

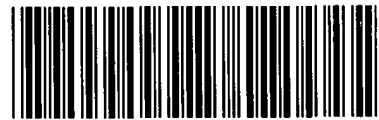
**OREGON TIMBER FRAME LIMITED**

*Registered Number SC181419*

**Directors' Report and Consolidated Financial Statements**

**For the year ended 31 December 2018**

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# **OREGON TIMBER FRAME LIMITED**

## **Directors' Report and Consolidated Financial Statements For the year ended 31 December 2018**

<b>Contents</b>	<b>Pages</b>
Strategic Report	2-3
Directors' Report	4-5
Independent Auditor's Report	6-8
Group Profit and Loss Account	9
Group Balance Sheet	10
Company Balance Sheet	11
Group and Company Statement of Changes in Equity	12-13
Group Cash Flow Statement	14
Notes to the Consolidated Financial Statements	15-27

### **Directors**

K.B Dunkley  
M.N. Jarman  
R.G. Lawson  
P. Wade  
E. M. Young  
R.P. Dodyk  
G. McKinlay  
N. Fitzsimmons

### **Secretaries**

R.G. Lawson  
MBM Commercial LLP

### **Auditor**

Scott-Moncrieff  
Chartered Accountants and Statutory Auditor  
Exchange Place 3, Semple Street, Edinburgh EH3 8BL

### **Solicitors**

MBM Commercial LLP  
125 Princes Street, Edinburgh, EH2 4AD

### **Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square, Edinburgh, EH2 2YB

### **Registered office**

Portland Buildings, Dunsdale Road, Selkirk TD7 5EB.

### **Website address**

[www.oregon.co.uk](http://www.oregon.co.uk)

# OREGON TIMBER FRAME LIMITED

## Strategic Report For the year ended 31 December 2018

The directors submit their strategic report for the year ended 31 December 2018.

### Principal activities, review of the business and future developments

Principal activities: the design, manufacture and erection of engineered timber systems for the construction and housing industries and provision of related technical services.

Future developments: as a result of the investment in buildings, equipment and IT systems over the last few years, the group has created substantial, additional production capacity which will allow it to grow in the years ahead. In view of the large potential housing market in England, efforts are being made to diversify geographically and service clients in that market.

Performance review: the company measures performance through a series of key measures, and the principal ones are shown below. A high level of construction activity drove global demand for raw materials resulting in pressure on material costs and, thus, gross margins. Net margins improved due to a significant increase in volumes with turnover increasing by almost 28% on the previous year. The balance sheet remains in a satisfactory state with a positive cash position which will allow the company to consider additional capital expenditure if required.

Key measures :	2018	2017
Turnover increase :	27.7%	9.6%
Gross margin	16.6%	17.9%
Net margin before tax & exceptional items	7.4%	7.6%

### Results and dividends

The group profit for the year after taxation after an exceptional charge of £425,000 (2017: nil) was £1,387,239 (2017: £1,484,133). A dividend of £183,825 was paid in the year (2017 : £334,304).

## **OREGON TIMBER FRAME LIMITED**

**Strategic Report - continued**  
**For the year ended 31 December 2018**

### **Principal risks and uncertainties**

The housing market continues to be strong, but may be affected should interest rates rise or the general economic climate change as a result of the Brexit outcome. Accordingly, there remains uncertainty in forecasting demand from our clients which, in turn, could affect the level of business.

Prices for timber and wood products are subject to fluctuations which can have a large effect on margins. Industry shortages of skilled workers could limit the ability of Oregon Contract Management Ltd to respond to demand and could have an adverse effect on margins.

**By order of the board**

A handwritten signature in black ink, appearing to read 'R.G. Lawson', written over the printed name.

**R.G. Lawson**

**Secretary**

**19th March 2019**

## **OREGON TIMBER FRAME LIMITED**

### **Directors' Report For the year ended 31 December 2018**

The directors submit their report and audited consolidated financial statements for the year ended 31 December 2018.

