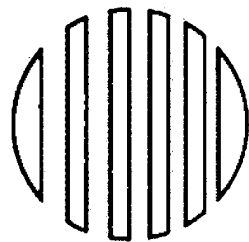


Danzer UK Limited
Financial Statements
31 December 2022



DANZER

Hardwood Excellence.



Edmund Carr

Chartered Accountants

EDMUND CARR LLP
Chartered Accountants & Statutory Auditor
146 New London Road
Chelmsford
Essex
CM2 0AW

Danzer UK Limited

Financial Statements

Year ended 31 December 2022

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Danzer UK Limited

Officers and Professional Advisers

The board of directors	H-J Danzer M Pfister K A Walsh M Evans J R Angel
Company secretary	K Page
Registered office	46 Market Hill Maldon Essex CM9 4QA
Auditor	Edmund Carr LLP Chartered Accountants & Statutory Auditor 146 New London Road Chelmsford Essex CM2 0AW
Bankers	Barclays Bank plc Priory Place Level 3 New London Road Chelmsford Essex CM2 0PP
Solicitors	Tolhurst Fisher LLP Trafalgar House Nelson Street Southend-on-Sea Essex SS1 1EH

Danzer UK Limited

Strategic Report

Year ended 31 December 2022

The directors of Danzer UK Limited (the "Company") present their strategic report for the year ended 31 December 2022.

Principal activities and business review

The Company sells timber (mainly hardwood) and added value products sourced from Europe, Africa, North America and Asia.

During the year sales of goods increased by 6.43% (2021: 20% increase) and operating profit decreased by 44.1% (2021: 271% increase).

Managements' Assessment of potential risks and uncertainties

Currency risk

Goods are purchased in foreign currency, mainly Euros and US Dollars. Our currency situation is managed on a daily basis to minimize any potential fluctuation.

Liquidity risk

The Company's debtor book is well maintained with credit insurance in place. Long term financing agreements are in place to allow the Company to continue to manage its cash situation to ensure there is sufficient liquidity to meet its obligations at all times.

Competition

The Company operates in a highly competitive market particularly around customer pricing and supply line product availability. In order to mitigate this risk, management together with the procurement and sales teams have identified maintaining long term relationships together with excellent service levels, responsible procurement and strict quality control as fundamental to our future success.

All risks are formally and continuously reviewed by the board and appropriate processes are put in place to monitor and mitigate them as required.

Strategy

The Company's overriding objective is to grow organically with attractive returns.

There are four key elements to the company's strategy for growth. They are:

Getting Closer

To identify customer needs and to source sufficient product of good quality at competitive prices to meet those needs on a timely basis.

Sustainability and environmental responsibility

In line with the environmental and business philosophy of the Danzer Group, the Company is committed to only buying from legal and sustainable sources and encourages and promotes sustainable forest management.

As part of this strategy Danzer UK has a strict due diligence procurement system in place for all purchases which is third party audited on an annual basis. This enables us to ensure we take a responsible and sustainable approach to all supply lines.

Danzer UK Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Long term relationships

To build trusting and lasting mutually beneficial relationships with customers and suppliers through already high and continually improving levels of service.

Investment in employees

The Company invests in employees in order to retain and service existing business and to develop new business.

Key performance indicators ("KPIs")

The board monitors progress on the overall Company strategy and individual strategic elements by reference to four KPI's.

	2022 %	2021 %		Definition, method of calculation and analysis
Growth in sales %	6.4	20.0		Year on sales growth expressed as a percentage.
Gross margin %	11.2	13.6		Gross profit expressed as a percentage of turnover
Return on invested capital %	14.8	25.3		Operating profit expressed as a percentage of average net assets.
Operating profit as a % of turnover	3.1	6.0		Operating profit expressed as a percentage of turnover.

Results

The results for the Company show a profit before taxation of £865k for the year ended 31 December 2022 (2021: £1,601k) and turnover of £28,840k (2021: £27,096k). The Company had net assets of £6,144k as at 31 December 2022 (2021: £6,403k). Net cash inflow from operating activities for 2022 was £460k (2021: outflow £568k).

This report was approved by the board of directors on 3 April 2023 and signed on behalf of the board by:



J R Angel
Director

Registered office:
46 Market Hill
Maldon
Essex
CM9 4QA

Danzer UK Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

The directors who served the company during the year were as follows:

H-J Danzer
M Pfister
K A Walsh
M Evans
J R Angel

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Future developments

An indication of likely future developments in the business, the business environment and the Company's strategy has been included in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Danzer UK Limited

Directors' Report *(continued)*

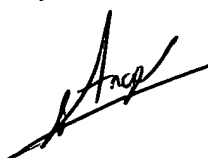
Year ended 31 December 2022

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 3 April 2023 and signed on behalf of the board by:



J R Angel
Director

Registered office:
46 Market Hill
Maldon
Essex
CM9 4QA

Danzer UK Limited

Independent Auditor's Report to the Members of Danzer UK Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Danzer UK Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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;
- 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.

