

Company Registration No. 08961680 (England and Wales)

REDWOOD GLOBAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



REDWOOD GLOBAL LIMITED

COMPANY INFORMATION

Directors	Mr R Gardner Mr D Ghinn
Company number	08961680
Registered office	Walworth Business Park 86 Livingstone Road Andover Hampshire UK SP10 5NS
Auditor	Wilkins Kennedy Audit Services Athenia House 10-14 Andover Road Winchester Hampshire SO23 7BS

REDWOOD GLOBAL LIMITED

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REDWOOD GLOBAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Fair review of the business

Turnover in the year increased by 47% due to the continued expansion of the company both in the UK and Export Markets. Profit before tax increased by 62% as prior year investment in infrastructure resulted in an increase in efficiency and Return on Capital.

The company has continued to make significant investments in Research and Development and Marketing and further growth is expected in the current financial year.

Principal risks and uncertainties

There are not considered to be any principal risks but there is currently heightened uncertainty in the world economy that could impact upon the future performance of the company.

Key performance indicators

Redwood Global Limited uses a range of financial and non-financial indicators to monitor performance. The key performance indicators are: market share, revenue and profit trends, cash generation, research and development investment and other operational statistics including customer satisfaction, factory productivity, quality and health and safety.

On behalf of the board


.....
Mr R Gardner

Director

.....10/12/19

REDWOOD GLOBAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activities

The principal activity of the company continued to be that of design, manufacture, sale and hire of wood chippers and secondly the sale of forestry supplies.

Directors

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

Mr R Gardner
Mr D Ghinn

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,900,000. The directors do not recommend payment of a final dividend.

Research and development

The company has a programme of continuous investment in its product development activities. During the period, the company invested £293,786 (2018: £270,589) in direct research and development expenditure.

Auditor

The auditor, Wilkins Kennedy Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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;
- 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 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.

REDWOOD GLOBAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Statement of disclosure to auditor

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

On behalf of the board

.....

Mr R Gardner
Director

Date:10/12/19.....

REDWOOD GLOBAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REDWOOD GLOBAL LIMITED

Opinion

We have audited the financial statements of Redwood Global Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

REDWOOD GLOBAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REDWOOD GLOBAL LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Wilkins Kennedy audit services

Ian Talbot (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

11th December 2019

Statutory Auditor

Athenia House
10-14 Andover Road
Winchester
Hampshire
SO23 7BS

REDWOOD GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	21,303,289	14,463,137
Cost of sales		(14,228,761)	(9,958,432)
Gross profit		7,074,528	4,504,705
Administrative expenses		(3,732,024)	(2,468,827)
Other operating income		100,016	102,359
Operating profit	4	3,442,520	2,138,237
Interest receivable and similar income	7	7,817	7,837
Interest payable and similar expenses	8	(14,514)	(21,484)
Profit before taxation		3,435,823	2,124,590
Tax on profit	9	(558,293)	(287,307)
Profit for the financial year		2,877,530	1,837,283

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

REDWOOD GLOBAL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11		-		3,160
Tangible assets	12		2,068,434		1,754,038
Investments	13		18,409		18,409
			<u>2,086,843</u>		<u>1,775,607</u>
Current assets					
Stocks	16	4,957,348		2,253,549	
Debtors	17	1,591,778		1,742,490	
Cash at bank and in hand		1,687,177		1,332,687	
		<u>8,236,303</u>		<u>5,328,726</u>	
Creditors: amounts falling due within one year	18	(4,706,052)		(2,720,686)	
Net current assets			<u>3,530,251</u>		<u>2,608,040</u>
Total assets less current liabilities			<u>5,617,094</u>		<u>4,383,647</u>
Creditors: amounts falling due after more than one year	19		(594,968)		(387,803)
Provisions for liabilities	22		(151,683)		(102,931)
Net assets			<u><u>4,870,443</u></u>		<u><u>3,892,913</u></u>
Capital and reserves					
Called up share capital	25		110		110
Profit and loss reserves			<u>4,870,333</u>		<u>3,892,803</u>
Total equity			<u><u>4,870,443</u></u>		<u><u>3,892,913</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10/12/19 and are signed on its behalf by:


