

Registered number: 03471086

**KWP INTERIORS LTD**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## **KWP INTERIORS LTD**

### **COMPANY INFORMATION**

<b>Directors</b>	I J Flitcroft M A Hegdal A J Wassberg E Prescott (appointed 1 December 2015)
<b>Company secretary</b>	A J Lord
<b>Registered number</b>	03471086
<b>Registered office</b>	Paula Rosa Manhattan Blenheim Road Lancing Business Park Lancing West Sussex BN15 8UH
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Oceana House 3rd Floor 39 - 49 Commercial Road Southampton Hampshire SO15 1GA
<b>Bankers</b>	Nordea Bank Finland PLC London Branch 8th Floor, City Place House 55 Basinghall Street London EC2V 5NB
<b>Solicitors</b>	Bennett Griffin LLP Sea Lane Chambers 11 Sea Lane Ferring West Sussex BN12 5DR

## **KWP INTERIORS LTD**

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## KWP INTERIORS LTD

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for KWP Interiors Ltd (the "company") for the year ended 31 December 2015.

#### Business review

From 1 January 2015 the future business and trade of the company was transferred to Dennis & Robinson Limited, a related company, for consideration of £2,366,000, representing the goodwill and other intangible assets held by the company. Certain other assets and liabilities, such as residual inventory, were transferred at book value during 2015 for no gain or loss to either party. The company no longer trades, but at the year-end continued to own freehold land and buildings and be the sponsoring employer of the KWP Interiors Ltd pension scheme.

Subsequently, in 2016 the company agreed with Dennis & Robinson Limited that it would transfer to them its obligations for the KWP Interiors Ltd pension scheme. The company is also in the process of selling its freehold land and buildings to a third party for consideration in excess of its book value. The directors are considering further options for the company at the time of signing these accounts, but no further decisions have been taken.

As described in the Accounting Policies, during the year the company adopted FRS 102. Changes that adjust the profit for the financial year ending 31 December 2014, or the total equity at 1 January 2014 and 31 December 2014 are disclosed in note 29 to the financial statements.

#### Principal risks and uncertainties

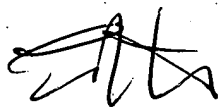
Following the company's cessation of trading activity, the directors consider its principal risk during the year to be adverse changes in the valuation of its defined benefit pension scheme arising from changes in the valuation of its scheme assets and changes in its financial and demographic assumptions. This risk was removed on the transfer of the scheme to Dennis & Robinson Limited in May 2016.

#### Financial key performance indicators

Following the transfer of business to Dennis & Robinson Limited in 2015 the company no longer trades and so the directors do not believe that a disclosure of key performance indicators is necessary.

This report was approved by the board on 5<sup>th</sup> AUGUST 2016 and signed on its behalf by

E Prescott  
Director



## **KWP INTERIORS LTD**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their annual report and the audited financial statements for KWP Interiors Ltd (the "company") for the year ended 31 December 2015.

#### **Principal activity**

The company's principal activities in the year was to hold property and be the principal employer for a defined benefit pension scheme. In the previous year the company's principal activity also included the manufacture and installation of kitchens for the UK property market.

#### **Results and dividends**

The loss for the financial year amounted to £647,000 (2014 - loss £4,700,000).

The directors do not recommend the payment of a final dividend (2014: £nil).

#### **Future developments**

In 2016, the company agreed with Dennis & Robinson Limited, a related company, that it would transfer to them its obligations for the KWP Interiors Ltd pension scheme. The company is in the process of selling its freehold land and buildings to a third party for consideration in excess of its book value.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

I J Flitcroft  
M A Hegdal  
A J Wassberg  
E Prescott (appointed 1 December 2015)

#### **Financial risk management**

Following the company's cessation of trade at the start of the year its activities expose it to a limited number of financial risks that include the management of a defined benefit pension scheme, whose valuation is affected by external factors, such as the valuation of scheme assets and changes in financial and demographic assumptions. The pension scheme trustees mitigate these risks by obtaining expert advice with respect to the scheme valuation and following an investment strategy that matches the estimated outflow of long-term liabilities. The pension scheme was transferred to a fellow group company in 2016.

#### **Going concern**

The company's financial statements have been prepared on a going concern basis. The company made a loss in the year and has transferred its trade to a fellow group company in 2015. The company's parent, Ballingslov International AB, has indicated its willingness to provide any necessary financial support to the company in order that it can meet its liabilities as they fall due and realise the value of its assets.

