KWP Interiors Ltd

Annual report

for the year ended 31 December 2012

Registered no 03471086

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for the year ended 31 December 2012

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Directors' report for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 on-going 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 2012 was, as expected, another very challenging year for the Company due to the much publicised slow recovery of the UK housing market, despite this the Company's turnover rose to £18,073,000 (2011 £17,753,000)

Whilst turnover rose in 2012, many of the projects acquired with the Offspec Brand in 2010 delivered a far lower margin than expected during the year which led to a fall in gross profit to 20 7% of turnover (2011 25 9%) As at 31st December 2012 these low margin projects have all but finished trading meaning that 2013 is expected to see similar turnover levels but with a much higher gross profit percentage

Admin expenses have fallen slightly during the year as a result of cost saving initiatives However, these savings have been offset by the cost of restructuring therefore the full benefit is expected to be felt in 2013 resulting in reduced Admin Expenses.

This all resulted in an operating loss (excluding amortisation of goodwill) in the year of £1,427,000 (2011 Loss £624,000)

On 24th September 2012 Ballingslov International AB made a capital injection of £4 5m into KWP Interiors Ltd. This was posted into the Capital Contribution Reserve in the Equity section of the Balance Sheet This has strengthened the Net Assets (excluding pension deficit) to £8,838k (2011 £6,520k)

The Company seeks to minimise the risk of further decline by ensuring costs are monitored and productivity improvements continue to be made throughout the business through lean practices and flexibility of the workforce

Given the nature of the business, the Company's directors are of the opinion that key performance indicators are the turnover and profitability of the Company The movement in these indicators is discussed above

The directors consider that the principal risks facing the Company result from the slow recovery of the UK housing market, competitor activity and the availability and price of raw materials

The directors of KWP Interiors Ltd are confident that the company is a going concern and will continue to be for the foreseeable future

Directors' report
for the year ended 31 December 2012 (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 forward exchange contracts and options

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 and interest rate 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 These facilities are linked to LIBOR for interest payable See note 1 for further details on the going concern basis

Results

The Company's loss for the financial year is £1,826,000 (2011 loss £1,173,000)

Political and other donations

There were no donations made in 2012 (2011 nil)

Directors

The directors who held office during the year, except as noted are given below

R T Brew
A J Wassberg
M Hegdal
P Anderson (resigned 26 March 2013)
P Blackburn (resigned 26 March 2013)
A Erickson (appointed 7 September 2012 / resigned 26 March 2013)

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.

Directors' report
for the year ended 31 December 2012 (continued)

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

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.

Auditor and disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is aware, and
- the director has taken all the steps the he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The auditor, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at Group's Annual General Meeting.

By order of the board

Robert Brew
Director
KWP Interiors Ltd
Registered Office Water Lane Industrial Estate, Storrington, West Sussex, RH20 3DS

23/9/13

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWP INTERIORS LTD

We have audited the financial statements of KWP Interiors Ltd for the year ended 31 December 2012 set out on pages 7 to 25 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 Financial Reporting Council website at www frc org uk/auditscopeukprivate

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 31 December 2012 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 KWP INTERIORS LTD *(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

Martin Newsholme

Martin Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

24 September 2013.

Profit and loss account for the year ended 31 December 2012

Continuing operations	Notes	2012 £'000	2011 £'000
Turnover	2	**18,073**	17,753
Cost of sales		**(14,323)**	(13,153)
Gross profit		**3,750**	4,600
Administrative expenses		**(5,929)**	(5,976)
Operating loss	6	**(2,179)**	(1,376)
Interest payable and similar charges	5	**(126)**	(28)
Loss on ordinary activities before taxation		**(2,305)**	(1,404)
Tax on loss on ordinary activities	7	**476**	231
Loss for the financial year	19	**(1,829)**	(1,173)

All of the company's operations are continuing
The notes on Pages 10 to 25 form part of these financial statements

Statement of total recognised gains and losses for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Loss for the financial year		**(1,829)**	(1,173)
Actuarial gain / (loss) on pension scheme	16	**1,682**	(3,227)
Movement on deferred tax relating to pension liability		**(705)**	711
Total recognised losses relating to the period		**(852)**	(3,689)

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

The notes on pages 10 to 25 form part of the financial statements.