#### **Directors**

The directors who served during the year were K.B. Dunkley, M.N. Jarman, R.G. Lawson, P. Wade, E. M. Young, N. Fitzsimmons, G. McKinlay and R.P. Dodyk.

#### **Statement of Directors' responsibilities**

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 which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

#### **Research & Development**

The group engages in development and original research within Oregon Timber Frame Ltd in order to improve its products.

The amount expended in the year in Oregon Timber Frame was £77,030. There was no expenditure by Oregon Contract Management Ltd.

## **OREGON TIMBER FRAME LIMITED**

**Directors' Report-continued**  
**For the year ended 31 December 2018**

### **Disclosure of information to the auditor**

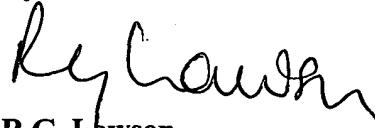
At the time the report is approved, as far as each of the directors is aware:

- there is no relevant information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

### **Auditor**

The auditor, Scott-Moncrieff, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**By order of the board**



**R.G. Lawson**  
**Secretary**

19th March 2019

## **OREGON TIMBER FRAME LIMITED**

### **Independent Auditor's Report to the Members of Oregon Timber Frame Limited**

#### **Opinion**

We have audited the financial statements of Oregon Timber Frame Limited (the "parent company") and its subsidiary (the "group") for the year ended 31 December 2018 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 audit opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **OREGON TIMBER FRAME LIMITED**

### **Independent Auditor's Report to the Members of Oregon Timber Frame Limited (continued)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities Statement set out on page 4, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.



## OREGON TIMBER FRAME LIMITED

### Independent Auditor's Report to the Members of Oregon Timber Frame Limited (continued)

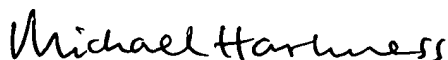
#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Harkness (Senior Statutory Auditor)  
For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: 19 March 2019

# OREGON TIMBER FRAME LIMITED

## Consolidated Profit and Loss Account For the year ended 31 December 2018

	Notes	2018	2017
		£	£
<b>Turnover</b>	4	30,323,681	23,744,536
Cost of sales		(25,283,049)	(19,492,083)
<b>Gross profit</b>		<u>5,040,632</u>	<u>4,252,453</u>
Sales & administration expenses		(2,751,267)	(2,540,697)
<b>Operating profit before exceptional items</b>		<u>2,289,365</u>	<u>1,711,756</u>
Exceptional item	21	(425,000)	-
<b>Operating profit after exceptional items</b>	6	<u>1,864,365</u>	<u>1,711,756</u>
Investment gain realised		30,075	-
Investment (loss)/gain unrealised		(83,558)	78,810
Interest receivable		3,920	2,304
		<u>(49,563)</u>	<u>81,114</u>
<b>Profit on ordinary activities before taxation</b>		<u>1,814,802</u>	<u>1,792,870</u>
Taxation	7	(427,563)	(308,737)
<b>Profit for year</b>		<u><u>1,387,239</u></u>	<u><u>1,484,133</u></u>

All the results of the group relate to continuing operations.

The group has no recognised gains and losses other than those included above, and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 15-27 form part of these financial statements

# OREGON TIMBER FRAME LIMITED

## Group Balance Sheet As at 31 December 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		2,225,476		2,301,179
<b>Current assets</b>					
Investments	9	995,266		1,578,810	
Stocks	10	823,505		620,212	
Debtors	11	5,210,179		5,095,209	
Cash at bank and in hand		1,421,639		1,513,515	
		8,450,589		8,807,746	
<b>Creditors: Amounts falling due within one year</b>	12	(4,923,512)		(4,134,820)	
<b>Net current assets</b>			3,527,077		4,672,926
<b>Total assets less current liabilities</b>			5,752,553		6,974,105
<b>Creditors: Amounts falling due in more than one year</b>	13		(44,440)		(46,660)
<b>Provisions for liabilities</b>	15		(110,755)		(110,755)
			5,597,358		6,816,690
<b>Capital and reserves</b>	17				
Called-up share capital	16		173,268		263,000
Share redemption reserve			85,618		17,000
Share premium account			344,917		372,250
Profit and loss account			4,998,303		6,085,630
Other reserves			(4,748)		78,810
<b>Shareholders' funds</b>			5,597,358		6,816,690

The financial statements were approved and authorised for issue by the Board of Directors on 19th March 2019 and are signed on its behalf by:

R.G. Lawson .....  
Director

Company Registration No. SC181419

The notes on pages 15-27 form part of these financial statements.

