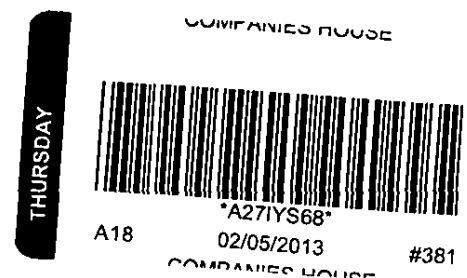


REGISTERED NUMBER 00912830 (England and Wales)

Report of the Director and
Financial Statements for the Year Ended 31 December 2012
for
Duchy Timber Limited

Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB



Duchy Timber Limited

Company Information
for the Year Ended 31 December 2012

DIRECTOR:

D R Adam

REGISTERED OFFICE:

Finnimore Industrial Estate
Ottery St Mary
Devon
EX11 1NR

REGISTERED NUMBER:

00912830 (England and Wales)

AUDITORS:

Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB

Duchy Timber Limited (Registered number. 00912830)

**Contents of the Financial Statements
for the Year Ended 31 December 2012**

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Duchy Timber Limited (Registered number: 00912830)

Report of the Director
for the Year Ended 31 December 2012

The director presents his report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the manufacture, wholesaling and retailing of sawn timber and fencing units together with associated products and building materials

REVIEW OF BUSINESS

2012 was a challenging year for Duchy Timber, as with many businesses affected by the combination or record rainfall throughout the year and generally difficult trading conditions. However, we have made significant strides in developing the business for the future with much needed investment in infrastructure, systems and marketing

The company again maintained sales turnover at £4.2 million but margins have been hard won. Our customer base operates mainly in the outside environment - fencing, landscaping, building and agricultural contractors - all areas affected by the dreadful weather, and it is no surprise that margins suffered as overall volumes in our marketplace fell significantly.

However much has been achieved in positioning the business for the future, following the change in ownership structure in 2011 -

- Our Payne Timber branches at Ottery St Mary and Torquay have been rebranded as Duchy Timber, including vehicle livery on the commercial fleet and extensive depot signage
- We have merged our IT systems with a common system across the three branches
- We have completed overdue improvements to the infrastructure of the branches, including groundworks, fencing, new display areas and revamped shop areas
- We have commenced a phased programme of vehicle replacements and upgrading
- In line with our strategy of increased retail and end-user sales we have further developed our range of timber manufactured goods including garden furniture, gates and fencing products
- To back this up we have developed a new suite of marketing literature and a revamped website. For the first time the company is using a range of digital marketing tools and social media, which we believe will be increasingly important in the years ahead
- The company has achieved certification to supply timber to The National Highway Scheme Sector 4, and at the time of writing we have just been assessed (awarded accreditation) for the supply of timber in accordance with the International Standard for Phytosanitary Measures No. 15 (ISPM 15) for packaging pallet timbers. These are important industry accreditations which demonstrate that the company has well developed systems and can produce products to a consistent and high quality standard

The outlook is positive with increased quoting opportunities in the public and corporate sector. Sustainability remains at the heart of our business - our core business is the production of timber products that lock carbon for many years ahead.

My summary of the business from last year is just as relevant as now -

- A sound business model and finances
- Committed and experienced management team and workforce
- Broad customer base and recurring revenues
- Continuous improvement of our procedures and systems

DIVIDENDS

An interim dividend of £14 per share was paid on 31 March 2012. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2012 will be £58,310.

DIRECTOR

D R Adam held office during the whole of the period from 1 January 2012 to the date of this report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the company's financial risk management objectives and policies and its exposure to risks associated with the use of financial instruments are disclosed in note 25 to the financial statements.