Danzer UK Limited

Independent Auditor's Report to the Members of Danzer UK Limited *(continued)*

Year ended 31 December 2022

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. 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.

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 the 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Danzer UK Limited

Independent Auditor's Report to the Members of Danzer UK Limited *(continued)*

Year ended 31 December 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows;

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations for the company, including the Companies Act 2006, tax legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

- Identified laws and regulations were communicated with the audit team regularly and the team remained alert of instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by;
- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- Considering the internal controls in place to mitigate the risks of fraud and non-compliance with laws and regulations

Danzer UK Limited

Independent Auditor's Report to the Members of Danzer UK Limited *(continued)*

Year ended 31 December 2022

To address the risk of fraud through management bias and override of controls, we;

- Performed analytical procedures to identify any unusual or unexpected relationships
- Tested journal entries to identify unusual transactions
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- Investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation
- Enquiring of management as to actual and potential litigation and claims

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 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.
-

Danzer UK Limited

Independent Auditor's Report to the Members of Danzer UK Limited *(continued)*

Year ended 31 December 2022

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.



S P Martin (Senior Statutory Auditor)

For and on behalf of
Edmund Carr LLP
Chartered Accountants & Statutory Auditor
146 New London Road
Chelmsford
Essex
CM2 0AW

3 April 2023

Danzer UK Limited

Statement of Income and Retained Earnings

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	28,840,253	27,096,933
Cost of sales		25,607,008	23,425,081
Gross profit		<u>3,233,245</u>	<u>3,671,852</u>
Distribution costs		1,736,306	1,490,753
Administrative expenses		590,402	557,843
Operating profit	5	<u>906,537</u>	<u>1,623,256</u>
Other interest receivable and similar income	9	5,601	6,747
Interest payable and similar expenses	10	47,031	28,208
Profit before taxation		<u>865,107</u>	<u>1,601,795</u>
Tax on profit	11	156,000	312,000
Profit for the financial year and total comprehensive income		<u>709,107</u>	<u>1,289,795</u>
Dividends paid and payable	12	(967,500)	(255,000)
Retained earnings at the start of the year		<u>6,252,780</u>	<u>5,217,985</u>
Retained earnings at the end of the year		<u>5,994,387</u>	<u>6,252,780</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

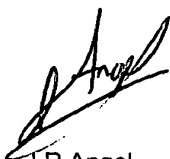
Danzer UK Limited

Statement of Financial Position

31 December 2022

		2022	2021
	Note	£	£
Fixed assets			
Tangible assets	13	146,222	124,855
Current assets			
Stocks	14	5,453,909	4,672,325
Debtors	15	4,043,901	5,258,663
Cash at bank and in hand		249,179	198,643
		<u>9,746,989</u>	<u>10,129,631</u>
Creditors: amounts falling due within one year	16	<u>3,748,824</u>	<u>3,851,706</u>
Net current assets		<u>5,998,165</u>	<u>6,277,925</u>
Total assets less current liabilities		<u>6,144,387</u>	<u>6,402,780</u>
Net assets		<u>6,144,387</u>	<u>6,402,780</u>
Capital and reserves			
Called up share capital	19	150,000	150,000
Profit and loss account		<u>5,994,387</u>	<u>6,252,780</u>
Shareholders funds		<u>6,144,387</u>	<u>6,402,780</u>

These financial statements were approved by the board of directors and authorised for issue on 3 April 2023, and are signed on behalf of the board by:



J R Angel
Director

Company registration number: 01387446

The notes on pages 14 to 25 form part of these financial statements.

