

Egger Forestry Limited
Annual report and financial statements
for the year ended 30 April 2022

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Egger Forestry Limited
Annual report and financial statements
for the year ended 30 April 2022
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Egger Forestry Limited

Strategic report for the year ended 30 April 2022

The directors present their strategic report for the year ended 30 April 2022.

Review of the business

The primary activity of the company is the harvesting of woodlands within the United Kingdom. The company supplies industrial roundwood to the Egger production sites, at Hexham in Northumberland and at Barony in Ayrshire, as well as supplying saw logs to the external sawmilling industry.

The financial performance of Egger Forestry Limited for the year ended 30 April 2022:

- Turnover has increased by 11.1% to £21.75m (2021: £19.58m)
- Gross profit has increased by 4.1% to £0.76m (2021: £0.73m)
- Gross margin has decreased to 3.5% (2021: 3.7%)
- Operating profit of £0.03m (2021: £0.04m)

The net assets of the company have decreased to £1.35m (2021: £1.37m).

The company uses a number of financial and non-financial key performance indicators (KPIs) to measure performance which are communicated to the Board of Directors in the UK and the Group Board in Austria. These KPIs include:

- Turnover, contribution margin and EBITDA statistics compared to budget and previous year; and
- A number of health & safety and employee related KPIs.

The Board considers that the KPIs used are a highly effective reporting system tailored specifically to the demands of the industry.

Principal risks and uncertainties

Egger Forestry Limited, like all companies in the UK is subject to challenges presented by the economy. Forestry market conditions were challenging throughout the year ended 30 April 2022, mainly due to increasing costs and inflation in the latter part of the year. The UK economy and market remains vulnerable to certain risks and uncertainties.

The biomass industry continues to increase its demand for wood, thereby causing upwards pressure on wood prices as well as on availability. The company manages the risk by negotiating wood contracts with suppliers.

Egger Forestry Limited

Strategic report for the year ended 30 April 2022 (continued)

Future developments

Subject to prevailing market conditions, Egger Forestry Limited is well placed to sustain its financial performance based on its supply of industrial saw logs to the Egger chipboard plants in the UK and its mix of external customers.

On behalf of the board



B Steinlechner
Director

7th September 2022

Egger Forestry Limited

Directors' report for the year ended 30 April 2022

The directors present their report and the audited financial statements of the company for the year ended 30 April 2022.

Future developments

Refer to the strategic report on pages 1 and 2.

Proposed dividend

The directors do not recommend the payment of a dividend (2021: nil).

Political and charitable contributions

The company made no political or charitable contributions or incurred any political expenditure during the year (2021: nil).

Going Concern

The directors are confident that the company has adequate resources to continue as a going concern. Accordingly, the financial statements are prepared on a going concern basis.

The company has prepared forecasts until September 2023 and the directors are confident that the company will continue to operate through a plausible downside scenario, further details can be found within the basis of preparation note within the accounting policies.

Financial risk management

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The Egger Group Treasury department has implemented a policy and procedure manual which sets out specific guidelines to manage financial risks.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit checks are carried out on customers where information about the customers' financial position is obtained from various credit rating companies. Credit risk is further limited through credit insurance on major accounts receivable balances. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a continual basis by the credit manager.

Liquidity risk and cash management

The company meets its day to day working capital requirements through operating cash flows and funding from group companies. The company is part of a cash pooling arrangement with the group headed by Egger Holzwerkstoffe GmbH.

Interest rate and cash flow risk

The company has policies and procedures that set out the specific guidelines that must be followed to manage the interest rate risk. The exposure to interest rate risk is minimal as this is monitored by a central group treasury function, which is responsible for identifying and managing interest rate exposure.

Egger Forestry Limited

Directors' report for the year ended 30 April 2022 (continued)

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

B Steinlechner

M Yerbury

Employees

Egger has set a goal to be the best employer in its respective labour markets. The Group is a modern, transparent family owned company whose corporate culture is based on quality, progress and respect. Egger relies on effective management tools, the creation of strong ties with valuable employees, long term personnel development and proactive recruitment to create and maintain the best possible balance between the interests of employees and the employer. These objectives are underpinned by contemporary working time and remuneration models as well as a feedback culture. Employee satisfaction is also supported by a health management system and the promotion of internal careers.

Information on matters of interest and concern to all employees relating to the company is displayed on notice boards in their place of work. Departmental managers are encouraged, and do consult with employees, when making decisions likely to affect their interest, including those of health and safety and factors affecting the performance of the company as a whole. Company newsletters and bulletins are also issued which detail the financial and economic factors affecting the company.