Balance sheet at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	**3,872**	4,624
Tangible assets	9	**4,353**	4,465
Investments	10	**-**	-
		8,225	9,089
Current assets			
Stocks	11	**4,169**	2,263
Debtors			
- due within one year	12	**4,245**	4,842
- due after one year	12	**504**	1,008
Cash at bank and in hand		**446**	-
		9,364	8,113
Creditors: amounts falling due within one year	13	**(3,180)**	(4,781)
Net current assets		**6,184**	3,332
Total assets less current liabilities		**14,409**	12,421
Creditors: amounts falling due after more than one year	14	**(5,571)**	(5,901)
Net assets excluding pension deficit		**8,838**	6,520
Pension deficit	16	**(2,966)**	(4,296)
Net assets including pension deficit		**5,872**	2,224
Capital and reserves			
Called up share capital	17	**9,533**	9,533
Share premium account	18	**4,000**	4,000
Capital Contribution Reserve		**4,500**	-
Profit and loss account	19	**(12,161)**	(11,309)
Equity shareholders' funds	20	**5,872**	2,224

The financial statements on pages 7 to 25 for KWP Interiors Ltd, company registration number 03471086, were approved by the board of directors on 23/9/13, and were signed on its behalf by

Robert Brew
Director

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

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 s400 of the Companies Act 2006 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. The results of acquired businesses are recognized from the date that control passed Acquired businesses are accounted for under the acquisition method

Going concern
The directors' report on pages 1 to 4 describes the financial position of the Company

The Company's working capital position was strengthened during the year by the capital contribution of £4 5 million made by Ballingslov International AB This, together with business improvements from projects already implemented, has been incorporated into the Company's forecasts and projections Management consider that, taking account of reasonably possible changes in trading performance, the Company should be able to operate within the level of its current facility, and continue to meet its liabilities as they fall due, for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

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 (see note 24). As a consequence the Company is exempt from the requirement to publish a cash flow statement, under FRS1

Intangible assets
Intellectual Property and 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 acquired, are capitalised and amortised over their estimated useful economic life 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 2012 (continued)

1 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

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

Freehold land is not depreciated

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 Cost includes an appropriate proportion of labour and overhead expense

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 Monetary 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

Revenue recognition
Turnover is stated exclusive of value added tax Revenue from the supply of furniture is recognised upon delivery to a customer Revenue from the supply and installation of furniture is recognised when the installation has been completed to the satisfaction of the customer on a plot by plot basis

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 2012 (continued)

1 Accounting policies (continued)

Financial instruments
The Company uses derivative financial instruments to reduce exposure to foreign exchange risk The Company does not hold or issue derivative financial instruments for speculative purposes The financial instruments are held off balance sheet

Pension scheme arrangements
For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 Turnover

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

Notes to the financial statements for the year ended 31 December 2012 (continued)

3 Directors' emoluments

	2012 £'000	2011 £'000
Aggregate emoluments (excluding pension contributions)	**313**	240
Aggregate of pension contributions	**17**	14

Retirement benefits are accruing to no directors (2011 nil) under the Company's defined benefit scheme Contributions are paid in respect of three directors (2011: two) under the Company's defined contribution scheme

Highest paid Director	2012 £'000	2011 £'000
Aggregate emoluments (excluding pension contributions)	**115**	108
Aggregate of pension contributions	**11**	12

The directors remuneration for two of the directors was borne by other group companies in the current and preceding year

4 Employee information

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

	2012 Number	2011 Number
By activity		
Manufacturing	**56**	48
Administration	**85**	96
	141	144

5 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on overdrafts and bank loans	**117**	93
Net pension interest costs (see note 16)	**9**	(65)
	126	28

