

REDWOOD GLOBAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



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 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

Turnover in the year increased by 9% due to the continued expansion of the company both in the UK and Export Markets. Profit before tax increased by 5% 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

16/12/18

REDWOOD GLOBAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

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 £500,000. 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 £98,522 (2017: £104,395) in direct research and development expenditure.

Auditor

Wilkins Kennedy Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 2018

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

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Mr R Gardner

Director

Date: 14/12/18

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 2018 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 2018 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

Statutory Auditor

18th December 2018

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

REDWOOD GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	14,463,137	13,283,821
Cost of sales		(9,958,432)	(9,070,357)
Gross profit		4,504,705	4,213,464
Administrative expenses		(2,468,827)	(2,191,022)
Other operating income		102,359	31,673
Operating profit	4	2,138,237	2,054,115
Interest receivable and similar income	7	7,837	-
Interest payable and similar expenses	8	(21,484)	(28,128)
Profit before taxation		2,124,590	2,025,987
Tax on profit	9	(287,307)	(313,346)
Profit for the financial year		1,837,283	1,712,641

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

REDWOOD GLOBAL LIMITED

BALANCE SHEET

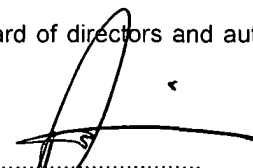
AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	11		3,160		6,321
Tangible assets	12		1,754,038		1,688,979
Investments	13		18,409		18,409
			<u>1,775,607</u>		<u>1,713,709</u>
Current assets					
Stocks	16	2,253,549		2,028,368	
Debtors	17	1,742,490		1,166,795	
Cash at bank and in hand		1,332,687		1,513,837	
		<u>5,328,726</u>		<u>4,709,000</u>	
Creditors: amounts falling due within one year	18	<u>(2,720,686)</u>		<u>(2,848,558)</u>	
Net current assets			<u>2,608,040</u>		<u>1,860,442</u>
Total assets less current liabilities			<u>4,383,647</u>		<u>3,574,151</u>
Creditors: amounts falling due after more than one year	19		(387,803)		(921,118)
Provisions for liabilities	22		(102,931)		(97,403)
Net assets			<u>3,892,913</u>		<u>2,555,630</u>
Capital and reserves					
Called up share capital	25		110		110
Profit and loss reserves			3,892,803		2,555,520
Total equity			<u>3,892,913</u>		<u>2,555,630</u>

The financial statements were approved by the board of directors and authorised for issue on 14/12/18 and are signed on its behalf by:



 Mr R Gardner
 Director



 Mr D Ghinn
 Director

Company Registration No. 08961680

REDWOOD GLOBAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2016		110	1,242,879	1,242,989
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	1,712,641	1,712,641
Dividends	10	-	(400,000)	(400,000)
Balance at 31 March 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

REDWOOD GLOBAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	29	1,397,186		1,719,023	
Interest paid		(21,484)		(28,128)	
Income taxes paid		(438,792)		(54,242)	
Net cash inflow from operating activities		936,910		1,636,653	
Investing activities					
Purchase of tangible fixed assets		(480,535)		(612,480)	
Proceeds on disposal of tangible fixed assets		305,366		276,401	
Interest received		7,837		-	
Net cash used in investing activities		(167,332)		(336,079)	
Financing activities					
Repayment of bank loans		(297,715)		(37,285)	
Payment of finance leases obligations		(153,013)		(259,521)	
Dividends paid		(500,000)		(400,000)	
Net cash used in financing activities		(950,728)		(696,806)	
Net (decrease)/increase in cash and cash equivalents		(181,150)		603,768	
Cash and cash equivalents at beginning of year		1,513,837		910,069	
Cash and cash equivalents at end of year		1,332,687		1,513,837	

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 2018

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 2018

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 at bank and in hand

Cash at bank and in hand 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.

