Kingfisher Wood Products Limited

Annual report

for the year ended 31 December 2006

Registered no 3471086

Kingfisher Wood Products Limited

Annual report for the year ended 31 December 2006

Directors' report
for the year ended 31 December 2006

The directors present their report and the financial statements for the year ended 31 December 2006

Principal activities and review of the business
The principal activity of the Company during the period continued to be the design, manufacture and installation of fitted kitchens

The Company has continued its policy of allocating resources for new product development and to continue to improve service levels to our customers The directors believe that this ongoing investment of resources will enable the Company to maintain its position as one of the market leaders in the industry

Overall, the year ended 31 December 2006 has been a transitional year for the Company

As expected it was a challenging year for sales which saw a reduction in turnover of 11% However, following a full review of the Company's sales strategy the directors are confident that there will be sales growth in the second half of 2007 continuing into 2008

The Company continued the roll out of a lean manufacturing strategy which has seen a significant reduction in utilised space, together with a 19% reduction in manufacturing headcount, coming mostly from a restructuring programme in December 2005 Across the Company headcount reduced by 12%

The Lean program and the reduction in head count have contributed to the Company being able to ensure operating profit as a percentage of sales increased in the year, despite the reduction in sales

The directors consider that the principal risks facing the Company result from continued customer consolidations and increasing price pressures for raw materials

The Company seeks to minimise the risk of customer consolidations by further increasing its customer base and will look to Group purchasing power wherever possible to minimise price increases

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Directors' report
for the year ended 31 December 2006 (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 profit for the financial year is £1,205,000 (2005 (loss - £697,000))

Directors
The directors who held office during the year are given below

N I Danielsson (Chairman)
E M Wisemark
R Siddall
R Brew (appointed 27 April 2006)
C Andersen (appointed 27 April 2006)

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' report
for the year ended 31 December 2006 (continued)

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 2006 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 and disclosure of information to auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware The directors have taken the relevant steps to ensure that they are aware of any relevant audit information in order to establish that the Company's auditors are aware of that information

By order of the board

Robert Brew 22/6/2007
Director

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

We have audıted the fınancıal statements of Kıngfisher Wood Products Lımıted for the year ended 31 December 2006 whıch comprıse the Profıt and Loss Account, the Balance Sheet, the Statement of Total Recognısed Gaıns and Losses and the related notes These fınancıal statements have been prepared under the accountıng polıcıes set out thereın

Respective responsibilities of directors and auditors
The dırectors' responsıbılıtıes for preparıng the fınancıal statements ın accordance wıth applıcable law and Unıted Kıngdom Accountıng Standards (Unıted Kıngdom Generally Accepted Accountıng Practıce) are set out ın the Statement of Dırectors' Responsıbılıtıes

Our responsıbılıty ıs to audıt the fınancıal statements ın accordance wıth relevant legal and regulatory requırements and Internatıonal Standards on Audıtıng (UK and Ireland) Thıs report, ıncludıng the opınıon, has been prepared for and only for the Company's members as a body ın accordance wıth Sectıon 235 of the Companıes Act 1985 and for no other purpose We do not, ın gıvıng thıs opınıon, accept or assume responsıbılıty for any other purpose or to any other person to whom thıs report ıs shown or ınto whose hands ıt may come save where expressly agreed by our prıor consent ın wrıtıng

We report to you our opınıon as to whether the fınancıal statements gıve a true and faır vıew and are properly prepared ın accordance wıth the Companıes Act 1985 We also report to you whether ın our opınıon the ınformatıon gıven ın the Dırectors' Report ıs consıstent wıth the fınancıal statements

In addıtıon we report to you ıf, ın our opınıon, the Company has not kept proper accountıng records, ıf we have not receıved all the ınformatıon and explanatıons we requıre for our audıt, or ıf ınformatıon specıfıed by law regardıng dırectors' remuneratıon and other transactıons ıs not dısclosed

We read the Dırectors' Report and consıder the ımplıcatıons for our report ıf we become aware of any apparent mısstatements wıthın ıt

Basis of audit opinion
We conducted our audıt ın accordance wıth Internatıonal Standards on Audıtıng (UK and Ireland) ıssued by the Audıtıng Practıces Board An audıt ıncludes examınatıon, on a test basıs, of evıdence relevant to the amounts and dısclosures ın the fınancıal statements It also ıncludes an assessment of the sıgnıfıcant estımates and judgments made by the dırectors ın the preparatıon of the fınancıal statements, and of whether the accountıng polıcıes are approprıate to the Company's cırcumstances, consıstently applıed and adequately dısclosed