 Mr R Gardner
 Director

Company Registration No. 08961680

REDWOOD GLOBAL LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2017		110	2,555,520	2,555,630
Year ended 31 March 2018:				
Profit and total comprehensive income for the year		-	1,837,283	1,837,283
Dividends	10	-	(500,000)	(500,000)
Balance at 31 March 2018		110	3,892,803	3,892,913
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	2,877,530	2,877,530
Dividends	10	-	(1,900,000)	(1,900,000)
Balance at 31 March 2019		110	4,870,333	4,870,443

REDWOOD GLOBAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	29	2,828,810		1,397,186	
Interest paid		(14,514)		(21,484)	
Income taxes paid		(282,017)		(438,792)	
Net cash inflow from operating activities		2,532,279		936,910	
Investing activities					
Purchase of tangible fixed assets		(488,946)		(480,535)	
Proceeds on disposal of tangible fixed assets		299,259		305,366	
Interest received		7,817		7,837	
Net cash used in investing activities		(181,870)		(167,332)	
Financing activities					
Repayment of bank loans		-		(297,715)	
Payment of finance leases obligations		(95,919)		(153,013)	
Dividends paid		(1,900,000)		(500,000)	
Net cash used in financing activities		(1,995,919)		(950,728)	
Net increase/(decrease) in cash and cash equivalents		354,490		(181,150)	
Cash and cash equivalents at beginning of year		1,332,687		1,513,837	
Cash and cash equivalents at end of year		1,687,177		1,332,687	

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Redwood Global Limited is a private company limited by shares incorporated in England and Wales. The registered office is Walworth Business Park, 86 Livingstone Road, Andover, Hampshire, UK, SP10 5NS.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The company is a majority-owned subsidiary and meets all of the conditions for exemption as a wholly-owned subsidiary set out in section 401(2) of the Act as well as the additional conditions set out in section 401(1)(b) of the Act.

1.2 Going concern

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

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from the hire of equipment is recognised over the period of the hire.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

1.5 Tangible fixed assets

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

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

Land and buildings Leasehold	in accordance with the lease
Plant and machinery	20% on cost
Fixtures, fittings & equipment	20% on cost
Computer equipment	33% on cost
Motor vehicles	25% on cost
Contract hire stock	at variable rates depending on the individual machine

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

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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

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

1.8 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.16 Foreign exchange

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

1.17 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.18 Warranty

Provision is made for the company's estimated liability on all machines still under warranty, including claims already received. The provision is charged against trading profits and is included within the other creditors.

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 main areas of accounting estimate are:

- Slow moving stock provisions
- Recoverability of trade debtors
- Accruals and prepayments
- Depreciation and amortisation
- Warranty provisions

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Sale of Machines and Parts	19,860,542	13,118,693
Spot and Contract Hire	829,907	832,287
Service sales	172,505	77,981
Carriage	51,413	46,390
Sale of Accessories	388,922	387,786
	<u>21,303,289</u>	<u>14,463,137</u>
	2019 £	2018 £
Other revenue		
Interest income	<u>7,817</u>	<u>7,837</u>

The directors have decided not to disclose the geographical analysis of turnover as in their opinion they consider this to be seriously prejudicial to the interests of the company.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(27,243)	(20,821)
Research and development costs	293,786	270,589
Fees payable to the company's auditor for the audit of the company's financial statements	17,296	8,500
Depreciation of owned tangible fixed assets	276,629	305,320
Depreciation of tangible fixed assets held under finance leases	40,068	-
Profit on disposal of tangible fixed assets	(90,052)	(113,046)
Amortisation of intangible assets	3,160	3,161
Cost of stocks recognised as an expense	13,538,285	9,366,298
Operating lease charges	67,892	43,972
	<u> </u>	<u> </u>

5 Employees

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

	2019	2018
	Number	Number
Directors	2	2
Sales & Service	24	14
Administration	9	8
Operations & Assembly	21	17
	<u> </u>	<u> </u>
	56	41
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,308,870	1,527,710
Social security costs	240,743	169,868
Pension costs	27,872	10,015
	<u> </u>	<u> </u>
	2,577,485	1,707,593
	<u> </u>	<u> </u>