# OREGON TIMBER FRAME LIMITED

## Company Balance Sheet As at 31 December 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		2,225,476		2,301,179
<b>Investments</b>	9		2		2
<b>Current assets</b>					
Investments	9	995,266		1,578,810	
Stocks	10	688,695		557,290	
Debtors	11	5,210,179		5,095,208	
Cash at bank and in hand		1,411,612		1,503,154	
		<u>8,305,752</u>		<u>8,734,462</u>	
<b>Creditors: Amounts falling due within one year</b>	12	(4,784,772)		(4,065,232)	
<b>Net current assets</b>			<u>3,520,980</u>		<u>4,669,230</u>
<b>Total assets less current liabilities</b>			<u>5,746,458</u>		<u>6,970,411</u>
<b>Creditors: Amounts falling due in more than one year</b>	13		(44,440)		(46,660)
<b>Provisions for liabilities</b>	15		(110,755)		(110,755)
			<u>5,591,263</u>		<u>6,812,996</u>
<b>Capital and reserves</b>	17				
Called-up share capital	16		173,268		263,000
Share redemption reserve			85,618		17,000
Share premium account			344,917		372,250
Profit and loss account			4,992,208		6,081,936
Other reserves			(4,748)		78,810
<b>Shareholders' funds</b>			<u>5,591,263</u>		<u>6,812,996</u>

The financial statements were approved and authorised for issue by the Board of Directors on 19th March 2019 and are signed on its behalf by:

R.G. Lawson .....  
Director

Company Registration No. SC181419

The notes on pages 15 to 27 form part of these financial statements.

# OREGON TIMBER FRAME LIMITED

## Consolidated Statement of Changes in Equity For the year ended 31 December 2018

	Called up Equity share capital	Share premium account	Other reserves	Capital redemption reserve	Share option reserve	P & L	TOTAL
	£	£	£	£	£	£	£
At 31 December 2016	259,150	343,375		17,000	13,475	5,014,610	5,647,610
Share based payment costs					(13,475)	13,475	-
Shares issued	3,850	28,875				-	32,725
Profit for the year						1,391,849	1,391,849
Dividend paid						(334,304)	(334,304)
Investment gain			78,810				78,810
At 31 December 2017	263,000	372,250	78,810	17,000	-	6,085,630	6,816,690
Profit for the year						1,470,795	1,470,795
Dividend paid						(183,825)	(183,825)
Investment loss			(83,558)				(83,558)
Shares repurchased	(89,732)	(27,333)		68,618		(2,374,297)	(2,422,744)
At 31 December 2018	173,268	344,917	(4,748)	85,618	-	4,998,303	5,597,358

The notes on pages 15 to 27 form part of these financial statements.

# OREGON TIMBER FRAME LIMITED

## Company Statement of changes in Equity For the year ended 31 December 2018

	Called up Equity share capital	Share premium account	Other reserves	Capital redemption reserve	Share option reserve	P & L	TOTAL
	£	£	£	£	£	£	£
At 31 December 2016	259,150	343,375		17,000	13,475	5,010,809	5,643,809
Share based payment costs					(13,475)	13,475	-
Shares issued	3,850	28,875					32,725
Profit for the year						1,391,956	1,391,956
Dividend paid						(334,304)	(334,304)
Investment gain			78,810				78,810
At 31 December 2017	263,000	372,250	78,810	17,000	-	6,081,936	6,812,996
Profit for the year						1,468,394	1,468,394
Dividend paid						(183,825)	(183,825)
Investment loss			(83,558)				(83,558)
Shares repurchased	(89,732)	(27,333)		68,618		(2,374,297)	(2,422,744)
At 31 December 2018	173,268	344,917	(4,748)	85,618	-	4,992,208	5,591,263

