

Häfele UK Limited

Annual report and financial statements  
for the year ended 31 December 2010

Registered number 1486136

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## **Häfele UK Limited**

### **Annual report and financial statements for the year ended 31 December 2010**

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# **Häfele UK Limited**

## **Directors and advisers for the year ended 31 December 2010**

### **Executive directors**

M F Smith  
S Thierer  
M Batchelor  
Garry Marlow (Managing Director)  
Russell Morris (appointed 6 October 2010)

### **Company secretary and registered office**

Garry Marlow  
Swift Valley Industrial Estate  
Rugby  
CV21 1RD

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Domington Court  
Pegasus Business Park  
Castle Domington  
East Midlands DE74 2UZ

### **Solicitors**

Shoosmiths & Harrison  
The Lakes  
Northampton  
NN4 7SH

### **Bankers**

LloydsTSB Bank plc  
Southpoint House  
Harcourt Way  
Meridian Business Park  
Leicester  
LE19 1WF

Baden Wurtembergische Bank  
Postrasse 2-4  
Postfach 180 7530  
Pforzheim  
Germany

HSBC Bank plc  
15 Church Street  
Rugby  
Warwickshire  
CV21 3PN

# **Häfele UK Limited**

## **Directors' report for the year ended 31 December 2010**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

### **Principal activities**

The principal activity of the company continues to be the distribution of furniture fittings, hardware and accessories

### **Review of business**

The profit and loss account for the year is set out on page 6. The results for the company show a pre-tax profit of £9,526,000 (2009 £8,505,000) for the year on sales of £78,533,000 (2009 £73,010,000)

The company has continued to invest in people and systems to ensure the best possible customer service. The directors regard this as integral to the continued success of the business.

### **Future outlook**

2011 will continue to remain challenging due to the ongoing difficulties in the economic climate. We remain confident that Häfele UK Limited's current market position, diverse customer and product base, combined with the core business principles of customer service and efficiency will continue to provide core strength required to maintain its successful trading record.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company relate to increased competition, uncertainty in the retail sector, economic instability and the recruitment and retention of suitable employees.

### **Financial risk management**

The risks facing the company are assessed on an ongoing basis. The directors evaluate the likelihood and potential impact of each risk and ensure appropriate action is taken.

A number of risks such as liquidity, interest rates, capital expenditure, insurance, health and safety and regulatory compliance come under the direct control of the directors. The key financial risks are managed as follows:

#### **Currency fluctuation risk**

The company seeks to reduce the currency fluctuation risk by entering into forward exchange options.

#### **Credit risk**

The company has policies that require appropriate credit checks on potential customers before sales are made.

# Häfele UK Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Key performance indicators ('KPIs')

The board monitors progress by reference to the following KPIs. Performance in the year, together with historical data is set out in the table below

	2010	2009	Definition, method of calculation and analysis
Growth in sales	7.6%	(8.5%)	Year on year growth as a %.
Operating margin	11.9%	11.5%	Ratio of operating profit to sales expressed as a %
Return on investment	22.4%	21.7%	Operating profit expressed as a % of net assets
Employee retention	90.0%	91.4%	% of employees who were employed at the start of the year remaining in employment with the company at the end of the year

### Dividend and transfer to reserves

During the year, the directors recommended the payment of an ordinary dividend amounting to £40 per share or £4,000,000 (2009: £40 per share or £4,000,000) in respect of the year ended 31 December 2010, which represents 59.23% (2009: 66.62%) of profit after taxation. The retained profit for the year of £2,767,000 (2009: £2,004,000) has been transferred to reserves.

### Directors

The directors of the company at 31 December 2010 and up to the date of signing of the financial statements are listed on page 1.

### Employee policies

The directors recognise the considerable benefits which accrue from keeping employees at all levels informed of the progress of the business and involving them in the company's performance. The company's policy is to ensure that information and viewpoints are exchanged and considered and that employees are aware of the financial and economic factors which affect the company's performance.

