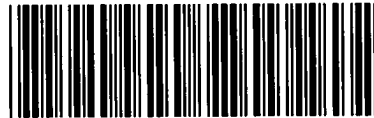


Company Registration No. 04225552 (England and Wales)

A GRADE TIMBER LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

TUESDAY



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COMPANIES HOUSE

A GRADE TIMBER LIMITED

COMPANY INFORMATION

Directors	G Bracey D E Moore R A Womersley I J Brailey C M Carter R J Pride C J Sherborne J R Sherborne L M Wright
Secretary	R J Pride
Company number	04225552
Registered office	45-47 Ashley Road Boscombe Bournemouth Dorset BH1 4LG
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

A GRADE TIMBER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company during the period was the sale and distribution of timber.

Review of the business

Sales for the 12 months to 31 March 2017 were £3,695,941 (11 months to 30 April 2016 - £3,585,998). Gross margin was 39.5%, up from 37.5% in the previous period. The profit before tax was £464,884 (2016 - £362,839).

Results and dividends

The retained profit of the company for the period after taxation was £371,544 (2016 - £289,942). Particulars of dividends paid and proposed are detailed in note 9 to the financial statements.

Future developments

The company continues to enjoy good working relationships with existing customers and is successful in obtaining orders from new customers.

Directors

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

A J Pratten	(Resigned 1 May 2016)
A H Townsend	(Resigned 1 May 2016)
G Bracey	
D E Moore	
R A Womersley	
I J Brailey	
C M Carter	
R J Pride	
C J Sherborne	
J R Sherborne	
L M Wright	

Directors' insurance

The group of which the company is a member maintains professional indemnity insurance covering directors, officers and senior managerial staff.

Auditor


RSM UK Audit LLP has indicated its willingness to continue in office. A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the annual general meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board


.....
R J Pride
Secretary
16.8.2017

A GRADE TIMBER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A GRADE TIMBER LIMITED

Opinion on financial statements

We have audited the financial statements on pages 4 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Charles Fray ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

9 December 2017

A GRADE TIMBER LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

		Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
	Notes		
Turnover	3	3,695,941	3,585,998
Cost of sales		(2,234,879)	(2,240,197)
Gross profit		1,461,062	1,345,801
Distribution costs		(87,600)	(81,801)
Administrative expenses		(919,058)	(901,161)
Operating profit	4	454,404	362,839
Interest receivable and similar income	7	10,480	-
Profit before taxation		464,884	362,839
Taxation	8	(93,340)	(72,897)
Profit for the financial year	17	371,544	289,942

A GRADE TIMBER LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	10		173,267		106,767
Current assets					
Stocks	11	220,865		213,872	
Debtors	12	545,701		576,765	
Cash at bank and in hand		657,344		1,074,505	
		1,423,910		1,865,142	
Creditors: amounts falling due within one year	13	(698,512)		(568,539)	
Net current assets			725,398		1,296,603
Total assets less current liabilities			898,665		1,403,370
Provisions for liabilities	14		(2,731)		(4,475)
Net assets			895,934		1,398,895
Capital and reserves					
Called up share capital	16		390,000		390,000
Profit and loss reserves	17		505,934		1,008,895
Total equity			895,934		1,398,895

The financial statements were approved by the board of directors and authorised for issue on 16.8.2017 and are signed on its behalf by:

.....
R J Pride
Director


.....
J R Sherborne
Director

A GRADE TIMBER LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2015		390,000	718,953	1,108,953
Period ended 31 March 2016:				
Profit and total comprehensive income for the period		-	289,942	289,942
Balance at 31 March 2016		390,000	1,008,895	1,398,895
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	371,544	371,544
Dividends	9	-	(874,505)	(874,505)
Balance at 31 March 2017		<u>390,000</u>	<u>505,934</u>	<u>895,934</u>

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

A Grade Timber Limited is a private company limited by shares incorporated in England and Wales. The registered office is 45-47 Ashley Road, Boscombe, Bournemouth, Dorset, BH1 4LG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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 financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Sherborne Holdings Limited. The consolidated financial statements of Sherborne Holdings Limited are available from its registered office, 45-47 Ashley Road, Boscombe, Bournemouth, Dorset BH1 4LG.

