

REGISTERED NUMBER: 03347348 (England and Wales)

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
FOR
HARDWOOD LIMITED

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FOR THE YEAR ENDED 31 MARCH 2018

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COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS:

M J Meyer
A G Stead
M J P Bacon

SECRETARY:

A G Stead

REGISTERED OFFICE:

Shelvin Manor Shelvin
Wootton
CANTERBURY
Kent
CT4 6RL

BUSINESS ADDRESS:

Golden Cross House
8 Duncannon Street
LONDON
WC2N 4JF

REGISTERED NUMBER:

03347348 (England and Wales)

AUDITORS:

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report of the company and the group for the year ended 31 March 2018.

REVIEW OF BUSINESS

The businesses comprising the Group are closely correlated with the housing market in England. During the course of the year the industry was affected by the subdued housing market and the devaluation of sterling influencing higher raw material costs. The service and coatings Associate company performed consistently throughout the two financial years. The constituent members of the Group are well resourced to respond to the future expected requirements of the house building market.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management addresses compliance with regulation, legal, health & safety and ethical standards for the companies.

KEY PERFORMANCE INDICATORS (KPI'S)

The board monitors the progress of the company by reference to the following KPI's:

	2018	2017
Turnover	£23.8m	£22.9m
Gross margin %	26.1%	26.0%
Operating Profit	£886k	£2,014k

BUSINESS ENVIRONMENT

The outlook for the housing market continues to be supported by the demand for housing and government policy but with a watchful stance toward interest rate changes.

STRATEGY

The group companies focus upon providing excellent customer service, reliable product quality and product development to maintain growth in its core markets and return an appropriate return on capital employed.

ON BEHALF OF THE BOARD:

A G Stead - Director

20 December 2018

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of sawmilling and planing of wood, manufacture of other builders' carpentry and joinery and construction of commercial and domestic buildings.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

M J Meyer
A G Stead

Other changes in directors holding office are as follows:

J B Clegg - resigned 30 September 2017
M J P Bacon - appointed 1 August 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each 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 group's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A G Stead - Director

20 December 2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARDWOOD LIMITED**

Opinion

We have audited the financial statements of Hardwood Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARDWOOD LIMITED

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARDWOOD LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

20 December 2018

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	£	31.3.17 £	£
TURNOVER			23,765,917		22,921,461
Cost of sales			<u>17,553,448</u>		<u>16,945,429</u>
GROSS PROFIT			6,212,469		5,976,032
Administrative expenses			<u>5,558,123</u>		<u>3,961,804</u>
OPERATING PROFIT	5		654,346		2,014,228
Income from interest in associated undertakings		55,451		59,099	
Interest receivable and similar income		<u>1,952</u>		<u>1,231</u>	
			57,403		60,330
			711,749		2,074,558
Interest payable and similar expenses	6		<u>95,653</u>		<u>95,679</u>
PROFIT BEFORE TAXATION			616,096		1,978,879
Tax on profit	7		<u>(23,112)</u>		<u>46,663</u>
PROFIT FOR THE FINANCIAL YEAR			<u>639,208</u>		<u>1,932,216</u>
Profit attributable to:					
Owners of the parent			376,788		1,921,681
Non-controlling interests			<u>262,420</u>		<u>10,535</u>
			<u>639,208</u>		<u>1,932,216</u>

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	31.3.18	31.3.17
Notes	£	£
PROFIT FOR THE YEAR	639,208	1,932,216
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>639,208</u>	<u>1,932,216</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>639,208</u>	<u>1,932,216</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

