Egger (UK) Limited

Directors' report and financial statements

Registered number 02813369

30 April 2011

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 30 April 2011

Principal activities

The principal activity of the company is the manufacture of wood based panel products The principal products manufactured are Eurospan wood chipboard, Eurodekor melamine faced wood chipboard and a range of flooring products marketed under the Weyroc brand name The principal markets of the company remain the furniture manufacturing industry, builders' merchants and DIY outlets

Business review

Introduction to business review

Egger is a leading manufacturer of wood based panel products in the European market with distribution worldwide Egger UK Limited (Egger UK) produces plain and coated chipboard panels for the UK market and is considered a leading supplier due to high quality, innovative products and cutting edge design The company's principal customers are furniture manufacturers, construction companies and distributors

Objectives of the company

The primary objective of the Egger Group (of which Egger UK forms a part) is to be Europe's leading brand for wood based panel solutions We will achieve this by establishing manufacturing centres for all European markets and sales networks worldwide We will focus on innovation as the key for sustained success We will integrate with our value chain stakeholders and cultivate close relationships with our preferred partners This will lead to identification of Egger as the company of choice in our industry

Strategy

Egger UK continues to develop its production technologies to maintain its position as the most advanced wood based panel manufacturer in the UK This allows us to build our medium term strategy around these elements

- Improved production techniques will allow us to maintain our reputation for quality and react more quickly to customer demands, and
- The building of strong reciprocal relationships with suppliers and customers to ensure long term profitability of the business and increase of market share

Performance

Egger UK sales were 12% higher than the prior year which is reflective of the slight upturn in the UK economy During the economic downturn we have managed to grow our market share

EBITDA (earnings before interest, tax, depreciation and amortisation) was £9m *(2010 £11m)* with the decline reflecting a foreign exchange loss of £1 7m *(2010 £20,000 gain)*

Measurement

The company uses a number of financial and non financial KPI's to measure performance and these are communicated to the Board of Directors through monthly reports and to group level though the Egger Information System (EIS) These KPI's include sales information, production and stock levels, customer profitability, quality costs and a number of health & safety and employee related KPI's The Board considers that the KPI's used are a highly effective reporting system tailored specifically to the demands of the industry and Egger UK in particular

Financially the primary measurements are turnover, EBITDA and contribution margins per customer and product (turnover less variable and direct fixed costs) For the financial year 2011 turnover was £149m (*2010 £133m*) and EBITDA was £9m (*2010 £11m*)

Directors' report *(continued)*

Business review *(continued)*

Risk and uncertainties

Certain risks lie with our material inputs, with wood price increases due to competition for material from renewable energy processing plants Resin, while supplied internally, is dependent on the raw material costs which are notoriously volatile

Forward looking information

The current adverse market conditions will make the year ahead challenging, however Egger UK is well placed to maintain its market position due to the mix of its customers and the reinvestment in its production technologies

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

MR Livesey
L Niedermoser (appointed 1 October 2010)
B Steinlechner
M Veile

Employees

Information on matters of interest and concern to all employees relating to the company are 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

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

Political and charitable contributions

The company made no political contributions during the year Donations to UK charities amounted to £10,535 *(2010 £6,334)*

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.

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

B Steinlechner
Director

21-25 Church Street West
Woking
Surrey
GU21 6DJ

3 August 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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)

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Egger (UK) Limited

We have audited the financial statements of Egger (UK) Limited for the year ended 30 April 2011 set out on pages 7 to 20 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Egger (UK) Limited *(continued)*

Matters on which we are required to report by exception

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

David Redhead (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 August 2011

Profit and loss account
for the year ended 30 April 2011

	Note	2011 £000	As restated (see note 4) 2010 £000
Turnover	2	149,290	133,460
Cost of sales		(131,972)	(117,586)
Gross profit		17,318	15,874
Distribution costs		(9,237)	(8,375)
Administrative expenses		(9,700)	(6,956)
Other operating income	3	2,244	2,169
Operating profit		625	2,712
Interest receivable and similar income	7	37	52
Interest payable and similar charges	8	(4,863)	(4,583)
Loss on ordinary activities before taxation	2-8	(4,201)	(1,819)
Tax on loss on ordinary activities	9	832	(1,392)
Loss for the financial year	17	(3,369)	(3,211)