Disabled persons are employed by the company when they appear to be suited to a particular vacancy. The particular nature of the company's activities necessarily limit the scope for such employment, but every effort is made to ensure that they are given full and fair consideration, having regard to their particular aptitudes and abilities, when such vacancies arise.

The company endeavours, where possible, to find alternative employment within the company and for arranging appropriate training for any employees who are injured or become disabled during the course of their employment with the company.

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Egger Forestry Limited

Directors' report for the year ended 30 April 2022 (continued)

Statement of directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying third party indemnity provisions

The Company purchased and maintained throughout the financial year and also at the date of approval Directors' and Officers' liability insurance in respect of itself and its Directors.

Independent Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Rödl & Partner Limited as auditors of the company is to be proposed at the forthcoming Annual general meeting.

On behalf of the board



B Steinlechner
Director

7th September 2022

Egger Forestry Limited, 1st Floor Technology House, 48-54 Goldsworth Road, Woking, England, GU21 6LE

Egger Forestry Limited

Independent auditors' report to the members of Egger Forestry Limited

Opinion

We have audited the financial statements of Egger Forestry Limited (the 'company') for the year ended 30 April 2022, which comprise the Statement of Comprehensive Income, Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its loss 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 directors' 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Egger Forestry Limited

Independent auditors' report to the members of Egger Forestry Limited (continued)

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities is available on the Financial reporting council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors report.

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Independent auditors' report to the members of Egger Forestry Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Imran Farooq (Senior Statutory Auditor)

For and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: 7th September 2022

Egger Forestry Limited

Statement of comprehensive income for the year ended 30 April 2022

		2022	2021
	Note	£'000	£'000
Turnover	1	21,754	19,583
Cost of sales		(20,991)	(18,856)
Gross profit		763	727
Administrative expenses		(733)	(683)
Operating profit		30	44
Interest receivable and similar income	4	2	-
Interest payable and similar expenses	5	(58)	(84)
Loss before taxation	6	(26)	(40)
Tax on loss	7	1	(3)
Loss and total comprehensive expense for the year		(25)	(43)

All amounts relate to continuing operations.

The company has no other comprehensive income and therefore no separate statement of comprehensive income has been presented.

Egger Forestry Limited

Balance sheet as at 30 April 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	8	60	58
Current assets			
Stocks	9	100	567
Debtors	10	6,281	4,775
		6,381	5,342
Creditors: amounts falling due within one year	11	(5,042)	(3,983)
Net current assets		1,339	1,359
Total assets less current liabilities		1,399	1,417
Provisions for liabilities	13	(49)	(42)
Net assets		1,350	1,375
Capital and reserves			
Called up share capital	14	252	252
Share Premium		1,448	1,448
Profit and loss account		(350)	(325)
Total shareholders' funds		1,350	1,375

The financial statements on pages 9 to 27 were approved by the board of directors on 7th September 2022 and signed on its behalf by:



B Steinlechner
Director

Egger Forestry Limited

Registered number 02819088

Egger Forestry Limited

Statement of changes in equity for the year ended 30 April 2022

	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total shareholders' funds/(deficit) £'000
At 1 May 2020	251	199	(282)	168
Total comprehensive expense for the year, comprising:				
Loss for the financial year	-	-	(43)	(43)
Total comprehensive expense for the year	-	-	(43)	(43)
Share Issue	1	1,249	-	1,250
Balance at 30 April 2021	252	1,448	(325)	1,375

	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total shareholders' funds/(deficit) £'000
At 1 May 2021	252	1,448	(325)	1,375
Total comprehensive expense for the year, comprising:				
Loss for the financial year	-	-	(25)	(25)
Total comprehensive expense for the year	-	-	(25)	(25)
Balance at 30 April 2022	252	1,448	(350)	1,350

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

General information

The primary activity of the company is the harvesting of woodlands within the United Kingdom. The company supplies industrial saw logs to the Egger production sites, at Hexham in Northumberland and at Barony in Ayrshire, as well as supplying saw logs to the external sawmilling industry.

The company is a private company limited by shares incorporated and domiciled in the United Kingdom. Its registered address is 1st Floor Technology House, 48-54 Goldsworth Road, Woking, England, GU21 6LE.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £1,000.

The accounting policies set out below have been consistently applied to all the years presented unless otherwise stated. They have been prepared under the historical cost convention, and on a going concern basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within this statement.

