

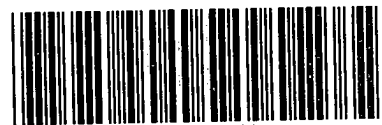
ColArt Fine Art & Graphics Limited

**Directors' report and financial
statements**

Registered number 16193

31 December 2013

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COMPANIES HOUSE

Company Information

Directors	P Woodward R Evans S Birdi C Thieme J Madath
Secretary	T Domingo
Registered Office	The Studio Building 21 Evesham Street London W11 4AJ
Bankers	Nordea Bank Finland Plc 55 Basinghall Street London
Solicitors	Macfarlanes 10 Norwich Street London
Auditors	KPMG LLP 8 Salisbury Square London EC4Y 8BB

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Strategic report

Business review and results

The company's profit for the financial year is £58,288,000 (2012: £6,103,000). An interim dividend was paid during the year of £nil (2012: £3,000,000). The directors do not recommend that a final dividend be paid (2012: £nil).

Trading

During 2013 the company saw changes that included the sales of the Winsor & Newton brand. Additionally the company also sold its former manufacturing site in Harrow. These changes have positioned the company to operate fully as a distributor within the ColArt group of companies of which ColArt Fine Art & Graphics is a key member.

Principal Risks

The company manages its credit risk by making sure all new customers are credit checked and credit limits are set.

Interest rate risk is managed by group.

Employees

The company's employment policies are based on equal opportunity for all staff. The selection and advancement of staff is based on ability and suitability for the relevant job and the subsequent training development, promotion and assessment of staff performance are based on competence and not gender, ethnic origin or disability. In the event of an employee becoming disabled while in employment, every effort will be made by the company to find continuing and suitable work, including the offer of retraining.

Staff are kept fully informed of the company's progress both at a company level and at group level through in-house publications, routine briefings and consultations with recognised trade unions. These routine meetings also provide a forum for discussions and consultations on health, safety and welfare matters, which are accompanied by training and codes of working practices designed to protect the health and safety of employees.

By order of the board



S Birdi
Director

The Studio Building
21 Evesham Street
London
W11 4AJ

20th November 2014

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Activities

The principal activity of the company is the distribution of art and craft materials.

Directors

The following directors held office during the year and subsequently up to the date of this report:

P Woodward
N Robson (resigned 31 December 2013)
S P Chamberlain (resigned 1 April 2014)
L Pepall (resigned 31 January 2014)
R Evans (appointed 1 April 2014)
S Birdi (appointed 1 April 2014)
C Thieme (appointed 1 April 2014)
J Madath (appointed 28 April 2014)

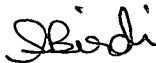
Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board



S Birdi
Director

The Studio Building
21 Evesham Street
London
W11 4AJ

20th November, 2014

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditor's report to the members of ColArt Fine Art & Graphics Limited

We have audited the financial statements of ColArt Fine Art & Graphics Limited for the year ended 31 December 2013, set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of ColArt Fine Art & Graphics 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.

Nicole Martin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

23rd November 2014

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	2	19,590	21,197
Cost of sales		(11,172)	(12,216)
Gross profit		8,418	8,981
Distribution costs		(3,504)	(4,398)
Administrative expenses		(5,281)	(5,342)
Other operating income		6,155	5,964
Operating profit		5,788	5,205
Profit on disposal of tangible fixed assets	3	10,493	-
Profit on disposal of intangible fixed assets	3	45,427	-
Restructuring costs	3	(1,535)	-
Interest payable and similar charges	6	(138)	(374)
Other finance (costs)/income	7	(131)	(555)
Income from fixed asset investments	8	6	4,108
Other interest receivable and similar income	9	28	2
Profit on ordinary activities before taxation	3	59,938	8,386
Tax on profit on ordinary activities	10	(1,650)	(2,283)
Profit for the financial year	22	58,288	6,103

The above results all arise from continuing activities.

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.

The notes on pages 9 to 24 form an integral part of these financial statements.