The company has no recognised gains or losses other than those included in the profit and loss account

All results derive from continuing operations

Balance sheet
at 30 April 2011

	Note	2011		2010	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*10*		**114,661**		112,216
Current assets					
Stocks	*11*	**19,331**		13,473	
Debtors	*12*	**11,961**		8,637	
Cash at bank and in hand		**-**		96	
		31,292		22,206	
Creditors: amounts falling due within one year	*13*	**(42,853)**		(38,113)	
Net current liabilities			**(11,561)**		(15,907)
Total assets less current liabilities			**103,100**		96,309
Creditors: amounts falling due after more than one year	*14*		**(80,698)**		(74,706)
Provisions for liabilities	*15*		**(1,704)**		(2,536)
Net assets			**20,698**		19,067
Capital and reserves					
Called up share capital	*16*		**13,500**		13,500
Capital contribution reserve	*17*		**20,000**		15,000
Profit and loss account	*17*		**(12,802)**		(9,433)
Shareholders' funds			**20,698**		19,067

These financial statements were approved by the board of directors on 3 August 2011 and were signed on its behalf by

B Steinlechner
Director

Company registered number: 02813369

Reconciliation of movements in shareholders' funds
for the year ended 30 April 2011

	2011	2010
	£000	£000
Loss for the financial year	**(3,369)**	(3,211)
Capital contribution received	**5,000**	15,000
Net addition to shareholders' funds	**1,631**	11,789
Opening shareholders' funds	**19,067**	7,278
Closing shareholders' funds	**20,698**	19,067

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Egger Holzwerkstoffe GmbH the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group The consolidated financial statements of Egger Holzwerkstoffe GmbH, within which this company is included, can be obtained from the address provided in note 22

Going concern

The company's business activities, together with the factors likely to affect its future performance and position are set out in the directors' report The company's ultimate parent is Egger Holzwerkstoffe GmbH, which is the parent undertaking of a group of companies engaged in the manufacture of wood based panel products across Europe The company is part of a cash pooling arrangement with the group headed by Egger Holzwerkstoffe GmbH

The company meets its day to day working capital requirements through operating cash flows and funding from group companies, which includes a long term loan facility The current economic conditions create an element of uncertainty over demand for the group's products and services but the company's forecast and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available through current facilities and therefore the directors believe that the company is well placed to manage its business risks successfully despite the economic uncertainty In addition, the directors fully expect funding from group companies to continue to be made available to the company to allow it to meet its liabilities as they fall due, for at least the next twelve months from the date of approval of these financial statements and thereafter for the foreseeable future

Notwithstanding net current liabilities at the balance sheet date of £11,561,000, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to prepare the financial statements on a going concern basis

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

Freehold buildings	-	25 years
Fixtures and fittings, tools and equipment	-	5 years
Motor vehicles	-	4 to 8 years
Plant and machinery	-	15 years

Assets under construction represent the cost of active projects at the year end and are not depreciated until available for use

No depreciation is provided on freehold land

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

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

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 period

The company also participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, the weighted average purchase price is used For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads

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 FRS 19

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

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents the amount receivable in the ordinary course of business from the provision of goods to customers Turnover is measured at the fair value of the right to consideration net of sales related rebates, discounts and value added tax

The company recognises revenue at the point of dispatch of goods

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Analysis of turnover

	2011 £000	2010 £000
By geographical market		
United Kingdom	**142,957**	125,746
Europe	**6,252**	7,170
Rest of world	**81**	544
	149,290	133,460

3 Other operating income

	2011 £000	2010 £000
Management charges receivable	**2,244**	2,169

4 Notes to the profit and loss account

	2011 £000	2010 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
Owned assets	**8,398**	8,259
Leased assets	**6**	15
Loss on disposal of tangible fixed assets	**748**	410
Hire of other assets – operating leases	**161**	138
Net exchange losses/(gains)	**1,656**	(20)

	2011 £000	2010 £000
Auditors' remuneration		
Audit of these financial statements	**29**	28
Amounts receivable by the auditors and their associates in respect of		
Other services relating to taxation	**4**	2