Exemptions

The following exemptions from the requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- IAS 7, 'Statement of cash flows'

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022 (continued)

Exemptions (continued)

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which permits a qualifying entity to apply the recognition, measurement and disclosure requirements international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with the Companies Act 2006.

The company is a qualifying entity for the purpose of FRS 101 and note 19 gives details of the company's ultimate parent and from where its consolidated financial statements, prepared in accordance with IFRS, may be obtained.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company operates within a group debt factoring facility and a group cash pooling arrangement, which is repayable on demand.

The directors have prepared cash flow forecasts from the date of approval of these financial statements to 30 September 2023 (the going concern assessment period) which incorporate the impact arising from rising costs and inflation. The forecasts demonstrate the company has adequate resources to continue to meet its liabilities as they fall due over the going concern assessment period.

Consequently, the directors are confident that the company will have sufficient funds to continue to trade and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

New standards, amendments and IFRIC interpretations

No new accounting standards or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 30 April 2022 have had a material impact on the company.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings, tools and equipment	- 5 years
Plant and machinery	- 15 years

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022 (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Turnover

Turnover represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised on delivery of goods.

Leases

The Company has applied IFRS 16 using the modified retrospective approach. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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 any direct costs of issuing the equity instrument. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022 (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

(a) Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(c) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022 (continued)

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Egger Forestry Limited

Statement of accounting policies for the year ended 30 April 2022 (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment.

Inventory provisioning

The company harvests woodland for timber use within the Egger group and for sale to external customers and is subject to changing demand. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around the anticipated saleability of finished goods and future usage of raw materials. See note 9.

(b) Critical judgements in applying the entity's accounting policies

Multi-employer defined benefit pension scheme

Certain employees participate in a group wide defined benefit pension scheme. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 17 for further details.

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022

1 Turnover

An analysis of turnover by geographical market is set out below:

	2022	2021
	£'000	£'000
UK	21,754	19,329
Europe	-	254
	21,754	19,583

Principally all of the profit and net assets of the business are in the United Kingdom. The company operates one class of business. The timing of revenue recognition is at a point in time. There are no revenues for goods or services transferred over time.

No contract assets or liabilities have been recognised in the Balance Sheet of the company. Its impact, if any, was deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables. No assets related to costs to obtain or fulfil a contract have been recognised.

2 Remuneration of directors

	2022	2021
	£'000	£'000
Directors' emoluments	123	106
Company contributions to money purchase pension schemes	6	6

The number of directors who accrued benefits under company pension schemes were as follows:

	2022	2021
	Number	Number
Money purchase schemes	1	1

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

3 Staff numbers and costs

The monthly average number of persons employed by the company during the year, including directors, was as follows:

	2022	2021
	Number	Number
Distribution	7	7

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	343	340
Social security costs	41	44
Other pension costs (note 17)	25	18
	409	402

4 Interest receivable and similar income

	2022	2021
	£'000	£'000
On amounts owed by group undertakings	2	-

5 Interest payable and similar expenses

	2022	2021
	£'000	£'000
On amounts owed to group undertakings	58	84

Egger Forestry Limited

6 Loss before taxation

	2022	2021
	£'000	£'000
Loss before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- Owned assets	2	2
- Right of use assets	31	35
Hire of other assets - operating leases	6	15
Inventories recognised as an expense during the year	-	-
	2022	2021
	£'000	£'000
Auditors' remuneration		
Audit of these financial statements	4	4

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

7 Tax on loss

Tax (credit)/charge included in the profit and loss account

	2022	2021
	£'000	£'000
Current tax:		
UK Corporation tax on loss for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(1)	3
Total deferred tax (note 12)	(1)	3
Total tax on loss	(1)	3

The tax charge assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£'000	£'000
Loss before taxation	(26)	(40)
Loss before taxation multiplied by the standard rate of tax in the UK of 19.00% (2019: 19.00%)	(5)	(8)
Effects of:		
Expenses not deductible for tax purposes	1	1
Group relief surrendered	3	10
Total tax charge / (credit)	(1)	3

In the Spring Budget 2021, the Government announced that from 1 April 2023 the new corporation tax rate would increase to 25%. This new law was deemed substantively enacted on 24 May 2021. The deferred tax assets and liabilities provided for at 30 April 2022 have been calculated at 25% (2021: 19%).