Statement of total recognised gains and losses
for the year ended 31 December 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Profit for the financial year		58,288	6,103
Actuarial (loss) recognised in the pension scheme	<i>20</i>	(3,933)	(740)
Deferred tax asset recognised on actuarial loss	<i>17</i>	1,080	170
Total recognised gains relating to the year		55,435	5,533

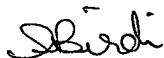
Reconciliation of movements in shareholders' funds
for the year ended 31 December 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Profit for the financial year		58,288	6,103
Dividend paid on equity shares	<i>11</i>	-	(3,000)
Other recognised (losses) relating to the year		(2,853)	(570)
Movement on shareholders' funds in year		55,435	2,533
Opening Shareholders' funds		6,095	3,562
Closing shareholders' funds		61,530	6,095

Balance sheet
at 31 December 2013

	<i>Note</i>	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	12	1,213	3,404
Investments	13	6,161	6,161
		<hr/>	<hr/>
		7,374	9,565
Current assets			
Stocks	14	2,860	2,486
Debtors: amounts falling due within one year	15	57,271	14,108
Debtors: amounts falling due after one year	16	1,000	2,000
Cash		10	-
		<hr/>	<hr/>
		61,141	18,594
Creditors: amounts falling due within one year	18	<hr/> (3,752) <hr/>	<hr/> (4,663) <hr/>
Net current assets		<hr/> 57,389 <hr/>	<hr/> 13,931 <hr/>
Total assets less current liabilities		<hr/> 64,763 <hr/>	<hr/> 23,496 <hr/>
Creditors: amounts falling due after more than one year	19	<hr/> (7,922) <hr/>	<hr/> (7,922) <hr/>
Net assets excluding pension asset/(liability)		<hr/> 56,841 <hr/>	<hr/> 15,574 <hr/>
Pension asset/(liability)	20	4,689	(9,479)
		<hr/>	<hr/>
Net assets including pension asset/(liability)		<hr/> 61,530 <hr/>	<hr/> 6,095 <hr/>
Capital and reserves			
Called up share capital	21	1,464	1,464
Profit and loss account	22	60,066	4,631
		<hr/>	<hr/>
Total equity shareholders' funds		<hr/> 61,530 <hr/>	<hr/> 6,095 <hr/>

These financial statements were approved by the board of directors on 20th November 2014 and were signed on its behalf by:



S Birdi

Director

Company registered number: 16193

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention. Accounting policies have been consistently applied. The Company is exempt by virtue 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, Lindengruppen AB, includes the Company in its own published consolidated financial statements.

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by Lindengruppen AB, the company's ultimate parent through a Group cash pool arrangement with its principal bankers. Lindengruppen AB has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing its reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Turnover

Turnover represents the net amount invoiced to external customers and affiliated companies during the year, exclusive of VAT and other sales related taxes. Royalties (in other operating income) are recognised as they are earned.

Taxation

The charge for taxation is based on the profit 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 taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of those assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Notes (continued)

1 Accounting policies (continued)

Tangible and intangible assets

Tangible fixed assets and intangible fixed assets are stated at cost or valuation, net of depreciation or amortisation and any provision for impairment. Except for freehold land, the cost of fixed assets less estimated residual value is written off on a straight line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings	not more than fifty years
Product plant and equipment, and office equipment	not more than fifteen years
Motor vehicles	not more than four years
Patents	not more than ten years

Leases

Operating lease commitments are charged in the financial statements on a straight line basis even if this is not the time the rental liabilities arise.

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the renewal date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Foreign currency translations

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Pension arrangements

The company participates in the ColArt Pension Scheme which has both a Defined Benefit and a Defined Contribution section. The Defined Benefit section of the Scheme was closed to new entrants and the Defined Contribution Section was introduced for new entrants joining from 1st August 2002. Following consultation during 2007 the Defined Benefit section of the scheme was changed to a CARE scheme for future accruals after 1 April 2007. The scheme's assets are held in a separate trustee administered pension fund. The scheme was closed to future accrual on 30 April 2013.

The latest actuarial valuation of the scheme was carried out on 31 March 2012 (signed on 21 May 2013). It has been updated to 31 December 2013 by qualified independent actuaries using revised assumptions that are consistent with FRS 17.

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate proportion of overhead expenses and is arrived at by the 'first in-first out' method. Provision is made for obsolete, slow-moving stock or defective items where appropriate.

Notes (continued)

2 Turnover

Turnover arose solely from the principal activity of the business.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting) the following:

	2013 £'000	2012 £'000
Depreciation	350	422
Operating leases		
- hire of equipment	7	206
- other	290	290
Profit on disposal of tangible fixed assets	(10,493)	-
Profit on disposal of tangible fixed assets	(45,427)	-
Restructuring costs	1,535	-
Impairment provision on Investments and loans (note 13)	-	263
Remuneration of auditors		
- audit fees	35	40
- Other services relating to taxation	15	15
	<u> </u>	<u> </u>

4 Directors' emoluments and interests

Total emoluments paid for services to the Company was:

	2013 £000	2012 £000
Aggregate emoluments	128	259
	<u> </u>	<u> </u>
Company contributions to money purchase pension scheme	17	12
	<u> </u>	<u> </u>

Retirement benefits are accruing to one current director under a defined benefit scheme.

