

Company Registration No. NI019444 (Northern Ireland)

EGLINTON (TIMBER PRODUCTS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

EGLINTON (TIMBER PRODUCTS) LIMITED

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EGLINTON (TIMBER PRODUCTS) LIMITED

COMPANY INFORMATION

Directors	Mr N W Blair Mrs V Blair Mr G W Blair Mr K N Blair
Secretary	Mr N W Blair
Company number	NI019444
Registered office	Longfield Industrial Estate West Eglinton Co Londonderry BT47 3PY
Auditor	Moore (NI) LLP 32 Lodge Road Coleraine BT52 1NB
Business address	Longfield Industrial Estate West Eglinton Co Londonderry BT47 3PY
Bankers	Danske Bank 46-48 Catherine Street Limavady Co. Londonderry BT49 9DB Danske Bank 2 Port Road Letterkenny Co. Donegal
Solicitors	Martin King French & Ingram LLP 52 Catherine Street Limavady Co Londonderry BT49 9DB

EGLINTON (TIMBER PRODUCTS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Principal activities

The principal activities of the company is the manufacture and supply of wooden pallets.

Review of business and future developments

The company has enjoyed another year in a strong position. Turnover has increased since last year. We continue to source new leads.

We have invested in new assets again this year, mainly in our fleet of vehicles and trailers.

Timber prices remained high for the most part of the year. This together with the strength of the pound weakening have been the biggest challenges.

Brexit is now looming ever closer. There is still very limited guidance on how things will develop.

Risks and uncertainties

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have assumed responsibility for the monitoring of financial risk management.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

A proportion of the company's trading is conducted in Euros. The company constantly monitors the cost of foreign currencies to which it is exposed and tries to ensure the company does not suffer any adverse effects from currency fluctuations.

Credit risk

The company is exposed to credit risk due to its policy of giving credit to customers. In these instances the company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the directors.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has interest bearing liabilities and no interest bearing assets. The company has a policy of monitoring its debt finance to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature or otherwise be deemed necessary.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

EGLINTON (TIMBER PRODUCTS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

On behalf of the board

Mr K N Blair

Director

27 September 2019

EGLINTON (TIMBER PRODUCTS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N W Blair
Mrs V Blair
Mr G W Blair
Mr K N Blair

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £132,547. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Moore (NI) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EGLINTON (TIMBER PRODUCTS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr K N Blair

Director

27 September 2019

EGLINTON (TIMBER PRODUCTS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EGLINTON (TIMBER PRODUCTS) LIMITED

Opinion

We have audited the financial statements of Eglinton (Timber Products) Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 company's affairs as at 31 March 2019 and of its 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company 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 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.

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 our 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.

EGLINTON (TIMBER PRODUCTS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EGLINTON (TIMBER PRODUCTS) LIMITED

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

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.

Dr R I Peters Gallagher OBE FCA (Senior Statutory Auditor)
for and on behalf of Moore (NI) LLP

27 September 2019

Chartered Accountants
Statutory Auditor

32 Lodge Road
Coleraine
BT52 1NB

EGLINTON (TIMBER PRODUCTS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	12,356,314	10,076,290
Cost of sales		(10,694,112)	(8,919,490)
Gross profit		1,662,202	1,156,800
Administrative expenses		(1,331,805)	(1,099,440)
Other operating income		165,723	234,593
Operating profit	4	496,120	291,953
Interest payable and similar expenses	7	(89,381)	(74,433)
Profit before taxation		406,739	217,520
Tax on profit	8	(81,754)	(33,840)
Profit for the financial year		324,985	183,680

EGLINTON (TIMBER PRODUCTS) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10	3,355,348		2,889,684	
Current assets					
Stocks	12	1,195,201		674,902	
Debtors	13	2,665,828		2,095,725	
Cash at bank and in hand		-		86,494	
		<u>3,861,029</u>		<u>2,857,121</u>	
Creditors: amounts falling due within one year	14	<u>(3,647,894)</u>		<u>(2,926,616)</u>	
Net current assets/(liabilities)			<u>213,135</u>		<u>(69,495)</u>
Total assets less current liabilities			<u>3,568,483</u>		<u>2,820,189</u>
Creditors: amounts falling due after more than one year	15		<u>(764,502)</u>		<u>(216,709)</u>
Provisions for liabilities	18		<u>(210,432)</u>		<u>(202,369)</u>
Net assets			<u><u>2,593,549</u></u>		<u><u>2,401,111</u></u>
Capital and reserves					
Called up share capital	22	20,000		20,000	
Profit and loss reserves		<u>2,573,549</u>		<u>2,381,111</u>	
Total equity			<u><u>2,593,549</u></u>		<u><u>2,401,111</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:

Mr K N Blair
Director

Company Registration No. NI019444

EGLINTON (TIMBER PRODUCTS) LIMITED

STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 MARCH 2019**

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2017		20,000	2,323,283	2,343,283
Year ended 31 March 2018:				
Profit and total comprehensive income for the year		-	183,680	183,680
Dividends	9	-	(125,852)	(125,852)
Balance at 31 March 2018		20,000	2,381,111	2,401,111
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	324,985	324,985
Dividends	9	-	(132,547)	(132,547)
Balance at 31 March 2019		<u>20,000</u>	<u>2,573,549</u>	<u>2,593,549</u>