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Operating loss

	2012 £'000	2011 £'000
Operating loss is stated after charging:		
Wages and salaries	**3,750**	3,895
Redundancy costs	**143**	147
Social security costs	**337**	361
Other pension costs #	**166**	171
Total staff costs	**4,253**	4,427
# Other pension costs include only those items included within operating costs Items reported elsewhere have been excluded		
Depreciation of tangible fixed assets	**329**	317
Amortisation of intangible fixed assets	**752**	751
Operating lease rentals		
– Plant and machinery	**374**	437
– Other	**10**	8
Fees payable to the Company's auditors for the audit of the company's annual accounts		
- Audit	**20**	22
Fees payable to the Company's auditors for other Services		
- Tax services	**5**	6

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tax on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
United Kingdom corporation tax at 24 5% (2011 26 5%)	(472)	(322)
Adjustment in respect of prior periods	17	28
Total current tax	(455)	(294)
Deferred tax:		
Origination and reversal of timing differences	(19)	33
Pension timing differences	(2)	30
Total deferred tax	(21)	63
Tax on loss on ordinary activities	(476)	(231)

Loss on ordinary activities before taxation	(2,305)	(1,404)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	(565)	(372)
Effects of		
Expenses not deductible	54	37
Capital allowances for period in excess of depreciation and other timing differences	39	13
Adjustments to tax charge in respect of previous years	17	28
Current UK corporation tax credit for the year	(455)	(294)

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 2012 (continued)

8 Intangible assets

	Intellectual property rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2012	2,635	9,943	12,578
Additions	-	-	-
At 31 December 2012	**2,635**	**9,943**	**12,578**
Amortisation			
At 1 January 2012	1,783	6,171	7,954
Charge for the year	132	620	752
At 31 December 2012	**1,915**	**6,791**	**8,706**
Net book amount at 31 December 2012	**720**	**3,152**	**3,872**
Net book amount at 31 December 2011	852	3,772	4,624

Useful Expected Life
The Intellectual property rights is being amortised over a period of 20 years
£1,052k of the Goodwill is being amortised over a period of 6 years, the remainder (£8,891k) is being amortised over a period of 20 years

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Tangible fixed assets

	Land and Buildings freehold £'000	Plant and Machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2012	5,367	2,083	3,534	10,984
Additions	74	47	101	222
Disposals	-	(13)	-	(13)
At 31 December 2012	**5,441**	**2,117**	**3,635**	**11,193**
Accumulated depreciation				
At 1 January 2012	1,632	1,850	3,037	6,519
Charge for year	141	79	109	329
Disposals	-	(8)	-	(8)
At 31 December 2012	**1,773**	**1,921**	**3,146**	**6,840**
Net book amount At 31 December 2012	**3,668**	**196**	**489**	**4,353**
Net book amount At 31 December 2011	3,735	233	497	4,465

Land and buildings includes land at £1,673,360 (2011 £1,673,360) which is not depreciated.

10 Fixed asset investments

	2012 £	2011 £
Kingfisher Furniture Limited	1	1
Paula Rosa Limited	1	1
KWP Retirement Benefits Scheme Trustees Ltd	100	100
	102	102

The investments represent 100% of the share capital and voting rights of the Companies which are all incorporated in England and Wales, none of the Companies traded during the year

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Stocks

	2012 £'000	2011 £'000
Raw materials	**1,617**	1,127
Work in progress	**160**	296
Finished goods and goods for resale	**2,392**	840
	4,169	2,263

12 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	**2,532**	3,303
Other debtors	**642**	377
Corporation tax	**787**	890
Deferred tax (see note 15)	**65**	46
Prepayments	**219**	226
	4,245	4,842

	2012 £'000	2011 £'000
Amounts falling due after more than one year		
Other debtors	**504**	1,008
	504	1,008

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans and overdrafts	-	2,454
Trade creditors	**2,702**	1,759
Other taxation and social security	**36**	55
Other creditors	**252**	174
Customer payments in advance	**105**	185
Accruals	**85**	154
	3,180	4,781