## KWP INTERIORS LTD

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

#### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5th AUGUST 2016

and signed on its behalf by:



E Prescott  
Director

## KWP INTERIORS LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KWP INTERIORS LTD

#### Report on the financial statements

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##### Our opinion

In our opinion KWP Interiors Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

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##### What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended; and
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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##### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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##### Other matters on which we are required to report by exception

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###### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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##### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KWP INTERIORS LTD

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date: 5 August 2016



**KWP INTERIORS LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Note</b>	<b>2015 £000</b>	<b>2014 £000</b>
Turnover	5	-	15,863
Cost of sales		-	(13,752)
<b>Gross profit</b>		-	2,111
Distribution costs		-	(1,004)
Administrative expenses		(255)	(5,482)
<b>Operating loss</b>	6	(255)	(4,375)
Interest payable and similar charges	10	(266)	(260)
<b>Loss on ordinary activities before taxation</b>		(521)	(4,635)
Tax on loss on ordinary activities	11	(126)	(65)
<b>Loss for the financial year</b>		(647)	(4,700)
<b>Other comprehensive income/(expense) for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme		66	(872)
Movement of deferred tax relating to pension surplus		(13)	175
<b>Other comprehensive income/(expense) for the year</b>		53	(697)
<b>Total comprehensive expense for the year</b>		(594)	(5,397)

The notes on pages 9 to 26 form part of these financial statements.

**KWP INTERIORS LTD**  
**REGISTERED NUMBER: 03471086**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	12	-	2,366
Tangible assets	13	3,395	3,678
Investments		-	-
		<u>3,395</u>	<u>6,044</u>
<b>Current assets</b>			
Stocks	15	-	1,280
Debtors	16	4,580	5,734
		<u>4,580</u>	<u>7,014</u>
Creditors: amounts falling due within one year	17	-	(4,173)
<b>Net current assets</b>		<u>4,580</u>	<u>2,841</u>
<b>Total assets less current liabilities</b>		<u>7,975</u>	<u>8,885</u>
Creditors: amounts falling due after more than one year	18	(5,068)	(5,068)
Pension liability		(3,826)	(4,142)
<b>Net (liabilities)/assets</b>		<u>(919)</u>	<u>(325)</u>
<b>Capital and reserves</b>			
Called up share capital	21	9,533	9,533
Share premium account	22	4,000	4,000
Other reserves	22	4,500	4,500
Profit and loss account	22	(18,952)	(18,358)
<b>Total shareholders' deficit</b>		<u>(919)</u>	<u>(325)</u>

The financial statements on pages 6 to 26 were approved and authorised for issue by the Board of Directors and were signed on its behalf on 5<sup>th</sup> AUGUST 2016 by:



**E Prescott**  
Director

The notes on pages 9 to 26 form part of these financial statements.



**KWP INTERIORS LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Share premium account £000	Capital reserve £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2015	9,533	4,000	4,500	(18,358)	(325)
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(647)	(647)
Actuarial gains on pension scheme, net of tax	-	-	-	53	53
<b>Other comprehensive income for the year</b>	-	-	-	53	53
<b>Total comprehensive expense for the year</b>	-	-	-	(594)	(594)
<b>At 31 December 2015</b>	<b>9,533</b>	<b>4,000</b>	<b>4,500</b>	<b>(18,952)</b>	<b>(919)</b>

**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Called up share capital £000	Share premium account £000	Capital reserve £000	Profit and loss account £000	Total shareholders' funds/(deficit) £000
At 1 January 2014	9,533	4,000	4,500	(12,961)	5,072
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(4,700)	(4,700)
Actuarial losses on pension scheme, net of tax	-	-	-	(697)	(697)
<b>Other comprehensive expense for the year</b>	-	-	-	(697)	(697)
<b>Total comprehensive expense for the year</b>	-	-	-	(5,397)	(5,397)
<b>At 31 December 2014</b>	<b>9,533</b>	<b>4,000</b>	<b>4,500</b>	<b>(18,358)</b>	<b>(325)</b>

The notes on pages 9 to 26 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. General information**

KWP Interiors Ltd ("The company") is a private company limited by shares and is incorporated in England. The address of the company's registered office is Blenheim Road, Lancing Business Park, Lancing, West Sussex BN15 8UH.