Duchy Timber Limited (Registered number: 00912830)

Report of the Director
for the Year Ended 31 December 2012

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

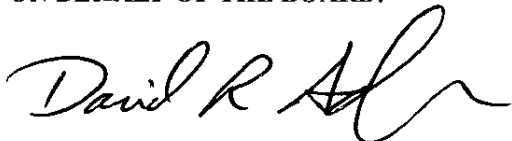
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Hamiltons Group Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



D R Adam - Director

28 March 2013

Report of the Independent Auditors to the Members of
Duchy Timber Limited

We have audited the financial statements of Duchy Timber Limited for the year ended 31 December 2012 on pages six to eighteen. 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).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

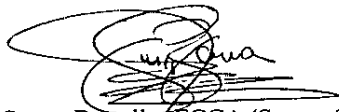
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Duchy Timber Limited

Matters on which we are required to report by exception

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

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



Susan Bowdler FCCA (Senior Statutory Auditor)
For and on behalf of Hamiltons Group Limited
Chartered Certified Accountants
Statutory Auditors
Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB

28 March 2013

Duchy Timber Limited (Registered number: 00912830)

Profit and Loss Account
for the Year Ended 31 December 2012

	Notes	2012 £	2011 £
TURNOVER		4,267,492	4,274,210
Cost of sales		(3,166,652)	(3,136,756)
GROSS PROFIT		1,100,840	1,137,454
Administrative expenses		(1,069,435)	(992,706)
		31,405	144,748
Other operating income		27,669	18,113
OPERATING PROFIT	3	59,074	162,861
Amounts written off investments	4	-	-
		59,074	162,861
Interest payable and similar charges	5	(34,346)	(51,980)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,728	110,881
Tax on profit on ordinary activities	6	10,837	(75,506)
PROFIT FOR THE FINANCIAL YEAR		35,565	35,375

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes on pages 8 to 18 form part of these financial statements

Duchy Timber Limited (Registered number 00912830)

Balance Sheet
31 December 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	768,614	860,076
Investments	9	-	-
		<u>768,614</u>	<u>860,076</u>
CURRENT ASSETS			
Stocks	10	651,473	674,833
Debtors	11	824,608	833,252
Cash at bank and in hand		10,140	57,163
		<u>1,486,221</u>	<u>1,565,248</u>
CREDITORS			
Amounts falling due within one year	12	1,301,378	1,227,019
NET CURRENT ASSETS		<u>184,843</u>	<u>338,229</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>953,457</u>	<u>1,198,305</u>
CREDITORS			
Amounts falling due after more than one year	13	(273,287)	(480,458)
PROVISIONS FOR LIABILITIES	17	(115,081)	(130,013)
NET ASSETS		<u><u>565,089</u></u>	<u><u>587,834</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	8,500	8,500
Share premium	19	208,500	208,500
Profit and loss account	19	348,089	370,834
SHAREHOLDERS' FUNDS	24	<u><u>565,089</u></u>	<u><u>587,834</u></u>

The financial statements were approved by the director on 28 March 2013 and were signed by



D R Adam - Director

The notes on pages 8 to 18 form part of these financial statements

Duchy Timber Limited (Registered number. 00912830)

Notes to the Financial Statements
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Preparation of consolidated financial statements

The financial statements contain information about Duchy Timber Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (revised 1996)' from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 15% on reducing balance

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are only recognised to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Duchy Timber Limited (Registered number: 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES - continued

Pension costs

The company operates a defined contribution pension scheme for employees the assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and credited to the profit and loss account over the estimated useful life of the assets to which they relate

2 STAFF COSTS

	2012 £	2011 £
Wages and salaries	981,106	902,863
Social security costs	71,072	70,820
	<u>1,052,178</u>	<u>973,683</u>

The average monthly number of employees during the year was as follows

	2012	2011
Production	52	49
Administrative	4	4
Management	3	3
	<u>59</u>	<u>56</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Hire of plant and machinery	38,587	42,316
Other operating leases	169,431	117,962
Depreciation - owned assets	121,534	139,855
Depreciation - assets on hire purchase contracts	10,978	15,289
(Profit)/loss on disposal of fixed assets	(2,749)	3,383
Auditors' remuneration - audit of the financial statements	4,500	4,500
Auditors' remuneration - other services	2,650	8,000
Amortisation of government grants re fixed assets	<u>(48,504)</u>	<u>(48,504)</u>
Directors' remuneration	<u>17,333</u>	<u>-</u>