	2013 £000	2012 £000
Highest paid director		
Aggregate emoluments	85	98
	<u> </u>	<u> </u>
Company contributions to pension scheme	9	5
	<u> </u>	<u> </u>

Notes (continued)

5 Employee information

The average number of persons employed by the company, excluding executive directors, during the year was:

	2013 Number	2012 Number
Sales and administration	73	84
Production	-	10
	<u>73</u>	<u>94</u>

Staff costs for the above persons:

	2013 £'000	2012 £'000
Wages and salaries	2,023	2,392
Social security costs	153	188
Other pensions costs – defined contribution scheme	163	190
	<u>2,339</u>	<u>2,770</u>

6 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable on amounts owed to group undertakings	138	374
	<u>138</u>	<u>374</u>

Notes *(continued)*

7 Other finance (costs)/income

	2013 £'000	2012 £'000
Expected return on pension scheme assets	1,994	1,877
Interest on pension scheme liabilities	(2,125)	(2,432)
	<u>(131)</u>	<u>(555)</u>

8 Income from fixed asset investments

	2013 £'000	2012 £'000
Dividend income from fixed asset investments	6	4,108
	<u>6</u>	<u>4,108</u>

9 Other interest receivable & similar income

	2013 £'000	2012 £'000
Interest receivable and foreign exchange gains	28	2
	<u>28</u>	<u>2</u>

Notes (continued)

10 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
UK Corporation tax		
Current tax on profits for the year	-	1,423
Adjustments in respect of previous periods	-	300
Double taxation relief	-	1,723
	-	(206)
Foreign taxation on income for the period	-	1,517
	-	113
Total current tax charge	-	1,630
Deferred taxation (see note 17)		
Origination and reversal of timing differences	1,169	336
Movement for year on pension deficit	-	39
Effects of law/rate changes	527	278
Adjustments in respect of previous periods	(46)	-
Tax on profit on ordinary activities	1,650	2,283

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2012: lower) than the blended rate of corporation tax of 23.25% (2012: 24.5%). The differences are explained below.

	2013 £'000	2012 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	59,938	8,386
Current tax at 23.25% (2012: 24.5%)	13,936	2,055
Effects of:		
Non taxable income	-	(693)
Expenses non deductible	233	262
Depreciation for the period less than capital allowances	(4)	(201)
Foreign taxes not deductible for UK double taxation relief purposes	-	(93)
Losses carried forward	278	-
Other timing differences	3,711	-
FRS17 provision movement	(5,139)	-
Sale of intangibles	(10,560)	-
Profit on sale of ineligible assets	(2,455)	-
Adjustment to tax charge in respect of previous periods	-	300
Total current tax charge for the year	-	1,630

A reduction in the rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax balance at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

11 Dividends

	2013 £'000	2012 £'000
<i>Dividend on equity shares</i>		
Interim dividend paid	-	3,000

12 Tangible fixed assets

	Freehold land £'000	Freehold buildings £'000	Leasehold Buildings £'000	Plant and equipment £'000	Total £'000
<i>Cost</i>					
At 1 January 2013	308	5,634	27	13,351	19,320
Additions	-	664	-	5	669
Disposals	(308)	(6,298)	-	(849)	(7,455)
At 31 December 2013	-	-	27	12,507	12,534
<i>Accumulated depreciation</i>					
At 1 January 2013	-	4,079	22	11,815	15,916
Provided during year	-	67	1	282	350
Disposals	-	(4,146)	-	(799)	(4,945)
At 31 December 2013	-	-	23	11,298	11,321
<i>Net book value</i>					
At 31 December 2013	-	-	4	1,209	1,213
At 31 December 2012	308	1,555	5	1,536	3,404

Future capital expenditure contracted for but not provided in the accounts is £nil (2012: £nil).

Notes (continued)

13 Investments

	2013 £'000	2012 £'000
At 1 January	6,424	6,424
Provision for impairment	(263)	(263)
At 31 December	6,161	6,161

Details of investments in subsidiary undertakings are contained in note 25.

In the opinion of the Directors the value of the investment in subsidiaries and joint ventures is not less than the value at which they are included in the balance sheet. Of the impairment provision in 2013, £263,000 relates to the investment in Mirum Products Limited.