The company's principal activities in the year was to hold property and be the principal employer for a defined benefit pension scheme. In the previous year the company's principal activity also included the manufacture and installation of kitchens for the UK property market. The directors are considering further options for the company at the time of signing these accounts, but no further decisions have been taken.

**2. Statement of compliance**

These financial statements have been prepared in accordance United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These financial statements for the year ended 31 December 2015 are the first financial statements that have been prepared in compliance with FRS 102. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The company's functional and presentation currency is pounds sterling. In the financial statements monetary amounts are rounded to thousands unless otherwise indicated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 4.

**3.2 Exemptions for qualifying entities under FRS 102**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 7 Statement of Cash Flows;  
the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);  
the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;  
the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;  
the requirements of Section 33 Related Party Disclosures paragraph 33.7 with respect to key management compensation.

This information is included in the consolidated financial statements of Stena AB as at 31 December 2015 and these financial statements may be obtained from Box 7123, 402 33 Gothenburg, Sweden.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Summary of significant accounting policies (continued)**

**3.3 Consolidated financial statements**

The company has taken advantage of the exemptions under section 400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of a parent which prepares group financial statements, and as such these financial statements present financial information about the company as an individual undertaking.

**3.4 Going concern**

The company's financial statements have been prepared on a going concern basis. The company's parent, Ballingslöv International AB, has indicated its willingness to provide any necessary financial support to the company in order that it can meet its liabilities as they fall due and realise the value of its assets for at least 12 months from the date of the approval of these financial statements.

**3.5 Revenue recognition**

Turnover is recognised at the fair value of the consideration received for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, and is recognised when goods and services are provided to customers upon delivery or application for payment, depending on the contract for sale. As turnover is recognised a corresponding amount is included within debtors.

**3.6 Intangible assets**

Intangible fixed assets purchased are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on a straight-line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful economic lives and is charged to the statement of comprehensive income. The principal annual amortisation rate for goodwill and intellectual property is between 3 and 4 years. Amortisation is revised prospectively for any significant change in useful life or residual value.

**3.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its estimated useful economic life. The principal annual rates used for this purpose are as follows:

Freehold property	- 2% on cost
Plant and machinery	- 10% - 25% straight line
Fixtures and fittings	- 10% - 25% straight line

**3.8 Operating leases**

Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and the annual rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Summary of significant accounting policies (continued)**

**3.9 Hire purchase and leasing commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

**3.10 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

**3.11 Foreign Currencies**

Transactions in foreign currencies other than the functional currency are translated into sterling and recorded at a rate that the directors consider to be a reasonable approximation of the rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**3.12 Cash**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**3.13 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Provision is made for the best estimate of the costs of meeting claims received against product guarantees and claims expected to be received against guarantees issued before the year-end. Estimates are based on past experience of the level of claims and costs incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Summary of significant accounting policies (continued)**

**3.14 Contingent liabilities and assets**

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**3.15 Related parties**

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

**3.16 Taxation**

The charge for taxation represents the sum of the current tax charge and deferred tax charge. Current tax is based on the taxable profit for the year or prior years. Taxable profit differs from total comprehensive income because it equals taxable income adjusted for amounts determined in accordance with the rules established by the taxation authorities.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the average tax rates that are expected to apply to the periods in which the asset is realised or the liability is settled based on tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the statement of comprehensive income.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Summary of significant accounting policies (continued)**

**3.17 Pension costs and other post-retirement benefits**

The company operates a number of pension schemes under which retirement benefits for employees are funded by contributions from the company and employees.

**Defined Contribution Scheme:**

For the defined contribution scheme the amount charged to the statement of comprehensive income in respect of pension costs 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.

**Defined Benefit Schemes:**

For the defined benefit schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of comprehensive income.

Defined benefit schemes are funded with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary are obtained at least every three years and are updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced further contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

**3.18 Financial instruments**

The company has chosen to adopt the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in respect of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(i) Financial assets**

Basic financial assets including trade debtors and other receivables and cash and bank balances, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction in which case the transaction is initially and subsequently measured at the present value of future receipts discounted at a market rate of interest.

A provision for impairment of financial assets is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the asset over the present value of the estimated future cash flows.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. Summary of significant accounting policies (continued)**

**3.18 Financial instruments (continued)**

**(ii) Financial liabilities and equity**

Basic financial liabilities, including trade and other payables, and bank loans and overdrafts are initially recognised at transaction price unless the arrangement constitutes a financing transaction in which case the transaction is initially and subsequently measured at the present value of future payments discounted at a market rate of interest.

