

Challenge Fencing Limited

Annual Report and Financial Statements

for the year ended 30 November 2021

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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	992,089	1,035,287
Investment property	5	1,696,729	1,360,292
Investments	6	-	101
		<u>2,688,818</u>	<u>2,395,680</u>
Current assets			
Stocks	7	565,234	552,696
Debtors	8	6,634,325	2,149,977
Cash at bank and in hand		<u>345,784</u>	<u>651,268</u>
		7,545,343	3,353,941
Creditors: Amounts falling due within one year	9	<u>(1,369,851)</u>	<u>(1,195,106)</u>
Net current assets		<u>6,175,492</u>	<u>2,158,835</u>
Total assets less current liabilities		8,864,310	4,554,515
Creditors: Amounts falling due after more than one year	9	(4,779,523)	(1,062,766)
Provisions for liabilities		<u>(20,523)</u>	<u>(35,706)</u>
Net assets		<u>4,064,264</u>	<u>3,456,043</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>4,064,164</u>	<u>3,455,943</u>
Shareholders' funds		<u>4,064,264</u>	<u>3,456,043</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 12 August 2022 and signed on its behalf by:

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

The notes on pages [2](#) to [12](#) form an integral part of these financial statements.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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 2022.

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.

Going concern

The financial statements have been prepared on a going concern basis as the directors believe that no material uncertainties exist. The directors have considered the level of reserves held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the company to be able to continue as a going concern.

Whilst the impact of Covid-19 has been assessed, so far as reasonably possible, it does not appear to have impacted on the companies activities. The directors have, therefore, a reasonable expectation that the company will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

Audit Report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 12 August 2022 was Matthew Hodson BSc FCA, who signed for and on behalf of Hodson & Co.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

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

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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

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

In November 2021 the Company undertook a group restructure, at which point Humble Farm Limited, and Titan Garden Buildings Ltd, both subsidiaries of the company, sold their shares to Providence Place Ltd, which then became the parent Company of the group.

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.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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.

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 50 (2020 - 47).

**Notes to the Financial Statements
for the year ended 30 November 2021**

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 December 2020	1,228,876	265,588	323,906	264,249	2,082,619
Additions	-	9,980	-	14,771	24,751
Disposals	(128,236)	(34,534)	(62,658)	(43,807)	(269,235)
At 30 November 2021	1,100,640	241,034	261,248	235,213	1,838,135
Depreciation					
At 1 December 2020	350,244	206,237	268,600	222,248	1,047,329
Charge for the year	3,753	19,268	13,827	9,293	46,141
Eliminated on disposal	(128,237)	(29,414)	(55,533)	(34,240)	(247,424)
At 30 November 2021	225,760	196,091	226,894	197,301	846,046
Carrying amount					
At 30 November 2021	874,880	44,943	34,354	37,912	992,089
At 30 November 2020	878,632	59,347	55,307	42,001	1,035,287

Included within the net book value of land and buildings above is £874,879 (2020 - £878,632) in respect of freehold land and buildings and £ (2020 - £Nil) in respect of short leasehold land and buildings.

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2021**

5 Investment properties

	2021 £
At 1 December	1,360,292
Additions	1,696,729
Disposals	<u>(1,360,292)</u>
At 30 November	<u>1,696,729</u>

During the year to 30 November 2021, Lian Yard and MCS investment properties were transferred to Lian Yard Ltd (group company).

6 Investments

	2021 £	2020 £
Investments in subsidiaries	<u>-</u>	<u>101</u>

Subsidiaries

Cost or valuation

	£
At 1 December 2020	101
Disposals	<u>(101)</u>
At 30 November 2021	<u>-</u>

Provision

Carrying amount

At 30 November 2021	<u>-</u>
At 30 November 2020	<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:

Challenge Fencing Limited

**Notes to the Financial Statements
for the year ended 30 November 2021**

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Titan Garden Buildings Ltd	Page 7 The Sawyard Downside Road Cobham Surrey KT11 3LY. England	Ordinary £1	0%	100%

Humbie Farm Limited	Humbie Farm Kirkliston West Lothian EH29 9GC Scotland	Ordinary A £1	0%	100%
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Subsidiary undertakings

Titan Garden Buildings Limited

The principal activity of Titan Garden Buildings Limited is manufacture and resale of garden buildings.

