

**Howarth Timber Engineered Solutions Limited**

**Directors' report and financial  
statements**

**Registered number 08030489**

**31 March 2013**

TUESDAY



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## Directors' report

The directors present their directors' report and financial statements for the period from incorporation to 31 March 2013

The company was incorporated on 13 April 2012

### Principal activities

The company's principal activity during the period was that of the manufacture and supply of engineered wood products, roof trusses and flooring

### Results and dividend

Howarth Timber Engineered Solutions, the Truss & I-Beam business born out of Timber Engineering, had a solid year, reporting a small £0.1m profit in its first year as a stand-alone entity. Volume was behind budget as the construction industry as a whole shrank further in the year but the early part of 2013/14 suggests we may see an improvement this year.

The directors do not recommend the payment of a dividend

### Directors

The directors who held office during the period were as follows

ND Howarth (appointed on incorporation)

JD Netherton-Sinclair (appointed on incorporation)

JL Provan (appointed on incorporation)

### Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

During the period the directors held a board meeting at which they resolved to appoint KPMG LLP as auditor in accordance with s485 of the Companies Act 2006

By order of the board



AP Howarth  
Director

Prince Edward Works  
Pontefract Lane  
Leeds

LS9 0RA

23 August 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

**Independent auditor's report to the members of Howarth Timber Engineered Solutions Limited**

We have audited the financial statements of Howarth Timber Engineered Solutions Limited for the period from incorporation to 31 March 2013 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 2, 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, and express an opinion on, 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 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 FRC's website at [www.frc.org.uk/auditscopeprivate](http://www.frc.org.uk/auditscopeprivate)

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the period then ended
- have been properly prepared in accordance with UK 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**

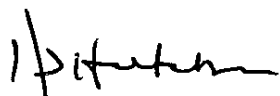
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Howarth Timber Engineered Solutions Limited (*continued*)**

### **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



**David Hutchinson (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

23 August 2013

## Profit and loss account

for the period from incorporation to 31 March 2013

	<i>Note</i>	<b>Period from incorporation to 31 March 2013 £</b>
<b>Turnover</b>	<i>1</i>	<b>9,841,356</b>
Change in stocks of finished goods		<b>783,682</b>
Raw materials and consumables		<b>(6,400,233)</b>
Staff costs	<i>3</i>	<b>(2,372,230)</b>
Depreciation and other amounts written-off tangible fixed assets	<i>2</i>	<b>(169,515)</b>
Other operating charges	<i>2</i>	<b>(1,625,779)</b>
<b>Operating profit</b>		<b>57,281</b>
Profit on sale of fixed assets		<b>7,795</b>
Investments written off	<i>7</i>	<b>(14,724)</b>
Interest receivable and similar charges	<i>4</i>	<b>6,697</b>
<b>Profit on ordinary activities before taxation</b>		<b>57,049</b>
Tax on profit on ordinary activities	<i>5</i>	<b>(5,606)</b>
<b>Profit for the financial year</b>	<i>12</i>	<b>51,443</b>

The company has no recognised gains or losses other than the results for the period as disclosed above

The notes on pages 7 to 15 form part of the financial statements

**Balance sheet**  
*at 31 March 2013*

	<i>Note</i>	<b>2013</b> <b>£</b>
<b>Fixed assets</b>		
Tangible assets	6	280,989
Investments	7	-
		<hr/>
		280,989
<b>Current assets</b>		
Stock	8	783,682
Debtors	9	2,099,438
		<hr/>
		2,883,120
<b>Net current assets</b>		
<b>Creditors</b> amounts falling due within one year	10	(1,862,566)
		<hr/>
<b>Total assets less current liabilities</b>		1,020,554
<b>Creditors:</b> amounts falling due after more than one year		-
		<hr/>
<b>Net assets</b>		1,301,543
		<hr/>
<b>Capital and reserves</b>		
Called up share capital	11	100
Profit and loss account	12	51,443
Capital Contribution	12	1,250,000
		<hr/>
<b>Shareholders' funds</b>		1,301,543
		<hr/>

The notes on pages 7-15 form part of the financial statements

These financial statements were approved by the board of directors on 23 August 2013 and were signed on its behalf by



**AP Howarth**  
*Director*

Company registered number 08030489

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Howarth Timber Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The consolidated financial statements of Howarth Timber Group Limited within which this company is included, can be obtained from the address as given in note 15.

#### *Going concern*

The company acts as a holding company to the trading group headed by Howarth Timber Group Limited. The company has recorded a loss before taxation of £0.6m. The directors have considered the financial position of the company and the group and consider that there is a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of preparing the financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	20% of cost per annum
Fixtures and fittings	-	15-25% of cost per annum
Plant and equipment	-	15-25% of cost per annum
Motor vehicles	-	20-25% of cost per annum

#### *Investments*

Investments in subsidiary undertakings are stated at cost less any amounts written off.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the purchase price is used.

#### *Bank balances*

Bank balances are stated at the amount of the balance shown on the bank statement of the company adjusted for the bank charges and interest accrued but not charged at the financial year end.

## Notes (continued)

### 1 Accounting policies (continued)

#### Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting, in respect of all timing between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### 2 Profit on ordinary activities before taxation

	Period from incorporation to 31 March 2013 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>	
Auditors' remuneration	
Audit of these financial statements	13,125
Depreciation and other amounts written off tangible fixed assets	
Wholly owned	169,515
Leased	-
Profit on sale of fixed assets	(7,795)
	<hr/>

### 3 Remuneration of directors

	Period from incorporation to 31 March 2013 £
Directors' emoluments	85,271
Pension contributions	-
	<hr/>
	85,271
	<hr/>

The emoluments of the highest paid director were £85,271. The highest paid director is not a member of the defined benefit scheme.