Duchy Timber Limited (Registered number: 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

4 AMOUNTS WRITTEN OFF INVESTMENTS

	2012	2011
	£	£
Amounts written off investments	31,000	-
Intercompany loans written off	(31,000)	-
	<u>-</u>	<u>-</u>

During the year, the company wrote off its investment in Torbay Sawmills (Manufacturing) Limited amounting to £31,000. At the same time, it also wrote off the intercompany liability in relation to the unpaid share capital in the company.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	33,271	49,486
Hire purchase	1,075	2,494
	<u>34,346</u>	<u>51,980</u>

6 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	4,368	38,883
Previous year adjustment	(273)	(1,300)
Total current tax	<u>4,095</u>	<u>37,583</u>
Deferred tax	<u>(14,932)</u>	<u>37,923</u>
Tax on profit on ordinary activities	<u>(10,837)</u>	<u>75,506</u>

Duchy Timber Limited (Registered number 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

6 TAXATION - continued

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>24,728</u>	<u>110,881</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 26%)	4,946	28,829
Effects of		
Expenses not deductible for tax purposes	187	107
Income not taxable for tax purposes	(9,701)	(12,611)
Depreciation in excess of capital allowances	8,936	25,137
Adjustments to tax charge in respect of previous periods	(273)	(1,300)
Marginal relief	-	(3,366)
Change in tax rates	-	787
Current tax (credit)/charge	<u>4,095</u>	<u>37,583</u>

7 DIVIDENDS

	2012	2011
	£	£
Ordinary shares of £1 each		
Interim	<u>58,310</u>	<u>932,749</u>

Duchy Timber Limited (Registered number, 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

8 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2012	2,024,063	101,130	3,319	2,128,512
Additions	16,611	26,819	-	43,430
Disposals	(30,500)	-	(3,319)	(33,819)
At 31 December 2012	2,010,174	127,949	-	2,138,123
DEPRECIATION				
At 1 January 2012	1,202,091	64,359	1,986	1,268,436
Charge for year	126,018	6,361	133	132,512
Eliminated on disposal	(29,320)	-	(2,119)	(31,439)
At 31 December 2012	1,298,789	70,720	-	1,369,509
NET BOOK VALUE				
At 31 December 2012	711,385	57,229	-	768,614
At 31 December 2011	821,972	36,771	1,333	860,076

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £
COST	
At 1 January 2012	87,091
Additions	11,000
Transfer to ownership	(46,000)
At 31 December 2012	52,091
DEPRECIATION	
At 1 January 2012	27,133
Charge for year	10,978
Transfer to ownership	(16,505)
At 31 December 2012	21,606
NET BOOK VALUE	
At 31 December 2012	30,485
At 31 December 2011	59,958

Duchy Timber Limited (Registered number 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	31,000
At 31 December 2012	<u>31,000</u>
PROVISIONS	
Provision for year	31,000
At 31 December 2012	<u>31,000</u>
NET BOOK VALUE	
At 31 December 2012	<u><u>-</u></u>

The company's investments at the balance sheet date in the share capital of companies include the following

Torbay Sawmills (Manufacturing) Limited

Nature of business Dormant company

	% holding	2012 £	2011 £
Class of shares			
Ordinary	100.00		
Aggregate capital and reserves		<u><u>-</u></u>	<u><u>31,000</u></u>

10 STOCKS

	2012 £	2011 £
Finished goods	<u><u>651,473</u></u>	<u><u>674,833</u></u>

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	473,450	420,067
Amounts owed by associated undertakings	298,172	352,682
Other debtors	18,068	18,068
Directors' accounts	-	10,326
Prepayments and accrued income	34,918	32,109
	<u><u>824,608</u></u>	<u><u>833,252</u></u>

