Kingfisher Wood Products Limited

Annual report

for the year ended 31 December 2009

Registered no 03471086

Kingfisher Wood Products Limited

Annual report
for the year ended 31 December 2009

Directors' report
for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009.

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 2009 was as expected a very challenging year for the Company due to the much publicised decline in the UK housing market which saw the Company's turnover fall to £17,134,000 (2008: £25,495,000)

The Company was quick to act with cost saving measures in this dramatic downturn in the market, but these one-off costs plus the impact of a weak currency on raw materials saw the company make an operating loss (excluding amortisation of goodwill) in the year of £289,000 (2008: Loss £612,000)

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

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.

The directors consider that the principal risks facing the Company result from the continued decline in the UK housing market, competitor activity and the availability and price of raw materials.

Post balance sheet events
On 27 July 2010 the Company bought the brand Offspec and selected assets, including machinery and stock, for consideration of £524,945 The addition of the Offspec brand to our existing brand of Paula Rosa is an exciting move for the Company which will enable us to target a different market segment to that which we have historically focused on.

Directors' report
for the year ended 31 December 2009 (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 £1,022,000 (2008: loss £917,000)

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

N I Danielsson (Chairman) (Resigned 6 April 2009)
R Siddall
R T Brew
C Andersen (Resigned 20 November 2009)
A J Wassberg (appointed 15 March 2009)
M Hegdal (appointed 26 August 2009)

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 2009 (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

Directors' responsibilities statement
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' report
for the year ended 31 December 2009 (continued)

Auditors and disclosure of information to auditors

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 auditors are unaware, 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 auditors, Deloitte 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
30 September 2010

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

We have audited the financial statements of Kingfisher Wood Products Limited for the year ended 31 December 2009 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement, included within the directors' report, 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 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements

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 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 auditors' report to the members of Kingfisher Wood Products Limited (continued)

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Darren Longley (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Crawley, United Kingdom
30 September 2010

Profit and loss account for the year ended 31 December 2009

Continuing operations	Notes	2009 £'000	2008 £'000
Turnover	2	**17,134**	25,495
Cost of sales		**(12,656)**	(18,612)
Gross profit		**4,478**	6,883
Administrative expenses		**(5,343)**	(8,071)
Operating loss	6	**(865)**	(1,188)
Interest receivable and similar income		**1**	74
Interest payable and similar charges	5	**(522)**	(588)
Loss on ordinary activities before taxation		**(1,386)**	(1,702)
Tax on loss on ordinary activities	7	**364**	785
Loss for the financial year	19	**(1,022)**	(917)

Statement of total recognised gains and losses for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Loss for the financial year		**(1,022)**	(917)
Actuarial loss on pension scheme	16	**(2,954)**	(450)
Movement on deferred tax relating to pension liability		**726**	25
Total losses since last report		**(3,250)**	(1,342)

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

Balance sheet at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	8	**4,899**	5,475
Tangible assets	9	**4,461**	4,782
Investments	10	**-**	-
		9,360	10,257
Current assets			
Stocks	11	**2,018**	3,010
Debtors	12	**4,973**	7,499
Cash at bank and in hand		**871**	1,861
		7,862	12,370
Creditors: amounts falling due within one year	13	**(2,282)**	(5,038)
Net current assets		**5,580**	7,332
Total assets less current liabilities		**14,940**	17,589
Creditors: amounts falling due after more than one year	14	**(5,068)**	(6,368)
Net assets excluding pension deficit		**9,872**	11,221
Pension deficit	16	**(3,925)**	(2,024)
Net assets including pension deficit		**5,947**	9,197
Capital and reserves			
Called up share capital	17	**9,533**	9,533
Share premium account	18	**4,000**	4,000
Profit and loss account	19	**(7,586)**	(4,336)
Total shareholders' funds	20	**5,947**	9,197

The financial statements on pages 7 to 24 for Kingfisher Wood Products Ltd, company registration number 03471086, were approved by the board of directors on 30 Sep 2010 and were signed on its behalf by