Other financial assets

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

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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 direct issue 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 2018

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 the profit and loss account 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 income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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 2018

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:

	2018 £	2017 £
Turnover analysed by class of business		
Sale of Machines and Parts	13,118,693	11,852,073
Spot and Contract Hire	832,287	764,287
Service sales	77,981	86,619
Carriage	46,390	45,909
Sale of Accessories	387,786	534,933
	<u>14,463,137</u>	<u>13,283,821</u>
	2018 £	2017 £
Other revenue		
Interest income	<u>7,837</u>	<u>-</u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(20,821)	(1,816)
Research and development costs	98,522	104,395
Fees payable to the company's auditor for the audit of the company's financial statements	8,500	8,350
Depreciation of owned tangible fixed assets	305,320	244,607
Depreciation of tangible fixed assets held under finance leases	-	36,359
Profit on disposal of tangible fixed assets	(113,046)	(54,875)
Amortisation of intangible assets	3,161	3,161
Cost of stocks recognised as an expense	9,366,298	8,512,452
Operating lease charges	43,972	44,949
	<u> </u>	<u> </u>

5 Employees

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

	2018 Number	2017 Number
Directors	2	2
Sales & Service	14	14
Administration	8	7
Operations & Assembly	17	12
	<u> </u>	<u> </u>
	41	35
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,527,710	1,216,396
Social security costs	169,868	141,453
Pension costs	10,015	1,200
	<u> </u>	<u> </u>
	1,707,593	1,359,049
	<u> </u>	<u> </u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	27,983	33,754
	<u> </u>	<u> </u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest receivable from group companies	7,817	-
Other interest income	20	-
	<u>7,837</u>	<u>-</u>
Total income	<u>7,837</u>	<u>-</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	8,672	7,551
Interest on finance leases and hire purchase contracts	5,602	19,063
	<u>14,274</u>	<u>26,614</u>
Other finance costs:		
Other interest	7,210	1,514
	<u>21,484</u>	<u>28,128</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	282,017	292,772
Adjustments in respect of prior periods	(238)	-
	<u>281,779</u>	<u>292,772</u>
Deferred tax		
Origination and reversal of timing differences	5,528	20,574
	<u>5,528</u>	<u>20,574</u>
Total tax charge	<u>287,307</u>	<u>313,346</u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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:

	2018 £	2017 £
Profit before taxation	2,124,590	2,025,987
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	403,672	405,197
Tax effect of expenses that are not deductible in determining taxable profit	1,906	449
Group relief	(35,255)	(34,620)
Capital allowances in excess of depreciation	(21,470)	(18,152)
Research and development enhancement	(66,836)	(60,102)
Deferred tax	5,528	20,574
Over provision in prior year	(238)	-
Taxation charge for the year	287,307	313,346

10 Dividends

	2018 £	2017 £
Interim paid	500,000	400,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	15,804
Amortisation and impairment	
At 1 April 2017	9,483
Amortisation charged for the year	3,161
At 31 March 2018	12,644
Carrying amount	
At 31 March 2018	3,160
At 31 March 2017	6,321

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2018**

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 2017	605,615	107,098	154,500	80,893	371,107	898,697	2,217,910
Additions	33,286	19,865	29,642	45,627	118,915	315,364	562,699
Disposals	-	-	-	-	(114,232)	(252,609)	(366,841)
At 31 March 2018	638,901	126,963	184,142	126,520	375,790	961,452	2,413,768
Depreciation and impairment							
At 1 April 2017	34,311	23,388	57,135	50,979	165,404	197,714	528,931
Depreciation charged in the year	12,563	26,194	33,283	24,083	106,260	102,937	305,320
Eliminated in respect of disposals	-	-	-	-	(89,640)	(84,881)	(174,521)
At 31 March 2018	46,874	49,582	90,418	75,062	182,024	215,770	659,730
Carrying amount							
At 31 March 2018	592,027	77,381	93,724	51,458	193,766	745,682	1,754,038
At 31 March 2017	571,304	83,710	97,365	29,914	205,703	700,983	1,688,979

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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.