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	31,625	27,983
	<u> </u>	<u> </u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest receivable from group companies	7,817	7,817
Other interest income	-	20
	<u>7,817</u>	<u>7,837</u>
Total income	<u>7,817</u>	<u>7,837</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>7,817</u>	<u>7,817</u>
--------------------------------------------------------------------------------	--------------	--------------

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	8,672
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,625	5,602
Other interest	9,889	7,210
	<u>14,514</u>	<u>21,484</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	509,541	282,017
Adjustments in respect of prior periods	-	(238)
	<u>509,541</u>	<u>281,779</u>
Total current tax	<u>509,541</u>	<u>281,779</u>
Deferred tax		
Origination and reversal of timing differences	<u>48,752</u>	<u>5,528</u>
	<u>558,293</u>	<u>287,307</u>
Total tax charge	<u>558,293</u>	<u>287,307</u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Taxation

(Continued)

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

	2019 £	2018 £
Profit before taxation	3,435,823	2,124,590
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	652,806	403,672
Tax effect of expenses that are not deductible in determining taxable profit	11,158	1,906
Group relief	(38,552)	(35,255)
Capital allowances in excess of depreciation	(43,306)	(21,470)
Research and development enhancement	(72,565)	(66,836)
Deferred tax	48,752	5,528
Over provision in prior year	-	(238)
Taxation charge for the year	558,293	287,307

10 Dividends

	2019 £	2018 £
Interim paid	1,900,000	500,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2018 and 31 March 2019	15,804
Amortisation and impairment	
At 1 April 2018	12,644
Amortisation charged for the year	3,160
At 31 March 2019	15,804
Carrying amount	
At 31 March 2019	-
At 31 March 2018	3,160

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Contract hire stock	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2018	638,901	126,963	184,142	126,520	375,790	961,452	2,413,768
Additions	26,055	108,581	73,970	37,774	444,617	149,303	840,300
Disposals	-	-	-	-	(98,849)	(267,861)	(366,710)
At 31 March 2019	664,956	235,544	258,112	164,294	721,558	842,894	2,887,358
Depreciation and impairment							
At 1 April 2018	46,874	49,582	90,418	75,062	182,024	215,770	659,730
Depreciation charged in the year	12,778	36,559	42,527	31,110	128,018	65,705	316,697
Eliminated in respect of disposals	-	-	-	-	(58,130)	(99,373)	(157,503)
At 31 March 2019	59,652	86,141	132,945	106,172	251,912	182,102	818,924
Carrying amount							
At 31 March 2019	605,304	149,403	125,167	58,122	469,646	660,792	2,068,434
At 31 March 2018	592,027	77,381	93,724	51,458	193,766	745,682	1,754,038

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

(Continued)

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

	2019 £	2018 £
Motor vehicles	311,286	-

13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	18,409	18,409

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2018 & 31 March 2019	18,409
Carrying amount	
At 31 March 2019	18,409
At 31 March 2018	18,409

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Forst GmbH Germany	Sale and hire of woodchippers and associated products	Ordinary	100.00

15 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,514,102	1,705,649
Carrying amount of financial liabilities		
Measured at amortised cost	4,632,868	2,211,908

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

16 Stocks

	2019 £	2018 £
Raw materials and consumables	2,109,768	715,353
Finished goods and goods for resale	2,847,580	1,538,196
	<u>4,957,348</u>	<u>2,253,549</u>

17 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,302,000	1,553,715
Amounts owed by group undertakings	122,611	120,159
Other debtors	89,491	31,775
Prepayments and accrued income	77,676	36,841
	<u>1,591,778</u>	<u>1,742,490</u>

18 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Obligations under finance leases	21	157,706	-
Trade creditors		1,701,226	1,279,087
Amounts due to group undertakings		1,641,054	261,740
Corporation tax		363,283	135,759
Other taxation and social security		59,749	276,872
Deferred income		245,120	483,950
Other creditors		329,236	218,530
Accruals		208,678	64,748
		<u>4,706,052</u>	<u>2,720,686</u>

19 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	21	97,729	-
Other borrowings	20	103,000	103,000
Other creditors		394,239	284,803
		<u>594,968</u>	<u>387,803</u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

20 Loans and overdrafts

	2019 £	2018 £
Other loans	103,000	103,000
Payable after one year	103,000	103,000

In relation to a loan owed by the parent company, Redwood Global Holdings Limited, the company's bankers, National Westminster Bank Plc, hold a fixed legal charge over the leasehold property, plant and machinery, goodwill, shares in the subsidiary and intellectual property of the company owned now or in the future and a floating charge over the other property, assets and rights of the company owned now or in the future.