14 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Bank loan – due 1 – 2 years	**5,068**	5,068
Bank loan – due 2 – 5 years	-	-
Other creditors	**503**	833
	5,571	5,901

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 + 1 75% and is repayable in full on 13 May 2014

15 Deferred tax

The following deferred tax assets have been recognised

	2012 £'000	2011 £'000
At 1 January	**46**	79
Charged to the profit and loss account	**19**	(33)
At 31 December	**65**	46

The amount of deferred taxation provided in the financial statements is represented by		
Accelerated capital allowances	**65**	46
	65	46

Notes to the financial statements for the year ended 31 December 2012 (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 The scheme provides retirement benefits on the basis of members' final salary

An actuarial valuation of the KWP Interiors Ltd pension scheme using the projected unit basis, was carried out at 31 December 2012 by PricewaterhouseCoopers The major assumptions used by the actuary were

	2012	2011	2010
	%	%	%
Rate of increase in salaries	**3.20**	3 60	3 70
Rate of increase in pensions in payment Pre 01/07/05	**2.70**	3 10	3 20
Rate of increase in pensions in payment Post 01/07/05	**1.80**	2 10	2 70
Discount rate	**4.70**	4 90	5 50
Inflation assumption	**2.70**	3 10	3 20

Mortality assumptions
The mortality assumptions adopted at 31 December 2012 imply the following life expectancies

	2012	2011
Male retiring at age 65 in 2012 *(Comparative 65 in 2011)*	21 1	21 4
Female retiring at age 65 in 2012 *(Comparative 65 in 2011)*	23 7	24 0
Male retiring at age 65 in 2031 *(Comparative 65 in 2030)*	21 4	23 3
Female retiring at age 65 in 2031 *(Comparative 65 in 2030)*	24 2	25 9

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

	Expected Rate of return 2012 %	Value 2012 £'000	Expected Rate of return 2011 %	Value 2011 £'000	Expected Rate of return 2010 %	Value 2010 £'000
Bonds	**5 00**	**4,476**	4 90	3,956	5 50	4,103
Equities	**7.50**	**13,062**	7 50	12,284	7 50	12,606
Cash	**1.00**	**1,130**	2 50	958	4 00	928
Total market value of assets		**18,668**		17,198		17,637
Present value of scheme liabilities		**(22,520)**		(23,003)		(20,685)
Deficit in scheme		**(3,852)**		(5,805)		(3,048)
Related deferred tax asset		**886**		1,509		823
Net pension liability		**(2,966)**		(4,296)		(2,225)

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Pension commitments (continued)

Movements in liabilities during the year:

	2012	2011
	£'000	£'000
Scheme liabilities at January 1	**23,003**	20,685
Movement in the year		
Current service cost	**219**	179
Interest cost	**1,120**	1,127
Contributions by scheme members	**65**	74
Benefits paid	**(704)**	(618)
Actuarial loss/(gain)	**(1,183)**	1,556
Liabilities at 31 December	**22,520**	23,003

Movement in fair value of scheme assets during the year:

	2012	2011
	£'000	£'000
Assets at 1 January	**17,198**	17,637
Movement in the year		
Expected return on scheme assets	**1,129**	1,192
Contributions by scheme members	**65**	74
Contributions by company	**481**	584
Benefits paid	**(704)**	(618)
Actuarial (loss)/gain	**499**	(1,671)
Assets at 31 December	**18,668**	17,198

Actual return on scheme assets:

	2012	2011
	£'000	£'000
Expected return on scheme assets	**1,129**	1,192
(loss)/gain on scheme assets	**499**	(1,671)
Actual return on scheme assets	**1,628**	(479)

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Pension commitments (continued)

Movement in deficit during the year:

	2012	2011
	£'000	£'000
Deficit at 1 January	5,805	3,048
Movement in the year		
Total operating charge	219	179
Contributions	(481)	(584)
Other finance costs	(9)	(65)
Actuarial loss/(gain)	(1,682)	3,227
Deficit at 31 December	3,852	5,805

Analysis of the amount charged to operating profit:

	2012	2011
	£'000	£'000
Current service cost	219	179
Total operating charge	219	179

Analysis of the amount charged to other finance costs:

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	(1,129)	(1,192)
Interest on pension scheme liabilities	1,120	1,127
Net finance costs	(9)	(65)

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

	2012	2011
	£'000	£'000
Actual return less expected return on pension scheme assets	499	(1,671)
Experience (loss) / gain arising on scheme liabilities	360	(906)
Changes in assumptions underlying the present value of scheme liabilities	823	(650)
Actuarial (loss) / gain recognised in the STRGL	1,682	(3,227)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £6,569,000 (2011 £8,251,000)

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Pension commitments (continued)

History of experience gains and losses

	2012 £'000's	2011 £'000's	2010 £'000's	2009 £'000's	2008 £'000's
Fair value of scheme assets	**18,668**	17,198	17,637	15,698	13,225
Present value of scheme liabilities	**(22,520)**	(23,003)	(20,685)	(21,149)	(16,036)
Deficit in scheme	**(3,852)**	(5,805)	(3,048)	(5,451)	(2,811)
Experience adjustment on scheme assets	**499**	(1,671)	889	1,664	(3,618)
Percentage of scheme assets	**3**	(10)	5	11	(27)
Experience adjustment on scheme liabilities	**360**	(906)	874	(363)	(392)
Percentage of scheme liabilities	**2**	(4)	4	(2)	(2)

Defined contribution scheme

The pension cost for the defined contribution scheme amounted to £35,000 (2011 £35,000) There is no year end accrual or prepayment in respect of pension contributions for this scheme (2011 nil)

17 Called up share capital

Allotted, called up and fully paid	2012 £'000	2011 £'000
Ordinary shares of £1 each	**9,533**	9,533

18 Share premium account

	2012 £'000	2011 £'000
At 1 January and 31 December	**4,000**	4,000

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Profit and loss account

	£'000
1 January 2012	(11,309)
Loss for the year	(1,829)
Actuarial gain on pension scheme	1,682
Movement on deferred tax relating to pension scheme	(705)
31 December 2012	**(12,161)**
Pension deficit	2,966
Profit and loss reserve excluding pension deficit	9,195

20 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the year	(1,829)	(1,173)
Actuarial gain / (loss)	1,682	(3,227)
Capital Contribution	4,500	-
Movement on deferred tax relating to pension scheme	(705)	711
Net movement in shareholders' funds	3,648	(3,689)
Opening shareholders' funds	2,224	5,913
Closing shareholders' funds	5,872	2,224

21 Capital and other commitments

At 31 December 2012 the Company had no contracts (2011 · nil) placed for capital equipment not provided in the financial statements

At 31 December 2012 the Company had commitments under forward exchange contracts of £364,095 (2011 £1,143,557) The fair value of these contracts at 31 December 2012 was £3,393 (2011 £(24,554)) The company used the derivatives to hedge its exposure to foreign currency exchange rates, resulting from the purchase of raw materials in Euro These Financial instruments are held off balance sheet

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Financial commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases in respect of vehicles, plant and equipment for which the payments extend over a number of years

	2012 Land and buildings £'000	**2012** Other £'000	2011 Land and buildings £'000	2011 Other £'000
Expiry date				
- within one year	**-**	**121**	-	3
- between two and five years	**-**	**191**	-	288
- after five years	**-**	**17**	-	35
	-	**329**	-	326

23 Related party transactions

The Company has relied upon the exemption available to wholly owned subsidiary companies, given in FR8 3(c), 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 Immediate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Ballingslov International AB incorporated in Sweden, whose principal place of business is·

Jungmansgatan 12
211 19 Malmo
Sweden

Ballingslov International AB are controlled by Stena AB incorporated in Sweden, whose principal place of business is

Box 7123,
402 33 Gothenburg
Sweden

Ballingslov International AB are the smallest group to consolidate these financial statements and Stena AB are the largest The consolidated accounts of both groups are available to the public and can be obtained from the above addresses