	Notes	31.3.18 £	£	31.3.17 £	£
FIXED ASSETS					
Intangible assets	9		1,087,072		1,385,972
Tangible assets	10		2,488,433		2,301,274
Investments	11				
Interest in associate undertaking			318,904		282,653
			<u>3,894,409</u>		<u>3,969,899</u>
CURRENT ASSETS					
Stocks	12	1,955,552		1,398,847	
Debtors	13	6,188,621		6,652,090	
Cash at bank and in hand		<u>1,944,388</u>		<u>2,107,598</u>	
		10,088,561		10,158,535	
CREDITORS					
Amounts falling due within one year	14	<u>6,264,530</u>		<u>7,005,295</u>	
NET CURRENT ASSETS			<u>3,824,031</u>		<u>3,153,240</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,718,440		7,123,139
CREDITORS					
Amounts falling due after more than one year	15		<u>(586,394)</u>		<u>(630,301)</u>
NET ASSETS			<u>7,132,046</u>		<u>6,492,838</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
31 MARCH 2018

	Notes	31.3.18 £	£	31.3.17 £	£
CAPITAL AND RESERVES					
Called up share capital	20		8,909		8,909
Capital redemption reserve	21		4,011		4,011
Retained earnings	21		<u>5,780,935</u>		<u>5,404,147</u>
SHAREHOLDERS' FUNDS			<u>5,793,855</u>		<u>5,417,067</u>
NON-CONTROLLING INTERESTS	22		<u>1,338,191</u>		<u>1,075,771</u>
TOTAL EQUITY			<u>7,132,046</u>		<u>6,492,838</u>

The financial statements were approved by the Board of Directors on 20 December 2018 and were signed on its behalf by:

A G Stead - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

	Notes	31.3.18 £	£	31.3.17 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		<u>1,314,211</u>		<u>1,314,211</u>
			<u>1,314,211</u>		<u>1,314,211</u>
CURRENT ASSETS					
Debtors	13	1,598,502		1,948,331	
Cash at bank		<u>592,236</u>		<u>390,201</u>	
		2,190,738		2,338,532	
CREDITORS					
Amounts falling due within one year	14	<u>1,965,848</u>		<u>2,004,130</u>	
NET CURRENT ASSETS			<u>224,890</u>		<u>334,402</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,539,101		1,648,613
CREDITORS					
Amounts falling due after more than one year	15		<u>233,066</u>		<u>249,434</u>
NET ASSETS			<u>1,306,035</u>		<u>1,399,179</u>
CAPITAL AND RESERVES					
Called up share capital	20		8,909		8,909
Capital redemption reserve			4,011		4,011
Retained earnings			<u>1,293,115</u>		<u>1,386,259</u>
SHAREHOLDERS' FUNDS			<u>1,306,035</u>		<u>1,399,179</u>
Company's (loss)/profit for the financial year			<u>(93,144)</u>		<u>70,360</u>

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION - continued
31 MARCH 2018

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 20 December 2018 and were signed on its behalf by:

A G Stead - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Retained earnings £	Capital redemption reserve £
Balance at 1 April 2016	8,909	3,482,466	4,011
Changes in equity			
Total comprehensive income	-	1,921,681	-
	8,909	5,404,147	4,011
Non-controlling interest arising on business combination	-	-	-
Balance at 31 March 2017	8,909	5,404,147	4,011
Changes in equity			
Total comprehensive income	-	376,788	-
	8,909	5,780,935	4,011
Non-controlling interest arising on business combination	-	-	-
Balance at 31 March 2018	8,909	5,780,935	4,011

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 MARCH 2018

	Total £	Non-controlling interests £	Total equity £
Balance at 1 April 2016	3,495,386	1,065,236	4,560,622
Changes in equity			
Total comprehensive income	1,921,681	-	1,921,681
	5,417,067	1,065,236	6,482,303
Non-controlling interest arising on business combination	-	10,535	10,535
Balance at 31 March 2017	5,417,067	1,075,771	6,492,838
Changes in equity			
Total comprehensive income	376,788	-	376,788
	5,793,855	1,075,771	6,869,626
Non-controlling interest arising on business combination	-	262,420	262,420
Balance at 31 March 2018	5,793,855	1,338,191	7,132,046

