling £620,000 is due after one year (2012 - £395,000)

11a Creditors: Amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts due in respect of factored receivables	**10,545,153**	9,811,557	—	—
Bank loans and overdrafts	**33,840**	33,840	—	—
Amounts owed to group undertakings				
Compass Forest Products Limited	—	—	**1,450,312**	1,930,850
Falcon Panel Products Limited	—	—	**1,481,217**	1,211,290
MBM Forest Products Limited	—	—	**607,406**	700,869
	—	—	**3,538,935**	3,843,009
Trade creditors	**12,180,552**	13,221,238	**281,289**	220,844
Other creditors	**244,115**	407,226	**243,515**	180,771
Corporation tax	**338,066**	416,912	—	—
Other taxation and social security	**1,825,280**	2,074,299	**257,472**	317,582
Accruals	**1,745,533**	1,979,671	**94,767**	526,012
	26,912,539	27,944,743	**4,415,978**	5,088,218

11b Creditors: Amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank loan	**345,302**	368,928	—	—
	345,302	368,928	—	—

11b *Creditors. Amounts falling due after more than one year* (continued)

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

	Group 2013 £	Group 2012 £	***Company 2013 £***	Company 2012 £
Within one year or on demand				
Bank loans and overdrafts	***33,840***	33,840	—	—
Amounts due in respect of factored receivables	***10,545,153***	9,811,557	—	—
	10,578,993	9,845,397	—	—
Between one and five years				
Bank loan	***345,302***	368,928	—	—
Other borrowings	—	—	—	—
	345,302	368,928	—	—
	10,924,295	10,214,325	—	—

The bank loan is a creditor of Meridian Wood Products Limited (Meridian), which has a liability to Barclays bank of £379,142 (2012 - £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)

12 *Provision for liabilities*

Deferred tax	***Group 2013 £***	Group 2012 £	***Company 2013 £***	Company 2012 £
Balance at 1 April 2012	***(573,240)***	(335,240)	***(618,240)***	(409,240)
Transfer to profit and loss account	***42,430***	105,160	***32,430***	134,160
(Credited) to statement of total recognised gains and losses	***(57,500)***	(343,160)	***(57,500)***	(343,160)
Balance at 31 March 2013 including deferred tax on pension liability	***(588,310)***	(573,240)	***(643,310)***	(618,240)

	Group 2013 £	Group 2012 £	***Company 2013 £***	Company 2012 £
Deferred taxation provided in the financial statements is as follows				
Accelerated capital allowances	***55,000***	45,000	—	—
Deferred tax provision	***55,000***	45,000	—	—
Deferred tax asset on pension liability (note 6)	***(643,310)***	(618,240)	***(643,310)***	(618,240)
	(588,310)	(573,240)	***(643,310)***	(618,240)

12 *Provision for liabilities* (continued)

Of the deferred tax balance, £643,310 (2012 - £618,240) 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*

	2013 £	2012 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	***806,000***	806,000

14 *Reserves*

Group	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Capital reserves £	Profit and loss account £
At 1 April 2012	600,000	610,248	1,244,000	475,847	6,091,059
Retained profit	—	—	—	—	1,005,638
Dividends paid	—	—	—	—	(282,300)
Actuarial loss on pension liability	—	—	—	—	(250,000)
Deferred tax on pension liability	—	—	—	—	57,500
At 31 March 2013	600,000	610,248	1,244,000	475,847	6,621,897

The cumulative amount of negative goodwill within the capital reserve as at 31 March 2013 is £475,847 (2012 - £475,847) This negative goodwill will be credited to the profit and loss account on subsequent disposal of the subsidiaries

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2012	600,000	1,244,000	(2,027,331)
Profit for the financial period	—	—	2,200,431
Dividends paid	—	—	(282,300)
Actuarial loss on pension liability	—	—	(250,000)
Deferred tax on pension liability	—	—	57,500
At 31 March 2013	600,000	1,244,000	(301,700)

The directors have noted that the company had insufficient distributable reserves in its profit and loss account when dividends totalling £161,400 were declared in July 2012 and £120,900 in December 2012 This resulted in the balance sheet showing an overdrawn profit and loss reserve of £2,420,321 at 31 July 2012 and £258,056 at 31 December 2012 This was rectified in August 2012 and March 2013 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 £2,200,430 (2012 - profit £171,975)

