Kingfisher Wood Products Limited

Annual report

for the year ended 31 December 2005

Registered no: 3471086

Kingfisher Wood Products Limited

Annual report
for the year ended 31 December 2005

Directors' report
for the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005

Principal activities
The principal activity of the company is the design, manufacture and installation of fitted kitchens.

Business review and future developments
The directors feel that the financial performance in the year was satisfactory in what they believe were difficult market conditions. As a result of new products launched in the year and the excellent levels of service provided by the company, the directors believe the company is well positioned to meet the ever increasing demands of the market over the next few years.

Subsequent events

On 18 December 2006 the authorised ordinary share capital of the company was increased by 13,533,000 shares of £1 each. On the same day the company reached agreement with its parent undertaking to exchange the 8,533,000 £1 5% fixed cumulative preference shares for 8,533,000 £1 ordinary shares. These ordinary shares rank "pari passu" with the existing ordinary shares.

In addition the company also reached agreement to waive the 5% preference dividend relating to the 8,533,000 £1 5% cumulative preference shares for both the current year and all preceding years which were accrued in the financial statements to that date.

These transactions have no effect on the 31 December 2005 financial statements but will have the following effects on the 31 December 2006 financial statements:

- The exchange of 5% cumulative preference shares for £1 ordinary shares will decrease long-term creditors by £8,533,000 and increase ordinary share capital by £8,533,000.

- The waiver of the preference share dividend will result in the company being released from the requirement to pay the parent company £3,073,000 of preference dividends. Of the above £3,073,000 only £1,143,000 of the dividends are accrued in the balance sheet at 31 December 2005 so the credit to interest cost in the profit and loss account for the year ended 31 December 2006 will be £1,143,000. The remaining £1,930,000 has already been re-credited in the past to reserves as a result of the company being unable to pay the dividends.

- The total effect of these two transactions is to increase total equity shareholders funds at 18 December 2006 by £9,676,000.

Directors' report
for the year ended 31 December 2005 (continued)

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange market prices, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Market risk – foreign exchange risk
The company is exposed to foreign exchange risk primarily with the Euro. Foreign exchange risks arise through the purchase of inventory in Euros, whilst sales in its key market of the UK are denominated in sterling. Accordingly the company seeks to hedge approximately half of its exposure to fluctuations in the foreign exchange purchase cost of inventory, through a combination of forward exchange contracts and other similar instruments.

Credit risk
The company has policies in place that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is periodically reviewed.

Liquidity risk
The company actively maintains a mixture of medium-term and short-term debt finance facilities that are designed to ensure the company has sufficient available funds for operations and planned expansion.

Results and dividends
The company's loss for the financial year is £697,000 (restated 2004: (loss - £873,000)). At 31 December 2005, there are insufficient distributable reserves to enable the preference dividend of £426,000 (2004: £426,000) to be paid (see note 14).

Directors
The directors of who held office during the year are listed below:

N I Danielsson (Chairman)
P Stammer (resigned 21 July 2005)
E M Wisemark
R Siddall
J Gardner (resigned 19 November 2005)

Directors' interests in shares
According to the register, kept under Section 325 of the Companies Act 1985, no Director holding office at 31 December 2005 had any interest in the shares of the company, either at the beginning or end of the year. As permitted by statutory instrument, the register does not include any shareholdings of Directors in the holding company and its overseas subsidiary companies.

Directors' report
for the year ended 31 December 2005 (continued)

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement
Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through newsletters and briefing groups.

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

R Siddall

Director
22 February 2007

Independent auditors' report to the members of Kingfisher Wood Products Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

27 February 2007

Profit and loss account
for the year ended 31 December 2005

	Notes	2005 £'000	As restated 2004 £'000
Turnover	2	**24,422**	23,726
Cost of sales		**(16,459)**	(15,437)
Gross profit		**7,963**	8,289
Administrative expenses		**(7,553)**	(8,125)
Other operating income		**-**	-
Operating profit	6	**410**	164
Interest receivable and similar income		**49**	10
Interest payable and similar charges	5	**(868)**	(865)
Other finance cost	16	**(151)**	(133)
Loss on ordinary activities before taxation		**(560)**	(824)
Tax on loss on ordinary activities	7	**(137)**	(49)
Loss for the financial year	19	**(697)**	(873)

All activities are continuing.