Robert Brew
Director
30 September 2010

Notes to the financial statements for the year ended 31 December 2009

1 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 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

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

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern bases 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. 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 2009 (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 2009 (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 2009 (continued)

3 Directors' emoluments

	2009 £'000	2008 £'000
Aggregate emoluments (excluding pension contributions)	195	199
Aggregate of pension contributions	13	15

Retirement benefits are accruing to no directors (2008: nil) under the Company's defined benefit scheme. Contributions are paid to two directors (2008. two) under the Company's defined contribution scheme

Highest paid Director	2009 £'000	2008 £'000
Aggregate emoluments (excluding pension contributions)	122	132
Aggregate of pension contributions	13	14

The directors remuneration for four 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

	2009 Number	2008 Number
By activity		
Manufacturing	49	74
Administration	71	110
	120	184

5 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on overdrafts and bank loans	380	548
Net pension interest costs (see note 16)	142	40
	522	588

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Operating loss

	2009 £'000	2008 £'000
Operating loss is stated after charging:		
Wages and salaries	3,290	5,266
Redundancy costs	205	366
Social security costs	301	501
Other pension costs #	218	389
Total staff costs	4 014	6,522
Other pension costs include only those items included within operating costs Items reported elsewhere have been excluded		
Depreciation of tangible fixed assets	332	663
Amortisation of intangible fixed assets	576	577
Operating lease charges – Plant and machinery	480	575
Fees payable to the Company's auditors for the audit of the company's annual accounts		
- Audit	18	18
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 2009 (continued)

7 Tax on loss on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
United Kingdom corporation tax at 28% (2008 28 5%)	(369)	(314)
Adjustment in respect of prior periods	18	(24)
Total current tax	(351)	(338)
Deferred tax:		
Origination and reversal of timing differences	-	(455)
Pension cost relief in excess of pension cost charge	(13)	8
Total deferred tax	(13)	(447)
Tax on loss on ordinary activities	(364)	(785)

Loss on ordinary activities before taxation	(1,386)	(1,702)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28 5%)	(388)	(511)
Effects of		
Expenses not deductible	263	211
Capital allowances for period in excess of depreciation and other timing differences	(230)	(14)
Adjustments to tax charge in respect of previous years	4	(24)
Current UK corporation tax charge for the year	(351)	(338)

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 2009 (continued)

8 Intangible assets

	Intellectual property rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2009 and 31 December 2009	**2,635**	**8,891**	**11,526**
Amortisation			
At 1 January 2009	1,387	4,664	6,051
Charge for the year	132	444	576
At 31 December 2009	**1,519**	**5,108**	**6,627**
Net book amount at 31 December 2009	**1,116**	**3,783**	**4,899**
Net book amount at 31 December 2008	1,248	4,227	5,475

Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Tangible fixed assets

	Land and Buildings freehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2009	5,287	2,001	3,058	10,346
Additions	-	-	11	11
At 31 December 2009	**5,287**	**2,001**	**3,069**	**10,357**
Accumulated depreciation				
At 1 January 2009	1,228	1,572	2,764	5,564
Charge for year	138	119	75	332
At 31 December 2009	**1,366**	**1,691**	**2,839**	**5,896**
Net book amount At 31 December 2009	**3,921**	**310**	**230**	**4,461**
Net book amount At 31 December 2008	4,059	429	294	4,782

Land and buildings includes land at £1,673,360 (2008: £1,673,360) which is not depreciated.

