

Challenge Fencing Limited

Annual Report and Unaudited Financial Statements

for the year ended 30 November 2019

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Challenge Fencing Limited

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Challenge Fencing Limited

(Registration number: 02147081)

Statement of Financial Position

30 November 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	1,099,815	1,136,342
Investments	5	101	100
		<u>1,099,916</u>	<u>1,136,442</u>
Current assets			
Stocks	6	475,079	503,376
Debtors	7	3,437,856	1,944,933
Cash at bank and in hand		<u>11,193</u>	<u>411,808</u>
		3,924,128	2,860,117
Creditors: Amounts falling due within one year	8	<u>(736,147)</u>	<u>(816,268)</u>
Net current assets		<u>3,187,981</u>	<u>2,043,849</u>
Total assets less current liabilities		4,287,897	3,180,291
Creditors: Amounts falling due after more than one year	8	(1,113,051)	(93,777)
Provisions for liabilities		<u>(35,706)</u>	<u>(31,702)</u>
Net assets		<u>3,139,140</u>	<u>3,054,812</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>3,139,040</u>	<u>3,054,712</u>
Total equity		<u>3,139,140</u>	<u>3,054,812</u>

For the financial year ending 30 November 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages [3](#) to [13](#) form an integral part of these financial statements.

Challenge Fencing Limited

(Registration number: 02147081)

Statement of Financial Position

30 November 2019

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 12 August 2020 and signed on its behalf by:

.....

P W Keane
Company secretary and director

The notes on pages [3](#) to [13](#) form an integral part of these financial statements.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

The Sawyard
Downside Road
Cobham
Surrey
KT11 3LY

These financial statements were authorised for issue by the Board on 12 August 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	over 50 years
Short leasehold property	over 14 years
Plant and machinery	20% reducing balance
Fixtures, fittings and equipment	33% reducing balance
Motor vehicles	25% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 49 (2018 - 49).

Challenge Fencing Limited

Notes to the Financial Statements
for the year ended 30 November 2019

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £
Cost or valuation				
At 1 December 2018	1,213,269	236,452	395,752	324,433
Additions	8,750	40,981	-	11,174
Disposals	-	-	(51,660)	(16,901)
At 30 November 2019	<u>1,222,019</u>	<u>277,433</u>	<u>344,092</u>	<u>318,706</u>
Depreciation				
At 1 December 2018	314,275	193,631	274,438	251,220
Charge for the year	12,900	20,478	29,491	15,675
Eliminated on disposal	-	-	(34,077)	(15,596)
At 30 November 2019	<u>327,175</u>	<u>214,109</u>	<u>269,852</u>	<u>251,299</u>
Carrying amount				
At 30 November 2019	<u>894,844</u>	<u>63,324</u>	<u>74,240</u>	<u>67,407</u>
At 30 November 2018	<u>898,994</u>	<u>42,821</u>	<u>121,314</u>	<u>73,213</u>

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

	Total £
Cost or valuation	
At 1 December 2018	2,169,906
Additions	60,905
Disposals	<u>(68,561)</u>
At 30 November 2019	<u>2,162,250</u>
Depreciation	
At 1 December 2018	1,033,564
Charge for the year	78,544
Eliminated on disposal	<u>(49,673)</u>
At 30 November 2019	<u>1,062,435</u>
Carrying amount	
At 30 November 2019	<u>1,099,815</u>
At 30 November 2018	<u>1,136,342</u>

Included within the net book value of land and buildings above is £875,528 (2018 - £870,531) in respect of freehold land and buildings and £19,316 (2018 - £28,463) in respect of short leasehold land and buildings.

5 Investments

	2019 £	2018 £
Investments in subsidiaries	<u>101</u>	<u>100</u>

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

Subsidiaries	£
Cost or valuation	
At 1 December 2018	100
Additions	<u>1</u>
At 30 November 2019	<u>101</u>
<hr/>	
Provision <small>HOBSON & CO Wiston House 1 Wiston Avenue</small>	
Carrying amount <small>Worthing West Sussex</small>	
At 30 November 2019	<u>101</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Titan Garden Buildings Ltd	The Sawyard Downside Road Cobham Surrey KT11 3LY. England	Ordinary £1	100%	100%
Humbie Farm Limited	Humbie Farm Kirkliston West Lothian EH29 9GC Scotland	Ordinary A £1	100%	0%

The principal activity of Titan Garden Buildings Ltd is dormant.

The principal activity of Humbie Farm Limited is mixed farming.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

The profit for the financial period of Titan Garden Buildings Ltd was £ and the aggregate amount of capital and reserves at the end of the period was £100. Page 9

The profit for the financial period of Humber Farm Limited was £3,328 and the aggregate amount of capital and reserves at the end of the period was £2,697.

6 Stocks

	2019 £	2018 £
Other inventories	475,079	503,376

7 Debtors

	2019 £	2018 £
Trade debtors	89,256	104,546
Amounts owed by group undertakings and undertakings in which the company has a participating interest 11	1,050,000	-
Prepayments	92,686	91,178
Other debtors	2,205,914	1,749,209
	<u>3,437,856</u>	<u>1,944,933</u>

Included in debtors is a deposit of £5,000. This deposit is subject to a charge in favour of the landlord.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

8 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Bank loans and overdrafts	9	63,715	62,708
Trade creditors		363,247	440,673
Taxation and social security		141,730	129,555
Accruals and deferred income		82,508	47,129
Other creditors		84,947	136,203
		<u>736,147</u>	<u>816,268</u>

Creditors include bank loans and overdrafts which are secured of £63,715 (2018 - £62,708)

The National Westminster Bank has a charge over the property 217-223 Sutton Road, Maidstone. The charge is dated 13 November 2007.

The National Westminster Bank has a legal charge over the property, The Shed Factory, Portsmouth Road, Ripley, Surrey. The charge

is dated 9 August 2010.

Creditors: amounts falling due after more than one year

	2019 £	2018 £
Due after one year		
Loans and borrowings	1,113,051	93,777
	2019 £	2018 £
Due after more than five years		
After more than five years by instalments	951,799	-

Creditors include bank loans and overdrafts which are secured of £1,113,051 (2018 - £93,777).

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

Creditors include bank loans repayable by instalments of £951,799.00 (2018 - £0.00) due after more than five years.

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9 Loans and borrowings

	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	1,113,051	93,777
	<hr/>	<hr/>
	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	40,313	62,708
Bank overdrafts	23,402	-
	<hr/>	<hr/>
	63,715	62,708

Included in the loans and borrowings are the following amounts due after more than five years:

Bank loans and overdrafts after five years

NatWest bank loan of £1,160,000. The bank loan is repayable over 120 months from October 2019. Interest is charged at 2.61% over base. At 30 November 2019 £40,313 is due in less than 1 year and £1,113,051 is due after more than 1 year.

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of guarantees not included in the balance sheet is £100,000 (2018 - £Nil). Mr A Stewart-Clark (Director) has provided a personal guarantee of £100,000 to NatWest Bank in connection with the company's borrowings.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2019**

11 Related party transactions

Transactions with directors

2019	At 1 December 2018 £	Advances to directors £	At 30 November 2019 £
A Stewart-Clark	1,371,965	356,218	1,728,183

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	At 1 December 2017 £	Advances to directors £	At 30 November 2018 £
2018 A Stewart-Clark	1,369,992	1,973	1,371,965

Summary of transactions with subsidiaries

Humbie Farm Ltd

Loans to related parties

	Subsidiary £
2019 Advanced	<u>1,050,000</u>