

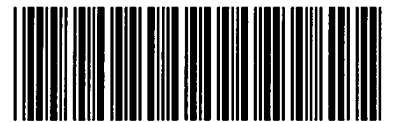
Company Registration Number: 08030489

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2024

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HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

A P Howarth
N D Howarth
J L Provan
A P Turner

Registered number

08030489

Registered office

Prince Edward Works
Pontefract Lane
Leeds
West Yorkshire
LS9 0RA

Independent auditor

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Third Floor
10 South Parade
Leeds
West Yorkshire
LS1 5QS

Bankers

HSBC
PO Box 105
33 Park Row
Leeds
LS1 1LD

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

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HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2024

Principal activities

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

Business model

The business operates manufacturing facilities in Ashton under Lyne, Brighton (North Yorkshire), Fairford and Bury St Edmunds. Sales are principally to the construction industry.

Business review and results

The year started well, but began to slow down in the Summer months and more so as Autumn progressed due to a reduction in house builds by our major customers. Higher interest rates and inflation had a large impact on housing transactions and housebuilders responded by cutting future build programmes. Timber prices, though much more stable in the year, remained low, impacting sales value during the year compared to the prior year also.

The Truss & I-Beam business, saw a decrease in turnover to £29.0m (2023: £35.1m) as a result of this operating profit decreased to £1.7m (2023: £3.8m).

Financial key performance indicators

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Financial	2024	2023	Measure
Return on capital	0.14	0.3	Profit before tax/net assets
Current ratio	4.48	3.72	Current assets/current liabilities
Stock turnover	15.4	14.8	Turnover/stock
Days debtors	35	45	Trade debtor's/turnover x 365
	£'000	£'000	
Sales per employee	224	264	Turnover/average number of employee
Operating profit per employee	13.1	28.2	Operating profit/average number of employees

Key performance ratios are used to monitor the use of working capital, productivity and cost controls, particular with regard to employment costs, which make up over 50% of the company overhead costs.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Raw material availability and prices: the company monitors raw material sources on a national basis.

Environmental risks: The company places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.

Debtors: The company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed. In addition, the company maintains credit insurance whereby the majority of outstanding debts are credit insured.

Major disruption/disaster: Business continuity planning is reviewed regularly.

The effect of legislation or other regulatory activities: The group monitors forthcoming and current legislation regularly.

All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights.

Competitive risk: The company operates in highly competitive markets. The diversity of operations reduces the possible effect of action by any single competitor.

Economic risk: The economic outlook for the UK can impact demand with, higher interest rates, inflation and cost of living impacting housing transactions. Government party aims to increase housebuilding could have a positive impact on demand in the future. The company monitors the impact of this.

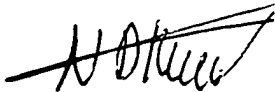
Future developments

Key areas of strategic development and performance of the business include:

Sales and marketing: New and replacement business is being won continually and key customer relationships are monitored on a regular basis.

Health and Safety: Accident and absenteeism rates are monitored and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.

This report was approved by the board and signed on its behalf.



.....
N D Howarth
Director

Date: 2 October 2024

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,573,000 (2023 - £3,243,000).

The total dividends paid in the year ended 31 March 2024 were £219,000 (2023: £444,000).

Directors

The directors who served during the year and to the date of this report were:

A P Howarth
N D Howarth
J L Provan
A P Turner

Matters covered in the Strategic Report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report under s414C(11). The Strategic Report includes a business review, significant events in the year, information on the Company's key performance indicators and future developments.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

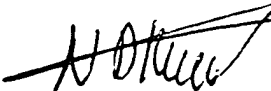
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



.....
N D Howarth
Director

Date: 2 October 2024

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Howarth Timber Engineered Solutions Limited (the 'Company') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 in relation to which 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 set out on page 3, 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.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



Simon Turner (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Leeds

2 October 2024

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover	4	28,957	35,062
Cost of sales		(17,494)	(21,443)
Gross profit		11,463	13,619
Administrative expenses		(9,770)	(9,875)
Operating profit	5	1,693	3,744
Interest receivable and similar income	9	261	41
Profit before tax		1,954	3,785
Tax on profit	10	(381)	(542)
Profit for the financial year		1,573	3,243

There were no recognised gains and losses for 2024 or 2023 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2024 (2023:£NIL).