10 Fixed asset investments

	2009 £	2008 £
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 2009 (continued)

11 Stocks

	2009 £'000	2008 £'000
Raw materials	**1,108**	1,724
Work in progress	**495**	580
Finished goods and goods for resale	**415**	706
	2,018	3,010

12 Debtors: amount falling due within one year

	2009 £'000	2008 £'000
Trade debtors	**4,065**	6,415
Other debtors	**319**	439
Corporation tax	**369**	436
Deferred tax (note 15)	**91**	91
Prepayments	**129**	118
	4,973	7,499

13 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	**-**	2,200
Trade creditors	**1,583**	1,926
Other taxation and social security	**82**	330
Other creditors	**-**	1
Customer payments in advance	**315**	-
Accruals	**302**	581
	2,282	5,038

Notes to the financial statements for the year ended 31 December 2009 (continued)

14 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Bank loan – due 2 – 5 years	**5,068**	6,368

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 + 2 75% and is repayable in full on 13 May 2012

15 Deferred tax

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

	2009 £'000	2008 £'000
At 1 January	**(91)**	364
Credited to the profit and loss account	-	(455)
At 31 December	**(91)**	(91)

The amount of deferred taxation provided in the financial statements is represented by		
Accelerated capital allowances	**(91)**	(91)
	(91)	(91)

Notes to the financial statements for the year ended 31 December 2009 (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 Kingfisher Wood Products Ltd pension scheme using the projected unit basis, was carried out at 31 December 2009 by Jardine Lloyd Thompson Ltd, independent consulting actuaries. The major assumptions used by the actuary were

	2009	2008	2007
	%	%	%
Rate of increase in salaries	**3.75**	3 75	3 75
Rate of increase in pensions in payment Pre 01/07/05	**3.50**	2 75	3 25
Rate of increase in pensions in payment Post 01/07/05	**2.50**	2 50	2 50
Discount rate	**5.70**	6 50	5 75
Inflation assumption	**3.50**	2 75	3 25

Mortality assumptions
The mortality assumptions adopted at 31 December 2009 imply the following life expectancies

Male retiring at age 65 in 2009	22 0
Female retiring at age 65 in 2009	24 9
Male retiring at age 65 in 2029	23 1
Female retiring at age 65 in 2029	25 9

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

	Expected Rate of return 2009 %	**Value 2009 £'000**	Expected Rate of return 2008 %	Value 2008 £'000	Expected Rate of return 2007 %	Value 2007 £'000
Bonds	**6.00**	**4,141**	6 00	4,205	4 50	4,568
Equities	**7.50**	**10,912**	7 50	8,150	7 50	10,248
Cash	**2.50**	**645**	2 50	870	4 00	956
Total market value of assets		**15,698**		13,225		15,772
Present value of scheme liabilities		**(21,149)**		(16,036)		(18,522)
Deficit in scheme		**(5,451)**		(2,811)		(2,750)
Related deferred tax asset		**1,526**		787		770
Net pension liability		**(3,925)**		(2,024)		(1,980)

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Pension commitments (continued)

Movements in liabilities during the year:

	2009 £'000	2008 £'000
Scheme liabilities at January 1	**16,036**	18,522
Movement in the year		
Current service cost	**106**	179
Interest cost	**1,022**	1,056
Contributions by scheme members	**75**	115
Benefits paid	**(708)**	(668)
Actuarial loss / (gain)	**4,618**	(3,168)
Liabilities at 31 December	**21,149**	16,036

Movement in fair value of scheme assets during the year:

	2009 £'000	2008 £'000
Assets at 1 January	**13,225**	15,772
Movement in the year		
Expected return on scheme assets	**880**	1,016
Contributions by scheme members	**75**	115
Contributions by company	**562**	608
Benefits paid	**(708)**	(668)
Actuarial gain / (loss)	**1,664**	(3,618)
Assets at 31 December	**15,698**	13,225

Actual return on scheme assets:

	2009 £'000	2008 £'000
Expected return on scheme assets	**880**	1,016
Gain / (loss) on scheme assets	**1,664**	(3,618)
Actual return / (loss) on scheme assets	**2,544**	(2,602)

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Pension commitments (continued)

Movement in deficit during the year:

	2009	2008
	£'000	£'000
Deficit at 1 January	**2,811**	2,750
Movement in the year		
Total operating charge	**106**	179
Contributions	**(562)**	(608)
Other finance costs	**142**	40
Actuarial loss	**2,954**	450
Deficit at 31 December	**5,451**	2,811