EGLINTON (TIMBER PRODUCTS) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	660,410	855,301
Interest paid		(89,381)	(74,433)
Income taxes paid		(64,116)	(70,938)
Net cash inflow from operating activities		506,913	709,930
Investing activities			
Purchase of tangible fixed assets		(1,164,891)	(219,272)
Proceeds on disposal of tangible fixed assets		34,917	99,760
Net cash used in investing activities		(1,129,974)	(119,512)
Financing activities			
Repayment of bank loans		(4,731)	(77,433)
Payment of finance leases obligations		630,770	(346,511)
Dividends paid		(132,547)	(125,852)
Net cash generated from/(used in) financing activities		493,492	(549,796)
Net (decrease)/increase in cash and cash equivalents		(129,569)	40,622
Cash and cash equivalents at beginning of year		(996,881)	(1,037,503)
Cash and cash equivalents at end of year		(1,126,450)	(996,881)
Relating to:			
Cash at bank and in hand		-	86,494
Bank overdrafts included in creditors payable within one year		(1,126,450)	(1,083,375)

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Eglinton (Timber Products) Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is Longfield Industrial Estate West, Eglinton, Co Londonderry, BT47 3PY.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods); the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% Straight line
Plant and machinery	10% Straight Line
Fixtures, fittings & equipment	10% Straight Line
Motor vehicles	25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be 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 in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	10,940,765	9,026,550
Rendering of services	1,415,549	1,049,740
	<u>12,356,314</u>	<u>10,076,290</u>

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
Northern Ireland	4,584,192	4,068,806
Great Britain	4,171,492	2,939,254
Republic of Ireland	3,600,630	3,068,230
	<u>12,356,314</u>	<u>10,076,290</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(50,989)	(33,525)
Fees payable to the company's auditor for the audit of the company's financial statements	11,400	11,300
Depreciation of owned tangible fixed assets	295,234	278,247
Depreciation of tangible fixed assets held under finance leases	403,993	265,519
Profit on disposal of tangible fixed assets	(34,917)	(45,907)
Cost of stocks recognised as an expense	<u>7,699,902</u>	<u>6,067,729</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £50,989 (2018 - £33,525).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Administration	4	5
Manufacturing	<u>71</u>	<u>72</u>
	<u>75</u>	<u>77</u>

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2019	2018
		£	£
	Wages and salaries	1,688,673	1,650,480
	Social security costs	143,415	140,190
	Pension costs	33,332	16,548
		<u>1,865,420</u>	<u>1,807,218</u>
6	Directors' remuneration		
		2019	2018
		£	£
	Remuneration for qualifying services	64,400	63,180
	Company pension contributions to defined contribution schemes	1,013	510
		<u>65,413</u>	<u>63,690</u>
7	Interest payable and similar expenses		
		2019	2018
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	45,318	37,568
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	44,063	36,865
		<u>89,381</u>	<u>74,433</u>
8	Taxation		
		2019	2018
		£	£
	Current tax		
	UK corporation tax on profits for the current period	73,691	64,116
	Adjustments in respect of prior periods	-	(75)
	Total current tax	<u>73,691</u>	<u>64,041</u>

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Taxation		(Continued)	
	2019	2018	
	£	£	
Current tax			
Deferred tax			
Origination and reversal of timing differences	8,063	(18,249)	
Adjustment in respect of prior periods	-	(11,952)	
	8,063	(30,201)	
Total deferred tax	8,063	(30,201)	
	81,754	33,840	
Total tax charge	81,754	33,840	

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018	
	£	£	
Profit before taxation	406,739	217,520	
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	77,280	41,329	
Tax effect of expenses that are not deductible in determining taxable profit	100	173	
Tax effect of income not taxable in determining taxable profit	(93)	(93)	
Adjustments in respect of prior years	-	(12,027)	
Depreciation on assets not qualifying for tax allowances	4,467	4,458	
Taxation charge for the year	81,754	33,840	

9 Dividends		2019	2018
		£	£
Interim paid		132,547	125,852

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	1,169,659	4,623,846	132,364	870,549	6,796,418
Additions	2,698	436,042	10,151	716,000	1,164,891
Disposals	-	(136,750)	-	(39,050)	(175,800)
At 31 March 2019	1,172,357	4,923,138	142,515	1,547,499	7,785,509
Depreciation and impairment					
At 1 April 2018	225,692	3,020,112	85,534	575,396	3,906,734
Depreciation charged in the year	23,447	337,750	8,353	329,677	699,227
Eliminated in respect of disposals	-	(136,750)	-	(39,050)	(175,800)
At 31 March 2019	249,139	3,221,112	93,887	866,023	4,430,161
Carrying amount					
At 31 March 2019	923,218	1,702,026	48,628	681,476	3,355,348
At 31 March 2018	943,967	1,603,734	46,830	295,153	2,889,684

The carrying value of land and buildings comprises:

	2019 £	2018 £
Freehold	923,218	943,967

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and machinery	728,770	563,304
Motor vehicles	648,037	260,745
	1,376,807	824,049
Depreciation charge for the year in respect of leased assets	403,993	265,519

Freehold land and buildings with a carrying amount of £923,218 (2018 - £943,967) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Tangible fixed assets

(Continued)

The property at Longfield Industrial Estate West, Eglinton, Co. Londonderry was valued at £1 million by Andrews Chartered Surveyors on 19 January 2017. This revaluation has not been incorporated into the financial statements.

