Magnet Limited

Directors' report and financial statements

Registered number 2762625

31 December 2009

Contents

Directors' report

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

Principal activities

The principal activities of the company are the manufacture, merchanting and retailing of kitchens, joinery and related products

Business review

Performance

The results for the year are set out on page 7 The company's profit for the financial year was £1,393,000 *(2008 £8,617,000)* Turnover increased during the year as the company continued to take market share from competitors The weak UK pound caused a significant rise in material costs during the year leading to a reduction in gross profit

Although the company recorded a profit for the year the balance sheet as at 31 December 2009 demonstrates that the financial position of the company has worsened with net assets of £29,123,000 *(2008 £44,201,000)* This is primarily due to net losses of £16,471,000 in respect of the pension scheme which have been recorded directly in equity

Measurement

The company uses a number of financial and non financial KPIs to measure performance and these are reported both at board level and to employees at briefing sessions These KPIs include production plan achievement, delivery performance, manufacturing achievement and a number of health and safety and employee related KPIs The board considers that the company has a very effective measurement and reporting system, consistent with its size and complexity

As far as financial performance is concerned the key measurements used by the company are turnover and gross margin percentage as reported on the face of the profit and loss account For the year under review, turnover was £393,980,000 *(2008 £369,006,000)* and the gross profit percentage was 32% *(2008 35%)*

Risks and uncertainties

The directors have carefully considered the principal risks and uncertainties facing the business The company operates in a competitive market place where continuing growth is dependent on maintaining existing customer relationships and developing new business by offering high quality products and services The key to success is to leverage the company's position through the premium which its service offering demands Competition within the markets is a continuing risk to the company, which could result in it losing sales to its key competitors The company mitigates this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers

The directors continue to investigate and initiate entry into emerging markets whilst remaining flexible in matching capacity and production costs to actual demand

Outlook

The directors remain confident that the company is in a strong position in the market and will be able to increase profitability as the UK is expected to move out of recession during 2010

Research and development

It is the policy of the company to continually investigate and develop new and improved methods of manufacturing and to evaluate, manufacture and distribute new products complementary to the company's existing range

Directors' report *(continued)*

Financial instruments

In the opinion of the directors there are no specific issues in respect of price, credit, liquidity or cash flow risk that would need to be set out herein in order to provide an enhanced understanding of the results of the company

With regards to financial risk management policy, in respect of foreign currency purchases, the company arranges a system of hedges, based on forecast transactions, using a forward exchange contracts

The company's other financial instruments comprise bank overdraft and short term trade receivables and payables

Proposed dividend

The directors do not recommend the payment of a dividend *(2008 £nil)*

Market value of land and buildings

In the opinion of the directors, the market value of the company's land and buildings is not materially different from the net book value

Policy and practice on payment of creditors

The company is a registered supporter of the Better Payment Practice Group's 'Better Payment Practice Code' to which it subscribes when dealing with all of its suppliers Copies of the Better Payment Practice Group's code are available from the Department of Trade & Industry Trade creditors at the year end represent 52 days *(2008 49 days)* of purchases It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms

Directors

The directors who held office during the year and at the date of this report were as follows

P Bager	
R Saunders	(resigned 31 March 2010)
R Pigott	(appointed 16 March 2009)
S Banks	(appointed 16 March 2009)
P Kane	(appointed 16 March 2009)
A Ahmed	(appointed 1 March 2009)
M Neal	(appointed 16 March 2009)

Employees

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 being 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

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 notice boards, newsletters, team briefings and distribution of the annual report

Directors' report *(continued)*

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year *(2008 £nil)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

N.J. Saul

N Saul
Secretary

3 Allington Way
Yarm Road Business Park
Darlington
County Durham
DL1 4XT

14 June 2010

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 judgments 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 and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Magnet Limited

We have audited the financial statements of Magnet Limited for the year ended 31 December 2009 set out on pages 7 to 27 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 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 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 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 APB's web-site at www frc org uk/apb/scope/UKNP

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 profit 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 auditors' report to the members of Magnet 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