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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business, and is shown net of Value Added Tax. Turnover is recognised on dispatch of the goods or completion of the services.

Tangible fixed assets

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

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Depreciation is calculated so as to write off the cost of a tangible fixed asset on a straight line basis over the useful economic life of that asset as follows:

Leasehold property improvements	- over the term of the lease
Plant and machinery	- 20%-50% on cost
Fixtures, fittings and equipment	- 20%-50% on cost
Motor vehicles	- 20%-33% on cost

Assets in the course of construction are not depreciated.

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.

Impairment of fixed assets

At each reporting 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).

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in, first out basis.

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 its financial instruments. Financial instruments are recognised 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, which include trade and other receivables 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest. 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.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are not taxable or deductible, or that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

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.

Retirement benefits

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Impairment of stocks

Management calculates impairments by reviewing the value of stock which has not moved for a period of time.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors and makes provisions based on the age of the outstanding debts.

3 Turnover and other revenue

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

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Turnover analysed by class of business		
Sale and distribution of timber	3,695,941	3,585,998

Turnover analysed by geographical market

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
United Kingdom	3,695,941	3,585,998

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

4 Operating profit

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,250	9,000
Depreciation of owned tangible fixed assets	37,376	26,285
Loss/(profit) on disposal of tangible fixed assets	4,754	(1,000)
Cost of stocks recognised as an expense	2,234,879	2,240,197
Operating lease charges	90,000	82,500
	<u> </u>	<u> </u>

5 Employees

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

	Year ended 31 March 2017 Number	Period 1 May 2015 to 31 March 2016 Number
Office and management	3	3
Merchanting	12	9
	<u> </u>	<u> </u>
	15	12
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Wages and salaries	493,313	514,870
Social security costs	50,767	48,667
Pension costs	32,802	31,839
	<u> </u>	<u> </u>
	576,882	595,376
	<u> </u>	<u> </u>

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

6 Directors' remuneration

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Remuneration for qualifying services	228,662	281,106
Company pension contributions to defined contribution schemes	12,113	15,930
	<u>240,775</u>	<u>297,036</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	85,795	71,392
Company pension contributions to defined contribution schemes	4,521	4,172
	<u>90,316</u>	<u>75,564</u>

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	10,480	-
	<u>10,480</u>	<u>-</u>

8 Taxation

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Current tax		
UK corporation tax on profits for the current period	95,060	74,918
Adjustments in respect of prior periods	24	622
Total current tax	<u>95,084</u>	<u>75,540</u>
Deferred tax		
Origination and reversal of timing differences	(1,637)	(2,643)
Changes in tax rates	(257)	-
Adjustment in respect of prior periods	150	-
Total deferred tax	<u>(1,744)</u>	<u>(2,643)</u>
Total tax charge	<u>93,340</u>	<u>72,897</u>

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

8 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Profit before taxation	464,884	362,839
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	92,977	72,568
Tax effect of expenses that are not deductible in determining taxable profit	158	405
Tax effect of income not taxable in determining taxable profit	-	(200)
Adjustments in respect of prior years	24	622
Deferred tax adjustments in respect of prior years	150	-
Adjust deferred tax to reconciliation rate	31	(498)
Taxation for the year	93,340	72,897

Factors that may affect future tax charges

The main rate of corporation tax will be reduced to 19% from 1 April 2017 and to 17% from 1 April 2020.

9 Dividends

	Year ended 31 March 2017 £	Period 1 May 2015 to 31 March 2016 £
Dividends on ordinary shares	874,505	-

Dividends paid reflect a final dividend in respect of the year ended 31 March 2016 of £2.24 per ordinary share. The directors are proposing a final dividend in respect of the year ended 31 March 2017 of £1.13 per ordinary share, which will absorb £440,000 of shareholder's funds.