We planned and performed our audıt so as to obtaın all the ınformatıon and explanatıons whıch we consıdered necessary ın order to provıde us wıth suffıcıent evıdence to gıve reasonable assurance that the fınancıal statements are free from materıal mısstatement, whether caused by fraud or other ırregularıty or error In formıng our opınıon we also evaluated the overall adequacy of the presentatıon of ınformatıon ın the fınancıal statements

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

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton
28 June 2007

Kingfisher Wood Products Limited

Profit and loss account
for the year ended 31 December 2006

Continuing operations	Notes	2006 £'000	2005 £'000
Turnover	2	21,634	24,422
Cost of sales		(14,664)	(16,459)
Gross profit		6,970	7 963
Administrative expenses		(6,546)	(7 553)
Other operating income		-	-
Operating profit	6	424	410
Interest receivable and similar income		111	49
Interest payable and similar charges	5	716	(868)
Net Finance Cost	16	(6)	(151)
Profit/(loss) on ordinary activities before taxation		1,245	(560)
Tax on profit/(loss) on ordinary activities	7	(40)	(137)
Retained profit/(loss) for the financial year	19	1,205	(697)

Statement of total recognised gains and losses for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Profit/(loss) for the financial year		**1,205**	(697)
Actuarial (loss) / gain on pension scheme	16	**1,032**	(597)
Movement on deferred tax relating to pension liability		**(310)**	179
Total recognised gains and losses relating to the year		**1,927**	(1 115)

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

Kingfisher Wood Products Limited

Balance sheet at 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	8	**6,628**	7,204
Tangible assets	9	**5,813**	6,422
		12,441	13 626
Current assets			
Stocks	11	**1,917**	1,598
Debtors	12	**6,029**	6 347
Cash at bank and in hand		**3,663**	2,743
		11,609	10,688
Creditors amounts falling due within one year	13	**(2,293)**	(3,312)
Net current assets		**9,316**	7,376
Total assets less current liabilities		**21,757**	21,002
Creditors amounts falling due after more than one year	14	**(8,568)**	(17,101)
Provisions for liabilities and charges	15	**(346)**	(575)
Net assets excluding pension deficit		**12,843**	3,326
Pension deficit	16	**(2,556)**	(3,499)
Net assets including pension deficit		**10,287**	(173)
Capital and reserves			
Called up share capital	17	**9,533**	1,000
Share premium account	18	**4,000**	4,000
Profit and loss account	19	**(3,246)**	(5 173)
Total shareholders' funds	20	**10,287**	(173)

The financial statements on pages 6 to 22 were approved by the board of directors on 22/6/07, and were signed on its behalf by

Robert Brew
Director
22/6/2007

Notes to the financial statements for the year ended 31 December 2006

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 the going concern basis and under the historical cost convention The company is exempt by virtue of s228 of the Companies Act 1985 from the requirements to prepare group financial statements These financial statements present information about the company as an individual undertaking and not about its group

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

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

Notes to the financial statements for the year ended 31 December 2006 (continued)

1 Principal accounting policies (continued)

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, or at the forward rate of exchange if exchange contracts have been taken out in respect 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

Pension scheme arrangements

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

Notes to the financial statements for the year ended 31 December 2006 (continued)

2 Turnover

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

3 Directors' emoluments

	2006 £'000	2005 £'000
Aggregate emoluments (excluding pension contributions)	146	255
Compensation for loss of office included in above	-	40

Retirement benefits are accruing to no directors (2005 nil) under the Company's defined benefit scheme

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

4 Employee information

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

	2006 Number	2005 Number
By activity		
Manufacturing	78	96
Administration	111	120
	189	216

	2006 £'000	2005 £'000
Staff costs (for the above persons)		
Wages and salaries	4,595	5 428
Social security costs	432	496
Other pension costs (see note 16)	351	390
	5,378	6 314

Notes to the financial statements for the year ended 31 December 2006 (continued)

5 Interest payable and similar charges

	2006 £'000	2005 £'000
On bank loan and overdraft	**427**	442
Preference dividends	**(1,143)**	426
Net interest payable and other charges	**(716)**	868

See note 14 for disclosure relating to preference dividends

6 Operating profit

	2006 £'000	2005 £'000
Operating profit is stated after charging		
Amortisation	**576**	578
Depreciation	**722**	716
Other operating leases	**524**	568
Auditors' remuneration for		
Audit	**17**	17
Other services	**13**	21

Notes to the financial statements for the year ended 31 December 2006 (continued)