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 April 2016	8,909	1,315,899	4,011	1,328,819
Changes in equity				
Total comprehensive income	-	70,360	-	70,360
Balance at 31 March 2017	8,909	1,386,259	4,011	1,399,179
Changes in equity				
Total comprehensive income	-	(93,144)	-	(93,144)
Balance at 31 March 2018	8,909	1,293,115	4,011	1,306,035

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31.3.18 £	31.3.17 £
Cash flows from operating activities			
Cash generated from operations	1	958,872	1,419,660
Interest paid		(95,653)	(95,679)
Tax paid		(78,308)	(108,229)
Consolidation of subsidiary partial year		-	17,155
Net cash from operating activities		<u>784,911</u>	<u>1,232,907</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(475,651)	(180,981)
Sale of tangible fixed assets		55,325	-
Interest received		1,952	1,231
Dividends received		19,200	13,242
Loan to repayment received		5,895	22,783
Net cash from investing activities		<u>(393,279)</u>	<u>(143,725)</u>
Cash flows from financing activities			
Loan repayments in year		(43,321)	(43,321)
New hire purchase and finance leases		179,301	-
Capital repayments in year		(74,454)	-
Amount withdrawn by directors		(600,000)	-
Debentures bought back		(16,368)	-
Net cash from financing activities		<u>(554,842)</u>	<u>(43,321)</u>
(Decrease)/increase in cash and cash equivalents		<u>(163,210)</u>	<u>1,045,861</u>
Cash and cash equivalents at beginning of year	2	2,107,598	1,061,737
Cash and cash equivalents at end of year	2	<u>1,944,388</u>	<u>2,107,598</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.18	31.3.17
	£	£
Profit before taxation	616,096	1,978,879
Depreciation charges	523,859	201,199
Loss on disposal of fixed assets	8,208	-
Finance costs	95,653	95,679
Finance income	<u>(57,403)</u>	<u>(60,330)</u>
	1,186,413	2,215,427
Increase in stocks	(556,705)	(83,485)
Decrease/(increase) in trade and other debtors	584,756	(1,344,153)
(Decrease)/increase in trade and other creditors	<u>(255,592)</u>	<u>631,871</u>
Cash generated from operations	<u>958,872</u>	<u>1,419,660</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>1,944,388</u>	<u>2,107,598</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>2,107,598</u>	<u>1,061,737</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. STATUTORY INFORMATION

Hardwood Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount arising from consolidation is £970,962 (2017: £1,213,702). This is being written off evenly over its estimated useful life of five years.

Goodwill, being the amount paid in connection with the acquisition of a business in 1990, was written off evenly over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on a straight line basis or not provided for
Leasehold property	- 20% or 10% on a straight line basis
Buildings	- 2% on a straight line basis
Plant and machinery	- 25% on reducing balance or 5%, 10%, 20% or 25% on a straight line basis
Fixtures and fittings	- 25% or 33.33% on reducing balance or 20% on a straight line basis
Motor vehicles	- 25% on reducing balance or 25% on a straight line basis
Computer equipment	- 20% on a straight line basis

Investments in associates

Investments in associate undertaking are recognised initially at cost then accounted for using the equity method.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. Identified development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES - continued**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like plant and equipment, are reviewed, to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

Inventories are also assessed for impairment at each reporting date. Each item of inventory is compared to the last sold date and an impairment loss recognised on a percentage basis in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit and loss.

4. EMPLOYEES AND DIRECTORS

	31.3.18	31.3.17
	£	£
Wages and salaries	5,119,747	4,510,676
Social security costs	245,148	257,105
Other pension costs	104,813	58,859
	<u>5,469,708</u>	<u>4,826,640</u>

The average number of employees during the year was as follows:

	31.3.18	31.3.17
Employees (including Directors)	<u>142</u>	<u>145</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 118 (2017 - 120) .