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary. It is the company's policy to consider the skills and aptitudes of disabled people and to comply fully and fairly with any legislation in connection with disabled persons.

### Directors' indemnities

The company maintains liability insurance for its directors and officers. Following shareholder approval the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The qualifying indemnity was in force during the financial year and also at the date of approval of the financial statements.

### Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

# **Häfele UK Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Statement of directors' responsibilities (continued)**

In preparing those 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 have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the directors' report is approved under section 418 (2) of the Companies Act 2006, the following applies:

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

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



**Garry Marlow**  
**Company Secretary**  
28 February 2011

## **Independent auditors' report to the members of Häfele UK Limited**

We have audited the financial statements of Häfele UK Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Net Cash Flow from Operating Activities and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 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 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

### **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.



David Teager BSc (Hons) ACA  
Senior Statutory Auditor  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
28 February 2011

## Häfele UK Limited

### Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	78,533	73,010
Cost of sales		(51,466)	(47,554)
Gross profit		27,067	25,456
Net operating expenses	4	(17,702)	(17,025)
Operating profit		9,365	8,431
Interest receivable and similar income	7	203	164
Interest payable and similar charges		(42)	(90)
Profit on ordinary activities before taxation	8	9,526	8,505
Tax on profit on ordinary activities	9	(2,759)	(2,501)
Profit for the financial year	20	6,767	6,004

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

All results derive from continuing operations



## **Häfele UK Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>6,767</b>	<b>6,004</b>
Actuarial gain/(losses) ( note 18)	<b>147</b>	<b>(983)</b>
Tax on actuarial (gain)/loss	<b>(41)</b>	<b>275</b>
<b>Total recognised gains and losses relating to the year</b>	<b>6,873</b>	<b>5,296</b>

# Häfele UK Limited

## Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	11	20,192	21,186
<b>Current assets</b>			
Stocks	12	12,100	8,845
Debtors	13	14,346	12,495
Cash at bank and in hand		7,465	7,949
		<b>33,911</b>	<b>29,289</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(10,944)</b>	<b>(8,924)</b>
<b>Net current assets</b>		<b>22,967</b>	<b>20,365</b>
<b>Total assets less current liabilities</b>		<b>43,159</b>	<b>41,551</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(583)</b>	<b>(1,583)</b>
<b>Provisions for liabilities</b>	17	<b>(686)</b>	<b>(719)</b>
<b>Net assets excluding pension deficit</b>		<b>41,890</b>	<b>39,249</b>
Pension deficit	18	(133)	(365)
<b>Net assets including pension deficit</b>		<b>41,757</b>	<b>38,884</b>
<b>Capital and reserves</b>			
Called up share capital	19	100	100
Profit and loss account	20	41,657	38,784
<b>Total shareholders' funds</b>	21	<b>41,757</b>	<b>38,884</b>

The financial statements on pages 6 to 27 were approved by the board of directors on 28 February 2011  
and were signed on its behalf by



Garry Marlow  
Director

Company registered number 1486136

# Häfele UK Limited

## Cash flow statement for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>		<b>7,700</b>	<b>12,115</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(42)	(90)
Interest received		16	32
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(26)</b>	<b>(58)</b>
<b>Taxation</b>		<b>(2,541)</b>	<b>(2,384)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(798)	(1,059)
Proceeds from sale of tangible fixed assets		181	5
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(617)</b>	<b>(1,054)</b>
<b>Dividends paid</b>		<b>(4,000)</b>	<b>(4,000)</b>
<b>Cash inflow before management of liquid resources and financing</b>		<b>516</b>	<b>4,619</b>
<b>Financing</b>			
Decrease in long term borrowings		(1,000)	(2,417)
<b>(Decrease)/increase in cash in the year</b>	26	<b>(484)</b>	<b>2,202</b>