Paul Moran

Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

14 June 2010

Profit and Loss Account
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	2	**393,980**	369,006
Cost of sales		**(266,627)**	(238,850)
Gross profit		**127,353**	130,156
Total operatıng expenses *(ıncludıng exceptıonal costs of £1,003,000 (2008 £nıl))*	3	**(124,379)**	(118,198)
Operatıng profit		**2,974**	11,958
(Loss)/profit on sale of tangıble fixed assets	12	**(83)**	901
Income from shares ın group undertakıngs		**-**	988
Other ınterest receıvable and sımılar ıncome	7	**104**	162
Interest payable and sımılar charges	8	**(109)**	(349)
Other finance costs	9	**(3,016)**	(2,411)
(Loss)/profit on ordınary actıvıtıes before taxation	3-6	**(130)**	11,249
Tax on (loss)/profit on ordınary actıvıtıes	10	**1,523**	(2,632)
Profit for the financıal year	19	**1,393**	8,617

All of the results above derıve from contınuıng actıvıtıes

There ıs no materıal dıfference between the loss on ordınary actıvıtıes before taxatıon and the retaıned profit for the year stated above, and theır hıstorıcal cost equıvalents

Balance Sheet
at 31 December 2009

	Note	2009		2008	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*12*		**56,717**		63,233
Investments	*13*		**1,632**		1,632
			58,349		64,865
Current assets					
Stocks	*14*	**41,073**		49,113	
Debtors	*15*	**61,169**		48,045	
Cash at bank and in hand		**4,975**		690	
		107,217		97,848	
Creditors: amounts falling due within one year	*16*	**(91,773)**		(87,257)	
Net current assets			**15,444**		10,591
Total assets less current liabilities			**73,793**		75,456
Provisions for liabilities	*17*		**(7,707)**		(5,889)
Net assets excluding pension liabilities			**66,086**		69,567
Pension liabilities	*21*		**(36,963)**		(25,366)
Net assets including pension liabilities			**29,123**		44,201
Capital and reserves					
Called up share capital	*18*		**15,510**		15,510
Share premium account	*19*		**10,000**		10,000
Other reserves	*19*		**5,900**		5,900
Capital contribution reserve	*19*		**61**		61
Profit and loss account	*19*		**(2,348)**		12,730
Shareholders' funds			**29,123**		44,201

These financial statements were approved by the board of directors on 14 June 2010 and were signed on its behalf by

P Kane
Director

Company registered number 2762625

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2009

	2009 £000	2008 £000
Profit for the financial year	**1,393**	8,617
Actuarial loss recognised in the pension scheme	**(22,876)**	(1,350)
Deferred tax arising on losses in the pension scheme	**6,405**	378
Total recognised gains and losses relating to the financial year	**(15,078)**	7,645

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 December 2009

	2009 £000	2008 £000
Profit for the financial year	**1,393**	8,617
Net gains and losses in respect of FRS 17	**(16,471)**	(972)
Credit in relation to share based payments	**-**	(14)
Net (reduction in)/addition to shareholders' funds	**(15,078)**	7,631
Opening shareholders' funds	**44,201**	36,570
Closing shareholders' funds	**29,123**	44,201

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report The company's parent undertaking is Nobia Holdings UK Limited which is the parent undertaking of a group of companies engaged in the manufacture, merchanting and retailing of joinery, fitted kitchens, bedrooms, bathrooms and related products The group meets its day to day working capital requirements through its positive cash balances, a bank overdraft facility and loans from Nobia AB, the ultimate parent undertaking and controlling party

The current economic conditions create an element of uncertainty over demand for the group's products and services but the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current facilities and therefore the directors believe that the group is well placed to manage its business risks successfully despite the economic uncertainty

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 prepare the financial statements on a going concern basis

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the company as an individual undertaking and not about its group

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Nobia AB, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group The consolidated financial statements of Nobia AB, within which this company is included, can be obtained from the address given in note 23

Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been any impairment, in which case an appropriate adjustment is made

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold and long leasehold buildings	-	2% - 10% per annum
Short leasehold land and buildings	-	10% per annum
Plant, equipment and vehicles	-	10% - 50% per annum

No depreciation is provided on freehold land

Assets under construction are not depreciated until construction is complete and the asset is reclassified in one of the above fixed asset categories