Humbie Farm Limited

The principal activity of Humbie Farm Limited is Farming and Investment property.

7 Stocks

	2021	2020
	£	£
Other inventories	565,234	552,696

8 Debtors

	2021	2020
	£	£
Trade debtors	101,554	110,178
Amounts owed by group undertakings and undertakings in which the company has a participating interest	11 6,079,761	1,579,970
Prepayments	41,833	98,506
Other debtors	411,177	361,323
	<u>6,634,325</u>	<u>2,149,977</u>

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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	2021 £	2020 £
Due within one year			
Loans and borrowings	10	348,274	41,750
Trade creditors		465,663	502,373
Taxation and social security		302,217	212,798
Accruals and deferred income		176,373	120,708
Other creditors		77,324	317,477
		<u>1,369,851</u>	<u>1,195,106</u>

Creditors include bank loans and overdrafts which are secured of £348,274 (2020 - £41,750)

The National Westminster Bank has a charge over the property 215-223 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.

The National Westminster Bank has a legal charge over the property, Lucas Green Nurseries, Lucas Green, West End, Woking, GU24 9LY. The charge is dated 30 April 2021.

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

Creditors: amounts falling due after more than one year

	Note	2021 £	2020 £
Due after one year			
Loans and borrowings	10	4,593,347	1,062,766
Other non-current financial liabilities		186,176	-
		<u>4,779,523</u>	<u>1,062,766</u>
		2021 £	2020 £
Due after more than five years			
After more than five years by instalments		3,200,252	910,049

Creditors include bank loans and overdrafts which are secured of £4,593,347 (2020 - £1,062,766).

Creditors include bank loans repayable by instalments of £3,200,252 (2020 - £910,049) due after more than five years.

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	4,593,347	1,062,766

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	348,274	41,750

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

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

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 2021 £79,629 (2020: £41,750) is due in less than 1 year and £989,452 (2020: £1,062,766) is due after more than 1 year.

NatWest bank loan of £1,400,000. The bank loan is repayable over 240 months from April 21. Interest is charged at 2.65% over base. At 30 November 2021 £91,008 is due in less than 1 year and £1,278,918 is due after more than 1 year.

AMC bank loan of £1,295,419. The bank loan is repayable over 76 months from April 2019. Interest is charged at 1.9% over base. At 30 November 2021 £84,838 is due in less than 1 year and £1,163,280 is due after more than 1 year.

AMC bank loan of £1,296,374. The bank loan is repayable over 76 months from April 2019. Interest is charged at 3.05% over base. At 30 November 2021 £92,800 is due in less than 1 year and £1,161,696 is due after more than 1 year.

11 Related party transactions

Transactions with directors

	At 1 December 2020	Repayments by director	At 30 November 2021
	£	£	£
2021			
A Stewart-Clark	(21,585)	(16,761)	(38,346)

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

Summary of transactions with group companies

Humbie Farm Limited, A Company with the same Parent Company

During the year, Challenge Fencing Ltd issued a loan to the company. The amount outstanding at the year end was £4,228,785 (2020: £1,050,000).

Titan Garden Buildings Limited, A Company with the same Parent Company.

During the year, the company issued a loan to Challenge Fencing Limited. The amount outstanding at the year end was £186,105 (2020: £Nil).

Challenge Fencing Limited

Notes to the Financial Statements for the year ended 30 November 2021

Lian Yard Limited. A Company with the same Parent Company.

During the year, Challenge Fencing Ltd issued a loan to the company. The amount outstanding at the year end was £1,360,292 (2020: £Nil).

Marlin Mansion Limited. A Company with the same Parent Company.

During the year, Challenge Fencing Ltd issued a loan to the company. The amount outstanding at the year end was £490,584 (2020: £Nil).

Loans to related parties

	Parent £	Total £
2021		
Advanced	100	100
At end of period	100	100

12 Parent and ultimate parent undertaking

The ultimate controlling party by virtue of owning 100% shares in Providence Place Ltd is Alex Stewart-Clark.

The company's immediate parent is Providence Place Ltd, incorporated in England & Wales.