**(iii) Dividends**

Final dividends to the company's shareholders are recognised as liabilities in the period in which the dividends are approved by the shareholders. Interim dividends to the company's shareholders are recognised as liabilities in the period in which the dividends are paid. These amounts are recognised in the statement of changes in equity.

**4. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. Judgements and estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

However, the nature of estimation means that actual outcomes are likely to differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below.

The company is the principal employer of a pension scheme that has obligations to pay pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligations are determined based on assumptions concerning the discount rates on corporate bonds, future salary increases, mortality rates and future pension increases. Due to the complexity of this valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

**5. Turnover**

In the prior year the company's activities consisted solely of the manufacture, distribution and installation of kitchen furniture in the United Kingdom.

**6. Operating loss**

The operating loss is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	-	299
Amortisation of intangible assets	-	753
Operating lease rentals	-	106
	<u>          </u>	<u>          </u>

# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 7. Auditors' remuneration

	2015 £000	2014 £000
Fees payable to the company's auditors and its associates for the audit of the company's financial statements	12	30
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Other services relating to taxation	8	5
	<u>8</u>	<u>5</u>

### 8. Employees

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	-	1,886
Social security costs	-	165
Other pension costs	246	286
	<u>246</u>	<u>2,337</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Manufacturing	-	36
Administration	-	38
	<u>-</u>	<u>74</u>

In 2015, the company has continued to incur the current service cost and administrative costs for members of the KWP Interiors Ltd pension scheme in 2015 of £73,000 and £173,000 respectively (note 23). The pension scheme was transferred to Dennis & Robinson Limited, a fellow group company in 2016.

In addition to the employee costs shown above, the company received, a recharge from Dennis & Robinson Limited of £Nil (2014: £2,145,000). The recharge is the cost of employees legally employed by Dennis & Robinson Limited, but who provided services to KWP Interiors Ltd.

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# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 9. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	-	11
Company contributions to defined contribution pension schemes	-	1
Compensation for loss of office	-	78
	<u>-</u>	<u>90</u>

During the year retirement benefits were accruing to no directors (2014 - 1) in respect of defined contribution pension schemes.

All Directors' emoluments and contributions to pension schemes are paid by other group companies in the current year. Their services to the company are of a non-executive nature and their remuneration, including pension benefits, is deemed to be wholly attributable to their services to other group companies. Accordingly, none of the directors received any remuneration for their services as a director of the company during the year (2014: £Nil).

### 10. Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	109	146
Net interest on net defined benefit liability	157	114
	<u>266</u>	<u>260</u>

### 11. Tax on loss on ordinary activities

	2015 £000	2014 £000
<b>Deferred tax</b>		
Defined benefit pension scheme	50	65
Effects of changes in tax rates	76	-
<b>Total deferred tax</b>	<u>126</u>	<u>65</u>
<b>Tax on loss on ordinary activities</b>	<u>126</u>	<u>65</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**11. Tax on loss on ordinary activities (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%). The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<b>(521)</b>	<b>(4,635)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	<b>(106)</b>	<b>(997)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	126
Unrelieved tax losses carried forward (not recognised)	<b>156</b>	936
Effects of changes in tax rates	<b>76</b>	-
<b>Total tax charge for the year</b>	<b>126</b>	<b>65</b>

**Factors that may affect future tax charges**

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020. As the change has not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 12. Intangible assets

	Intellectual property £000	Goodwill £000	Total £000
At 1 January 2015	2,635	9,943	12,578
On transfer of trade and assets	(2,635)	(9,943)	(12,578)
At 31 December 2015	-	-	-
At 1 January 2015	2,181	8,031	10,212
On transfer of trade and assets	(2,181)	(8,031)	(10,212)
At 31 December 2015	-	-	-
<b>Net book value</b>			
At 31 December 2015	-	-	-
At 31 December 2014	454	1,912	2,366

On 1 January 2015 the Goodwill and Intellectual Property was transferred to Dennis & Robinson Limited, a related company, at the net book value.