7 Tax on profit on ordinary activities

	2006 £'000	2005 £'000
Current tax		
United Kingdom corporation tax at 30% (2005 30%)	219	191
Adjustment in respect of prior years	(46)	(13)
Total current tax	173	178
Deferred tax:		
Origination and reversal of timing differences	(229)	(73)
Pension cost relief in excess of pension cost charge	96	32
Total deferred tax	(133)	(41)
Tax on profit / (loss) on ordinary activities	40	137

Profit / (Loss) on ordinary activities before taxation	1,245	(560)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	374	(168)
Effects of		
(Income not taxable) / Expenses not deductible	(237)	304
Capital allowances for period in excess of depreciation and other timing differences	82	55
Adjustments to tax charge in respect of previous years	(46)	(13)
Current UK corporation tax charge for the year	173	178

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 2006 (continued)

8 Intangible assets

	Intellectual property rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2006 and 31 December 2006	**2,635**	**8,891**	**11,526**
Amortisation			
At 1 January 2006	991	3,331	4,322
Charge for the year	132	444	576
At 31 December 2006	**1,123**	**3,775**	**4,898**
Net book amount at 31 December 2006	**1,512**	**5,116**	**6,628**
Net book amount at 31 December 2005	1,644	5,560	7,204

9 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2006	5,287	1,821	2,813	9,921
Additions	-	9	104	113
At 31 December 2006	**5,287**	**1,830**	**2,917**	**10,034**
Depreciation				
At 1 January 2006	791	1,143	1,565	3,499
Charge for year	146	166	410	722
At 31 December 2006	**937**	**1,309**	**1,975**	**4,221**
Net book amount At 31 December 2006	**4,350**	**521**	**942**	**5,813**
Net book amount At 31 December 2005	4,496	678	1,248	6,422

Notes to the financial statements
for the year ended 31 December 2006 (continued)

10 Fixed asset investments

	2006	2005
	£	£
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

	2006	2005
	£'000	£'000
Raw materials	**1,276**	1,066
Work in progress	**459**	343
Finished goods	**182**	189
	1,917	1,598

12 Debtors: amount falling due within one year

	2006	2005
	£'000	£'000
Trade debtors	**5,517**	6 014
Prepayments	**395**	289
Other debtors	**117**	44
	6,029	6 347

13 Creditors: amounts falling due within one year

	2006	2005
	£'000	£ 000
Trade creditors	**1,572**	1 136
Amounts due to group undertakings	**43**	40
Corporation tax	**131**	194
Other taxation and social security	**270**	325
Other creditors	**8**	15
Accruals	**269**	459
Accrued preference share dividends	**-**	1 143
	2,293	3 312

Notes to the financial statements for the year ended 31 December 2006 (continued)

14 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Bank loan	**8,568**	8 568
Preference share capital	-	8,533
	8,568	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

	2006 £'000	2005 £'000
Authorised		
5% preference shares of £1 each	-	13,533
Allotted, called up and fully paid		
5% preference shares of £1 each	-	8,533

On 18 December 2006 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 "parri passu" with the existing ordinary shares The cumulative preference shares carried a fixed cumulative preference dividend at the rate 5% per annum, payable in arrears on 31 July

Dividend arrears

At 31 December 2005 there were arrears of dividends on the 5% fixed cumulative preference shares of £1,930,000 On 18 December 2006 the Company reached agreement with its parent undertaking 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

The waiver of the preference share dividend has resulted 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 were 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 is £1,143,000 The remaining £1,930,000 has been re-credited in the past to reserves as a result of the company being unable to pay the dividends

Notes to the financial statements for the year ended 31 December 2006(continued)

15 Provisions for liabilities and charges

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

	2006 £'000	2005 £'000
At 1 January	**575**	648
Charged to the profit and loss account	**(229)**	(73)
At 31 December	**346**	575

	2006 £'000	2005 £'000
The amount of deferred taxation provided in the financial statements is represented by		
Excess of capital allowances over depreciation	**374**	613
Short term timing differences	**(28)**	(38)
	346	575

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 2006 by IPS Actuarial Services Ltd, consulting actuaries The major assumptions used by the actuary were

	2006 %	2005 %	2004 %
Rate of increase in salaries	**3.50**	3 25	3 75
Rate of increase in pensions in payment Pre 01 07/05	**3 00**	2 75	2 75
Rate of increase in pensions in payment Post 01/07/05	**2 50**	2 50	-
Discount rate	**5 00**	4 75	5 25
Inflation assumption	**3 00**	2 75	2 75

Notes to the financial statements for the year ended 31 December 2006 (continued)

