
CONSOLIDATED TIMBER HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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CONSOLIDATED TIMBER HOLDINGS LIMITED

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CONSOLIDATED TIMBER HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M P Corral N J Cullen A O Fischer
Registered number	02295212
Registered office	The Enterprise Building Port of Tilbury Tilbury RM18 7HL
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 30 Old Bailey London EC4M 7AU

CONSOLIDATED TIMBER HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report for the year ended 31 December 2022.

On 16 September 2021, the company shortened its accounting reference date from 31 March 2022 to 31 December 2021 to align with other group companies.

The prior period comparatives are for the nine months period ended 31 December 2021.

Principal activity

The company is an intermediate holding company, for businesses that are specialist importers, distributors and manufacturers of timber and panel products.

Business review

In the prior period, on 2 July 2021, the Consolidated Timber Holdings ('CTH') group was acquired by Jack Holdings Bidco Limited following investment by Rubicon Partners and Templewater Jack Limited. Following this investment a new CEO, Mr Nick Cullen was appointed and a new executive team, constituting mainly existing senior staff was formed. The former shareholders have continued to act as advisors to the group.

The company has successfully managed through challenging trading conditions over the past year related to the Covid-19 pandemic and the cost of living crisis. As a result the company's profit before taxation was £21,958,000 (period ended 31 December 2021: profit of £15,757,000). The company's balance sheet shows a strong position with net assets of £27,065,000 (period ended 31 December 2021: net assets of £9,372,000).

In December 2022, the CTH Head Office at Shepperton was closed. Head office functions have all been relocated to offices in Tilbury, Essex which will allow the support functions to be closer to the operational functions. As such, the company has reported exceptional costs of £1,020,000 (period ended 31 December 2021: £430,000) during the year relating to restructuring.

As part of the group's strategic plans on 28 December 2022 Falcon Panel Products Limited changed its name to Falcon Timber Limited. On 2 January 2023 the business of MBM Forest Products Ltd was transferred to Falcon Timber Ltd thus creating a combined enhanced business to better service the UK Timber industry. Also during the year Falcon Timber relocated its Birmingham depot to a new significantly larger facility which is strategically located to better service the local customer base.

On 28th June 2022 the group drew down a further £4,189,000 from the real estate facility with PNC following a revised valuation of the properties. The properties have been valued by external property valuers Fisher Hargreaves Proctor on 30 November 2022, with an increased valuation of £11,800,000 which has been included in the balance sheet as at 31st December 2022.

The Directors declared and paid interim dividends of £2,384,000 (period ended 31 December 2021: £11,882,000) in the year.

Future developments

The company remains committed to enhancing and developing both its product portfolio and service offering and will continue to look for opportunities to deliver further strategic expansion. The wider Consolidated Timber Holdings ('CTH') group's UK wide service proposition continues to offer exciting opportunities. The company remains confident in the UK Timber market to steer its way through these difficult times and is well placed to take advantage of any opportunities as the markets and general situation allow. The company has added new suppliers and products to complement our already strong relationships and will continue to invest in its supply chain and products in the forthcoming years.

CONSOLIDATED TIMBER HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The company operates in a competitive market, sourcing its raw materials globally. The management of the business and the execution of the company's strategy are subject to a number of risks.

The key risk areas which impact on the company's operations are:

Price risk

The company is exposed to commodity price risk. The group does not manage its exposure to commodity price risk due to cost benefit considerations.

Credit risk

The company's maximum exposure to credit risk is represented by trade and other receivables. The company has no significant concentration of credit risk and credit insurance is obtained to limit exposure.

Liquidity risk

The company ensures that sufficient cash is available to fund its on-going operations and development. Borrowing facilities are provided through group based bank loans, receivables financing and stock based lending. The facilities are regularly reviewed to ensure they exceed forecast debt levels.

Interest rate risk

The company is exposed to interest rate risk on its borrowings which are subject to variable rates of interest linked to bank base rates. Whilst there is a risk of bank base rate rises this risk is not considered to have a significant impact on the company's objectives.