### 13. Tangible assets

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2015	5,492	2,167	3,212	10,871
On transfer of trade and assets	-	(2,167)	(3,212)	(5,379)
At 31 December 2015	5,492	-	-	5,492
<b>Accumulated depreciation</b>				
At 1 January 2015	2,097	2,032	3,064	7,193
On transfer of trade and assets	-	(2,032)	(3,064)	(5,096)
At 31 December 2015	2,097	-	-	2,097
<b>Net book value</b>				
At 31 December 2015	3,395	-	-	3,395
At 31 December 2014	3,395	135	148	3,678

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## KWP INTERIORS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 13. Tangible assets (continued)

Freehold property included land at £1,673,360 (2014 - £1,673,360) which is not depreciated.

The directors confirm that the book value of its tangible fixed assets is not below its fair market value less selling costs.

On 1 January 2015, plant and machinery and fixtures and fittings were transferred to Dennis & Robinson Limited, a related party, at net book value.

#### 14. Investments

The company's investments at the balance sheet date in the share capital of companies include the following:

Name	Country of incorporation	Class of shares	Holding
KWP Retirement Benefit Scheme Trustees Ltd	UK	Ordinary	100 %

The directors believe that the carrying value of investments is supported by their underlying net assets.

The investment of £102 represent 100% of the share capital and voting rights of the company which is incorporated in England and Wales, and the company has not traded during the year.

#### 15. Stocks

	2015 £000	2014 £000
Raw materials and consumables	-	1,115
Work in progress	-	165
	<u>-</u>	<u>1,280</u>

On 1 January 2015 stocks were transferred at their book value to Dennis & Robinson Limited, a fellow group company.

# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 16. Debtors

	2015 £000	2014 £000
Trade debtors	-	4,620
Amounts owed by group undertakings	3,892	-
Other debtors	-	138
Prepayments and accrued income	-	107
Corporation tax receivable	-	22
Deferred taxation	688	847
	<u>4,580</u>	<u>5,734</u>

### 17. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Bank overdrafts	-	940
Trade creditors	-	1,895
Amounts owed to group undertakings	-	756
Taxation and social security	-	90
Other creditors	-	182
Accruals and deferred income	-	310
	<u>-</u>	<u>4,173</u>

On 1 January 2015 trade creditors, taxation and social security liabilities, other creditors and accruals and deferred income were transferred at their book value to Dennis & Robinson Limited, a fellow group company.

### 18. Creditors: Amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans	<u>5,068</u>	<u>5,068</u>

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 31 January 2017.

# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 19. Financial instruments

	2015 £000	2014 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	3,892	4,758
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(5,068)	(9,151)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, other creditors and accruals.

### 20. Deferred taxation

	Deferred tax £000
At 1 January 2015	847
Charged to the profit or loss	(126)
Charged to other comprehensive income	(13)
On transfer of trade and assets	(20)
<b>At 31 December 2015</b>	<b>688</b>

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	-	19
Pension surplus	688	828
	<b>688</b>	<b>847</b>

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## KWP INTERIORS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 21. Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
9,533,000 (2014: 9,533,000) Ordinary shares of £1 each	9,533	9,533

#### 22. Reserves

##### Share premium

Share premium represents the amount subscribed for share capital in excess of the nominal value.

##### Capital reserve

The capital reserve represents capital contribution that have been made to the company.

##### Profit and loss account

Profit and loss account represents all net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

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# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 23. Pension commitments

#### Defined contribution pension scheme

The pension cost for the defined contribution scheme amounted to £Nil (2014 - £135,000). There is no year end accrual or prepayment in respect of pension contributions for this scheme (2014 - £nil).

#### Defined benefit pension scheme

The company operates a defined benefit pension scheme which was administered by JLT Benefit Solutions Limited during the year. The scheme is closed to new members. The scheme provides retirements 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 5 April 2013 by JLT Employee Benefits Limited.

The pension scheme was transferred to Dennis & Robinson Limited, a fellow group company in 2016 for consideration equal to its net book value.