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

8 Tangible assets

	Plant and machinery £'000	Fixtures and fittings, tools and equipment £'000	Total £'000
Cost			
At beginning of year	135	5	140
Additions	35	-	35
Disposals	(12)	-	(12)
Reclassification	(2)	-	(2)
At end of year	156	5	161
Accumulated depreciation			
At beginning of year	77	5	82
Charge for year	33	-	33
Disposals	(12)	-	(12)
Reclassification	(2)	-	(2)
At end of year	96	5	101
Net book value			
At 30 April 2022	60	-	60
As at 30 April 2021	58	-	58

Right of use assets recognised on application of IFRS 16 are included within additions, see note 16 for further analysis

Egger Forestry Limited

9 Stocks

	2022	2021
	£'000	£'000
Goods for resale	100	567

Notes to the financial statements for the year ended 30 April 2022 (continued)

10 Debtors

	2022	2021
	£'000	£'000
Trade debtors	1,601	1,188
Amounts owed by group undertakings	4,264	3,102
VAT recoverable	375	410
Deferred tax asset (note 12)	4	3
Other debtors	37	46
Prepayments and accrued income	-	26
	6,281	4,775

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	4,971	3,901
Amounts owed to group undertakings	12	17
Other creditors	54	59
Accruals and deferred income	5	6
	5,042	3,983

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

12 Deferred tax assets

	Total £'000
At 1 May 2020	6
Charged to the profit and loss account	(3)
At 30 April 2021	3
Credited to the profit and loss account (note 7)	1
At 30 April 2022	4

Deferred tax assets are attributable to accelerated capital allowances.

13 Provisions for liabilities

Total Provision for liabilities	2022 £'000	2021 £'000
Long Service Reward	20	20
Financial lease liability	29	22
Total provision	49	42

Long service reward provision relates to a scheme that has been put in place in 2018 to reward long service within the company. The provision has been calculated by an actuary and included within provisions in the balance sheet, any movement in the calculated provision is adjusted to the profit and loss account annually.

Movement schedule:

	Long Service Reward £'000	Total £'000
At 1 May 2021	20	20
Charge to the profit and loss account	-	-
At 30 April 2022	20	20

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

13 Provisions for liabilities

Financial lease liabilities relate to leases recognised under IFRS 16, further details on recognition can be found in the Statement of accounting policies on page 14 and in Note 16.

Financial lease liabilities	Total £'000
At 1 May 2021	22
Charged to profit and loss	(14)
Addition	21
At 30 April 2022	29

14 Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
252,000 (2021: 251,000) ordinary shares of £1 each	252	252

15 Contingent liabilities

The company, together with certain of its group undertakings subject to common control, has entered into a composite banking arrangement and cross guarantee to secure its banking facilities. The aggregate indebtedness to the bank under this arrangement at 30 April 2022 amounted to £nil (2021: £nil).

The company, together with certain of its fellow group undertakings subject to common control, is also subject to a guarantee between Egger (UK) Limited and the trustees of the Egger (UK) Pension Scheme under which it is obliged when called to make payments to the Scheme to fund its liabilities. The latest valuation of the pension scheme, prepared in accordance with IAS 19, shows a gross deficit at the balance sheet date of £11.5m (2021: £16.1m).

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

16 Lease (IFRS 16)

Right of use assets

Right of use assets related to leased assets are presented within tangible assets (see note 8)

	Plant and machinery	Total
	£'000	£'000
Balance at 1 May 2021	44	44
Additions to right of use assets	21	21
Contract changes	11	11
Disposals	-	-
Depreciation charge for the year	(31)	(31)
Balance at 30 April 2022	45	45

The following amounts have been recognised in the profit and loss for which the Company is a lessee,

	2022	2021
	£'000	£'000
Interest expense on lease liabilities	1	1
	1	1

17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £25,000 (2021: £18,000).

Contributions amounting to £3,000 (2021: £3,000) were payable to the scheme at the end of the year and are included in creditors.

Egger Forestry Limited

Notes to the financial statements for the year ended 30 April 2022 (continued)

18 Related party disclosures

The company is controlled by Egger (UK) Limited its immediate parent undertaking. The ultimate controlling party is Egger Holzwerkstoffe GmbH, the ultimate parent company.

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership.

19 Ultimate parent undertaking

The company is a subsidiary undertaking of Egger (UK) Limited, incorporated in England and Wales. The ultimate parent company is Egger Holzwerkstoffe GmbH, incorporated in Austria.

The only group in which the results of the company are consolidated is that headed by Egger Holzwerkstoffe GmbH, incorporated in Austria. The consolidated financial statements of this group are available to the public and may be obtained from Landesgericht Innsbruck, Maximilianstrasse 4, 6020 Innsbruck, Austria.