Foreign currency risk

Exchange rates continue to be monitored to enable the business to alleviate severe volatility on future pricing of raw material and hedges currency exposure on contracts using forward contracts where appropriate.

Key performance indicators

The key performance indicators which are used to monitor the company's performance were as follows:

	Year ended 31 December 2022 £000's	Period ended 31 December 2021 £000's
Operating loss	(6,550)	(2,270)

KPI's are reviewed to ensure they are in line with expectations. Given market conditions all KPI's were within acceptable levels for the year/period.

CONSOLIDATED TIMBER HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' statement of compliance with duty to promote the success of the company

As Directors, we are aware of our duty under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its shareholders as a whole, and to have regard to the long-term effect of our decisions on the group and its other stakeholders. In seeking to achieve this, we have regard to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees / our colleagues;
- the need to build great relationships with suppliers, customers and others;
- the impact of our operations on the community and the environment; and
- our desire to maintain a reputation for the highest standards in the way we conduct our business.

This report was approved by the board and signed on its behalf by:



Nick Cullen (May 31, 2023 16:16 GMT+1)

N J Cullen
Director

Date: 31-May-2023

CONSOLIDATED TIMBER HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

The prior period comparatives are for the 9 month period ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £20,077,000 (period ended 31 December 2021: profit of £15,653,000).

Total dividends of £2,384,000 were paid during the year (period ended 31 December 2021: £11,882,000).

Directors

The Directors who served during the year and to the date of this report were:

J Boucher (resigned 23 March 2022)
M P Corral
N J Cullen
A O Fischer
C D Head (appointed 4 January 2022, resigned 11 May 2023)
M J Laughlin (resigned 23 March 2022)
S P Sabine (resigned 23 March 2022)
A P Smith (resigned 23 March 2022)
A J Tilbury (resigned 23 March 2022)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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; and
- 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 to 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.

CONSOLIDATED TIMBER HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Qualifying third party indemnity provisions

The Directors benefit from a qualifying third party indemnity provision in the form permitted by Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying third party indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

Matters covered in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's strategic report information required by Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008. Certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the strategic report on pages 2 to 4. These matters relate to the business review, principal risks and uncertainties, financial instruments and future developments.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid 19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The company continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Going concern

The Directors have considered the current trading conditions and forecasts to enable them to conclude that with a reasonable expectation that the company has adequate resources to continue in its daily operations for at least the next 12 months from the date of this report, therefore it continues to adopt the going concern basis for accounting in preparing the annual financial statements.

Post balance sheet events

As part of the group's strategic plans on 2 January 2023 the business of MBM Forest Products Limited was transferred to Falcon Timber Limited (formerly known as Falcon Panel Products Limited) thus creating a combined enhanced business to better service the UK Timber industry.

On 19 January 2023, the company changed its registered address from Clock House, Station Approach, Shepperton, Middlesex, TW17 8AN to The Enterprise Building, Port of Tilbury, Essex, RM18 7HL.

Provision of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

CONSOLIDATED TIMBER HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Nick Cullen (May 31, 2023 16:16 GMT+1)

N J Cullen
Director

Date: 31-May-2023

CONSOLIDATED TIMBER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSOLIDATED TIMBER HOLDINGS LIMITED

Opinion

We have audited the financial statements of Consolidated Timber Holdings Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 December 2022 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

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

CONSOLIDATED TIMBER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSOLIDATED TIMBER HOLDINGS LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the 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.