14 Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	27	19
Finished goods	2,833	2,467
	2,860	2,486

15 Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade debtors	3,413	4,236
Amounts owed by group undertakings	50,115	9,073
Other debtors	151	641
Deferred tax asset (see note 17)	3,592	158
	57,271	14,108

Notes *(continued)*

16 Debtors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed by group undertakings	1,000	2,000

17 Deferred tax

	2013 £'000	2012 £'000
Net deferred tax asset at beginning of year	2,990	3,473
Movement of deferred tax on pension deficit recognised in STRGL	1,080	170
Charged to the profit and loss account for the year	(1,650)	(653)
	<u>2,420</u>	<u>2,990</u>
	2013 £'000	2013 £'000
Tax losses	238	-
Other timing differences	3,193	-
Difference between depreciation and capital allowances	161	158
Deferred tax asset arising on defined benefit pension scheme liability (note 20)	(1,172)	2,832
	<u>2,420</u>	<u>2,990</u>

18 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	416	338
Amounts owed to group undertakings	697	1,649
Taxation and social security	259	235
Accruals and deferred income	781	842
Amounts owed to group undertakings in respect of group relief	1,599	1,599
	<u>3,752</u>	<u>4,663</u>

Notes (continued)

19 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Loan provided by Group Facility	7,162	7,162
Amounts owed to group undertakings	760	760
	<u>7,922</u>	<u>7,922</u>

ColArt Fine Art & Graphics Limited is dependent for its working capital on a facility provided by Lindengruppen, the company's ultimate parent company. The intercompany loan attracts interest of LIBOR +1.25%. The loan is repayable on demand but not within 12 months of the financial year end.

In the opinion of the directors, repayment of the loan will be as follows:

	2013 £'000	2012 £'000
Over five years	7,162	7,162

The amounts owed to group undertakings are secured and are repayable on demand but not within 12 months of the financial year end.

20 Pension schemes

Company UK Retirement Benefit Scheme

This is a defined benefit scheme operated by ColArt group of companies under which contributions were paid by members and the group into a fund. This fund is separate from the Group's finances and is administered by Trustees.

The Group pays a monthly contribution of £129,000 towards the elimination of the deficit on the fund from 16 May 2013.

A full actuarial valuation was carried out on 31 March 2012 (signed on 21 May 2013) by a qualified independent actuary and was updated to 31 December 2013.

Notes (continued)

20 Pension schemes (continued)

Present values of company share of scheme liabilities and assets

The amounts recognised in the balance sheet are determined as follows:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of funded obligations	(53,924)	(49,556)	(48,455)	(45,995)
Fair value of plan assets	59,785	37,245	36,715	35,321
Gross asset/(liability)	5,861	(12,311)	(11,740)	(10,674)
Deferred tax	(1,172)	2,832	2,936	2,989
Net asset/(liability)	4,689	(9,479)	(8,804)	(7,685)

The company share of the movement in the defined benefit obligations over the year is as follows

	2013 £'000	2012 £'000
Defined benefit obligation at start of the year	49,556	48,455
Current service cost	53	420
Past service costs	256	-
Interest cost	2,125	2,432
Members contributions	30	176
Actuarial losses	3,529	330
Benefits Paid	(1,625)	(2,257)
Defined benefit obligation at end of the year	53,924	49,556

The company share of the movement in the fair value of plan assets in the year is as follows:

	2013 £'000	2012 £'000
Plan assets at start of year	37,245	36,715
Employer contributions	22,545	1,144
Member contributions	30	176
Benefit paid	(1,625)	(2,257)
Expected return on plan assets	1,994	1,877
Actuarial (losses) on plan assets	(404)	(410)
Plan assets at end of year	59,785	37,245

The actual return on scheme assets was £1,590,000 (2012: £1,467,000).

Notes (continued)

20 Pension schemes (continued)

The expense recognised in the profit and loss account is as follows:

	2013 £'000	2012 £'000
Past service cost (included in administrative expenses)	256	-
Current service cost (included in administrative expenses)	53	420
Interest on plan obligation (included in other finance costs)	2,125	2,432
Expected return on plan assets (included in other finance costs)	(1,994)	(1,877)
Total expense recognised in the profit and loss account	440	975

	2013 £'000	2012 £'000
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(404)	(410)
Experience gains and losses arising on the scheme liabilities	3,340	(1,570)
Changes in assumptions underlying the liabilities present value	(6,869)	1,240
Actuarial (loss) recognised in STRGL	(3,933)	(740)

The cumulative total amount recognised in the STRGL in respect of actuarial losses is £6,694,000 (2012: £2,761,000).