The notes on pages 15 to 27 form part of these financial statements

# OREGON TIMBER FRAME LIMITED

## Consolidated Cash Flow Statement As at 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	2,412,699	1,169,205
Interest paid		-	-
Tax paid		(245,642)	(319,557)
<b>Net cash generated from operating activities</b>		<u>2,167,057</u>	<u>849,648</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(186,345)	(87,157)
Interest receivable		3,920	2,304
Acquisition of investment		(500,020)	(1,500,000)
Proceeds from sale of property, plant & equipment		-	3,000
Proceeds from sale of investment		1,030,081	-
<b>Net cash used in investing activities</b>		<u>347,636</u>	<u>(1,581,853)</u>
<b>Cashflows from financing activities</b>			
Purchase of shares		(2,422,744)	-
Exercise of share options		-	32,725
Dividends paid to Company's shareholders		(183,825)	(334,304)
<b>Net cash used in financing activities</b>		<u>(2,606,569)</u>	<u>(301,579)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(91,876)	(1,033,784)
Cash and cash equivalents at beginning of the year		1,513,515	2,547,299
<b>Cash and cash equivalents at end of the year</b>		<u>1,421,639</u>	<u>1,513,515</u>

The notes on pages 15 to 27 form part of these financial statements

# OREGON TIMBER FRAME LIMITED

## Notes to the Consolidated Financial Statements For the year ended 31 December 2018

### 1. Company information

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in Scotland. The principal activities of the group are the design, manufacture and erection of engineered timber systems for the construction and housing industries and provision of related technical services. Details of the registered office can be found on the company information page of these financial statements. The company registration number is SC181419.

### 2. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### *Basis of accounting*

The financial statements have been prepared on the historical cost basis of accounting and under the historical cost accounting convention. The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group and company's accounting policies (see note 3).

#### *Going concern*

The directors have assessed a period of 12 months from the date of approval of the financial statements and consider that no material uncertainties exist that cast significant doubt about the ability of the group to continue as a going concern. Thus the directors adopt the going concern basis of accounting in preparing the financial statements.

#### *Turnover policy*

Turnover represents amounts derived from the sale and installation of engineered timber systems and is recognised when goods are despatched and when kits are erected. There are also fees for professional services and turnover is recognised when the service is rendered. Turnover is stated net of value added tax.

#### *Basis of consolidation*

The group financial statements consolidate the financial statements of the company and all undertakings over which the group exercises a dominant influence. Results of subsidiary undertakings are included from the date of acquisition. No profit and loss account has been prepared for the company as provided by Section 408 of the Company Act 2006.

The financial statements comprise those of the company and its subsidiary. Subsidiaries, including special purpose entities, which are directly or indirectly controlled by the group are consolidated. Control is achieved where the company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency



## OREGON TIMBER FRAME LIMITED

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### ***Basis of consolidation (continued)***

with group policies for consolidation purposes. All companies in the group have the same reporting date of 31 December.

All significant intra-group transactions and balances between group entities are eliminated on consolidation.

#### ***Research & Development***

Research and development costs are written off as incurred.

#### ***Depreciation***

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Profit and Loss Account during the period in which they are incurred.

The residual values and useful lives of tangible fixed assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:-

Buildings	25 years
Plant and machinery	3 to 5 years
Fixtures and fittings	3 to 4 years

#### ***Impairment of non-financial assets***

At each reporting date, the group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **OREGON TIMBER FRAME LIMITED**

### **Notes to the Consolidated Financial Statements For the year ended 31 December 2018**

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value in the ordinary course of business, as follows: Raw material - purchase cost; Work in progress - cost of direct materials and labour; Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### ***Financial instruments***

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. 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 out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 the Profit and Loss Account. 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 best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

Financial assets are derecognised when the contractual rights to the cashflows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## **OREGON TIMBER FRAME LIMITED**

### **Notes to the Consolidated Financial Statements For the year ended 31 December 2018**

#### ***Trade debtors***

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business and are recognised at the undiscounted amount of cash receivable, which is normally the invoice price less any allowances for doubtful debt.