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay The scheme has been closed to new members since 1 November 1999 The scheme closed to future accrual with effect from 31 December 2009 and for active members of the scheme the link to salary was removed The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values For quoted securities the current bid price is taken as market value Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

The company also operates a defined contribution pension scheme for existing and new employees The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Impairment provision

The company makes provisions for the impairment of assets whose carrying value is greater than the expected future discounted cash flows that those assets are expected to generate

Payments from suppliers

From time to time, the company receives payments from suppliers which are not related to the volume of product that is purchased These receipts are held in the balance sheet as deferred income and released on a straight line basis, over the length of the contract Rebates received which are related to volume of product are accounted for immediately through the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Turnover

Turnover represents the invoiced value of goods sold and services provided, excluding value added tax and trade discounts Ex-stock turnover is recognised at the point of sale, whilst consumer and direct sales turnover is recognised at the point of despatch Installation revenues are recognised when invoiced by fitters following completion of work

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, Nobia AB The fair value of employee services received in exchange for grant of the options is recognised as an employee expense with a corresponding increase in capital and reserves The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes *(continued)*

2 Analysis of turnover and (loss)/profit on ordinary activities before taxation

All of the company's turnover, (loss)/profit on ordinary activities before tax and net assets are attributable to the manufacture, merchanting and retailing of kitchens, joinery and related products The directors are of the opinion that there is only one class of business

All turnover consists entirely of sales originating and derived from the United Kingdom

3 Total operating expenses

	2009 £000	2008 £000
Selling and distribution costs	**112,910**	106,400
Administrative expenses	**11,469**	11,798
	124,379	118,198

Administrative expenses in 2009 include exceptional costs of £1,003,000 in respect of impairment losses on tangible fixed assets *(2008 £nil)* Further detail is included in note 12

4 Notes to the profit and loss account

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)·	2009 £000	2008 £000
Depreciation and other amounts written off tangible fixed assets		
Owned	**6,209**	5,601
Leased	**3,474**	2,786
Hire of plant and machinery - operating leases	**5,727**	6,190
Hire of other assets - operating leases	**21,656**	19,389
Net exchange (gains)/losses	**(186)**	1,429
Expenses recharged to fellow group undertakings	**(2,668)**	-

Auditors' remuneration

	2009 £000	2008 £000
Audit of these financial statements	**85**	85

Included in auditors' remuneration is £17,000 *(2008 £17,000)* paid in respect of the audit of other subsidiaries of Nobia AB that are registered in the United Kingdom

Amounts receivable by the company's auditors and their associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Nobia Holdings UK Limited

Notes *(continued)*

5 Remuneration of directors

	2009	2008
	£000	£000
Directors' emoluments	**1,227**	347
Company contributions to money purchase pension schemes	**17**	26
	1,244	373

Directors' emoluments include £nil *(2008 £33,000)* which is paid by the company and recharged to other group companies

The aggregate of emoluments of the highest paid director was £269,000 *(2008 £182,000)* and company pension contributions of £17,000 *(2008 £21,000)* were made to a money purchase scheme on his behalf

	Number of directors	
	2009	2008
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**1**	2
Defined benefit schemes	**5**	-

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2009	2008
Manufacturing and distribution	**592**	677
Sales and marketing	**1,649**	1,644
Office and management	**188**	152
	2,429	2,473

The aggregate payroll costs of these persons were as follows

	2009	2008
	£000	£000
Wages and salaries	**60,538**	56,050
Share based payments *(see note 22)*	**-**	(14)
Social security costs	**5,232**	5,054
Other pension costs *(see note 21)*	**(1,752)**	2,032
	64,018	63,122

Notes *(continued)*

7 Other interest receivable and similar income

	2009 £000	2008 £000
On cash at bank	23	31
Other	81	131
	104	162

8 Interest payable and similar charges

	2009 £000	2008 £000
On bank overdrafts	80	336
Other	29	13
	109	349

9 Other finance costs

	2009 £000	2008 £000
Expected return on pension scheme assets	5,733	6,558
Interest on pension scheme liabilities	(8,749)	(8,969)
	(3,016)	(2,411)