	31.3.18	31.3.17
	£	£
Directors' remuneration	<u>779,122</u>	<u>556,844</u>

Information regarding the highest paid director is as follows:

	31.3.18	31.3.17
	£	£
Emoluments etc	211,136	138,718
Accrued pension at 31 March 2018	<u>35,250</u>	<u>34,578</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.18	31.3.17
	£	£
Plant hire	541,932	550,400
Depreciation - owned assets	215,425	225,243
Depreciation - assets on finance leases	9,534	-
Loss on disposal of fixed assets	8,208	-
Goodwill amortisation	242,740	-
Development costs amortisation	56,160	57,940
Auditors remuneration	38,309	26,124
Auditors' remuneration for non audit work	<u>3,200</u>	<u>3,200</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.18	31.3.17
	£	£
Bank interest	3,525	2,790
Hire purchase interest	934	-
Other interest	64,628	66,443
Mortgage interest	16,469	16,469
Loan note interest	9,897	9,977
Leasing interest	<u>200</u>	<u>-</u>
	<u>95,653</u>	<u>95,679</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31.3.18	31.3.17
	£	£
Current tax:		
UK corporation tax	111,308	96,373
Overprovision previous year	<u>(33,612)</u>	<u>(35,236)</u>
Total current tax	77,696	61,137
Deferred taxation	<u>(100,808)</u>	<u>(14,474)</u>
Tax on profit	<u>(23,112)</u>	<u>46,663</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

9. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £	Development costs £	Totals £
COST			
At 1 April 2017 and 31 March 2018	1,263,702	579,387	1,843,089
AMORTISATION			
At 1 April 2017	50,000	407,117	457,117
Amortisation for year	242,740	56,160	298,900
At 31 March 2018	292,740	463,277	756,017
NET BOOK VALUE			
At 31 March 2018	970,962	116,110	1,087,072
At 31 March 2017	1,213,702	172,270	1,385,972

10. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Leasehold property £	Buildings £	Plant and machinery £
COST				
At 1 April 2017	1,108,554	363,885	336,666	3,591,938
Additions	-	66,854	-	370,158
At 31 March 2018	1,108,554	430,739	336,666	3,962,096
DEPRECIATION				
At 1 April 2017	114,383	278,566	178,455	2,668,925
Charge for year	14,299	20,032	7,267	154,284
Eliminated on disposal	-	-	-	-
At 31 March 2018	128,682	298,598	185,722	2,823,209
NET BOOK VALUE				
At 31 March 2018	979,872	132,141	150,944	1,138,887
At 31 March 2017	994,171	85,319	158,211	923,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

10. **TANGIBLE FIXED ASSETS - continued****Group**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2017	577,405	165,650	91,481	6,235,579
Additions	38,639	-	-	475,651
Disposals	(95,633)	(121,159)	(89,324)	(306,116)
At 31 March 2018	<u>520,411</u>	<u>44,491</u>	<u>2,157</u>	<u>6,405,114</u>
DEPRECIATION				
At 1 April 2017	519,936	82,659	91,381	3,934,305
Charge for year	22,950	6,127	-	224,959
Eliminated on disposal	(95,550)	(57,806)	(89,227)	(242,583)
At 31 March 2018	<u>447,336</u>	<u>30,980</u>	<u>2,154</u>	<u>3,916,681</u>
NET BOOK VALUE				
At 31 March 2018	<u>73,075</u>	<u>13,511</u>	<u>3</u>	<u>2,488,433</u>
At 31 March 2017	<u>57,469</u>	<u>82,991</u>	<u>100</u>	<u>2,301,274</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
Additions	147,000	2,596	149,596
At 31 March 2018	<u>147,000</u>	<u>2,596</u>	<u>149,596</u>
DEPRECIATION			
Charge for year	9,188	346	9,534
At 31 March 2018	<u>9,188</u>	<u>346</u>	<u>9,534</u>
NET BOOK VALUE			
At 31 March 2018	<u>137,812</u>	<u>2,250</u>	<u>140,062</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