There are no material differences between the loss on ordinary activities before tax and the retained loss for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2005

	Notes	2005 £'000	As restated 2004 £'000
Loss for the financial year		**(697)**	(873)
Actuarial (loss) / gain on pension scheme		**(597)**	95
Movement on deferred tax relating to pension liability		**179**	(29)
Total recognised losses relating to the year		**(1,115)**	(807)
Prior year adjustment – FRS 17		**(3,158)**	
Total losses recognised since last annual report		**(4,273)**	

Kingfisher Wood Products Limited

Balance sheet at 31 December 2005

	Notes	2005 £'000	As restated 2004 £'000
Fixed assets			
Intangible assets	8	**7,204**	7,782
Tangible assets	9	**6,422**	6,847
		13,626	14,629
Current assets			
Stocks	11	**1,598**	1,943
Debtors	12	**6,347**	8,377
Cash at bank and in hand		**2,743**	301
		10,688	10,621
Creditors: amounts falling due within one year	13	**(3,312)**	(3,827)
Net current assets		7,376	6,794
Total assets less current liabilities		**21,002**	21,423
Creditors: *amounts falling due after more than one year*	14	**(17,101)**	(17,101)
Provisions for liabilities and charges	15	**(575)**	(648)
Net assets excluding pension deficit		**3,326**	3,674
Pension deficit	16	**(3,499)**	(3,158)
Net (liabilities)/assets including pension deficit		**(173)**	516
Capital and reserves			
Called up share capital	17	**1,000**	1,000
Share premium account	18	**4,000**	4,000
Profit and loss account	19	**(5,173)**	(4,484)
Total shareholders' funds	20	**(173)**	516

The financial statements on pages 5 to 21 were approved by the board of directors on 22 February 2007 and were signed on its behalf by:

R Siddall

R Siddall
Director

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting
The financial statements are prepared on a going concern basis and under the historical cost convention. The directors consider the going concern basis is appropriate because, following the transactions on 18 December 2006 (see note 14), the company has sufficient net assets to meet its liabilities as they fall due and no longer requires group financial support.

Changes in accounting policies
The company has adopted FRS 17, 'Retirement benefits', and FRS 25, 'Financial instruments: disclosure and presentation', in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was:

	2005 £'000	2004 £'000
Decrease in staff costs	**260**	29
(Increase) in net finance costs	**(151)**	(133)
(Increase) / decrease in deferred tax charge	**(33)**	40
(Decrease) / increase in loss for the year	**(76)**	93
(Decrease) / increase in total recognised gains and losses	**(418)**	66

The effect of the change in accounting policy to adopt the presentation requirements of FRS 25 was to reclassify the 8,533,000 £1 5% cumulative preference shares amounting to £8,533,000 (2004: £8,533,000) from equity to liabilities and preference dividends of £426,000 (2004: £426,000) are recognised as an interest cost instead of as an appropriation.

Cash flow statement
The company is a wholly owned subsidiary. The financial statements of the parent company contain a consolidated cash flow statement and are publicly available. As a consequence the company is exempt from the requirement to publish a cash flow statement.

Intangible assets
Purchased goodwill, representing the excess of the fair value of the consideration paid for a business over the aggregate of the fair value of the identifiable net assets acquired, and intellectual property rights, are capitalised and amortised over their estimated useful economic life, estimated at 20 years. The period has been determined after taking into account the nature of the assets acquired and the markets in which the intangibles operate. Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the financial statements for the year ended 31 December 2005 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets
The cost of tangible fixed assets is their purchase cost, together with any directly attributable costs of acquisition. Tangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant and machinery	10 - 25
Fixtures and fittings	10 - 25
Land and buildings	2

Operating leases
Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Stocks and work in progress
Stocks and work in progress are stated at the lower of cost and net realisable value. Costs on contracts not taken to the profit and loss account, less related foreseeable losses, are included in work in progress and consist of materials, direct labour and attributable overheads.

Foreign currencies
Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Amounts denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover
Turnover represents the value of goods and services supplied. Turnover is recognised where the goods and services have been delivered and accepted, in proportion to the value of work executed to date. Turnover is stated exclusive of value added tax.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is not discounted.

Notes to the financial statements for the year ended 31 December 2005 (continued)

1 Principal accounting policies (continued)

Pension scheme arrangements
The company has adopted FRS 17 'Retirement benefits' in these financial statements. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of the profit and loss account and presented in the statement of recognised gains and losses. Any gains or losses resulting from settlements or curtailments are recognised in the profit and loss account.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligations as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Preference dividends
Preference dividends are charged to the profit and loss account in full.

2 Turnover

The company's activities consist solely of the manufacture, distribution and installation of kitchen furniture in the United Kingdom.

3 Directors' emoluments

	2005 £'000	2004 £'000
Aggregate emoluments (excluding pension contributions)	**255**	327
Compensation for loss of office included in above	**40**	8

Retirement benefits are accruing to no directors (2004: one) under the company's defined benefit scheme.