## Häfele UK Limited

### Net cash flow from operating activities for the year ended 31 December 2010

	2010	2009
	£'000	£'000
Operating profit	9,365	8,431
Depreciation on tangible fixed assets	1,646	1,553
Profit on sale of fixed assets	(35)	(5)
Decrease/(increase) in stocks	(3,255)	1,495
Increase in trade debtors and other debtors	(1,786)	(2,019)
(Increase)/decrease in prepayments	(65)	311
Increase in trade creditors	1,612	801
Increase in other creditors, other taxation and social security	701	1,017
(Decrease)/increase in amounts owed to/by group undertakings	(450)	506
(Decrease)/increase in accruals and deferred income	(44)	112
Pension service cost in excess of contributions	11	(87)
<b>Net cash inflow from operating activities</b>	<b>7,700</b>	<b>12,115</b>

# **Häfele UK Limited**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Principal accounting policies**

The financial statements are prepared in accordance with the Companies Act 2006 and applicable UK accounting and financial reporting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared on the going concern basis and in accordance with the historical cost convention, except for pension scheme assets and liabilities which are recorded at fair value.

#### **Turnover**

Turnover comprises the invoiced value of goods supplied, net of returns, discounts and value added tax. Turnover is recognised when the goods are shipped to the customer.

#### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

#### **Leases**

Payments under operating leases are charged against profits on a straight line basis over the period of the lease.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation. Cost is determined on a weighted average cost basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date, or the rate specified in a related forward contract, if applicable. Exchange gains or losses are included in operating profit.

#### **Deferred taxation**

Deferred taxation, arising from timing differences between recognition in the financial statements and the taxation computation, has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 1 Principal accounting policies (continued)

#### Pension scheme arrangements

The company operates a defined benefit pension scheme contracted out of the state scheme, which was closed to new members with effect from 1 November 2003. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

In accordance with Financial Reporting Standard Number 17 – “Retirement Benefits”, the financial statements reflect the fair value of the assets and liabilities arising from the company’s retirement benefit obligations and any related funding. The scheme liabilities and the scheme assets are measured at each balance sheet date. The scheme assets are measured at fair value. The scheme liabilities are measured on an actuarial basis. The difference between the fair value of the scheme assets and the actuarial value of the scheme liabilities is a surplus or deficit that is recognised as an asset or liability on the company’s balance sheet. Changes in the scheme assets and scheme liabilities are reported in the profit and loss account or the statement of recognised gains and losses depending on the nature of the change.

The company also makes contributions to a defined contribution pension scheme. The cost of providing retirement pensions and related benefits is charged against profits over the periods which benefit from the employees’ services.

#### Significant estimation techniques

Provision for slow moving stocks is made against individual stock lines where stocks have not generated any sales in the current financial year. Provisions based on the number of months usage of stock at the year end are also made as follows:

	Value of stock provided for %
0-24 months	0
24-36 months	25
36-48 months	50
48-60 months	75
Over 60 months	100

The principal depreciation rates used for fixed assets are:

	%
Freehold land	nil
Freehold buildings	2
Assets in the course of construction	nil
Motor vehicles	33 1/3
Fixtures and fittings	10 to 25

## Häfele UK Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 2 Turnover

All turnover is generated in the United Kingdom, the geographical analysis of turnover by destination is detailed below

	2010	2009
	£'000	£'000
<b>Geographical segment</b>		
United Kingdom	77,691	71,903
Rest of Europe	775	1,107
Rest of the world	67	-
	<b>78,533</b>	<b>73,010</b>

The turnover and net profit are generated in the United Kingdom. The net assets of the company are also based in the United Kingdom. The company only has one class of business being the distribution of furniture fittings, hardware and accessories.

#### 3 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption granted under Financial Reporting Standard Number 8 – “Related Party Disclosures” and not disclosed any transactions with other group undertakings. There are no other related party transactions (2009: £nil).