11. FIXED ASSET INVESTMENTS**Group**

Interest
in
associate
undertaking
£

COST

At 1 April 2017

282,653

Share of profit/(loss)

55,451

Dividends received

(19,200)

At 31 March 2018

318,904**NET BOOK VALUE**

At 31 March 2018

318,904

At 31 March 2017

282,653**Interest in associate undertaking**

Wingham Timber & Mouldings Limited

The group's share of Wingham Timber & Mouldings Limited is as follows:

	31.3.18 £	31.3.17 £
Turnover	<u>4,307,569</u>	<u>3,843,975</u>
Profit before tax	199,280	212,393
Taxation	(36,794)	(40,985)
Profit after tax	<u>162,486</u>	<u>171,408</u>
Share of assets		
Fixed assets	243,888	250,594
Current assets	1,821,834	1,526,019
Share of liabilities		
Liabilities due within one year	(983,147)	(839,592)
Liabilities due after one year or more	(87,902)	(57,863)
Share of net assets	<u>994,673</u>	<u>879,158</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

11. FIXED ASSET INVESTMENTS - continued**Company**

Other
investments
£

COST

At 1 April 2017
and 31 March 2018

1,314,211

NET BOOK VALUE

At 31 March 2018
At 31 March 2017

1,314,211
1,314,211

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries**Triad Timber Components Limited**

Registered office: Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE
Nature of business: Sawmilling and planing of wood

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.18 £	31.3.17 £
Aggregate capital and reserves		673,567	769,614
(Loss)/profit for the year		<u>(96,047)</u>	<u>238,728</u>

Dover Trussed Roof Company Limited

Registered office: Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE
Nature of business: Sawmilling and planing of wood

	%		
Class of shares:	holding		
Ordinary	100.00	31.3.18 £	31.3.17 £
Aggregate capital and reserves		648,786	740,203
(Loss)/profit for the year		<u>(91,417)</u>	<u>92,006</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

11. FIXED ASSET INVESTMENTS - continued

Calldene Limited

Registered office: Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Nature of business: Property rental and parent company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.18	31.3.17
		£	£
Aggregate capital and reserves		1,204,364	1,470,976
Profit for the year		<u>33,388</u>	<u>21,724</u>

Pinewood Structures Limited

Registered office: The Station, Gamlingay, Sandy, Bedfordshire, SG19 3HB

Nature of business: Manufacture, carpentry & construction of buildings

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.18	31.3.17
		£	£
Aggregate capital and reserves		668,405	123,612
Profit for the year		<u>544,793</u>	<u>1,397,083</u>

Ringtown Limited

Registered office: Shelvin Manor Shelvin, Wootton, Canterbury, United Kingdom, CT4 6RL

Nature of business: Dormant company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.18	31.3.17
		£	£
Aggregate capital and reserves		<u>275,000</u>	<u>275,000</u>

Trade Fabrication Systems Limited

Registered office: Chesford Park House, 18 Chesford Grange Woolston, Warrington, Cheshire, WA1 4RQ

Nature of business: Processing of wood panel products

	%		
Class of shares:	holding		
Ordinary	53.19		
		31.12.17	31.12.16
		£	£
Aggregate capital and reserves		2,854,201	2,293,576
Profit for the year		<u>560,625</u>	<u>159,243</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

12. STOCKS

	Group	
	31.3.18	31.3.17
	£	£
Stocks	1,272,181	872,315
Raw materials	604,692	464,363
Work-in-progress	78,679	62,169
	<u>1,955,552</u>	<u>1,398,847</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.18	31.3.17	31.3.18	31.3.17
	£	£	£	£
Trade debtors	4,704,371	4,989,339	18,224	-
Amounts owed by group undertakings	-	-	1,514,166	1,921,931
Amounts owed by associates	-	5,895	-	5,895
Other debtors	1,017,484	1,384,438	29,330	20,505
Corporation tax refund	26,374	-	-	-
Deferred tax asset	123,672	22,864	31,405	-
Prepayments and accrued income	316,720	249,554	5,377	-
	<u>6,188,621</u>	<u>6,652,090</u>	<u>1,598,502</u>	<u>1,948,331</u>