21 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	165,044	-
In two to five years	101,622	-
	266,666	-
Less: future finance charges	(11,231)	-
	255,435	-

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	23	151,683	102,931

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

23 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	162,893	104,138
Accrued wages	(11,210)	(1,207)
	<u>151,683</u>	<u>102,931</u>
Movements in the year:		2019 £
Liability at 1 April 2018		102,931
Charge to profit or loss		48,752
Liability at 31 March 2019		<u>151,683</u>

The deferred tax liability set out above relates to accelerated capital allowances and is expected to reverse in due course.

24 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>27,872</u>	<u>10,015</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary A of £1 each	100	100
10 Ordinary B of £1 each	10	10
	<u>110</u>	<u>110</u>

Prescribed particulars of 'Ordinary A' shares:

Voting Rights - Share rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held.

Dividend Rights - Each share ranks equally for any dividend declared.

Winding Up - Each share ranks equally for any distribution of capital made on a winding up of the company.

The shares are not redeemable.

Prescribed particulars of 'Ordinary B' shares:

All shares issued are non-redeemable and rank equally in terms of:

- (a) voting rights - one vote for each share;
- (b) rights to participate in all approved dividend distributions for that class of share; and
- (c) rights to participate in any capital distribution on winding up.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

26 Operating lease commitments

Lessee

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:

	2019 £	2018 £
Within one year	104,374	53,908
Between two and five years	381,519	178,376
In over five years	3,994,114	4,038,095
	<u>4,480,007</u>	<u>4,270,379</u>

27 Related party transactions

The directors are considered to be the only key management personnel. The remuneration of the directors is given in note 6.

Transactions with related parties

At the year end a sum of £1,641,054 (2018: £261,740) was owed to the parent undertaking Redwood Global Holdings Limited. None of the loan carries any entitlement to interest.

At the year end a sum of £122,611 (2018: £120,159) was owed by its subsidiary FORST GmbH. None of the loan carries any entitlement to interest. Included in trade debtors is a balance of £220,747 (2018: £407,612) owed by FORST GmbH at the year end with total sales to the subsidiary during the year of £2,807,551 (2018: £1,342,792).

At the year end the company owed Mrs J E Gardner, mother of R Gardner, £33,000 (2018: £33,000), with interest in the year amounting to £2,145 (2018: £2,145). There are no set repayment terms on this balance and a cumulative interest rate of 6.5% p.a. is applied to the total outstanding amounts.

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

28 Ultimate controlling party

The controlling party is the parent company, Redwood Global Holdings Limited, by virtue of its 90.9% shareholding in Redwood Global Limited.

The ultimate controlling parties are Mr & Mrs Gardner, by virtue of their 51% shareholding in the parent company.

The smallest and largest group into which these financial statements are consolidated is that of the parent company, Redwood Global Holdings Limited, a company incorporated in England and Wales. The consolidated group accounts are publicly available from Companies House.

29 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	2,877,530	1,837,283
Adjustments for:		
Taxation charged	558,293	287,307
Finance costs	14,514	21,484
Investment income	(7,817)	(7,837)
Gain on disposal of tangible fixed assets	(90,052)	(113,046)
Amortisation and impairment of intangible assets	3,160	3,161
Depreciation and impairment of tangible fixed assets	316,697	305,320
Movements in working capital:		
Increase in stocks	(2,703,799)	(225,181)
Decrease/(increase) in debtors	150,712	(575,695)
Increase/(decrease) in creditors	1,948,402	(458,760)
(Decrease)/increase in deferred income	(238,830)	323,150
Cash generated from operations	2,828,810	1,397,186