#### 4 Net operating expenses

	2010	2009
	£'000	£'000
Distribution costs	3,764	3,318
Administrative expenses	13,938	13,707
	<b>17,702</b>	<b>17,025</b>

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5 Directors' emoluments

	2010	2009
	£	£
Aggregate emoluments	451,211	368,398

Two of the directors are entitled to benefits under the defined benefit pension scheme (2009 2) Company contributions in respect of the directors to the stakeholder pension scheme amounted to £nil (2009 £nil)

	2010	2009
	£	£
Highest paid director		
Aggregate emoluments and benefits	229,377	204,074

The transfer value of the accrued benefit of the highest paid director at 31 December 2010 amounted to £407,088 (2009 £390,300), which represented a change of £16,788 (2009 £115,300) The compulsory contributions paid during the year amounted to £5,704 (2009 £5,719)

### 6 Employee information

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

	2010	2009
By activity	Number	Number
Warehouse	146	142
Selling and distribution	202	197
Administration	7	9
	355	348

	2010	2009
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	8,268	7,817
Social security costs	770	650
Defined benefit scheme pension service cost (note 18)	300	221
Contributions to defined contribution pension scheme (note 18)	19	19
	9,357	8,707



# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 7 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable	16	32
Pension finance income (note 18)	187	132
	<b>203</b>	<b>164</b>

### 8 Profit on ordinary activities before taxation

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation on tangible fixed assets	1,646	1,553
Profit on the disposal of fixed assets	(35)	(5)
Operating lease rentals - other than plant and machinery	142	205
Exchange (gains)/losses	(72)	92
<b>Services provided by the company's auditor</b>		
Fees payable for the audit	34	32
Fees payable for services related to taxation	16	26

### 9 Tax on profit on ordinary activities

#### a) Analysis of charge/(credit) in the year

	2010 £'000	2009 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on profits of the year at 28% (2009 28%)	2,721	2,337
Adjustments in respect of prior years	21	98
<b>Total current tax</b>	<b>2,742</b>	<b>2,435</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences (note 17)	(33)	5
Pension deficit (note 18)	50	61
<b>Total deferred tax</b>	<b>17</b>	<b>66</b>
<b>Tax on profit on ordinary activities</b>	<b>2,759</b>	<b>2,501</b>

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 9 Tax on profit on ordinary activities (continued)

#### b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The difference is explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	9,526	8,505
Profit on ordinary activities at standard rate of 28% (2009 28%)	2,667	2,381
Effects of		
Expenses not deductible for tax purposes	77	94
Capital allowances for the year less than /(in excess of) depreciation	26	(77)
Other timing differences	(49)	(61)
Adjustments in respect of prior years	21	98
<b>Total current tax</b>	<b>2,742</b>	<b>2,435</b>

#### c) Factors that may affect future tax charges

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years

The June 2010 Budget introduced changes in the UK Corporation Tax rates which will be implemented in the Finance Bill 2010, which will include legislation to reduce the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014. The deferred tax relating to timing differences is measured at 27%, however the actual potential rate at the date of reversal will be lower due the changes in tax rate mentioned above. However, the impact on the results for the year is not considered to be material.

### 10 Dividends

	2010	2009
	£'000	£'000
Interim ordinary dividend paid £40.00 per share (2009 £40.00 per share)	4,000	4,000

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 11 Tangible assets

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2010	15,351	160	15,908	31,419
Additions	41	37	720	798
Disposals	-	(115)	(801)	(916)
<b>At 31 December 2010</b>	<b>15,392</b>	<b>82</b>	<b>15,827</b>	<b>31,301</b>
<b>Accumulated depreciation</b>				
At 1 January 2010	1,874	155	8,204	10,233
Charge for the year	289	7	1,350	1,646
Disposals	-	(115)	(655)	(770)
<b>At 31 December 2010</b>	<b>2,163</b>	<b>47</b>	<b>8,899</b>	<b>11,109</b>
<b>Net book amount</b>				
<b>At 31 December 2010</b>	<b>13,229</b>	<b>35</b>	<b>6,928</b>	<b>20,192</b>
At 31 December 2009	13,477	5	7,704	21,186