10 Taxation

Analysis of (credit)/charge in period

	2009		2008	
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the period	-		2,096	
Adjustments in respect of prior periods	(2,676)		-	
Total current tax		(2,676)		2,096
Deferred tax (see note 17)				
Origination of timing differences	1,625		1,835	
Adjustment in respect of previous years	(472)		(1,299)	
Total deferred tax		1,153		536
Tax on (loss)/profit on ordinary activities		(1,523)		2,632

Notes *(continued)*

10 Taxation *(continued)*

For the year ended 31 December 2008, the company was subject to UK corporation tax at a base rate of 30% for the 3 months to 31 March 2008 and 28% from 1 April 2008 to 31 December 2008 giving an average rate of 28 5%

Factors affecting the tax charge for the current period

The current tax (credit)/charge for the period is higher *(2008 lower)* than the standard rate of corporation tax in the UK, 28% (*2008 28 5% - average rate*) The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(130)**	11,249
Current tax at 28% *(2008 28 5%)*	**(36)**	3,206
Effects of		
Expenses not deductible for tax purposes	**1,661**	1,264
Non taxable dividend income	**-**	(282)
Non taxable profit on disposal of assets	**-**	(257)
Capital allowances for period in excess of depreciation	**(114)**	(1,016)
Other short-term timing differences	**(1,511)**	(819)
Adjustments to tax charge in respect of previous periods	**(2,676)**	-
Total current tax (credit)/charge (see above)	**(2,676)**	2,096

The adjustment to UK corporation tax in respect of previous periods arose following the submission and agreement of a number of earlier years' tax returns

Factors that may affect future current and total tax charges

There are no factors expected to significantly affect future tax charges

11 Dividends

No dividends were declared in the current or preceding year The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil *(2008 £nil)*

Notes *(continued)*

12 Tangible fixed assets

	Land and Buildings			Plant, equipment and vehicles	Assets in course of construction	Total
	Freehold	Long leasehold	Short leasehold			
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	6,967	794	31,792	78,576	18,683	136,812
Additions	-	-	-	-	4,357	4,357
Disposals	-	-	-	(1,039)	-	(1,039)
Transfers between items	1,641	-	10,992	6,650	(19,283)	-
At end of year	8,608	794	42,784	84,187	3,757	140,130
Depreciation						
At beginning of year	1,813	418	13,301	58,047	-	73,579
Charge for year	435	49	3,425	5,774	-	9,683
On disposals	-	-	-	(852)	-	(852)
Impairment	-	-	-	1,003	-	1,003
Reclassification	(32)	(1)	36	(3)	-	-
At end of year	2,216	466	16,762	63,969	-	83,413
Net book value						
At 31 December 2009	**6,392**	**328**	**26,022**	**20,218**	**3,757**	**56,717**
At 31 December 2008	5,154	376	18,491	20,529	18,683	63,233

Tangible fixed asset disposals during the year generated a loss of £83,000 *(2008 profit of £901,000)*

Following a decision undertaken by the directors during the year to sell one of the company's manufacturing outlets, plant, equipment and vehicles were written down by £1,003,000 to reflect their realisable value at 31 December 2009

Notes *(continued)*

13 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	13,595
Provisions	
At beginning and end of year	11,963
Net book value	
At 31 December 2009	**1,632**
At 31 December 2008	1,632

The companies in which the company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Percentage of ordinary shares held
Subsidiary undertakings			
Hiveserve Limited	England	Non trading	100%
Flint Properties Limited	England	Dormant	100%
Magnet (Retail) Limited	Eire	Retailing of fitted kitchens, bedrooms, bathrooms and related products	100%

14 Stocks

	2009 £000	2008 £000
Raw materials and consumables	**1,557**	2,141
Work in progress	**219**	867
Finished goods and goods for resale	**39,297**	46,105
	41,073	49,113

Notes *(continued)*

15 Debtors

	2009 £000	2008 £000
Trade debtors	**33,588**	30,611
Amounts owed by group undertakings	**13,664**	3,949
Corporation tax	**4,060**	57
Other debtors	**393**	2,432
Prepayments and accrued income	**9,464**	10,996
	61,169	48,045