16 *Reconciliation of movements in shareholders' funds*

	Group 2013 £	Group 2012 £	***Company 2013 £***	Company 2012 £
Profit for the financial period	***1,005,638***	1,018,809	***2,200,431***	171,975
Dividends paid	***(282,300)***	(322,600)	***(282,300)***	(322,600)
Retained result	***723,338***	696,209	***1,918,131***	(150,625)
Actuarial loss on pension liability	***(250,000)***	(1,492,000)	***(250,000)***	(1,492,000)
Deferred tax on pension liability	***57,500***	343,160	***57,500***	343,160
Company purchase of own shares	—	(107,000)	—	(107,000)
Net addition/(reduction in) to shareholders' funds	***530,838***	(559,631)	***1,725,631***	(1,406,465)
Shareholders' funds at 1 April 2012	***9,827,154***	10,386,785	***622,669***	2,029,134
Shareholders' funds at 31 March 2013	***10,357,992***	9,827,154	***2,348,300***	622,669

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

	2013 £	2012 £
Operating profit	***1,720,113***	1,847,673
Depreciation	***400,499***	528,144
Amortisation of goodwill	***90,432***	90,432
Profit on disposal of fixed assets	***(68,583)***	(8,363)
Difference between pension charge and cash contributions made	***(245,000)***	(420,000)
Change in value of investments	***30,000***	30,000
Increase in stocks	***(225,932)***	(834,686)
Decrease/(increase) in debtors	***562,827***	(980,781)
(Decrease)/increase in creditors	***(1,635,954)***	1,296,180
Net cash inflow from continuing operating activities	***628,402***	1,548,599

18 *Analysis of changes in net debt*

	At 31 March 2012 £	Cashflows £	***At 31 March 2013 £***
Cash in hand and at bank	563,750	(234,944)	***328,806***
Bank overdrafts	—	—	—
	563,750	(234,944)	***328,806***
Debt due within one year			
Bank loans	(33,840)	—	***(33,840)***
Other loans	(225 000)	225,000	—
Factored receivables	(9,811,557)	(733,596)	***(10,545,153)***
	(10,070,397)	(508,596)	***(10,578,993)***
Debt due after more than one year			
Bank loans	(368,928)	23,626	***(345,302)***
	(368,928)	23,626	***(345,302)***
Net debt	(9,875,575)	(719,914)	***(10,595,489)***

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 2013, the amount guaranteed by the company under this arrangement was £749,888 (2012 - £55,691)

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 facilities At 31 March 2013, the amount guaranteed by the company under this arrangement was £11,300,373 (2012 - £10,666,138)

19 *Contingent liabilities* (continued)

There were forward purchase foreign exchange contracts with a sterling value of £245,441 outstanding at 31 March 2013 (2012 - £1,743,488)

20 *Capital and other financial commitments*

The group and company was committed to making minimum operating lease payments as follows at 31 March 2013

	Group 2013 £	Group 2012 £	**Company 2013 £**	Company 2012 £
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	—	—
	592,773	592,773	—	—
Others				
On leases expiring				
Within one year	**37,235**	—	**37,235**	—
Between two and five years	**94,052**	32,669	**94,052**	—
Over five years	**27,456**	—	—	—
	158,743	**32,669**	**131,287**	—

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

Subsidiary and associated undertakings (wholly owned unless stated otherwise)	***Nature of activities***
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	Property investment company
Trafalgar Cases Limited	Packing cases manufacturer
Ramkor International Limited (50% holding)	Panel product distributor

† Held by a subsidiary undertaking

M J Meyer, a director of the company, held the other 50% of the ordinary shares of Meridian Wood Products Limited His voting rights followed those of Consolidated Timber Holdings Limited and the company was therefore treated as a subsidiary of Consolidated Timber Holdings Limited in the year ended 31 March 2012

21 *Subsidiary and associated undertakings* (continued)

During the year ended 31 March 2013, Consolidated Timber Holdings Limited purchased the remaining 50% of the ordinary shares of Meridian Wood Products Limited from MJ Meyer for £300,000

22 *Control*

In the two periods ended 31 March 2013, M J Meyer had ultimate control of the group

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 Falcon Panel Products Limited bought services to the value of £67,194 (2012 - £67,698) from Ramkor International Limited The balance due from Falcon Panel Products Limited at the period end was £13,652 (2012 - £4,735)

At the year end there was a loan outstanding to a director of £5,000 (2012 - £5,000) This loan was interest bearing, unsecured and has been repaid in full since the year end

On 3 July 2012, a first interim dividend of £0 20 (2010 - £0 20) per ordinary share was paid On 18 December 2012, a second interim dividend of £0 15 (2010 - £0 20) per ordinary share was paid The following dividends were received by directors and related parties of Consolidated Timber Holdings Limited

	2013 ***£***	2012 £
M J Meyer	***141,750***	162,000
M J P Bacon	***37,489***	42,844
M J Laughlin	***31,057***	35,294
A J Tilbury	***3,500***	4,000
A P Smith	***1,750***	2,000

24 *Post balance sheet events*

On the 29 September 2013, the company acquired the entire share capital of Triesse Holdings Limited for a total consideration of £4,000,000 This acquisition has been funded from the Group's existing resources