Notes *(continued)*

4 Notes to the profit and loss account *(continued)*

The comparative figures in the company's profit and loss account have been restated to reclassify £6,490,000 of customer incentives from distribution costs to turnover in order to provide a better reflection of the fair value of the company's right to consideration for sales made during the period This reclassification does not have any impact on the reported result or net assets of the company in the current or previous accounting periods

5 Remuneration of directors

	2011	2010
	£000	£000
Directors' emoluments	**426**	394
Company contributions to money purchase pension schemes	**25**	66

The emoluments of the highest paid director were £158,826 *(2010 £153,172)* He is a member of a defined benefit scheme, which is now closed, under which his accrued pension at the balance sheet date was £37,789 per annum *(2010 £35,000 per annum)*, and his accrued lump sum was £7,539 *(2010 £7,180)*

	Number of directors	
	2011	2010
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	**1**	1
Money purchase schemes	**3**	3

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2011	2010
Production and distribution	**373**	355
Administration	**87**	79
	460	434

Notes *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	**13,036**	11,793
Social security costs	**1,317**	1,180
Other pension costs (see note 20)	**558**	532
	14,911	13,505

7 Interest receivable and similar income

	2011 £000	2010 £000
On amounts owed by group undertakings	**37**	52

8 Interest payable and similar charges

	2011 £000	2010 £000
On amounts owed to group undertakings	**4,861**	4,580
Finance charges payable in respect of finance leases and hire purchase contracts	**2**	3
	4,863	4,583

9 Taxation

Analysis of (credit)/charge in period

	2011		2010	
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the period		-		-
Deferred tax (see note 15)				
Origination/reversal of timing differences	93		6	
Effect of decreased tax rate	(131)		-	
Adjustment in respect of previous years	(794)		1,386	
Total deferred tax		(832)		1,392
Tax on loss on ordinary activities		(832)		1,392

Notes *(continue))*

9 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*2010 higher*) than the standard rate of corporation tax in the UK (28%, *2010 28%*) The differences are explained below

	2011 £000	2010 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(4,201)**	(1,819)
Current tax at 28% (*2010 28%*)	**(1,176)**	(509)
Effects of		
Expenses not deductible for tax purposes	**768**	204
Depreciation for period less than capital allowances	**(39)**	(31)
Other short term timing differences	**(54)**	25
Pension contributions	**(262)**	(193)
Group relief surrendered	**763**	504
Total current tax charge (see above)	**-**	-

Factors that may affect future current and total tax charges

At the end of the period the company had UK corporation tax losses available to carry forward of approximately £12,334,000 *(2010 £9,223,000)*

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 As these changes in tax rate were substantively enacted prior to the year end, their effect on the deferred tax balances at 30 April 2011 have been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23% by 1 April 2014, but these changes were not substantively enacted during the year and therefore are not included in the figures above The overall effect of the further reduction from 26% to 23%, if these applied to the deferred tax balance at 30 April 2011, would be to further reduce the deferred tax liability by approximately £197,000

Notes *(continue))*

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings, tools and equipment £000	Motor vehicles £000	Assets under the course of construction £000	Total £000
Cost						
At beginning of year	48,281	97,092	2,277	2,702	958	151,310
Additions	4,912	2,225	175	769	3,616	11,697
Disposals	-	-	-	(372)	(762)	(1,134)
Transfer between items	13	183	-	-	(196)	-
At end of year	53,206	99,500	2,452	3,099	3,616	161,873
Depreciation						
At beginning of year	5,160	30,618	1,811	1,505	-	39,094
Charge for year	2,061	5,840	182	321	-	8,404
On disposals	-	-	-	(286)	-	(286)
At end of year	7,221	36,458	1,993	1,540	-	47,212
Net book value						
At 30 April 2011	**45,985**	**63,042**	**459**	**1,559**	**3,616**	**114,661**
At 1 May 2010	43,121	66,474	466	1,197	958	112,216

Included in freehold land and buildings is freehold land of £5,243,000 *(2009 £5,243,000)* which is not subject to depreciation

Included in the net book value of motor vehicles is £30,709 *(2010 £46,539)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £5,501 *(2010 £14,675)*

11 Stocks

	2011 £000	2010 £000
Raw materials and consumables	**7,478**	6,199
Work in progress	**9**	10
Finished goods and goods for resale	**11,844**	7,264
	19,331	13,473