#### ***Cash and cash equivalents***

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### ***Creditors***

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognised at the undiscounted amount owed to the supplier which is normally the invoice price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### ***Leased assets***

Operating leases are charged to the profit & loss account on a straight line basis over the lease term.

#### ***Current and deferred taxation***

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

#### ***Investments***

Listed investments are measured initially at cost and subsequently at fair value at each reporting date. Fair value is taken as the mid market value of the investment reported by the investment managers at the reporting date. Gains and losses on disposal and revaluation of investments are charged to the profit and loss account in the period to which they relate.

## OREGON TIMBER FRAME LIMITED

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### *Employee benefits*

The group operates money purchase (defined contribution) pension schemes in respect of its employees. Contributions payable to these schemes are charged to the Profit and Loss account in the period to which they relate. These contributions are invested separately from the group's assets.

#### *Government Grants*

Grants for capital projects are deferred and credited in equal instalments over the life of the asset.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates which are deemed to be appropriate for the class of assets.

### 4. Turnover

Turnover, analysed by category, was as follows:

	Group and company	
	2018	2017
	£	£
Sales of goods	22,037,052	17,169,429
Rendering of services	8,286,629	6,575,107
	<u>30,323,681</u>	<u>23,744,536</u>

# OREGON TIMBER FRAME LIMITED

## Notes to the Consolidated Financial Statements For the year ended 31 December 2018

### 5. Employee benefit expenses - Group

The average monthly number of employees of the group during the period, including directors, was:-

	2018 Number	2017 Number
Office and management	35	34
Workshop and other employees	124	102
	<u>159</u>	<u>136</u>

The aggregate remuneration and associated costs of the group's employees were:-

	£	£
Wages and salaries	4,200,066	3,571,241
Social security costs	379,812	335,511
Other pension costs	152,049	110,680
	<u>4,731,927</u>	<u>4,017,612</u>

Directors' remuneration :-

	£	£
Remuneration	409,670	397,265
Pension contributions	30,815	36,070
Social security costs	37,046	37,322
	<u>477,531</u>	<u>470,657</u>

The pension contributions were made by the group to individual employees' pension plans. Auto enrolment pensions started in July 2014 and contributions are paid to a provider nominated by the company.

	2018 Number	2017 Number
Directors accruing pension benefits :	4	4

The emoluments of the highest paid director, including a car allowance, were £104,650 (2017: £100,900) plus a contribution to a pension scheme of £9,000 (2017:£8,650).

The key management personnel of the group are deemed to be the directors. All remuneration of key management is disclosed above.

### 6. Operating profit - Group

	2018 £	2017 £
The group's operating profit is stated after charging/(crediting):		
Auditor's remuneration		
- audit fees	13,300	13,000
- non-audit fees	8,750	350
Hire of plant and machinery	1,088,606	864,482
Depreciation - owned assets	258,656	269,676
Government grant released	(2,220)	(2,200)
	<u></u>	<u></u>

# OREGON TIMBER FRAME LIMITED

## Notes to the Consolidated Financial Statements For the year ended 31 December 2018

### 7. Taxation - Group

	2018 £	2017 £
Corporation Tax at 19% for current year (2017 : 19.25%)	427,563	325,057
Deferred taxation	-	(16,320)
	<hr/> 427,563	<hr/> 308,737

The tax assessed for the year differs from the standard rate of tax as follows :-