Highest paid Director	**2005 £'000**	2004 £'000
Aggregate emoluments (excluding pension contributions)	**113**	97
Accrued pension	**12**	11

Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2005 Number	2004 Number
By activity		
Manufacturing	**96**	97
Administration	**120**	126
	216	223

	£'000	As restated £'000
Staff costs (for the above persons)		
Wages and salaries	**5,428**	5,641
Social security costs	**496**	502
Other pension costs (see note 16)	**390**	504
	6,314	6,647

5 Interest payable and similar charges

	2005 £'000	As restated 2004 £'000
On bank loan and overdraft	**442**	439
Preference dividends	**426**	426
Net interest payable and other charges	**868**	865

6 Operating profit

	2005 £'000	2004 £'000
Operating profit is stated after charging:		
Amortisation	**578**	576
Depreciation	**716**	725
Other operating leases	**568**	749
Auditors' remuneration for:		
Audit	**17**	21
Other services	**21**	62

Notes to the financial statements for the year ended 31 December 2005 (continued)

7 Tax on profit on ordinary activities

	2005 £'000	As restated 2004 £'000
Current tax:		
United Kingdom corporation tax at 30% (2004: 30%):	**191**	96
Adjustments in respect of prior years	**(13)**	(13)
Total current tax	**178**	83
Deferred tax:		
Origination and reversal of timing differences	**(73)**	(3)
Pension cost relief in excess of pension cost charge	**32**	(31)
Total deferred tax:	**(41)**	(34)
Tax on loss on ordinary activities	**137**	49

Loss on ordinary activities before taxation	**(560)**	(824)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	**(168)**	(247)
Effects of:		
Expenses not deductible for tax purposes	**304**	340
Capital allowances for period in excess of depreciation and other timing differences	**55**	3
Adjustments to tax charge in respect of previous years	**(13)**	(13)
Current UK corporation tax charge for the year	**178**	83

Based on current investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Intangible assets

	Intellectual property rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2005 and 31 December 2005	2,635	8,891	11,526
Amortisation			
At 1 January 2005	858	2,886	3,744
Charge for the year	133	445	578
At 31 December 2005	991	3,331	4,322
Net book amount at 31 December 2005	1,644	5,560	7,204
Net book amount at 31 December 2004	1,776	6,004	7,782

9 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2005	5,224	1,712	2,694	9,630
Additions	63	109	119	291
Disposals	-	-	-	-
At 31 December 2005	5,287	1,821	2,813	9,921
Depreciation				
At 1 January 2005	648	965	1,170	2,783
Charge for year	143	178	395	716
Disposals	-	-	-	-
At 31 December 2005	791	1,143	1,565	3,499
Net book amount At 31 December 2005	4,496	678	1,248	6,422
Net book amount At 31 December 2004	4,576	747	1,524	6,847

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Fixed asset investments

	2005 £	2004 £
Kingfisher Furniture Limited	1	1
Paula Rosa Limited	1	1
	2	2

The investments represent 100% of the share capital and voting rights of the companies which are both incorporated in England and Wales; neither company traded during the year.

11 Stocks

	2005 £'000	2004 £'000
Raw materials	1,066	1,372
Work in progress	343	382
Finished goods	189	189
	1,598	1,943

12 Debtors: amount falling due within one year

	2005 £'000	2004 £'000
Trade debtors	6,014	7,964
Prepayments	289	236
Other debtors	44	177
	6,347	8,377

13 Creditors: amounts falling due within one year

	2005 £'000	As restated 2004 £'000
Trade creditors	1,136	1,948
Amounts due to group undertakings	40	-
Corporation tax	194	102
Other taxation and social security	325	195
Other creditors	15	15
Accruals	459	424
Accrued preference share dividends	1,143	1,143
	3,312	3,827

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 Creditors: amounts falling due after more than one year

	2005 £'000	As restated 2004 £'000
Bank loan	**8,568**	8,568
Preference share capital	**8,533**	8,533
	17,101	17,101

The bank loan and overdraft are secured by fixed charges over land and buildings, a floating charge over stocks and debtors and a Group guarantee. The loan carries interest at LIBOR + 0.3% and is repayable in bi-annual instalments, the first instalment of £1,100,000 becoming due on 28 March 2008.