Danzer UK Limited

Statement of Cash Flows

Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	709,107	1,289,795
<i>Adjustments for:</i>		
Depreciation of tangible assets	33,099	32,833
Other interest receivable and similar income	(5,601)	(6,747)
Interest payable and similar expenses	47,031	28,208
Gains on disposal of tangible assets	(28,503)	(6,918)
Tax on profit	156,000	312,000
Accrued expenses	117,440	148,747
<i>Changes in:</i>		
Stocks	(781,584)	(1,723,436)
Trade and other debtors	1,229,762	191,815
Trade and other creditors	(660,056)	(665,319)
Cash generated from operations	816,695	(399,022)
Interest paid	(47,031)	(28,208)
Interest received	5,601	6,747
Tax paid	(321,626)	(147,577)
Net cash from/(used in) operating activities	<u>453,639</u>	<u>(568,060)</u>
Cash flows from investing activities		
Purchase of tangible assets	(79,850)	–
Proceeds from sale of tangible assets	53,887	7,444
Net cash (used in)/from investing activities	<u>(25,963)</u>	<u>7,444</u>
Cash flows from financing activities		
Proceeds from borrowings	168,062	764,558
Proceeds from loans from group undertakings	61,747	(197,352)
Proceeds from loans from participating interests	360,551	197,352
Dividends paid	(967,500)	(255,000)
Net cash (used in)/from financing activities	<u>(377,140)</u>	<u>509,558</u>
Net increase/(decrease) in cash and cash equivalents	50,536	(51,058)
Cash and cash equivalents at beginning of year	198,643	249,701
Cash and cash equivalents at end of year	<u>249,179</u>	<u>198,643</u>

The notes on pages 14 to 25 form part of these financial statements.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 46 Market Hill, Maldon, Essex, CM9 4QA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Foreign currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historic cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognised in the profit and loss account.

Foreign exchange gains and losses are included in the profit and loss account in cost of sales.

Judgements and key sources of estimation uncertainty

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

The company 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 addressed below.

(i) Inventory provisioning

The long lead times that the company experiences in purchasing timber coupled with variable customer demand leads to significant variations in inventory holding. 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 and also its age. See note 12 for the net carrying amount of the inventory and associated provision.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied and services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The Company bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount revenue can be measured reliably; (d) it is probable that future economic benefit will flow to entity and (e) when the specific criteria relating to the each of company's sales channels have been met and described below.

(i) Sales of timber and value added products

The company sells timber to timber wholesalers and value added products to trade suppliers. Sales are recognised on delivery when the customer has full discretion over the channel and price that could affect the customers over the channel and price to sell product and there is no unfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Goods sold may be sold with value rebates and also with the provision for customers to return faulty goods. Sales are measured at the prices specified in the sale contract and provisions made for sales value rebates and returns. Value rebates are based on annual purchases and are payable after year end. Accumulated experience is used to estimate and provide for returns and warranty issues which cannot be recharged to suppliers.

Sales are made under different credit terms. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(ii) Sales commission

Commission receivable on timber sold as agents for other companies is recognised on receipt and included in turnover.

(iii) Interest income

Interest may be charged on extension of payment terms. Interest charged is either invoiced in advance of payment or added to a bill of exchange for collection. Interest income is included in the profit and loss account in interest receivable and similar income.

(iv) Early payment discounts

Early payment discounts given to customers and receivable from suppliers are recognised at time of receipt of payment or at the time payment is made. Early payment discounts are included in the profit and loss account in cost of sales.

(v) Supplier prepayment discounts

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Supplier prepayment discounts are recognised in the year in the period to which they relate and are included in the profit and loss account in cost of sales.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss account.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax is recognised from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against reversal of deferred tax liabilities or other future taxable profits.

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

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 30 years, property conversion costs over 20 years
Fixtures and fittings	- 5 to 10 years
Motor vehicles	- 5 years

Freehold land is not depreciated. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. In general cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including any kilning charges and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less any selling costs and an impairment charge is recognised in the profit and loss account. In addition if an item of inventory is over one year old, the item is also subject to an impairment charge based on its age which is also recognised in the profit and loss account. Where a reversal of impairment charge is recognised the original loss is recognised as a credit in the profit and loss account.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of the financial statements

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transactions price.

At the end of each reporting period financial assets are measured at amortised cost using the effective interest method, subject to any impairment loss. If an asset is impaired the impairment loss is recognised in profit and loss.

(ii) Financial liabilities

Basic financial liabilities include trade and other payables and bank loans are initially recognised at transaction price.

The company does not have any bank loans other than overdraft or any other financial liabilities.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Foreign exchange derivatives

Foreign exchange derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in foreign exchange gains or losses.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Employee benefits

(i) Short term benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution plan.