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

16 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank overdrafts	**347**	2,660
Trade creditors	**37,764**	31,901
Amounts owed to group undertakings	**20,702**	21,778
Other taxation and social security	**7,209**	5,620
Other creditors	**6,878**	5,418
Accruals and deferred income	**18,873**	19,880
	91,773	87,257

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

17 Provisions for liabilities

	Non-contributing stores £000	Vacant property costs £000	Warranty and other provisions £000	Keighley provisions £000	Deferred taxation £000	Total £000
At beginning of year	532	1,297	776	1,146	2,138	5,889
Utilised during year	-	(1,977)	(23)	(706)	-	(2,706)
Charge/(credit) to the profit and loss	512	2,987	617	1,260	(742)	4,634
Amounts released unused	-	(110)	-	-	-	(110)
At end of year	1,044	2,197	1,370	1,700	1,396	7,707

Notes *(continued)*

17 Provisions for liabilities *(continued)*

The Keighley provision is expected to be utilised on an even basis over the period to 2012 Further information on the deferred tax is given below The remaining provisions primarily relate to store-specific costs and these will be utilised based on the conditions of each individual store (generally between one and five years)

The elements of deferred taxation are as follows

	At beginning of year £000	Profit and loss account (credit)/ charge £000	Amounts included in STRGL £000	At end of year £000
Difference between accumulated depreciation and capital allowances	2,763	(343)	-	2,420
Other short-term timing differences	(625)	(399)	-	(1,024)
Provision for liabilities (see above)	2,138	(742)	-	1,396
Pensions (see note 21)	(9,865)	1,895	(6,405)	(14,375)
	(7,727)	1,153	(6,405)	(12,979)

18 Called up share capital

	2009 £000	2008 £000
Authorised, Allotted, called up and fully paid		
15,510,301 Ordinary shares of £1 each	**15,510**	15,510

19 Share premium and reserves

	Share premium account £000	Other reserves £000	Capital contribution reserve £000	Profit and loss account £000
At beginning of year	10,000	5,900	61	12,730
Profit for the year	-	-	-	1,393
Actuarial loss recognised in the pension scheme	-	-	-	(22,876)
Deferred tax arising on losses in the pension scheme	-	-	-	6,405
At end of year	**10,000**	**5,900**	**61**	**(2,348)**

The other reserve comprises negative goodwill arising on acquisitions made prior to 1 October 1999 In accordance with FRS 10, negative goodwill has not been reinstated onto the balance sheet

Notes *(continued)*

20 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2009 £000	2008 £000
Contracted	**2,337**	2,368

(b) Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	**473**	**462**	192	290
In the second to fifth years inclusive	**11,288**	**3,439**	2,862	3,981
Over five years	**12,462**	**437**	20,121	-
	24,223	**4,338**	23,175	4,271

(c) Forward contracts

At 31 December 2009 the company had open forward exchange contracts totalling £5,086,000 *(2008 £14,339,000)* The fair value of these contracts at 31 December 2009 was an asset of £176,000 *(2008 £2,850,000 asset)* These fair values have not been included in these financial statements as the company has not adopted the fair value measurement rules available as an option under UK GAAP

21 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme for new entrants, the Magnet Money Purchase Plan The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £939,000 *(2008 £747,000)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Notes *(continued)*

21 Pension scheme *(continued)*

Defined benefit pension scheme

The company also provides pension arrangements to employees through a defined benefit scheme, the Magnet Group Pension Scheme, and the related costs are assessed in accordance with the advice of professionally qualified actuaries The pension scheme is funded by the payment of contributions to separately administered trust funds

The scheme has been closed to new members since 1 November 1999 The scheme closed to future accrual with effect from 31 December 2009 and for active members of the scheme the link to salary was removed As such, there has been a reduction in the benefit obligation and this has been reflected as a curtailment gain in 2009 Active members will be entitled to join the Magnet Money Purchase Plan

The numbers shown below have been based on calculations carried out by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2009 The scheme's assets are stated at their market values at 31 December 2009

Employer contributions over the accounting period were paid at the rate of 12 8% of pensionable pay and amounted to £7 094 million *(2008 £7 287 million)* It has been agreed that an employer contribution of £4 8 million during 2010 and £5 5 million per annum from 1 January 2011 to 31 December 2023 will apply