#### Composition of plan assets:

	2015 £000	2014 £000
Equity	14,443	15,142
Property	825	841
Bonds	4,745	4,627
Cash	619	420
<b>Total plan assets</b>	<b>20,632</b>	<b>21,030</b>
	<b>2015 £000</b>	<b>2014 £000</b>
Fair value of plan assets	20,632	21,030
Present value of plan liabilities	(24,458)	(25,172)
<b>Net pension scheme liability</b>	<b>(3,826)</b>	<b>(4,142)</b>

The amounts recognised in profit or loss are as follows:

	2015 £000	2014 £000
Current service cost	(73)	(91)
Interest on obligation	(157)	(114)
Administrative cost	(173)	(60)
<b>Total</b>	<b>(403)</b>	<b>(265)</b>
Actual return on scheme assets	(153)	552

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# KWP INTERIORS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 23. Pension commitments (continued)

The reconciliation of the present value of scheme liabilities is as follows:

	2015 £000
Opening defined benefit obligation	(25,172)
Current service cost	(73)
Interest cost	(952)
Contributions by scheme participants	(31)
Actuarial gains	1,014
Administrative cost	(173)
Benefits paid	929
<b>Closing defined benefit obligation</b>	<b>(24,458)</b>

Reconciliation of fair value of plan assets were as follows:

	2015 £000
Opening fair value of scheme assets	21,030
Interest income on plan assets	795
Contributions by employer	653
Contributions by scheme participants	31
Actuarial losses	(948)
Benefits paid	(929)
	<b>20,632</b>

Principal actuarial assumptions at the Balance Sheet date:

	2015 %	2014 %
Discount rate	4.00	3.60
Future salary increases	2.15	2.00
Future pension increases (RPI to a maximum of 5% PA)	2.95	2.90
Allowances for revaluation of deferred pensions of CPI (5% max)	1.80	1.70
Inflation assumption (RPI)	3.00	2.90
Inflation assumption (CPI)	1.80	1.60
Future pension increases (RPI to a maximum of 2.5% PA)	2.50	2.10
	<b>Years</b>	<b>Years</b>
Mortality rates		
- for a male aged 65 now	22.2	20.7
- at 65 for a male aged 45 now	23.1	21.1
- for a female aged 65 now	23.3	21.1
- at 65 for a female member aged 45 now	25.4	23.8

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## KWP INTERIORS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 24. Commitments under operating leases

At 31 December 2015 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	-	170
<b>Total</b>	<b>-</b>	<b>170</b>

#### 25. Other financial commitments

At 31 December 2015 the company had entered into forward contracts to purchase foreign currencies amounting to the equivalent of £Nil (2014: £774,000). The unrealised loss at the balance sheet date was £Nil (2014: £53,000).

#### 26. Related party transactions

The company has taken advantage of the exemption allowed by accounting standard FRS 102 not to disclose related party transactions with other companies within the same group. There were no other related party transactions.

#### 27. Post balance sheet events

In 2016, the company agreed with Dennis & Robinson Limited, a related company, that it would transfer to them its obligations for the KWP Interiors Ltd pension scheme. The company is in the process of selling its freehold land and buildings to a third party for consideration in excess of its book value.

#### 28. Ultimate 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 Malmö, Sweden.

Ballingslov International AB are controlled by Stena AB incorporated in Sweden, whose principal place of business is Box 7123, 402 33 Gothenburg, Sweden.

Stena AB are the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Stena AB are available to the public and can be obtained from the above address.

The ultimate controlling party is Dan Sten Olsson.

## KWP INTERIORS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 29. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

##### Reconciliation of equity at 1 January 2014

Equity at 1 January 2014 under previous UK GAAP and under FRS 102	£000 5,072
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##### Reconciliation of equity at 31 December 2014

Equity at 31 December 2014 under previous UK GAAP and under FRS 102	£000 (325)
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##### Reconciliation of profit and loss account for the year ended 31 December 2014

Profit for the year under UK GAAP	£000 (4,320)
Defined benefit pension scheme	(380)
<b>Loss for the year ended 31 December 2014 under FRS 102</b>	<b>(4,700)</b>

The following were changes in accounting policies arising from the transition to FRS 102:

Under previous UK GAAP the Company recognised an expected return on defined benefit plan assets in the statement of comprehensive income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the statement of comprehensive income. The effect of this has been to reduce the previously stated credit in the statement of comprehensive income for 2014 of £360,000 by £474,000 to become a charge of £114,000 and to make a corresponding change in other comprehensive income. Associated changes in the movement on deferred tax of £94,800 have also been made between the two statements. There has been no effect on the Company's total shareholders' deficit at 31 December 2014.

Under FRS 102 the deferred tax asset arising on post-employment benefit liabilities is now included within the deferred tax asset on the balance sheet. Previously the deferred tax asset arising on the post-employment benefit liability was offset against the liability on the balance sheet. This has been no effect on the Company's total shareholders' deficit or profit for the financial year of 31 December 2014.

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