	2018 £	2017 £
Profit on ordinary activities before tax	<hr/> 1,814,802	<hr/> 1,792,870
Tax on profit on ordinary activities at standard rate of 19 % (2017 : 19.25%)	344,249	345,127
Expenses not deductible for tax purposes	101,057	5,737
Adjustment relating to previous year	-	-
Ineligible depreciation difference	7,416	5,962
Other short term timing differences	(19,027)	(15,019)
Tax losses	-	(17,478)
Income not taxable for tax purposes	(6,132)	(15,592)
	<hr/> 427,563	<hr/> 308,737

# OREGON TIMBER FRAME LIMITED

## Notes to the Financial Statements For the year ended 31 December 2018

### 8. Tangible assets

<b>Group and Company</b>	<b>Freehold Property £</b>	<b>Plant &amp; Equipment £</b>	<b>2018 Total £</b>
<b>Cost</b>			
b/fwd	2,322,191	1,941,665	4,263,856
Additions in year at cost	-	186,345	186,345
Disposals in year	-	(1,701)	(1,701)
	<u>2,322,191</u>	<u>2,126,309</u>	<u>4,448,500</u>
<b>Depreciation</b>			
b/fwd	493,849	1,468,828	1,962,677
Provided in year	88,347	173,701	262,048
On disposals	-	(1,701)	(1,701)
At 31 December 2018	<u>582,196</u>	<u>1,640,828</u>	<u>2,223,024</u>
Net Book Value 2018	<u>1,739,995</u>	<u>485,481</u>	<u>2,225,476</u>
Net Book Value 2017	<u>1,828,342</u>	<u>472,837</u>	

### 9. Investments

<b>Group</b>	<b>Investment in subsidiary £</b>	<b>Listed Investment £</b>	<b>2018 Total £</b>
<b>Cost</b>			
b/fwd	-	1,578,810	1,578,810
Additions in year at cost	-	500,020	500,020
Disposals in year at cost	-	(1,000,006)	(1,000,006)
Investment (loss)/gain	-	(83,558)	(83,558)
	<u>-</u>	<u>995,266</u>	<u>995,266</u>
<b>Company</b>	<b>Investment in subsidiary £</b>	<b>Listed Investment £</b>	<b>2018 Total £</b>
<b>Cost</b>			
b/fwd	2	1,578,810	1,578,812
Additions in year at cost	-	500,020	500,020
Disposals in year at cost	-	(1,000,006)	(1,000,006)
Investment (loss)/gain	-	(83,558)	(83,558)
	<u>2</u>	<u>995,266</u>	<u>995,268</u>

## OREGON TIMBER FRAME LIMITED

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### 9. Investments (continued)

The investment in subsidiary is shown at cost and represents 100% of the issued share capital of Oregon Contract Management Limited, a company registered in Scotland. The principal activity of the company is the erection of timber frame structures and its year end is 31 December 2018. The results for Oregon Contract Management Ltd have been included within the consolidation. The registered office of Oregon Contract Management Ltd is the same as the group.

#### 10. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw Materials	509,470	428,750	509,470	428,750
Work-in-progress	314,035	191,462	179,225	128,540
	<u>823,505</u>	<u>620,212</u>	<u>688,695</u>	<u>557,290</u>

Stock recognised in cost of sales during the year as an expense was £12,916,200 (2017: £9,672,116).

#### 11. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	4,708,896	4,488,518	4,708,896	4,488,518
Prepayments and accrued income	25,988	12,367	25,988	12,366
VAT recoverable	475,295	149,324	475,295	149,324
Loan to The Oregon Benefit Trust	-	445,000	-	445,000
	<u>5,210,179</u>	<u>5,095,209</u>	<u>5,210,179</u>	<u>5,095,208</u>



# OREGON TIMBER FRAME LIMITED

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2018

## 12. Creditors : Amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	3,721,011	3,134,654	2,891,883	2,523,104
Other taxes and social security costs	156,039	174,125	129,721	116,560
Corporation Tax	358,926	177,003	358,389	177,029
Amounts owed to group companies	-	-	826,906	680,720
Accruals	687,536	649,038	577,873	567,819
	<u>4,923,512</u>	<u>4,134,820</u>	<u>4,784,772</u>	<u>4,065,332</u>

## 13. Creditors: Amounts falling due in more than one year Group & Company

	2018	2017
	£	£
Grant	44,440	46,660
	<u>44,440</u>	<u>46,660</u>

The parent company received a government grant of £55,000 in 2014 towards the construction of a new building. This grant is being released to the Profit and Loss Account over the life of the building. In the current year £2,220 has been released.