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Magnet Group Pension Scheme as at 31 October 2008 The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method

The information disclosed below is in respect of the Magnet Group Pension Scheme as a whole

	2009	2008
	£000	£000
Present value of funded defined benefit obligations	**(174,573)**	(143,752)
Fair value of plan assets	**123,235**	108,521
	(51,338)	(35,231)
Present value of unfunded defined benefit obligations	**-**	-
Deficit	**(51,338)**	(35,231)
Related deferred tax asset	**14,375**	9,865
Net liability	**(36,963)**	(25,366)

Movements in present value of defined benefit obligation

	2009	2008
	£000	£000
At 1 January	**(143,752)**	(161,907)
Current service cost	**(1,073)**	(1,285)
Interest cost	**(8,749)**	(8,969)
Curtailment	**3,764**	-
Actuarial (losses)/gains	**(31,112)**	23,544
Contributions by members	**(230)**	(227)
Benefits paid	**6,579**	5,092
At 31 December	**(174,573)**	(143,752)

Notes *(continued)*

21 Pension schemes *(continued)*

Movements in fair value of plan assets

	2009 £000	2008 £000
At 1 January	**108,521**	124,435
Expected return on plan assets	**5,733**	6,558
Actuarial gains/(losses)	**8,236**	(24,894)
Contributions by employer	**7,094**	7,287
Contributions by members	**230**	227
Benefits paid	**(6,579)**	(5,092)
At 31 December	**123,235**	108,521

Expense recognised in the profit and loss account

	2009 £000	2008 £000
Current service cost	**(1,073)**	(1,285)
Gains on curtailment	**3,764**	-
Interest on defined benefit pension plan obligation	**(8,749)**	(8,969)
Expected return on defined benefit pension plan assets	**5,733**	6,558
Total expense relating to the scheme as a whole	**(325)**	(3,696)

The expense is recognised in the following line items in the profit and loss account

	2009 £000	2008 £000
Administrative expenses credit/(charge)	**2,691**	(1,285)
Other finance costs	**(3,016)**	(2,411)
	(325)	(3,696)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £22,876,000 loss *(2008 £1,350,000 loss)* This excludes the effect of deferred tax on these amounts

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £15,956,000 loss *(2008 £6,920,000 gains)*

Notes *(continued)*

21 Pension schemes *(continued)*

The fair value of the plan assets and the return on those assets were as follows

	2009 Fair value £000	2008 Fair value £000
Equities	**56,487**	48,733
Corporate bonds	**39,234**	30,265
Gilts and cash	**27,514**	29,523
	123,235	108,521
Expected return on plan assets	**5,733**	6,558
Actuarial gain/(loss)	**8,236**	(24,894)
Actual return on plan assets	**13,969**	(18,336)

At 31 December 2009, none of the fair value of scheme assets related to self-investment

To develop the expected long-term rate of return on assets assumption for the year ended 31 December 2009, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the target asset allocation to develop the expected gross long-term rate of return on assets assumption for the portfolio This resulted in the selection of the 6 26% *(2008 6 05%)* p a assumption for the year ended 31 December 2009 (before allowance for scheme expenses and PPF levy)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2009 %	2008 %
Discount rate	**5.70**	6 20
Expected rate of return on plan assets	**6.26**	6 05
Rate of increase to pensions in payment		
- benefits accrued pre 6 April 1997	**-**	-
- benefits accrued between 6 April 1997 and 6 April 2006	**3.50**	3 05
- benefits accrued post 6 April 2006	**2 40**	2 30
Future salary increases	**-**	4 05
Inflation	**3 50**	3 05

Mortality assumptions

In valuing the liabilities of the pension fund at 31 December 2009, mortality assumptions have been made as indicated below If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2009 would have increased by £4 4 million before deferred tax

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65 20 9 years (male), 23 7 years (female)
- Future retiree upon reaching 65 21 3 years (male), 25 0 years (female)

Notes *(continued)*

21 Pension schemes *(continued)*

History of plans

The history of the plans for the current and prior periods is as follows

Balance sheet

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme liabilities	**(174,573)**	(143,752)	(161,907)	(166,062)	(179,271)
Fair value of scheme assets	**123,235**	108,521	124,435	121,343	112,260
Deficit	**(51,338)**	(35,231)	(37,472)	(44,719)	(67,011)