(ii) Defined contributions 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. Employees may make contributions into the plan under salary exchange. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	28,829,696	27,096,933
Commissions	10,557	–
	<u>28,840,253</u>	<u>27,096,933</u>

Analysis of turnover by geography

	2022	2021
	£	£
United Kingdom	28,740,218	26,743,133
Other EC Countries	100,035	353,800
	<u>28,840,253</u>	<u>27,096,933</u>

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	33,099	32,833
Gains on disposal of tangible assets	(28,503)	(6,918)
Foreign exchange losses / (gains)	63,668	(15,696)
Auditors remuneration	20,948	13,953

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to Edmund Carr LLP		
Fees payable for the audit of the financial statements	20,948	19,950
	2022	2021
	£	£
Fees payable to KPMG		
Fees payable for the audit of the financial statements	—	(5,997)

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Distribution staff	7	6
Administrative staff	3	3
Management staff	5	5
	15	14

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	929,861	820,071
Social security costs	122,520	102,449
Other pension costs	105,552	92,582
	1,157,933	1,015,102

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	587,865	526,595
Company contributions to defined contribution pension plans	39,600	37,100
	627,465	563,695

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

8. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2022 No.	2021 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022 £	2021 £
Aggregate remuneration	208,044	186,305
Company contributions to defined contribution pension plans	<u>14,000</u>	<u>12,900</u>
	<u>222,044</u>	<u>199,205</u>

9. Other interest receivable and similar income

	2022 £	2021 £
Interest on cash and cash equivalents	<u>5,601</u>	<u>6,747</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Interest on banks loans and overdrafts	<u>47,031</u>	<u>28,208</u>

11. Tax on profit

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax expense	171,000	289,000
Deferred tax:		
Origination and reversal of timing differences	<u>(15,000)</u>	<u>23,000</u>
Tax on profit	<u>156,000</u>	<u>312,000</u>

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	865,107	1,601,795
Profit on ordinary activities by rate of tax	164,370	304,341
Effect of expenses not deductible for tax purposes	2,146	1,205
Effect of capital allowances and depreciation	(2,335)	2,093
General provisions adjustment	(2,003)	(22,269)
Immaterial adjustments	8,822	3,630
Movement in deferred tax	(15,000)	23,000
Tax on profit	156,000	312,000

12. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	967,500	255,000

13. Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2022	313,936	72,844	94,270	481,050
Additions	–	–	79,850	79,850
Disposals	–	–	(94,270)	(94,270)
At 31 December 2022	313,936	72,844	79,850	466,630
Depreciation				
At 1 January 2022	233,168	64,966	58,061	356,195
Charge for the year	7,458	5,601	20,040	33,099
Disposals	–	–	(68,886)	(68,886)
At 31 December 2022	240,626	70,567	9,215	320,408
Carrying amount				
At 31 December 2022	73,310	2,277	70,635	146,222
At 31 December 2021	80,768	7,878	36,209	124,855

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

14. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>5,453,909</u>	<u>4,672,325</u>

The write down of stocks to net realisable value amounted to £461,489 (2021: £18,468).

15. Debtors

	2022 £	2021 £
Trade debtors	3,936,735	5,245,477
Amounts owed by group undertakings	4,766	4,001
Deferred tax asset	22,000	7,000
Prepayments and accrued income	80,400	2,185
	<u>4,043,901</u>	<u>5,258,663</u>

Trade debtors are stated after provisions for impairment of £Nil (2021: £Nil).

All amounts shown under debtors are due within one year except the deferred tax asset which is recognised in respect of temporary timing differences.

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	1,428,584	1,260,522
Trade creditors	1,000,759	1,134,054
Amounts owed to undertakings in which the company has a participating interest	557,903	197,352
Accruals and deferred income	331,969	214,529
Corporation tax	32,490	183,116
Social security and other taxes	397,119	862,133
	<u>3,748,824</u>	<u>3,851,706</u>

The bank borrowing facility is guaranteed by a charge over the company's fixed assets, inventory and book debts.

The bank borrowing facility is renewed annually and is technically repayable on demand, but is expected to remain available to the company for the foreseeable future.

Amounts due to group undertakings are in respect of trade purchases.

Danzer UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in debtors (note 15)	<u>22,000</u>	<u>7,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£	£
Other revaluations	<u>22,000</u>	<u>7,000</u>

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £97,838 (2021: £91,888).

19. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

20. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	198,643	50,536	249,179
Debt due within one year	(1,457,874)	(528,613)	(1,986,487)
	<u>(1,259,231)</u>	<u>(478,077)</u>	<u>(1,737,308)</u>

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	23,147	7,702
Later than 1 year and not later than 5 years	<u>28,518</u>	<u>10,803</u>
	<u>51,665</u>	<u>18,505</u>

Danzer UK Limited

Notes to the Detailed Income Statement

Year ended 31 December 2022

22. Related party transactions

As the company is a wholly owned subsidiary of Danzer Holding AG, the company has taken advantage of the exemption contained within FRS 102 para 33.1A and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

23. Controlling party

The company is a subsidiary undertaking of Danzer Holding AG. The largest group in which the results of the company are consolidated is that headed by Danzer Holding AG, Hintere Achmühlerstr.1, 6850 Dornbirn, Austria. The annual consolidated financial statements of the Group are filed at the Austrian company register which is available to the public.