Matters on which we are required to report by exception

In 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CONSOLIDATED TIMBER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSOLIDATED TIMBER HOLDINGS LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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 intend either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

CONSOLIDATED TIMBER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSOLIDATED TIMBER HOLDINGS LIMITED

In addition, we evaluated the Director's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

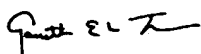
- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Gareth Jones (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor 30 Old Bailey
30 Old Bailey
London
EC4M 7AU

Date: 31-May-2023

CONSOLIDATED TIMBER HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
	Note		
Turnover	4	-	1,418
Gross profit		-	1,418
Administrative expenses		(6,550)	(3,688)
Operating loss	5	(6,550)	(2,270)
Income from shares in group undertakings		26,861	17,850
Interest receivable and similar income	9	1,679	665
Interest payable and similar expenses	10	(32)	(488)
Profit before tax		21,958	15,757
Tax on profit	11	(1,881)	(104)
Profit for the financial year/period		20,077	15,653
Other comprehensive income		-	-
Total comprehensive income for the year/period		20,077	15,653

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

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED TIMBER HOLDINGS LIMITED
REGISTERED NUMBER: 02295212

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible fixed assets	13	60	15
Investments	14	9,788	9,788
		<u>9,848</u>	<u>9,803</u>
Current assets			
Debtors: amounts falling due within one year	15	53,232	29,753
Cash and cash equivalents	16	66	345
		<u>53,298</u>	<u>30,098</u>
Creditors: amounts falling due within one year	17	(36,081)	(22,356)
Net current assets		<u>17,217</u>	<u>7,742</u>
Total assets less current liabilities		<u>27,065</u>	<u>17,545</u>
Creditors: amounts falling due after more than one year	18	-	(8,173)
Net assets		<u><u>27,065</u></u>	<u><u>9,372</u></u>
Capital and reserves			
Called up share capital	21	810	810
Share premium account	22	673	673
Capital redemption reserve	22	1,244	1,244
Profit and loss account	22	24,338	6,645
Total equity		<u><u>27,065</u></u>	<u><u>9,372</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Nick Cullen (May 31, 2023 16:16 GMT+1)

N J Cullen
Director

Date: 31-May-2023

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED TIMBER HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	810	673	1,244	2,874	5,601
Comprehensive income for the period					
Profit for the period	-	-	-	15,653	15,653
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,653	15,653
Dividends	-	-	-	(11,882)	(11,882)
Total transactions with owners	-	-	-	(11,882)	(11,882)
At 1 January 2022	810	673	1,244	6,645	9,372
Comprehensive income for the year					
Profit for the year	-	-	-	20,077	20,077
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	20,077	20,077
Dividends	-	-	-	(2,384)	(2,384)
Total transactions with owners	-	-	-	(2,384)	(2,384)
At 31 December 2022	810	673	1,244	24,338	27,065

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Consolidated Timber Holdings Limited is a private company limited by shares and is incorporated and registered in England & Wales. The company's registered number is 02295212. On 19 January 2023, the company changed its registered office address from Clock House, Station Approach, Shepperton, Middlesex, TW17 8AN to The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL.

The company is an intermediate holding company, for businesses that are specialist importers, distributors and manufacturers of timber and panel products.

The prior period comparatives are for the 9 month period ended 31 December 2021.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and are currently shown rounded in thousands.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Jack Holdings Topco Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The Directors have considered the current trading conditions and forecasts to enable them to conclude that with a reasonable expectation that the company has adequate resources to continue in its daily operations for at least the next 12 months from the date of this report, therefore it continues to adopt the going concern basis for accounting in preparing the annual financial statements.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest receivable and similar income

Interest receivable and similar income is recognised the Statement of Comprehensive Income using the effective interest method.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the period of the lease
Fixtures, fittings and computer equipment	- 25% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation is included in "administrative expenses" in the Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors: amounts falling due within one year

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors: amounts falling due within one year

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

The whole of the turnover is attributable to group management charges.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Depreciation of tangible fixed assets	13	9
Operating lease rentals - property	58	66
Operating lease rentals - motor vehicles	90	64
Defined contribution pension costs	90	54
	<u> </u>	<u> </u>

6. Auditor's remuneration

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	40	37
	<u> </u>	<u> </u>

The company has taken advantage of the exemption not to disclose amounts paid to the auditor of the company for non-audit services as these are disclosed in the group financial statements of the immediate parent company, Consolidated Timber Holdings Group Limited.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Employees and Directors