Preference share capital

	2005 £'000	2004 £'000
Authorised		
5% preference shares of £1 each	**13,533**	13,533
Allotted, called up and fully paid		
5% preference shares of £1 each	**8,533**	8,533

The cumulative preference shares carried a fixed cumulative preference dividend at the rate 5% per annum, payable in arrears on 31 July. The earliest date on which the shares could have been redeemed was 31 July 2004. The parent company waived redemption of these shares until 30 June 2006. On a winding up the holders had priority before all other classes of shares to receive payment of capital plus any arrears of dividend. The holders had no voting rights unless a meeting was held to consider a resolution for the wind-up of the company or for a reduction in the capital of the company or varying any of the special rights, privileges or restrictions attached to the preference shares.

On 18 December 2006 the authorised ordinary share capital of the company was increased by 13,533,000 shares of £1 each. On the same day the company reached agreement with its parent undertaking to exchange the 8,533,000 £1 5% fixed cumulative preference shares for 8,533,000 £1 ordinary shares. These ordinary shares rank "pari passu" with the existing ordinary shares.

In addition the company also reached agreement to waive the 5% preference dividend relating to the 8,533,000 £1 5% cumulative preference shares for both the current year and all preceding years which were accrued in the financial statements to that date.

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 Creditors: amounts falling due after more than one year (continued)

These transactions have no effect on the 31 December 2005 financial statements but will have the following effects on the 31 December 2006 financial statements:

- The exchange of 5% cumulative preference shares for £1 ordinary shares will decrease long-term creditors by £8,533,000 and increase ordinary share capital by £8,533,000.
- The waiver of the preference share dividend will result in the company being released from the requirement to pay the parent company £3,073,000 of preference dividends. Of the above £3,073,000 only £1,143,000 of the dividends are accrued in the balance sheet at 31 December 2005 so the credit to the interest line in the profit and loss account for the year ended 31 December 2006 will be £1,143,000. The remaining £1,930,000 has been credited in the past to reserves as a result of the company being unable to pay the dividends.
- The total effect of these two transactions is to increase total equity shareholders reserves at 18 December 2006 by £9,676,000.

Dividend arrears

At 31 December 2005 there were arrears of dividends on the 5% fixed cumulative preference shares of £1,930,000 (2004: £1,504,000). These arrears have accumulated over the past four years. These would not have become payable until the reserves of the company were sufficient to cover the payment. In accordance with FRS 4 the dividends have been charged to the profit and loss account and then credited to the profit and loss reserve.

15 Provisions for liabilities and charges

Provision has been made for deferred taxation excluding pension related deferred tax assets as follows:

	2005 £'000	2004 £'000
At 1 January	**648**	651
Charged to the profit and loss account	**(73)**	(3)
At 31 December	**575**	648

The amount of deferred taxation provided in the financial statements is represented by:		
Excess of capital allowances over depreciation	**613**	660
Short term timing differences	**(38)**	(12)
	575	648

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Pension commitments

The company operates a defined benefit pension scheme administered by IPS Actuarial Services Ltd. Assets are held in separately administered funds.

Defined benefit scheme

An actuarial valuation of the Kingfisher Wood Products Ltd pension scheme using the projected unit basis, was carried out at 31 December 2005 by IPS Actuarial Services Ltd, consulting actuaries. The major assumptions used by the actuary were:

	2005 %	2004 %	2003 %
Rate of increase in salaries	**3.25**	3.75	3.50
Rate of increase in pensions in payment	**2.75**	2.75	2.50
Discount rate	**4.75**	5.25	5.25
Inflation assumption	**2.75**	2.75	2.50

The assets in the scheme and the expected rates of return are as follows:

	Expected Rate of return 2005 %	**Value 2005 £'000**	Expected Rate of return 2004 %	Value 2004 £'000	Expected Rate of return 2003 %	Value 2003 £'000
Bonds	**4.25**	**3,252**	4.25	3,173	4.50	2,442
Equities	**7.50**	**9,012**	7.00	6,989	7.00	6,920
Cash	**4.00**	**557**	4.00	699	4.00	336
Index linked	**4.25**	**581**	4.25	156	4.25	264
Total market value of assets		**13,402**		11,017		9,962
Present value of scheme liabilities		**(18,401)**		(15,528)		(14,464)
Deficit in scheme		**(4,999)**		(4,511)		(4,502)
Related deferred tax asset		**1,500**		1,353		1,351
Net pension liability		**(3,499)**		(3,158)		(3,151)

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Pension commitments (continued)

Analysis of the amount charged to operating profit:

	2005 £'000	2004 £'000
Current service cost	**373**	483
Curtailment	**(18)**	-
Total operating charge	**355**	483

Analysis of the amount charged to other finance costs:

	2005 £'000	2004 £'000
Expected return on pension scheme assets	**(668)**	(633)
Interest on pension scheme liabilities	**819**	766
Net finance costs	**151**	133