Deferred tax asset

	Group		Company	
	31.3.18	31.3.17	31.3.18	31.3.17
	£	£	£	£
Deferred taxation	<u>123,672</u>	<u>22,864</u>	<u>31,405</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.18	31.3.17	31.3.18	31.3.17
	£	£	£	£
Bank loans and overdrafts (see note 16)	43,321	43,321	-	-
Finance leases (see note 17)	89,065	-	-	-
Trade creditors	2,961,910	3,185,160	13,174	-
Amounts owed to group undertakings	-	-	500,000	-
Taxation	137,678	111,916	-	-
Other taxes and PAYE taxes	22,058	-	13,600	-
Other creditors	806,828	2,583,427	20,000	2,000,000
Other taxes and PAYE	405,773	440,040	-	-
Directors' Current Accounts	1,400,000	-	1,400,000	-
Accruals and deferred income	397,897	641,431	19,074	4,130
	<u>6,264,530</u>	<u>7,005,295</u>	<u>1,965,848</u>	<u>2,004,130</u>

Included within other payables are amounts due to invoice discounters of £117,991 (2017: £207,087). These amounts are secured by a charge over the trade debtors.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.3.18	31.3.17	31.3.18	31.3.17
	£	£	£	£
Debentures (see note 16)	233,066	249,434	233,066	249,434
Bank loans (see note 16)	337,546	380,867	-	-
Finance leases (see note 17)	15,782	-	-	-
	<u>586,394</u>	<u>630,301</u>	<u>233,066</u>	<u>249,434</u>

Debentures refers to 4% unsecured loan notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.3.18	31.3.17	31.3.18	31.3.17
	£	£	£	£
Amounts falling due within one year or on demand:				
Mortgage - less than 1 year	<u>43,321</u>	<u>43,321</u>	<u>-</u>	<u>-</u>
Amounts falling due between one and two years:				
Debentures - 1-2 years	233,066	249,434	233,066	249,434
Mortgage - 1-2 years	<u>43,321</u>	<u>43,321</u>	<u>-</u>	<u>-</u>
	<u>276,387</u>	<u>292,755</u>	<u>233,066</u>	<u>249,434</u>
Amounts falling due between two and five years:				
Mortgage - 2-5 years	<u>129,963</u>	<u>129,963</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Mortgage - more than 5 years	<u>164,262</u>	<u>207,583</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Finance leases	
	31.3.18	31.3.17
	£	£
Gross obligations repayable:		
Within one year	92,201	-
Between one and five years	16,666	-
	<u>108,867</u>	<u>-</u>
Finance charges repayable:		
Within one year	3,136	-
Between one and five years	884	-
	<u>4,020</u>	<u>-</u>
Net obligations repayable:		
Within one year	89,065	-
Between one and five years	15,782	-
	<u>104,847</u>	<u>-</u>

Group

	Non-cancellable operating leases	
	31.3.18	31.3.17
	£	£
Within one year	413,953	421,813
Between one and five years	898,840	1,049,052
In more than five years	15,965	226,008
	<u>1,328,758</u>	<u>1,696,873</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.18	Group 31.3.17
	£	£
Bank loans	<u>380,867</u>	<u>424,188</u>

There is a legal mortgage in favour of National Westminster Bank Plc over Unit A, Commerce Way Industrial Estate, Lancing to secure amounts due to the bank.

There is also a fixed charge in favour of the bank over assets of the company and rents receivable from any lease granted out of the property.