Staff costs, including Directors' remuneration, were as follows:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Wages and salaries	3,597	2,138
Social security costs	442	189
Cost of defined contribution scheme	90	54
	<u>4,129</u>	<u>2,381</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Year ended 31 December 2022 No.	Period ended 31 December 2021 No.
Employees	<u>34</u>	<u>25</u>

8. Directors' remuneration and key management personnel

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Directors' emoluments	1,013	772
Directors pension costs - defined contribution scheme	11	23
	<u>1,024</u>	<u>795</u>

During the year retirement benefits were accruing to 1 Director (period ended 31 December 2021: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £740,000 (period ended 31 December 2021: £202,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (period ended 31 December 2021: £nil).

The Directors of the company are considered to be key management personnel.

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Interest receivable and similar income

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Intercompany interest receivable	1,679	665

10. Interest payable and similar expenses

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Bank interest payable	32	215
Other interest payable	-	273
	32	488

11. Taxation

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Corporation tax		
Adjustments in respect of previous periods	1,500	-
Total current tax	1,500	-
Deferred tax		
Origination and reversal of timing differences	300	198
Adjustment in respect of previous periods	(13)	-
Changes to tax rates	94	(94)
Total deferred tax	381	104
Taxation on profit	1,881	104

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (period ended 31 December 2021: lower than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Profit before tax	21,958	15,757
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 December 2021: 19%)	4,172	2,994
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	22
Adjustments to tax charge in respect of prior periods	1,487	-
Tax rate changes	95	(94)
Dividends from UK companies	(8,495)	(3,391)
Group relief	1,225	573
Other differences	3,391	-
Total tax charge for the year/period	1,881	104

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

The deferred taxes at the reporting date reflected in these financial statements have been measured at the tax rate that was substantively enacted at 31 December 2022 that was expected to apply to the reversal of the timing difference.

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Dividends

	2022 £000	2021 £000
Ordinary dividends paid	2,384	11,882

13. Tangible fixed assets

	Fixtures and fittings £000	Leasehold improvements £000	Total £000
Cost			
At 1 January 2022	79	61	140
Additions	57	-	57
Disposals	(8)	-	(8)
At 31 December 2022	128	61	189
Depreciation			
At 1 January 2022	65	59	124
Charge for the year	12	1	13
Disposals	(8)	-	(8)
At 31 December 2022	69	60	129
Net book value			
At 31 December 2022	59	1	60
At 31 December 2021	14	1	15

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Investments

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost			
At 1 January 2022	9,788	300	10,088
At 31 December 2022	9,788	300	10,088
Impairment			
At 1 January 2022	-	300	300
At 31 December 2022	-	300	300
Net book value			
At 31 December 2022	9,788	-	9,788
At 31 December 2021	9,788	-	9,788

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
MBM Forest Products Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Trading and distribution of structural timber products	Ordinary	100%
Compass Forest Products Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Importation and distribution of softwood products	Ordinary	100%
Hoffman Thornwood Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Manufacturing of wood based products	Ordinary	100%
Strebord Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Dormant	Ordinary	100%
MBM Speciality Forest Products Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Trading speciality timber products	Ordinary	100%
Meridian Wood Products Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Property letting	Ordinary	100%
Triesse Group Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Holding company	Ordinary	100%
Falcon Timber Limited (formerly Falcon Panel Products Limited)**	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Importation and distribution of timber based panel products	Ordinary	100%
Falcon Panel Products Limited	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Dormant	Ordinary	100%
Triesse Holdings Limited*	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Holding company and property letting	Ordinary	100%
Triesse Limited*	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Manufacturing, veneering and laminating wood based products	Ordinary	100%
Triesse (Trisan) Limited*	The Enterprise Building, Port of Tilbury, Tilbury, RM18 7HL	Dormant	Ordinary	100%

* held indirectly via investment in Triesse Group.