The principal actuarial assumptions used at the year end were as follows:

	2013 %	2012 %
Discount rate	4.60%	4.40%
Expected rate of return on plan assets	6.00%	5.18%
Future salary increases	4.10%	3.40%
Inflation assumption (RPI)	3.60%	2.90%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory.

Notes (continued)

20 Pension schemes (continued)

The mortality assumptions adopted at 31 December 2013 imply the following life expectancies:

	2013	2012
Male retiring at age 65 in 2013	21.1	20.8
Female retiring at age 65 in 2013	23.4	23.1
Male retiring at age 65 in 2033	22.8	22.5
Female retiring at age 65 in 2033	25.3	25.1

The assets in the Scheme and the expected rate of return for 31 December 2013 were:

	2013 Long term rate of return expected	2013 Fair Value £000
Equities	7.6%	33,854
Cash	3.0%	3,393
Corporate bonds	3.6%	22,538
	6.0%	59,785

The long-term expected rate of return on cash is determined by reference to gilt yields at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for outperformance.

The company expects to contribute approximately £572,000 to its defined benefit scheme in the next financial year.

	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Experience adjustment on plans liabilities	3,340	(1,570)	(553)	(671)
Experience adjustment on plan assets	(404)	(410)	(2,975)	1,708

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £163,000 (2012: £190,000).

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

Notes (continued)

21 Called up share capital

	2013 £'000	2012 £'000
<i>Called up, allotted and fully paid</i>		
5,856,000 ordinary shares of 25p each	1,464	1,464

22 Profit and loss account

	2013 £'000	2012 £'000
At 1 January	4,631	2,098
Profit for the financial year	58,288	6,103
Dividend paid	-	(3,000)
Other recognised (losses) for the financial year	(2,853)	(570)
At 31 December	60,066	4,631

23 Contingent liabilities

There were no contingent liabilities at the year end.

Notes (continued)

24 Operating lease commitments

The company is committed to making the following payments in respect of operating leases during the forthcoming year.

	2013 £'000	2012 £'000
<i>Plant and machinery</i>		
Expiry date - between two and five years	44	332
Expiry date - within one year	57	78
	<u>101</u>	<u>410</u>

25 Interest in subsidiary undertakings

In the opinion of the directors, the aggregate value of the company's interests in its subsidiary undertakings are not less than the aggregate of the amount at which the shares in and the amount owing from the company's subsidiary undertakings are included in the company's balance sheet.

The company held the following significant interests at 31 December 2013:

	Country of incorporation	Class of share	Percentage held	Nature of business
Crown Artist Brush Limited	England	Ordinary	100%	Brush manufacture
ColArt Hong Kong Limited	Hong Kong	Ordinary	100%	Selling and Distribution
ColArt Tianjin Art Materials Company Limited	Peoples Republic of China	Registered capital	90%	Colour manufacture
Bonny ColArt Company Limited	Japan	Registered capital	50%	Packaging and distribution of artists materials
Jinhua Universal Canvas Manufacturing Company Limited	Peoples Republic of China	Registered capital	60%	Canvas manufacture
Colart Camlin Canvas Private Limited	India	Ordinary	60%	Canvas manufacture
Snazaroo Holdings Limited	England	Ordinary	100%	Face paint manufacture

All of the above investments are held directly by the company.

Notes (continued)

26 Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 'Related Party Disclosures' not to disclose transactions with other 100% owned members of the group headed by Lindengruppen AB, on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

During the year the company undertook business transactions with other Lindengruppen AB group companies as listed in the published accounts of Lindengruppen AB. At the year end there were outstanding creditor amounts of £1,247,000 (2012: £1,653,000) and debtor amounts of £697,000 (2012: £2,048,000).

Due to the similar nature of these transactions the amounts for all companies have been aggregated as follows:

	2013 £'000	2012 £'000
Sales – brand asset	45,427	-
Sales - other	3	343
Purchases	(9,442)	(4,608)
Management charges paid	(2,048)	(2,048)
Royalties received	6,155	5,879
Interest paid	(134)	(158)

27 Holding companies

The immediate holding company is ColArt Contract Manufacturing Limited incorporated in Great Britain and registered in England and Wales.

The ultimate UK holding company is Colart Group Holdings Limited (formerly Wilhelm Becker Limited), incorporated in Great Britain and registered in England and Wales.

The ultimate holding company is Lindengruppen AB, a company incorporated and registered in Sweden. The parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up is Lindengruppen, a company incorporated and registered in Sweden.

Copies of the consolidated financial statements of Lindengruppen AB can be obtained from Bruksgården, SE-268 83, Höganas, Sweden.