### 12 Stocks

	2010	2009
	£'000	£'000
Finished goods for resale	12,100	8,845

The replacement cost of finished goods for resale is not materially different to the cost stated above

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 13 Debtors

	2010	2009
	£'000	£'000
Amounts falling due within one year		
Trade debtors	13,498	11,840
Amounts owed by group undertakings	318	207
Other debtors	17	18
Prepayments and accrued income	513	430
	14,346	12,495

Amounts due from group undertakings is unsecured and interest free

### 14 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Bank loans (note 16)	1,000	1,000
Trade creditors	4,651	3,177
Amounts owed to group undertakings	1,187	1,255
Corporation tax	1,473	1,272
Other taxation and social security costs	1,961	1,260
Accruals and deferred income	672	960
	10,944	8,924

Amounts due to group undertakings is unsecured and interest free

### 15 Creditors: amounts falling due after more than one year

	2010	2009
	£'000	£'000
Bank loans (note 16)	583	1,583

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 16 Loans

	2010	2009
	£'000	£'000
<b>Bank loans</b>		
Repayable within one year	1,000	1,000
Repayable within two to five years	583	1,583
	<b>1,583</b>	<b>2,583</b>

The bank loan is secured against the freehold land and building it was used to acquire and incurs an interest charge of 1.4% above LIBOR. The existing assets of the company do not form part of the loan security.

### 17 Provisions for liabilities

The movement on the deferred tax provision is as follows

	2010	2009
	£'000	£'000
At 1 January 2010	719	714
(Credited)/charged to profit and loss account	(33)	5
<b>At 31 December 2010</b>	<b>686</b>	<b>719</b>

The total deferred taxation potential liability assessed at 27% (2009: 28%) is as follows

	Amount provided	
	2010	2009
	£'000	£'000
Tax effect of timing differences because of		
Capital allowances in excess of depreciation	686	719

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18 Pensions

The company participates in a funded pension scheme administered by Schroders, J P Morgan and Legal & General, providing benefits based on final pensionable salary. The scheme was closed to new members with effect from 1 November 2003, with the company initiating a stakeholder pension scheme, which provides pension benefits based upon contributions to new employees qualifying for pensions. The assets of both schemes are held separately from those of the company.

The latest actuarial valuation of the scheme was at 31 December 2007. At the date of the latest actuarial valuation, the market value of the assets of the scheme on a Statutory Funding Objective basis was £10,039,000 and the actuarial value of the assets was sufficient to cover 103% of the Technical Provisions (being the amount required, on an actuarial calculation, to make provision for the scheme's liabilities).

The assumptions that have the most significant effect on the valuation are those relating to the discount rate, the rates of increase in salaries and inflation. It was assumed that the discount rate would be 7.0% per annum pre retirement and 5.0% per annum post retirement, that salary increases would average 4.25% per annum and that price inflation would increase at the rate of 3.25% per annum.

The movement in the pension deficit is as follows:

	<b>Gross</b>	<b>Tax</b>	<b>Net</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pension scheme surplus at 1 January 2010	(508)	143	(365)
Pension contributions paid	289	(82)	207
Recognised in the profit and loss account			
Service cost	(300)	84	(216)
Other finance income	187	(52)	135
	(113)	32	(81)
Actuarial loss included in the statement of recognised gains and losses	147	(41)	106
<b>Pension scheme deficit at 31 December 2010</b>	<b>(185)</b>	<b>52</b>	<b>(133)</b>

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18 Pensions (continued)

The total pension contributions paid by the company were

	2010	2009
	£'000	£'000
Defined benefit scheme	289	308
Defined contribution scheme	19	19
	308	327