**held indirectly via investment in Compass Forest Products Limited.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Debtors: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed by group undertakings	48,818	27,493
Other debtors	68	71
Prepayments and accrued income	376	298
Tax recoverable	3,960	1,500
Deferred taxation (note 21)	10	391
	<u>53,232</u>	<u>29,753</u>

Included within amounts owed by group undertakings is a loan of £33,734,000 (2021: £17,233,000) which is unsecured, bears interest at a rate of 6.5% (2021: 6.6%) per annum and is repayable on demand. The remaining amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	<u>66</u>	<u>345</u>

17. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank loans	-	603
Trade creditors	158	76
Amounts owed to group undertakings	33,469	19,525
Other taxation and social security	372	751
Other creditors	114	86
Accruals and deferred income	1,968	1,315
	<u>36,081</u>	<u>22,356</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Bank loans	-	8,173

All bank loans have been transferred to group undertakings during the year.

19. Loans

Analysis of the maturity of loans is given below:

	2022 £000	2021 £000
Amounts falling due within one year		
Bank loans	-	603
Amounts falling due 1-2 years		
Bank loans	-	603
Amounts falling due 2-5 years		
Bank loans	-	2,413
Amounts falling due after more than 5 years		
Bank loans	-	5,156
	-	8,775

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Deferred taxation

	2022 £000	2021 £000
At beginning of year/period	391	495
Charged to Statement of Comprehensive Income	(381)	(104)
At end of year/period	10	391

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	7	6
Short term timing differences	-	385
Non trading timing differences	3	-
	10	391

21. Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
806,000 (2021: 806,000) Ordinary shares of £0.95 each	766	766
46,482 (2021: 46,482) Ordinary A shares of £0.95 each	44	44
	810	810

The ordinary shares each entitle the holder to full voting right and participation in 75% of dividend distribution and capital distribution up to £22 per share.

The ordinary A shares each entitle the holder to no voting rights and participation in 25% of dividend distribution and capital distribution in excess of £22 per share.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Reserves

Share premium account

Includes all amounts above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

Records the nominal value of shares repurchased by the company.

Profit and loss account

Includes all current and prior period retained profits and losses.

23. Contingent liabilities

The company, along with other group companies entered into a debenture on 2 July 2021 containing fixed and floating charges over all of the assets of each group company in favour of PNC Financial Services UK Ltd.

24. Pension commitments

The company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £90,000 (period ended 31 December 2021: £54,000). Contributions totalling £100,000 (period ended 31 December 2021: £52,000) were payable to the fund at the reporting date and are included in creditors.

CONSOLIDATED TIMBER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Land and buildings		
Not later than 1 year	96	65
Later than 1 year and not later than 5 years	296	22
	<u>392</u>	<u>87</u>

	2022 £000	2021 £000
Other		
Not later than 1 year	324	86
Later than 1 year and not later than 5 years	431	112
	<u>755</u>	<u>198</u>

26. Related party transactions

The company has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with fellow members where 100% of the voting rights are controlled within the group.

27. Post balance sheet events

As part of the group's strategic plans on 2 January 2023 the business of MBM Forest Products Limited was transferred to Falcon Timber Limited (formerly known as Falcon Panel Products Limited) thus creating a combined enhanced business to better service the UK Timber industry.

On 19 January 2023, the company changed its registered address from Clock House, Station Approach, Shepperton, Middlesex, TW17 8AN to The Enterprise Building, Port of Tilbury, Essex, RM18 7HL.

CONSOLIDATED TIMBER HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Controlling party

The company's immediate parent company is Consolidated Timber Holdings Group Limited.

The ultimate parent of the company is Jack Holdings Topco Limited, a company incorporated and registered in England & Wales, and is the largest group into which the company results are consolidated. The smallest group into which the results of the company are consolidated into is Consolidated Timber Holdings Group Limited. Copies of the consolidated accounts can be obtained from Companies House.

The ultimate controlling party of the company is Rubicon Partners V Nominee Limited, a company incorporated in England and Wales.