## 14. Financial Instruments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
<b>Financial assets</b>				
Basic financial assets measured at amortised cost	4,708,896	4,933,518	4,708,896	4,933,518
Financial assets measured at fair value	<u>995,266</u>	<u>1,578,810</u>	<u>995,266</u>	<u>1,578,810</u>
	5,704,162	6,512,328	5,704,162	6,512,328
<b>Financial liabilities</b>				
Basic financial liabilities measured at amortised cost	<u>4,408,547</u>	<u>3,783,692</u>	<u>4,296,662</u>	<u>3,771,643</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owed by The Oregon Benefit Trust. Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group companies and accruals. Financial assets measured at fair value comprise listed investments.

# **OREGON TIMBER FRAME LIMITED**

## **Notes to the Consolidated Financial Statements For the year ended 31 December 2018**

### **15. Provisions for liabilities Group & Company**

Deferred tax provided in the accounts is :

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	114,222	114,222
Short term timing differences	(3,467)	(3,467)
	<u>110,755</u>	<u>110,755</u>

The movement in the deferred tax provision during the year was :

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
At 1 January 2018	110,755	127,075
Movement in the year	-	(16,320)
At 31 December 2018	<u>110,755</u>	<u>110,755</u>

### **16. Called up share capital and reserves - Group & Company**

Equity share capital – allotted and called up Ordinary £1 shares fully paid

	<b>£</b>
At 1 January 2018	263,000
Shares redeemed and extinguished	<u>(89,732)</u>
At 31 December 2018	<u>173,268</u>

## OREGON TIMBER FRAME LIMITED

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### 17. Reserves

Called-up equity share capital – represents the nominal value of shares that have been issued.  
Share premium account – includes any premiums received on issue of share capital.  
Capital redemption reserve – includes shares that have been repurchased by the group.  
Share option reserve – includes options awarded to employees, revalued each year.  
Other reserves – includes all unrealised investment gains.  
Profit and loss account – includes all current and prior period retained profits and losses.  
Dividends of £183,825 (2017: £334,304) were declared and paid out in the year.

#### 18. Leasing & Capital Commitments

The company's commitments for equipment rental payments under non-cancellable operating leases at 31 December 2018 were as set out below:

	2018	2017
	£	£
Operating leases which expire:		
Within one year	71,953	46,374
Between 2-5 years	<u>168,813</u>	<u>62,693</u>
	<u>240,766</u>	<u>109,067</u>

## OREGON TIMBER FRAME LIMITED

### Notes to the Consolidated Financial Statements For the year ended 31 December 2018

#### 19. Related Party Transactions

Dividends paid to key management personnel and their close family members during the year totalled £151,380 (2017: £208,767).

Transactions and balances with the wholly owned subsidiary, Oregon Contract Management Limited, are exempt from disclosure by FRS102.

#### 20. Cash flows from operating activities

	2018 £	2017 £
Profit before tax	1,864,365	1,711,756
<b>Adjustments for:</b>		
Depreciation	262,048	269,676
Gain on sale of property, plant and equipment	-	(3,000)
Share option cost	-	(13,475)
<b>Changes in working capital:</b>		
Movement in stocks	(203,293)	(182,318)
Movement in debtors	(114,970)	(1,457,310)
Movement in creditors	604,549	843,876
<b>Cash generated from operations</b>	<u>2,412,699</u>	<u>1,169,205</u>

#### 21. Exceptional item

On 19<sup>th</sup> September 2018, the company made a contribution of £425,000 to the Oregon Benefit Trust. After distribution of all its assets in accordance with the Trust Deed, the Trust was terminated on 21<sup>st</sup> December 2018.