There is a separate fixed and floating charge over assets of the company in favour of the bank in relation to any amounts due on the overdraft facility. At 31 March 2018 the overdraft facility was not in use.

There is a legal mortgage in favour of Yorkshire Bank Plc over Chesford Park House, 18 Chesford Grange, Woolston to secure amounts due to the bank.

19. DEFERRED TAX**Group**

	£
Balance at 1 April 2017	(22,864)
Provided during year	<u>(100,808)</u>
Balance at 31 March 2018	<u>(123,672)</u>

Company

	£
Provided during year	<u>(31,405)</u>
Balance at 31 March 2018	<u>(31,405)</u>

20. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	31.3.18	31.3.17
			£	£
8,909	Share capital 1	£1	<u>8,909</u>	<u>8,909</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

21. RESERVES**Group**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 April 2017	5,404,147	4,011	5,408,158
Profit for the year	376,788		376,788
At 31 March 2018	<u>5,780,935</u>	<u>4,011</u>	<u>5,784,946</u>

22. NON-CONTROLLING INTERESTS

As at 31 March 2018 the group owned 53% (2017: 53%) of the subsidiary Trade Fabrications Limited with the remaining 47% (2017: 47%) not owned by the Group. Acquisitions in period of accounts were Nil% for £Nil consideration (2017: 53%, £323,410).

23. PENSION COMMITMENTS**Defined contribution schemes**

The group operates a defined contribution pension scheme for all qualifying employees.

The charge to profit and loss in respect of defined contribution schemes was £176,772 (2017: £178,430).

Included in creditors is £84,387 (2017: £66,031) of unpaid pension contributions at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

24. RELATED PARTY DISCLOSURES

Triad Timber Components Limited (TT), Dover Trussed Roof Company Limited (DT), Calldene Limited (CA), Pinewood Structures Limited (PS) and Ringtown Limited (RI) are wholly owned subsidiaries of Hardwood Limited (HA). Trade Fabrications Systems Limited (TF) are a partially owned subsidiary of Hardwood Limited (HA) with them owning 53.19% as at the reporting date. The transactions and balance between the group companies during the year were as follows:

	31.03.2018	31.03.2017
	£	£
Inter - group transactions during the year:		
Property rental from CA to TT	72,000	72,000
Management charges from TT to DT	64,311	Nil
Management charges from HA to TF	50,000	Nil
Management charges from HA to TT	25,000	Nil
Management charges from HA to DT	25,000	Nil
Trade purchases from TT to DT	96,013	70,402
Trade purchases from DT to TT	607,034	948,983
Trade purchases from TT to PS	129,051	236,014
Trade Purchases from PS to TT	44,060	12,289
5% Interest on Loan from HA to PS	83,573	102,551
Inter-group balances at the year end:		
Owed to CA from DT (Property rental)	Nil	5,700
Owed to DT by TT (Trading)	52,825	213,173
Owed to TT from DT (Trading)	28,487	Nil
Owed to TT from DT (Management Fees)	64,311	Nil
Owed to TT from PS (Trading)	33,996	68,157
Owed to PS from TT (Trading)	35,036	Nil
Owed to HA from PS (Loan)	1,514,167	1,921,931
Owed to HA from PS (Interest)	12,314	Nil
Owed to TF from HA (Other Creditor)	500,000	Nil
Inter-group unrealised profit:		
Stock held at year end by DT purchased from TT	34,339	Nil
Transactions with Directors:		
3% Interest on loan from MJ Meyer to HA	41,022	Nil
Owed to MJ Meyer by HA (Loan)	1,400,000	Nil

Consolidated Timber Holdings Limited, a company in which Mr MJ Meyer (a Director) has an interest, was owed £2,000,000 from Pinewood Structures Limited as at 31 March 2017. The loan was transferred to MJ Meyer in June 2017. The interest paid to Consolidated Timber Holdings Limited was £10,027 (2017: £60,000).

25. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

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