	2018 £	2017 £
Motor vehicles	-	48,506
Computer equipment	-	73,813
	<u>-</u>	<u>122,319</u>
Depreciation charge for the year in respect of leased assets	<u>-</u>	<u>36,359</u>

13 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	14	<u>18,409</u>	<u>18,409</u>

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2017 & 31 March 2018	<u>18,409</u>
Carrying amount	
At 31 March 2018	<u>18,409</u>
At 31 March 2017	<u>18,409</u>

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 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

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

15 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,705,649	1,140,143
Carrying amount of financial liabilities		
Measured at amortised cost	2,211,908	3,183,816

16 Stocks

	2018 £	2017 £
Raw materials and consumables	715,353	631,840
Finished goods and goods for resale	1,538,196	1,396,528
	2,253,549	2,028,368

17 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,553,715	990,700
Amounts owed by group undertakings	120,159	145,544
Other debtors	31,775	3,899
Prepayments and accrued income	36,841	26,652
	1,742,490	1,166,795

18 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	20	-	39,000
Obligations under finance leases	21	-	70,849
Trade creditors		1,279,087	1,278,687
Amounts due to group undertakings		261,740	614,375
Corporation tax		135,759	292,772
Other taxation and social security		276,872	132,288
Deferred income		483,950	160,800
Other creditors		218,530	132,488
Accruals		64,748	127,299
		2,720,686	2,848,558

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

19 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	20	-	258,715
Other borrowings	20	103,000	103,000
Amounts due to group undertakings		-	300,000
Other creditors		284,803	259,403
		<u>387,803</u>	<u>921,118</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	102,715
	<u>-</u>	<u>102,715</u>

20 Loans and overdrafts

	2018 £	2017 £
Bank loans	-	297,715
Other loans	103,000	103,000
	<u>103,000</u>	<u>400,715</u>
Payable within one year	-	39,000
Payable after one year	103,000	361,715
	<u>103,000</u>	<u>361,715</u>

During the year, the company transferred the bank loan held with National Westminster Bank Plc to its parent company upon purchase of new premises in the parent company.

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

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	-	78,704
Less: future finance charges	-	(7,855)
	<u>-</u>	<u>70,849</u>

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Finance lease obligations

(Continued)

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

22 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	23	102,931	97,403

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 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	104,138	97,403
Accrued wages	(1,207)	-
	<u>102,931</u>	<u>97,403</u>
Movements in the year:		2018 £
Liability at 1 April 2017		97,403
Charge to profit or loss		5,528
Liability at 31 March 2018		<u>102,931</u>

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

REDWOOD GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	10,015	1,200

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.

25 Share capital

	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
100 Ordinary A of £1 each	100	100
10 Ordinary B of £1 each	10	10
	110	110

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 2018

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:

	2018 £	2017 £
Within one year	53,908	56,544
Between two and five years	178,376	185,233
In over five years	4,038,095	4,080,140
	<u>4,270,379</u>	<u>4,321,917</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 £261,740 (2017: £914,375) was owed to the parent undertaking Redwood Global Holdings Limited. Of this sum £nil (2017: £300,000) is not due for repayment for at least a year. None of the loan carries any entitlement to interest.

At the year end a sum of £120,159 (2017: £145,544) was owed by its subsidiary FORST GmbH. None of the loan carries any entitlement to interest. Included in trade debtors is a balance of £407,612 (2017: £205,753) owed by FORST GmbH at the year end with total sales to the subsidiary during the year of £1,342,792 (2017: £1,102,891).

At the year end the company owed Mrs J E Gardner, mother of R Gardner, £33,000 (2017: £33,000), with interest in the year amounting to £2,145 (2017: £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 2018

28 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

	2018 £	2017 £
Profit for the year after tax	1,837,283	1,712,641
Adjustments for:		
Taxation charged	287,307	313,346
Finance costs	21,484	28,128
Investment income	(7,837)	-
Gain on disposal of tangible fixed assets	(113,046)	(54,875)
Amortisation and impairment of intangible assets	3,161	3,161
Depreciation and impairment of tangible fixed assets	305,320	280,966
Movements in working capital:		
(Increase)/decrease in stocks	(225,181)	2,640
(Increase) in debtors	(575,695)	(200,152)
(Decrease) in creditors	(458,760)	(168,833)
Increase/(decrease) in deferred income	323,150	(197,999)
Cash generated from operations	1,397,186	1,719,023