The company expects to contribute £285,000 for the year ending 31 December 2010

#### Financial assumptions underlining the FRS 17 – “Retirement Benefits” valuation:

	2010	2009
	%	%
Discount rate	5.50	5.65
Salary increases	4.00	4.00
Pension increases		
Benefits accrued pre 6 April 1997	2.90	3.00
Benefits accrued post 5 April 1997	3.40	3.00
Rate of revaluation of deferred pensions in excess of GMP	2.90	3.00
Rate of inflation (RPI)	3.40	3.00
Rate of inflation (CPI)	2.90	N/A

#### Demographic assumptions:

	2010	2009
	£'000	£'000
Pre retirement mortality (male/female)	S1Px A yob mc min 1.25% improvement	PXA92 yob mc min 1% improvement
Post retirement mortality for non pensioner members (male/female)	S1Px A yob mc min 1.25% improvement	PXA92 yob mc min 1% improvement
Post retirement mortality for pensioner members (male/female)	S1Px A yob mc min 1.25% improvement	PXA92 yob mc min 1% improvement

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18 Pensions (continued)

The net assets/(liabilities) of the scheme and expected return on assets were

	Long-term rate of return expected at 31 December 2010	2010 £'000	Long-term rate of return expected at 31 December 2009	2009 £'000	Long-term rate of return expected at 31 December 2008	2008 £'000
Diversified growth funds	7.70%	11,082	8.00%	9,161	8.00%	7,442
Bonds	5.40%	1,117	5.65%	1,022	6.45%	662
Cash	5.40%	79	4.75%	255	4.75%	165
Total fair value of assets		12,278		10,438		8,269
Present value of scheme liabilities		(12,463)		(10,946)		(8,013)
(Deficit)/surplus in the scheme		(185)		(508)		256
Related deferred tax asset/(liability)		52		143		(71)
Net pensions (deficit)/surplus under FRS 17		(133)		(365)		185

The overall expected rate of return on the scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class



# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18 Pensions (continued)

The following amounts have been recognised in the performance statements in the year to 31 December 2010 under the requirements of FRS17 – “Retirement Benefits”

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
<b>Amount recognised in the profit and loss account:</b>					
Current service cost	300	221	338	347	377
Amount (debited)/credited to other finance income					
Expected return on pension scheme assets	(815)	(657)	(791)	(678)	(531)
Interest on pension scheme liabilities	628	525	501	480	451
	113	89	48	149	297
<b>Amount recognised in the STRGL:</b>					
Actual return less expected return on pension scheme	710	1,169	(2,872)	(304)	251
Changes in assumptions underlying the present value of the scheme liabilities	(563)	(2,152)	1,371	1,545	194
	147	(983)	(1,501)	1,241	445
<b>Net cumulative actuarial (losses)/gains recognised in the STRGL</b>	<b>(2,333)</b>	<b>(2,480)</b>	<b>(1,497)</b>	<b>4</b>	<b>(1,237)</b>

	2010 £'000	2009 £'000
<b>Changes in present value of scheme liabilities</b>		
Scheme liabilities at 1 January 2010	10,946	8,013
Service cost	300	221
Interest cost	628	525
Employee contributions	122	130
Actuarial losses	563	2,152
Benefits paid	(96)	(95)
<b>Scheme liabilities at 31 December 2010</b>	<b>12,463</b>	<b>10,946</b>

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18 Pensions (continued)

	2010	2009
	£'000	£'000
<b>Changes in present value of scheme assets</b>		
Scheme assets at 1 January 2010	10,438	8,269
Expected return	815	657
Actuarial gains	710	1,169
Contributions by employer	289	308
Employee contributions	122	130
Benefits paid	(96)	(95)
<b>Scheme assets at 31 December 2010</b>	<b>12,278</b>	<b>10,438</b>
<b>Actual return on scheme assets</b>	<b>1,525</b>	<b>1,826</b>