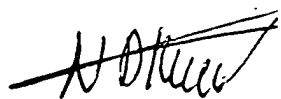
The notes on pages 12 to 24 form part of these financial statements.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED
REGISTERED NUMBER: 08030489

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	12	645	858
		645	858
Current assets			
Stocks	13	1,878	2,373
Debtors: amounts falling due within one year	14	11,568	5,032
Cash at bank and in hand	15	3,837	8,944
		17,283	16,349
Creditors: amounts falling due within one year	16	(3,850)	(4,483)
		13,433	11,866
Net current assets		13,433	11,866
Total assets less current liabilities		14,078	12,724
Net assets		14,078	12,724
Capital and reserves			
Called up share capital	18	-	-
Capital redemption reserve	19	1,250	1,250
Profit and loss account	19	12,828	11,474
		14,078	12,724
		14,078	12,724

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 October 2024.



.....
N D Howarth
 Director

The notes on pages 12 to 24 form part of these financial statements.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	1,250	8,675	9,925
Profit for the year	-	3,243	3,243
Dividends: Equity capital	-	(444)	(444)
At 1 April 2023	1,250	11,474	12,724
Profit for the year	-	1,573	1,573
Dividends: Equity capital	-	(219)	(219)
At 31 March 2024	1,250	12,828	14,078

The notes on pages 12 to 24 form part of these financial statements.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Howarth Timber Engineered Solutions Limited (the "Company") is a private company, incorporated and domiciled in the UK. The Company's registered office is at Prince Edward Works, Pontefract Lane, Leeds, West Yorkshire, LS9 0RA.

The financial statements are prepared in Pound Sterling which is the functional currency of the company.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howarth Timber Group Limited as at 31 March 2024 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.3 Going concern

The Company is a subsidiary undertaking of Howarth Timber Group Limited and manages its day-to-day working capital requirements through a group wide facility which covers all the groups trading entities.

The Group manages its financial requirements through a combination of retained earnings and external finance facilities. The external financial facilities currently available to the Group include longer term fixed rate borrowings, bank overdrafts, and asset finance facilities.

The Groups Net funds as at 31 March 2024 were £46m, comprising £49.7m of cash net of £3.7m of asset finance and fixed term mortgage backed loans.

The directors have prepared forecasts for the Group for a period to 31 March 2026. These forecasts have then been further sensitised for severe, but plausible downside scenarios, in relation to a further decline in sales, an increase in overhead costs and increased working capital requirements.

These forecasts and projections show that the Group is expected to be able to operate within the level of its current facility and in the view of the directors there is significant headroom under the current facility that would enable the Group to trade in the event of the severe, but plausible downside risks which have been modelled.

After making enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Turnover

Revenue is the amount derived from ordinary activities and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met.

i. Sale of goods – B2B

The company imports, manufactures and sells a range of timber products to other businesses. Sales of goods are recognised on delivery. Delivery occurs when the goods have been shipped to the location specified by the other business, or when the business collects the goods.

Some goods sold to businesses attract volume rebates. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates. Volume rebates are assessed based on anticipated annual purchases. Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

ii. Sale of goods – retail

The group operates merchant branches for the sale of timber and building products. Sales of goods are recognised on delivery to or collection by the customer.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.5 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

2.10 Tangible fixed assets

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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3 to 10 years
Motor vehicles	- 4 to 7 years
Fixtures and fittings	- 4 to 7 years
Office equipment	- 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short-term creditors are measured at the transaction 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.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, 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 liabilities

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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. Judgements in applying accounting policies 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 amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

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, if the revision affects only that period.

If the revision affects both current and future periods, the revision will impact both the period of the revision and future periods.

Trade Debtors (note 14)

The directors consider that material estimates and judgements are applied in assessing the recoverable amount of trade debtors. The directors assess historic recovery rates and identify individual trade debtor balances that have passed their credit terms when assessing recoverable amount. Where individual balances are identified as past due the directors assess the balance on its own merits in assessing whether it is appropriate to recognise a bad debt or not against the balance.

Stock (note 13)

The directors consider that material estimates and judgements are applied in assessing the net realisable value of stock. The directors assess stock ageing and historic stock turn information to identify slow moving stock lines that may be at risk of not being realised in excess of their carrying value. Specific items identified as slow moving are subject to provision where the directors assess, based on their experience, that the stock line will not be realised at its carrying value.

Customer and supplier rebates (note 14 & 16)

The directors consider that material estimates and judgements are applied in assessing the valuation of customer rebates payable and supplier rebates receivable. The directors assess the estimated rebate based on volumes purchased/sold in the year and the expected purchases/sales for the period of the rebate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Sale of Goods	<u>28,957</u>	<u>35,062</u>

All turnover arose within the United Kingdom.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2024	2023
	£000	£000
Depreciation - owned assets	243	273
Other operating lease rentals	392	294
Loss/(profit) on disposal of fixed assets	(5)	(9)
	 	

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2024	2023
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's financial statements	10	10
	 	

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2024	2023
	£000	£000
Wages and salaries	4,745	4,561
Social security costs	397	402
Cost of defined contribution scheme	99	150
	5,241	5,113

The average monthly number of employees, including the directors, during the year was as follows:

	2024	2023
	No.	No.
Production	84	88
Sales and distribution	28	27
Administration	17	17
	129	132

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

8. Directors' remuneration

	2024	2023
	£000	£000
Directors' emoluments	165	134
Company contributions to defined contribution pension schemes	46	25
	211	159
	211	159

During the year retirement benefits were accruing to 1 director (2023 - 1) in respect of defined contribution pension schemes.