Duchy Timber Limited (Registered number: 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 14)	360,713	286,220
Hire purchase contracts (see note 15)	87,605	111,363
Trade creditors	696,497	612,647
Amounts owed to group undertakings	1,830	-
Amounts owed to related parties	-	1,096
Corporation tax	4,368	38,883
Social security and other taxes	88,758	92,689
Other creditors	-	13,705
Directors' accounts	744	-
Accruals and deferred income	25,815	29,184
Deferred government grants	35,048	41,232
	<u>1,301,378</u>	<u>1,227,019</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Hire purchase contracts (see note 15)	49,503	120,902
Other creditors	25,181	125,906
Deferred government grants	198,603	233,650
	<u>273,287</u>	<u>480,458</u>

14 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank loans, overdrafts and financing agreements	<u>360,713</u>	<u>286,220</u>

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2012	2011
	£	£
Net obligations repayable		
Within one year	87,605	111,363
Between one and five years	49,503	120,902
	<u>137,108</u>	<u>232,265</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	-	-	153	422
Between one and five years	90,000	90,000	13,781	8,052
In more than five years	78,200	78,200	-	-
	<u>168,200</u>	<u>168,200</u>	<u>13,934</u>	<u>8,474</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	2012 £	2011 £
Loans and financing agreements	360,713	286,220
Hire purchase contracts	154,094	188,077
	<u>514,807</u>	<u>474,297</u>

A mortgage charge was created on 20 September 2011 by way of a debenture over all the assets of the business in favour of Lloyds TSB Bank Plc

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

17 PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred tax	<u>115,081</u>	<u>130,013</u>
		Deferred tax £
Balance at 1 January 2012		130,013
Provided during year		<u>(14,932)</u>
Balance at 31 December 2012		<u>115,081</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of excess taxation allowances over depreciation on fixed assets

Duchy Timber Limited (Registered number: 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £	2011 £
8,500	Ordinary		<u>8,500</u>	<u>8,500</u>

19 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2012	370,834	208,500	579,334
Profit for the year	35,565		35,565
Dividends	(58,310)		(58,310)
At 31 December 2012	<u>348,089</u>	<u>208,500</u>	<u>556,589</u>

20 CONTINGENT LIABILITIES

Total grant proceeds of £517,416 were received during the 2007, 2008 and 2009 financial years from the Government Office for the South West. Terms and conditions are attached to the grant which, if breached, may lead to repayment of the grant. No breaches have been made this year that resulted in money becoming repayable.

21 TRANSACTIONS WITH DIRECTOR

The following loan to directors subsisted during the years ended 31 December 2012 and 31 December 2011

	2012 £	2011 £
D R Adam		
Balance outstanding at start of year	10,326	-
Amounts advanced	31,480	10,326
Amounts repaid	(42,550)	-
Balance outstanding at end of year	<u>(744)</u>	<u>10,326</u>

22 RELATED PARTY DISCLOSURES

A&B High Holdings Limited

The company's ultimate parent undertaking

	2012 £	2011 £
Amount due to related party at the balance sheet date	<u>1,334</u>	<u>-</u>

Duchy Timber Limited (Registered number 00912830)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

22 RELATED PARTY DISCLOSURES - continued

Timber Projects Limited

An associated company in which D R Adam is a director and shareholder

During the year, dividends totalling £58,310 (2011 £nil) were paid to Timber Projects Limited

	2012	2011
	£	£
Amount due from related party at the balance sheet date	298,172	352,682

Tamar Labels Limited

A fellow group company

	2012	2011
	£	£
Amount due to related party at the balance sheet date	496	1,096

A Haplin

A shareholder in Timber Projects Limited

During the year the company made rental payments of £78,200 (2011 £32,583) to Mr A Haplin

23 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is A & B High Holdings Limited

Copies of the accounts of A & B High Holdings Limited may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Mandy, Cardiff CF4 3UZ

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	35,565	35,375
Dividends	(58,310)	(932,749)
Net reduction of shareholders' funds	(22,745)	(897,374)
Opening shareholders' funds	587,834	1,485,208
Closing shareholders' funds	565,089	587,834

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

25 FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

The company has been exposed to risks of supplier price increases, credit risk, liquidity risk and cash flow risk. The director does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position.

The company has a receivables financing agreement in place. The facility has continued throughout the year and can be renewed thereafter as required.