Historical pension scheme information	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Scheme assets	12,278	10,438	8,269	10,040	8,620
Present value of scheme liabilities	(12,463)	(10,946)	(8,013)	(8,526)	(9,231)
(Deficit)/surplus in the scheme	(185)	(508)	256	1,514	(611)
Difference between the actual and expected return of the scheme assets	710	1,169	(2,872)	(304)	251
- Percentage of scheme assets	6%	11%	(35%)	(3%)	3%
Experience gains and losses on scheme liabilities	(292)	7	(597)	4	262
- Percentage of the present value of the scheme liabilities	(2%)	0%	(7%)	0%	3%
Total amount recognised in the STRGL	147	(983)	(1,501)	1,241	445
- Percentage of the present value of the scheme liabilities	1%	(9%)	(19%)	15%	5%

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 19 Called up share capital

	2010	2009
	£'000	£'000
<b>Authorised</b>		
100,000 (2009 100,000) ordinary shares of £1 each	100	100
<b>Allotted and fully paid</b>		
100,000 (2009 100,000) ordinary shares of £1 each	100	100

### 20 Profit and loss reserves

	2010	2009
	£'000	£'000
At 1 January	38,784	37,488
Profit for the financial year	6,767	6,004
Dividends (note 10)	(4,000)	(4,000)
Actuarial gains/(losses) on pension scheme (note 18)	106	(708)
<b>At 31 December</b>	<b>41,657</b>	<b>38,784</b>

### 21 Reconciliation of movements in shareholders' funds

	2010	2009
	£'000	£'000
Profit for the financial year	6,767	6,004
Actuarial gains/(losses) on pension scheme	106	(708)
Dividends	(4,000)	(4,000)
<b>Net addition to shareholders' funds</b>	<b>2,873</b>	<b>1,296</b>
Opening shareholders' funds	38,884	37,588
<b>Closing shareholders' funds</b>	<b>41,757</b>	<b>38,884</b>

# Häfele UK Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 22 Financial commitments

The company's local currency is pounds sterling but it has significant overseas purchases. These purchases are denominated in Euros. As a result, the company is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and Euros. The company seeks to reduce this risk by entering into forward exchange options. At 31 December 2010, the fair value of its forward options was an asset of £50,000 (2009: asset of £200,000). This has not been recognised in the financial statements.

### 23 Capital commitments

The company had capital commitments of £nil at 31 December 2010 (2009: £nil).

### 24 Operating lease commitments

Annual commitments in respect of non-cancellable operating leases for land and buildings are as follows:

	2010	2009
	£'000	£'000
Expiring within		
One year	24	12
Two to five years	92	112

### 25 Reconciliation of net cash flow to movement in net funds

	2010	2009
	£'000	£'000
(Decrease)/increase in cash in the year	(484)	2,202
Decrease in debt financing	1,000	2,417
Movement in net funds in the year	516	4,619
Net funds at 1 January 2010	5,366	747
<b>Net funds at 31 December 2010</b>	<b>5,882</b>	<b>5,366</b>

## Häfele UK Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 26 Analysis of net funds

	1 January 2010	Cash flow	31 December 2010
	£'000	£'000	£'000
Cash at bank and in hand	7,949	(484)	<b>7,465</b>
Bank loans due within one year	(1,000)	-	<b>(1,000)</b>
Bank loans due after one year	(1,583)	1,000	<b>(583)</b>
Net funds	5,366	516	<b>5,882</b>

#### 27 Ultimate parent company and controlling party

The immediate parent undertaking is Häfele Holding GmbH. According to the register kept by the company, Häfele Holding GmbH has a 100% interest in the equity capital of Häfele UK Limited at 31 December 2010.

The ultimate parent undertaking and controlling party is Häfele Holding GmbH, a company incorporated in Germany.

Häfele Holding GmbH is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2010. The consolidated financial statements of Häfele Holding GmbH are available from Häfele GmbH & Co, Postfach 1237, D72192 Nagold, Germany.