9. Interest receivable and similar income

	2024	2023
	£000	£000
Bank interest receivable	261	41
	261	41
	261	41

10. Taxation

	2024	2023
	£000	£000
Corporation tax		
Current tax on profits for the year	399	496
	399	496
	399	496
Deferred tax		
Origination and reversal of timing differences	(18)	46
	(18)	46
	(18)	46
Taxation on profit on ordinary activities	381	542
	381	542

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - lower than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	2024	2023
	£000	£000
Profit on ordinary activities before tax	<u>1,954</u>	<u>3,785</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%)	489	719
Effects of:		
Adjustments to tax charge in respect of prior periods	-	3
Adjust closing deferred tax rate to average of 25%	-	10
Capital allowances super deduction	-	(14)
Losses not previously recognised	(108)	(176)
Total tax charge for the year	<u>381</u>	<u>542</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2024	2023
	£000	£000
Dividends paid on ordinary shares	<u>219</u>	<u>444</u>

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

12. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation					
At 1 April 2023	2,563	972	106	135	3,776
Additions	-	25	2	22	49
Disposals	-	(89)	-	-	(89)
At 31 March 2024	2,563	908	108	157	3,736
Depreciation					
At 1 April 2023	2,145	612	82	81	2,920
Charge for the year on owned assets	104	113	5	21	243
Disposals	-	(72)	-	-	(72)
At 31 March 2024	2,249	653	87	102	3,091
Net book value					
At 31 March 2024	314	255	21	55	645
At 31 March 2023	418	360	24	54	856

13. Stocks

	2024 £000	2023 £000
Raw materials and consumables	1,711	2,178
Work in progress	44	44
Finished goods and goods for resale	123	151
	1,878	2,373

£203k impairment losses were recognised in the current and the previous year.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

14. Debtors

	2024	2023
	£000	£000
Trade debtors	2,772	4,277
Amounts owed by group undertakings	8,312	294
Prepayments and accrued income	466	461
Deferred taxation	18	-
	11,568	5,032

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

15. Cash and cash equivalents

	2024	2023
	£000	£000
Cash at bank and in hand	3,837	8,944
	3,837	8,944

16. Creditors: Amounts falling due within one year

	2024	2023
	£000	£000
Trade creditors	2,554	3,487
Amounts owed to group undertakings	-	16
Corporation tax	(1)	(54)
Other taxation and social security	208	403
Other creditors	111	208
Accruals and deferred income	978	423
	3,850	4,483

Amounts owed to group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

17. Deferred taxation

	2024	2023
	£000	£000
At beginning of year	-	45
Credited to profit or loss	18	(45)
At end of year	18	-
	2024	2023
	£000	£000
Accelerated capital allowances	18	-
	18	-

18. Share capital

	2024	2023
	£	£
Allotted, called up and fully paid		
100 (2023 - 100) Ordinary shares of £1.00 each	100	100

19. Reserves

Capital redemption reserve

This is a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

Profit and loss account

This reserve represents cumulative profits and losses, net of any dividends paid.

20. Contingent liabilities

The company and fellow subsidiary undertakings are party to unlimited multilateral company guaranteed to HSBC plc in respect of any liability to HSBC plc incurred by Howarth Timber Group Limited or its subsidiaries. The total guaranteed borrowings in respect of parent and fellow subsidiary undertaking at 31 March 2024 amounted to £Nil (2023: £Nil).

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £98,852 (2023: £149,799). There were no contributions payable to the fund at the current or previous year end by the company.

HOWARTH TIMBER ENGINEERED SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Commitments under operating leases

At 31 March 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £000	2023 £000
Not later than 1 year	54	59
Later than 1 year and not later than 5 years	217	217
Later than 5 years	74	129
	<u>345</u>	<u>405</u>

23. Related party transactions

The Company has taken advantage of the exemption in Section 33 "Related Party Disclosures" from disclosing transactions with other members of the group, as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

24. Controlling party

The Company is a subsidiary undertaking of Howarth Timber Group Limited which is the ultimate parent company incorporated in the UK. The ultimate controlling party is Howarth Timber Group Limited. Howarth Timber Group Limited is the largest and smallest group into which the company is consolidated. Copies of the consolidated financial statements of Howarth Timber Group Limited are available from Prince Edward Works, Pontefract Lane, Leeds, West Yorkshire, LS9 0RA.