

Challenge Fencing Limited

Annual Report and Financial Statements

for the year ended 30 November 2020

Hodson & Co
Wiston House
1 Wiston Avenue
Worthing
West Sussex
BN14 7QL

Challenge Fencing Limited

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Challenge Fencing Limited

(Registration number: 02147081)

Statement of Financial Position

30 November 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	1,035,287	1,099,815
Investment property	5	1,360,292	-
Investments	6	101	101
		<u>2,395,680</u>	<u>1,099,916</u>
Current assets			
Stocks	7	552,696	475,079
Debtors	8	2,149,977	3,437,856
Cash at bank and in hand		651,268	11,193
		<u>3,353,941</u>	<u>3,924,128</u>
Creditors: Amounts falling due within one year	9	<u>(1,195,106)</u>	<u>(736,147)</u>
Net current assets		<u>2,158,835</u>	<u>3,187,981</u>
Total assets less current liabilities		4,554,515	4,287,897
Creditors: Amounts falling due after more than one year	9	(1,062,766)	(1,113,051)
Provisions for liabilities		<u>(35,706)</u>	<u>(35,706)</u>
Net assets		<u>3,456,043</u>	<u>3,139,140</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>3,455,943</u>	<u>3,139,040</u>
Shareholders' funds		<u>3,456,043</u>	<u>3,139,140</u>

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 11 August 2021 and signed on its behalf by:

.....
P W Keane
Company secretary and director

The notes on pages [2](#) to [11](#) form an integral part of these financial statements.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2020

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 11 August 2021.

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.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 11 August 2021 was Matthew Hodson BSc FCA, who signed for and on behalf of Hodson & Co.

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 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 2020

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

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

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.

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.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2020

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 2020

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 47 (2019 - 49).

**Notes to the Financial Statements
for the year ended 30 November 2020**

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 December 2019	1,222,019	277,433	344,092	318,706	2,162,250
Additions	6,857	18,864	-	1,750	27,471
Disposals	-	(30,709)	(20,186)	(56,207)	(107,102)
At 30 November 2020	1,228,876	265,588	323,906	264,249	2,082,619
Depreciation					
At 1 December 2019	327,175	214,109	269,852	251,299	1,062,435
Charge for the year	23,069	20,807	17,461	13,553	74,890
Eliminated on disposal	-	(28,675)	(18,714)	(42,604)	(89,993)
At 30 November 2020	350,244	206,241	268,599	222,248	1,047,332
Carrying amount					
At 30 November 2020	878,632	59,347	55,307	42,001	1,035,287
At 30 November 2019	894,844	63,324	74,240	67,407	1,099,815

Included within the net book value of land and buildings above is £878,632 (2019 - £875,528) in respect of freehold land and buildings and £Nil (2019 - £19,316) in respect of short leasehold land and buildings.

Challenge Fencing Limited**Notes to the Financial Statements
for the year ended 30 November 2020****5 Investment properties**

	2020
	£
Additions	1,360,292
At 30 November	1,360,292

On 28 August 2020 A Stewart-Clark (Director) transferred commercial property valued at £1,360,292 to the company.

6 Investments

	2020	2019
	£	£
Investments in subsidiaries	101	101

Subsidiaries**Cost or valuation**

At 1 December 2019	101
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Provision**Carrying amount**

At 30 November 2020	101
At 30 November 2019	101

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:

Challenge Fencing Limited**Notes to the Financial Statements
for the year ended 30 November 2020**

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Titan Garden Buildings Ltd	The Sawyard Downside Road Cobham Surrey KT11 3LY.	Ordinary £1	100%	100%
	England			
Humbie Farm Limited	Humbie Farm Kirkliston West Lothian EH29 9GC Scotland	Ordinary A £1	100%	100%

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Subsidiary undertakings

Titan Garden Buildings Limited

The principal activity of Titan Garden Buildings Limited is Dormant company.

Humbie Farm Limited

The principal activity of Humbie Farm Limited is Farming and Investment property. The loss for the financial period was £11,201 and the aggregate amount of capital and reserves at the end of the period was £(8,504).

7 Stocks

	2020	2019
	£	£
Other inventories	552,696	475,079

8 Debtors

	2020	2019
	£	£
Trade debtors	110,178	89,256
Amounts owed by group undertakings and undertakings in which the company has a participating interest	12 1,579,970	1,050,000
Prepayments	98,507	92,687
Other debtors	361,322	2,205,913
	<u>2,149,977</u>	<u>3,437,856</u>

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2020**

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

9 Creditors

Creditors: amounts falling due within one year

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	10	41,750	63,715
Trade creditors		502,373	363,247
Taxation and social security		212,798	172,605
Accruals and deferred income		120,708	82,508
Other creditors		317,477	54,072
		<u>1,195,106</u>	<u>736,147</u>

Creditors include bank loans and overdrafts which are secured of £41,750 (2019 - £63,715)

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

	Note	2020 £	2019 £
Due after one year			
Loans and borrowings	10	<u>1,062,766</u>	<u>1,113,051</u>

	2020 £	2019 £
Due after more than five years		
After more than five years by instalments	910,049	951,799

Creditors include bank loans and overdrafts which are secured of £1,062,766 (2019 - £1,113,051).

Creditors include bank loans repayable by instalments of £910,049 (2019 - £951,799) due after more than five years.

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**Notes to the Financial Statements
for the year ended 30 November 2020**

10 Loans and borrowings

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	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	<u>1,062,766</u>	<u>1,113,051</u>

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	41,750	40,313
Bank overdrafts	-	23,402
	<u>41,750</u>	<u>63,715</u>

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 2020 £41,750 (2019: £40,313) is due in less than 1 year and £1,062,766 (2019: £1,113,051) is due after more than 1 year.

11 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 £Nil (2019 - £100,000). Mr A Stewart-Clark (Director) has provided a personal guarantee of £nil (2019:£100,000) to NatWest Bank in connection with the company's borrowings.

12 Related party transactions

Transactions with directors

	At 1 December 2019 £	Repayments by director £	At 30 November 2020 £
2020 A Stewart-Clark	1,728,183	(1,749,768)	(21,585)

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Notes to the Financial Statements

for the year ended 30 November 2020

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	At 1 December 2018 £	Advances to directors £	At 30 November 2019 £
2019 A Stewart-Clark			

Summary of transactions with all subsidiaries

Humbie Farm Ltd

Loans to related parties

2020

At start of period

At end of period

Subsidiary
£

1,050,000

1,050,000

Total
£

1,050,000

1,050,000

2019

At start of period

At end of period

Subsidiary
£

1,050,000

1,050,000

Total
£

1,050,000

1,050,000