Analysis of the amount charged to operating profit:

	2009	2008
	£'000	£'000
Current service cost	**106**	179
Total operating charge	**106**	179

Analysis of the amount charged to other finance costs:

	2009	2008
	£'000	£'000
Expected return on pension scheme assets	**(880)**	(1,016)
Interest on pension scheme liabilities	**1,022**	1,056
Net finance costs	**142**	40

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

	2009	2008
	£'000	£'000
Actual return less expected return on pension scheme assets	**1,664**	(3,618)
Experience loss arising on scheme liabilities	**(363)**	(392)
Changes in assumptions underlying the present value of scheme liabilities	**(4,255)**	3,560
Actuarial loss recognised in the STRGL	**(2,954)**	(450)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £7,039,000 (2008: £4,085,000).

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Pension commitments (continued)

History of experience gains and losses

	2009 £'000's	2008 £'000's	2007 £'000's	2006 £'000's	2005 £'000's
Fair value of scheme assets	**15,698**	13,225	15,772	14,797	13,402
Present value of scheme liabilities	**21,149**	16,036	18,522	18,449	18,401
Deficit in scheme	**(5,451)**	(2,811)	(2,750)	(3,652)	(4,999)
Experience adjustment on scheme assets	**1,664**	(3,618)	(210)	277	1,319
Percentage of scheme assets	**11%**	(27%)	(1%)	2%	10%
Experience adjustment on scheme liabilities	**(363)**	(392)	574	196	(398)
Percentage of scheme liabilities	**(2%)**	(2%)	3%	1%	(2%)

Defined contribution scheme

The pension cost for the defined contribution scheme amounted to £35,000 (2008 £68,000) There is no accrual or prepayment in respect of pension contributions for this scheme

17 Called up share capital

Allotted, called up and fully paid	2009	2008
Ordinary shares of £1 each	**9,533**	9,533

18 Share premium account

	2009 £'000	2008 £'000
At 1 January and 31 December	**4,000**	4,000

19 Profit and loss account

	£'000
1 January 2009	**(4,336)**
Loss for the year	**(1,022)**
Actuarial loss on pension scheme	**(2,954)**
Movement on deferred tax relating to pension scheme	**726**
31 December 2009	**(7,586)**
Pension deficit	**3,925**
Profit and loss reserve excluding pension deficit	**(3,661)**

Notes to the financial statements for the year ended 31 December 2009 (continued)

20 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Loss for the year	**(1,022)**	(917)
Actuarial loss	**(2,954)**	(450)
Movement on deferred tax relating to pension scheme	**726**	25
Net movement in shareholders' funds	**(3,250)**	(1,342)
Opening shareholders' funds	**9,197**	10,539
Closing shareholders' funds	**5,947**	9,197

21 Capital and other commitments

At 31 December 2009 the Company had no contracts (2008 nil) placed for capital equipment not provided in the financial statements

At 31 December 2009 the Company had commitments under forward exchange contracts of £192,308 (2008 £1,662,067). The fair value of these contracts at 31 December 2009 was £(7,819) (2008: £236,236). The company used the derivatives to hedge its exposure to foreign currency exchange rates, resulting from the purchase of raw materials in Euro

22 Financial commitments

At 31 December 2009 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

	2009 £'000	2008 £'000
Expiring within one year	**106**	74
Expiring between two to five years inclusive	**208**	323
Expiring after five years	**93**	130
	407	527

Notes to the financial statements for the year ended 31 December 2009 (continued)

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 Post balance sheet event

On 27 July 2010 the Company bought the brand Offspec and selected assets, including machinery and stock, for consideration of £524,945. The addition of the Offspec brand to our existing brand of Paula Rosa is an exciting move for the Company which will enable us to target a different market segment to that which we have historically focused on

25 Immediate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Ballingslöv 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

Ballinslov 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