11 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,563,086	1,943,830
Carrying amount of financial liabilities		
Measured at amortised cost	4,154,033	2,970,821

12 Stocks

	2019 £	2018 £
Raw materials and consumables	742,191	406,756
Finished goods and goods for resale	453,010	268,146
	1,195,201	674,902

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	2,563,086	1,943,830
Prepayments and accrued income	102,742	151,895
	2,665,828	2,095,725

14 Creditors: amounts falling due within one year

	2019 £	2018 £
	Notes	
Bank overdrafts	16	1,126,450
Bank loans	16	-
Obligations under finance leases	17	371,784
Trade creditors		1,810,591
Corporation tax		73,691
Other taxation and social security		182,705
Other creditors		263
Accruals and deferred income		82,410
		3,647,894

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	17	762,535	214,250
Government grants	20	1,967	2,459
		<u>764,502</u>	<u>216,709</u>

16 Loans and overdrafts

	2019 £	2018 £
Bank loans	-	4,731
Bank overdrafts	1,126,450	1,083,375
	<u>1,126,450</u>	<u>1,088,106</u>
Payable within one year	<u>1,126,450</u>	<u>1,088,106</u>

The company's bank overdraft and loans are secured by:-

- Floating charge
- Fixed charge over book debts
- Mortgage on real property BT47 6DF Eglinton, Longfield Industrial Estate West
- Mortgage on real property Folio LY5249, Folio LY145123, Folio 19541, Folio LY8745

The Arranged Overdraft Interest Rate is 3.25% over the Interest Reference Rate from time to time in force. The next review is scheduled for 31 October 2019.

17 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	404,716	318,444
In two to five years	834,208	234,192
	<u>1,238,924</u>	<u>552,636</u>
Less: future finance charges	(104,605)	(49,087)
	<u>1,134,319</u>	<u>503,549</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	210,432	202,369

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
ACAs	210,432	202,369
Movements in the year:		2019 £
Liability at 1 April 2018		202,369
Charge to profit or loss		8,063
Liability at 31 March 2019		210,432

The net deferred tax liability expected to reverse in 12 months is £82,406. This primarily relates to the reversal of tax timing differences on capital allowances.

20 Government grants

Grants received have been recognised based on the accrual model.

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	33,332	16,548

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary Shares of £1 each	20,000	20,000

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22 Share capital

(Continued)

2019	2018
£	£

The company has one class of ordinary shares which carry full voting rights, entitles the holders to full rights to participate in dividends as voted and entitles holders to full rights to participate in a distribution.

23 Financial commitments, guarantees and contingent liabilities

The company has a liability to repay grants received should it cease to comply with the various conditions set out in the relevant letter of offer.

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

2019	2018
£	£

Acquisition of tangible fixed assets	-	423,092
	<u> </u>	<u> </u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

2019	2018
£	£

Aggregate compensation	<u>64,400</u>	<u>63,180</u>
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Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year the company paid rent to directors and shareholders of the company, totalling £6,000 (2018 - £6,000). At the year end a balance of £1,000 was outstanding (2018 - £1,000) and is included within trade creditors.

During the year the company purchased services totalling £nil (2018 - £6,804) from a business in which a director and shareholder of the company is a partner. There was no amount outstanding at the year end (2018 - £nil).

During the year the company made sales to directors and shareholders of the company, totalling £185 (2018 - £9,837). There was no amount outstanding at the year end (2018 - £nil).

During the year the company made sales totalling £248 (2018 - £8,040) to a business in which a director and shareholder of the company is a partner. At the year end a balance of £7,387 was outstanding (2018 - £7,140) and is included within trade debtors.

EGLINTON (TIMBER PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

26 Directors' transactions

Dividends totalling £132,547 (2018 - £125,852) were paid in the year in respect of shares held by the company's directors.

27 Ultimate controlling party

The directors are considered the ultimate controlling party of Eglinton (Timber Products) Limited by virtue of their shareholding in the company.

28 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	324,985	183,680
Adjustments for:		
Taxation charged	81,754	33,840
Finance costs	89,381	74,433
Gain on disposal of tangible fixed assets	(34,917)	(45,907)
Depreciation and impairment of tangible fixed assets	699,227	543,766
Movements in working capital:		
(Increase)/decrease in stocks	(520,299)	345,777
Increase in debtors	(570,103)	(215,620)
Increase/(decrease) in creditors	590,874	(64,176)
Decrease in deferred income	(492)	(492)
Cash generated from operations	660,410	855,301

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