12 Debtors

	2011 £000	2010 £000
Trade debtors	**2,122**	2,898
Amounts owed by group undertakings	**8,461**	5,530
Other debtors	**1,012**	118
Prepayments and accrued income	**366**	91
	11,961	8,637

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdrafts	**15**	-
Obligations under finance leases and hire purchase contracts (see note 14)	**9**	9
Trade creditors	**10,050**	6,861
Amounts owed to group undertakings	**25,202**	23,795
Taxation and social security	**2,785**	2,178
Other creditors	**253**	536
Accruals and deferred income	**4,539**	4,734
	42,853	38,113

14 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Obligations under finance leases and hire purchase contracts	**5**	14
Amounts owed to group undertakings	**80,693**	74,692
	80,698	74,706

Amounts due on finance leases and hire purchase contracts are secured on the assets to which they relate

The maturity of obligations under finance leases and hire purchase contracts is as follows·

	2011 £000	2010 £000
Within one year	**10**	11
In the second to fifth years	**7**	17
	17	28
Less future finance charges	**(3)**	(5)
	14	23

Included in amounts owed to group undertakings is a loan of £80,693,000 *(2010 £74,692,000)* from Northumbria Finance Limited, a fellow group undertaking The loan is subject to interest at a fixed rate of 4 68% and is repayable on 30 April 2021

Notes *(continued)*

15 Provisions for liabilities

	Deferred taxation £000
At beginning of year	2,536
Credit to the profit and loss account for the year (see note 9)	(832)
At end of year	**1,704**

The elements of deferred taxation are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and capital allowances	**4,940**	5,204
Other timing differences	**(29)**	(85)
Tax losses	**(3,207)**	(2,583)
Deferred tax liability	**1,704**	2,536

16 Called up share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
13,500,000 Ordinary shares of £1 each	**13,500**	13,500

17 Reserves

	Capital contribution reserve £000	Profit and loss account £000
At beginning of year	15,000	(9,433)
Capital contribution received	5,000	-
Loss for the year	-	(3,369)
At end of year	**20,000**	**(12,802)**

18 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 2011 amounted to £nil *(2010 £nil)*

The company, together with certain of its fellow group undertakings subject to common control, is also subject to a guarantee between Egger (UK) Holdings 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 FRS 17, shows a gross deficit at the balance sheet date of £11 9m *(2010 £11 7m)*

Notes *(continued)*

19 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Plant and machinery 2011 £000	2010 £000
Operating leases which expire		
Within one year	**22**	22
In the second to fifth years inclusive	**125**	117
	147	139

20 Pension scheme

The company operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £558,245 *(2010: £531,838)*

Contributions amounting to £84,592 *(2010 £70,518)* were payable to the scheme and are included in creditors

The company is also a member of a group wide pension scheme providing benefits based on final pensionable pay Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for in these financial statements as if it were a defined contribution scheme The latest valuation of the pension scheme, prepared in accordance with FRS 17, shows a gross deficit of £11 9m as at 30 April 2011

The latest full actuarial valuation was carried out at 6 April 2010 and was updated for FRS 17 purposes to 30 April 2011 by a qualified independent actuary The group contribution for the year was £934,000 (*2010 £689,000*), which was paid by the company on behalf of Egger (UK) Holdings Limited and which included £nil *(2010 £nil)* payable by the company in respect of the financial year

21 Related party disclosures

The company is controlled by Egger Holzwerkstoffe GmbH, its ultimate parent undertaking

Transactions with Timberpak Limited, a 90% owned subsidiary of the Egger group, are summarised below

	Timberpak Limited Debtors £000	Creditors £000
Balance at beginning of year	36	(163)
Sales	573	-
Purchases	-	(2,253)
Payments	(567)	2,231
Balance at end of year	42	(185)

Transactions and balances with wholly owned subsidiaries of the Egger group have not been disclosed as the company has taken advantage of the exemption available in FRS 8

Notes *(continued)*

22 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Egger Holzwerkstoffe GmbH, the ultimate parent company 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 accounts of this group are available to the public and may be obtained from Landesgericht Innsbruck, Maximilianstrasse 4, 6020 Innsbruck, Austria