16 Pension commitments (continued)

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

	Expected Rate of return 2006 %	Value 2006 £'000	Expected Rate of return 2005 %	Value 2005 £'000	Expected Rate of return 2004 %	Value 2004 £'000
Bonds	4 50	2,850	4 25	3 252	4 25	3 173
Equities	7 50	10,257	7 50	9,012	7 00	6 989
Cash	4 00	586	4 00	557	4 00	699
Index linked	4 50	1,104	4 25	581	4 25	156
Total market value of assets		14,797		13 402		11,017
Present value of scheme liabilities		(18,449)		(18,401)		(15,528)
Deficit in scheme		(3,652)		(4,999)		(4 511)
Related deferred tax asset		1,096		1,500		1,353
Net pension liability		(2,556)		(3,499)		(3,158)

Analysis of the amount charged to operating profit:

	2006 £'000	2005 £'000
Current service cost	307	373
Curtailment	-	(18)
Total operating charge	307	355

Analysis of the amount charged to other finance costs:

	2006 £'000	2005 £'000
Expected return on pension scheme assets	(867)	(668)
Interest on pension scheme liabilities	873	819
Net finance costs	6	151

Notes to the financial statements
for the year ended 31 December 2006 (continued)

16 Pension commitments (continued)

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

	2006	2005
	£'000	£ 000
Actual return less expected return on pension scheme assets	277	1,319
Experience gains / (losses) arising on scheme liabilities	196	(398)
Changes in assumptions underlying the present value of scheme liabilities	559	(1,518)
Actuarial gain / (loss) recognised in the STRGL	1,032	(597)

Movement in deficit during the year:

	2006	2005
	£'000	£'000
Deficit at 1 January	4,999	4 511
Movement in the year		
Total operating charge	307	355
Contributions	(628)	(615)
Other finance costs	6	151
Actuarial (gain) / loss	(1,032)	597
Deficit at 31 December	3,652	4,999

The full actuarial valuation at 31 December 2006 showed a decrease in the deficit from £4,999,000 to £3,652,000 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

	2006	2005	2004
Difference between the expected and actual return on scheme assets			
Amount	£277,000	£1 319 000	£56 000
Percentage of scheme assets	1 9%	9 8%	0 5%
Experience gains and losses on scheme liabilities			
Amount	196,000	£(398 000)	£1 050 000
Percentage of the present value of scheme liabilities	1.1%	(2 2)%	6 8%
Total amount recognised in the statement of total recognised gains and losses			
Amount	£1,032,000	£(597 000)	£95 000
Percentage of the present value of scheme liabilities	5 6%	(3 2)%	0 6%

Defined contribution scheme

The pension cost for the defined contribution scheme amounted to £44,000 (2005 35,000) There is no accrual or prepayment in respect of pension contributions for this scheme

Notes to the financial statements
for the year ended 31 December 2006 (continued)

17 Called up share capital

	2006 £'000	2005 £'000
Authorised		
Ordinary shares of £1 each	14,533	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	9,533	1,000

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

18 Share premium account

	2006 £'000	2005 £'000
At 1 January and 31 December	4,000	4,000

19 Profit and loss account

	£'000
1 January 2006	(5,173)
Profit for the year	1,205
Actuarial gain on pension scheme	1,032
Movement on deferred tax relating to pension scheme	(310)
31 December 2006	(3,246)
Pension liability	2,556
Profit and loss reserve excluding pension liability	(690)

Notes to the financial statements for the year ended 31 December 2006 (continued)

20 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit / (Loss) for the year	**1,205**	(697)
Actuarial gain / (loss) on pension scheme	**1,032**	(597)
Movement on deferred tax relating to pension scheme	**(310)**	179
Issue of ordinary share capital	**8,533**	-
Preference dividend re-credited	**-**	426
Net movement in shareholders' funds	**10,460**	(689)
Opening shareholders' funds	**(173)**	516
Closing shareholders' funds	**10,287**	(173)

21 Capital and other commitments

At 31 December 2006 the Company had no contracts (2005 nil) placed for capital equipment not provided in the financial statements

At 31 December 2006 the Company had commitments under forward exchange contracts of £ 400,000 (2005 £300,000) The market value of these contracts at December 31 was £9,190 (2005 £5,640)

22 Financial commitments

At 31 December 2006 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	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Expiring within one year	**30**	-	**29**	90
Expiring between two to five years inclusive	**-**	32	**301**	300
Expiring after five years	**-**	-	**91**	88
	30	32	**421**	478

Notes to the financial statements for the year ended 31 December 2006 (continued)

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 Ballingslov International AB incorporated in Sweden, whose principal place of business is

28107 Ballingslov
Sweden

Kingfisher Wood Products Limited is a wholly owned subsidiary of Ballingslov International AB Ballingslov 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