**Notes** *(continued)*

**3 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees 2013
Production	64
Selling and distribution	28
Administration	12
	<hr/>
	104
	<hr/>

The aggregate payroll costs of these persons were as follows

	Period from incorporation to 31 March 2013 £
Wages and salaries	2,172,011
Social security costs	189,697
Other pension costs (see note 13)	10,522
	<hr/>
	2,372,230
	<hr/>

**4 Interest receivable and similar charges**

	Period from incorporation to 31 March 2013 £
On bank loans and overdrafts	6,697
	<hr/>

## Notes (continued)

### 5 Taxation

	Period from incorporation to 31 March 2013 £
<b>UK corporation tax</b>	
Current tax on income for the year	5,606
Total current tax	5,606
<b>Deferred tax</b>	
Origination/reversal of timing differences	-
Adjustments in respect of previous years	-
Total tax credit	-

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (24%)  
 The differences are explained below

	Period from incorporation to 31 March 2013 £
<b>Current tax reconciliation</b>	
Profit on ordinary activities before tax	57,049
Current tax at 24%	13,692
<b>Effects of</b>	
Fixed asset timing differences	(12,145)
Expenses not deductible for tax purposes	5,179
Double tax relief/small companies rate	(1,120)
Total current tax charge (see above)	5,606

**Notes (continued)**

**6 Tangible fixed assets**

	Computers £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
Group transfers in	22,442	804,101	338,065	1,164,608
Additions	-	63,700	-	63,700
Disposals	-	-	(34,957)	(34,957)
At end of period	22,442	867,801	303,108	1,193,351
<b>Depreciation</b>				
Group transfers in	3,326	578,447	185,026	766,799
Charge for period	4,488	95,030	69,997	169,515
Disposals	-	-	(23,952)	(23,952)
At end of period	7,814	673,477	231,071	912,362
<b>Net book value</b>				
At 31 March 2013	14,628	194,324	72,037	280,989

## Notes (continued)

### 7 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
Additions in the period	14,724
	<hr/>
<i>Provisions</i>	
Impairment losses	(14,724)
	<hr/>
At end of period	-
	<hr/>
<i>Net book value</i>	
At 31 March 2013	-
	<hr/>

The company acquired 100% of the share capital of Boise Building Products Ltd, a company registered in England, on [date] for £14,724. This investment was then disposed of in the year.

### 8 Stocks

	2013 £
Raw materials	783,682
Finished goods and goods for resale	-
	<hr/>
	783,682
	<hr/>

### 9 Debtors

	2013 £
Trade debtors	1,667,037
Amounts owed by group undertakings	134,974
Other debtors	297,427
	<hr/>
	2,099,483
	<hr/>

## Notes (continued)

### 10 Creditors: amounts falling due within one year

	2013 £
Bank overdraft	126,454
Cheques issued not presented	119,447
Trade creditors	1,346,268
Amounts owed to group undertakings	89,333
Other creditors	175,458
Corporation Tax	5,606
	<u>1,862,566</u>

### 11 Called up share capital

	2013 £
<i>Authorised</i>	
100 ordinary shares of £1 each	100
	<u>100</u>
<i>Allotted, called up and fully paid</i>	
100 ordinary shares of £1 each	100
	<u>100</u>

### 12 Reserves

	Capital contribution reserve £	Profit and loss account £	Total £
On incorporation	-	-	-
Retained profit for the year	-	51,443	51,443
Introduced in the year	1,250,000	-	1,250,000
	<u>1,250,000</u>	<u>51,443</u>	<u>1,301,443</u>
At 31 March 2013	<u>1,250,000</u>	<u>51,443</u>	<u>1,301,443</u>

## Notes (continued)

### 13 Pension scheme

The details of the pension schemes operated by the group are disclosed in the consolidated accounts of Howarth Timber Group Limited, the company's ultimate parent. Howarth Timber Group operates two defined contribution schemes and one defined benefit scheme of which certain company employees are members.

#### *Defined contribution schemes*

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the company to the scheme and amount to £10,522. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### *Defined benefit schemes*

The company is a member of a larger group wide pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis the scheme is accounted for as if the scheme were defined contribution scheme, as permitted by FRS 17 'Retirement benefits'.

The assets of the defined benefit scheme are held in separate trustee administered funds.

The pension cost charge for the year in respect of the defined benefit scheme represents contributions payable by the company to the fund and amounted to £nil. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation is being carried out as at 5 April 2011 and the preliminary results have been updated to 31 March 2012 by a qualified actuary, independent of the scheme's sponsoring employer. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be X% per annum and that salary increases would average 3.30% per annum.

At the last complete actuarial valuation at 6 April 2010 the market value of the assets of the scheme was £12,794,000. There was a deficit of £1,942,000 on current funding levels. The actuarial value of the scheme's assets represented 89% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

### 14 Contingent liabilities

The company and its subsidiaries are party to unlimited multilateral company guarantees to HSBC plc in respect of any liability to HSBC plc incurred by Howarth Timber Group Limited or its subsidiaries. The total guaranteed borrowings of subsidiary companies at 31 March 2013 amounted to £2,015,227 (2012 £2,666,036).

**Notes** *(continued)*

**15 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Howarth Timber Group Limited incorporated in Great Britain, and registered in England and Wales

The largest group in which the results of the company are consolidated is that headed by Howarth Timber Group Limited. The consolidated accounts of this group may be obtained from

The Registrar  
Companies House  
Crown Way  
Mandy  
Cardiff  
CF4 3UZ

No other group accounts include the results of the company