Experience adjustments

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Experience adjustments on scheme liabilities	**(7,787)**	-	-	16,574	-
Experience adjustments on scheme assets	**8,236**	(24,894)	(4,177)	3,576	10,815

The company expects to contribute approximately £4 8 million, excluding PPF levy, to its defined benefit plans in the next financial year

22 Employee share schemes

Certain employees of the company have been awarded share options in the ultimate parent undertaking, Nobia AB These share options are awarded directly by the ultimate parent undertaking Further details of the Nobia AB employee share option scheme are outlined below

Nobia AB employee share option scheme 2005-2013

At the 2005 Nobia AB Annual General Meeting, a resolution was made in accordance with the Board's proposal to implement an incentive scheme in the form of a performance-related employee share option scheme This resolution comprised the first stage in annually recurring identical incentive schemes It was also followed by resolutions passed at the 2006, 2007, 2008 and 2009 Annual General Meetings

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares

a) The exercise price of the option is set at 110 per cent of the average share price at the time of the grant

b) The options granted can only be exercised during a specified future period 2-3 years from the grant

c) The number of allotted options that can be exercised is dependent upon a certain increase in earnings per share over the 2 years post grant

Notes *(continued)*

22 Employee share schemes *(continued)*

Share options, granted to executives and senior managers of the company, that existed at the end of the year were as follows

Scheme	No. of shares options at end of year	No of shares options at beginning of year	Exercise price (£)	Exercise period
2005 – 2009	-	198,000	3 20	31 May 2008 – 1 March 2009
2006 – 2010	**168,000**	168,000	6 80	31 May 2009 – 1 March 2010
2007 – 2011	**189,000**	189,000	7 79	31 May 2010 – 1 March 2011
2008 – 2012	**321,500**	321,500	3 70	31 May 2011 – 1 March 2012
2009 – 2013	**352,000**	-	3 07	31 May 2012 – 1 March 2013
	1,030,500	876,500		

The number and weighted average exercise prices of share options in are as follows

	2009 Weighted average exercise price £	2009 Number of options	2008 Weighted average exercise price £	2008 Number of options
Outstanding at the beginning of the year	**5.06**	**876,500**	5 82	658,000
Granted during the year	**3.07**	**352,000**	3 70	321,500
Forfeited during the year	**(3.20)**	**(198,000)**	(5 65)	(103,000)
Outstanding at the end of the year	**4.74**	**1,030,500**	5 06	876,500

No share options were exercised during the year *(2008 nil)*

The options outstanding at the year end have an exercise price in the range of £3 07 to £7 79 and a weighted average contractual life of 4 years

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted The estimate of the fair value of the services received is measured based on the Black-Scholes valuation model

The value of share options and the assumptions used are as follows for the current and comparative years

	2005-2009	2006-2010	2007-2011	2008-2012	2009-2013
Fair value at grant date	£0 39	£1 01	£1 09	£0 51	£0 48
Exercise price	£3 20	£6 80	£7 79	£3 70	£3 07
Expected volatility	24%	26%	24%	32 5%	35%
Risk free interest rate	2 71%	3 31%	4 09%	4 32%	2 17%

Notes *(continued)*

22 Employee share schemes *(continued)*

The total expense/(credit) recognised for the period arising from share based payments were as follows

	2009	2008
	£000	£000
Equity settled share based payments	**-**	(14)
Capital contribution reserve as 31 December	**61**	61

Further details relating to the Nobia AB employee share option scheme can be found in the financial statements of Nobia AB, available from the address given in note 23

23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is Nobia Holdings UK Limited, which is incorporated in England and Wales

The ultimate parent undertaking and controlling party is Nobia AB, which is the parent undertaking of the largest group to consolidate these financial statements Copies of the consolidated financial statements of Nobia AB can be obtained from the secretary at Nobia Nordisk Bygginterior AB, Klarabergsviadukten 70, (C8) SE-10724 Stockholm, Sweden

The parent undertaking of the smallest group to consolidate these financial statements is Nobia Holdings UK Limited Copies of the consolidated financial statements of Nobia Holdings UK Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