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Tangible fixed assets

	Leasehold property improvements	Assets in the course of construction	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2016	29,139	-	277,014	16,940	99,750	422,843
Additions	-	3,083	11,014	-	97,785	111,882
Disposals	-	-	-	-	(28,250)	(28,250)
At 31 March 2017	29,139	3,083	288,028	16,940	169,285	506,475
Depreciation and impairment						
At 1 April 2016	24,817	-	223,012	13,496	54,751	316,076
Depreciation charged in the year	711	-	6,626	1,728	28,311	37,376
Eliminated in respect of disposals	-	-	-	-	(20,244)	(20,244)
At 31 March 2017	25,528	-	229,638	15,224	62,818	333,208
Carrying amount						
At 31 March 2017	3,611	3,083	58,390	1,716	106,467	173,267
At 31 March 2016	4,322	-	54,002	3,444	44,999	106,767

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Stocks

	2017 £	2016 £
Finished goods and goods for resale	220,865	213,872

12 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	521,100	546,704
Other debtors	1,275	6,735
Prepayments and accrued income	23,326	23,326
	<u>545,701</u>	<u>576,765</u>

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	360,508	266,143
Amounts due to group undertakings	157,303	176,456
Corporation tax	95,051	74,918
Other taxation and social security	47,740	31,416
Accruals and deferred income	37,910	19,606
	<u>698,512</u>	<u>568,539</u>

14 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 2017 £	Liabilities 2016 £
Balances:		
Excess of taxation allowances over depreciation	2,731	4,475

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

14 Deferred taxation (Continued)

	2017
	£
Movements in the year:	
Liability at 1 April 2016	4,475
Credit to profit or loss	(1,487)
Effect of change in tax rate - profit or loss	(257)
Liability at 31 March 2017	<u>2,731</u>

It is not possible to estimate with any degree of reliability the extent to which the deferred tax liabilities shown above will reverse within the next twelve months.

15 Retirement benefit schemes

	2017	2016
	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>32,802</u>	<u>31,839</u>

The company contributes to a group personal pension scheme for its employees. The scheme's assets are held in independent, trustee-administered funds.

16 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
390,000 Ordinary shares of £1 each	<u>390,000</u>	<u>390,000</u>

The company has one class of ordinary shares. The shares carry no right to fixed income. Each carries the right to one vote at general meetings of the company.

17 Reserves

Profit and loss reserves

The profit and loss reserves reflect cumulative profit and losses net of distributions to members.

18 Financial commitments, guarantees and contingent liabilities

The company is party to a cross-guarantee in respect of any amounts owed to the bank by other group companies. At 31 March 2017 the net group liability was nil (2016 - nil).

A GRADE TIMBER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Operating lease commitments

Lessee

Operating lease charges reflect rent of the company's premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	90,000	90,000
Between one and five years	315,000	360,000
In over five years	-	45,000
	<u>405,000</u>	<u>495,000</u>

20 Related party transactions

During the year, the company continued to rent premises from B H Austen, a former shareholder. Rent of £90,000 (2016 - £82,500 for the eleven month period from 1 May 2015 to 31 March 2016) was paid to B H Austen during the year. No amounts were outstanding at the beginning or end of the year.

M J Meyer, a director of the company's parent undertaking, is also a director and controlling party of Compass Forest Products Limited. During the year, the company purchased goods totalling £287,356 (2016 - £293,381) from this company. All such purchases were undertaken on an arm's length basis. At the year end, the company owed Compass Forest Products Limited £33,617 (2016 - nil).

M J Meyer is also a director and controlling party of Falcon Panel Products Limited. During the year, the company purchased goods totalling £11,750 (2016 - nil) from this company. All such purchases were undertaken on an arm's length basis. No amounts were outstanding at the beginning or end of the year.

The company has taken advantage of the exemption granted under Section 33 of FRS 102 from disclosing transactions with other wholly-owned group companies.

21 Ultimate parent company and controlling parties

The immediate parent company is Sydenhams Limited, which is the parent company of the smallest group to consolidate these financial statements. The ultimate parent company is Sherborne Holdings Limited, which is the parent company of the largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at 45-47 Ashley Road, Boscombe, Dorset, BH1 4LG.

The ultimate controlling parties of Sherborne Holdings Limited are the majority shareholders C J Sherborne and J R Sherborne.