Analysis of amount recognised in statement of total recognised gains and losses:

	2005 £'000	2004 £'000
Actual return less expected return on pension scheme assets	**1,319**	56
Experience gains and losses arising on scheme liabilities	**(398)**	1,050
Changes in assumptions underlying the present value of scheme liabilities	**(1,518)**	(1,011)
Actuarial (loss) / gain recognised in the STRGL	**(597)**	95

Movement in deficit during the year:

	2005 £'000	2004 £'000
Deficit 1 January	**4,511**	4,502
Movement in the year:		
Charge to operating profit (see above)	**355**	483
Contributions	**(615)**	(512)
Other finance costs	**151**	133
Actuarial loss / (gain)	**597**	(95)
Deficit 31 December	**4,999**	4,511

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Pension commitments (continued)

The full actuarial valuation at 31 December 2005 showed an increase in the deficit from £4,511,000 to £4,999,000. The Company has agreed changes in funding of the scheme with the trustees whereby an additional £360,000 a year will be contributed by the Company to reduce the deficit.

History of experience gains and losses

	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
Amount	**£1,319,000**	£56,000	£591,000
Percentage of scheme assets	**9.8%**	0.5%	5.9%
Experience gains and losses on scheme liabilities:			
Amount	**£(398,000)**	£1,050,000	£124,000
Percentage of the present value of scheme liabilities	**(2.2)%**	6.8%	0.9%
Total amount recognised in the statement of total recognised gains and losses:			
Amount	**£(597,000)**	£95,000	£(733,000)
Percentage of the present value of scheme liabilities	**(3.2)%**	0.6%	(5.1)%

Defined contribution scheme

The pension cost for the defined contribution scheme amounted to £35,000 (2004: 21,000). There is no accrual or prepayment in respect of pension contributions for this scheme.

17 Called up share capital

	2005 £'000	Restated 2004 £'000
Authorised		
Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,000**	1,000

See note 14 for notes on the restatement.

18 Share premium account

	2005 £'000	2004 £'000
At 1 January and 31 December	**4,000**	4,000

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Profit and loss account

	£'000
1 January 2005 as previously reported	**(1,326)**
Prior year adjustment – FRS 17	**(3,158)**
1 January 2005 as restated	**(4,484)**
Loss for the year	**(697)**
Preference dividend re-credited	**426**
Actuarial loss on pension scheme	**(597)**
Movement on deferred tax relating to pension scheme	**179**
31 December 2005	**(5,173)**
Pension liability	**3,499**
Profit and loss reserve excluding pension liability	**(1,674)**

20 Reconciliation of movements in shareholders' funds

	2005 £'000	As restated 2004 £'000
Loss for the year	**(697)**	(873)
Actuarial (loss) / gain on pension scheme	**(597)**	95
Movement on deferred tax relating to pension scheme	**179**	(29)
Preference dividend re-credited	**426**	426
Net movement in shareholders' funds	**(689)**	(381)
Opening shareholders' funds as previously reported	**12,207**	12,581
Prior year adjustment – FRS 17	**(3,158)**	(3,151)
Prior year adjustment – FRS 25	**(8,533)**	(8,533)
Opening shareholders' funds as restated	**516**	897
Closing shareholders' funds	**(173)**	516

Notes to the financial statements for the year ended 31 December 2005 (continued)

21 Capital and other commitments

At 31 December 2005 the company had no contracts (2004: nil) placed for capital equipment not provided in the financial statements.

At 31 December 2005 the company had commitments under forward exchange contracts of £300,000 (2004: £900,000). No material loss is expected to arise from these contracts.

22 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases in respect of properties, vehicles, plant and equipment for which the payments extend over a number of years.

	Property		Vehicles, plant and equipment	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Expiring within one year	**-**	23	**90**	34
Expiring between two to five years inclusive	**32**	29	**300**	396
Expiring after five years	**-**	-	**88**	97
	32	52	**478**	527

23 Related party transactions

The company has relied upon the exemption available to wholly owned subsidiary companies, not to disclose transactions during the year with group companies, where results are included in the group accounts of the parent undertaking. There were no other related party transactions.

24 Controlling party

The company's immediate parent and ultimate parent undertaking and controlling party is Ballingslöv International AB incorporated in Sweden, whose principal place of business is:

28107 Ballingslöv
Sweden

Kingfisher Wood Products Limited is a wholly owned subsidiary of Ballingslöv International AB. Ballingslöv International AB is the smallest and largest group to consolidate these financial statements. The consolidated accounts of the group are available to the public and may be obtained from the above address.