

ColArt Fine Art & Graphics Limited

**Directors' report and financial
statements**

Registered number 016193

31 December 2014

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Company Information

Directors	P Woodward J Madath D Lee
Registered Office	The Studio Building 21 Evesham Street London W11 4AJ
Bankers	DNB Bank ASA 8 th Floor, The Walbrook Building 25 Walbrook London EC4N 8AF
Solicitors	Macfarlanes 10 Norwich Street London
Auditors	KPMG LLP 15 Canada Square London E14 5GL

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Strategic report

Business review and results

The Company's profit for the financial year is £1.80million (2013: £58.29million). An interim dividend was paid during the year of £28.2million (2013: £ nil).

Trading

During 2014 the company operated fully as a distributor within the ColArt group of companies of which ColArt Fine Art & Graphics is a key member. The switch to being a limited risk distributor during late 2013 has reduced the gross margin. The principal activities are not expected to change in the foreseeable future. During the period the company recognised a £1.0m gain on deferred consideration relating to the sale of property in the prior year.

Principal Risks

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risk affecting the Company relates to the provision and maintenance of high service levels to its external customers. The Company mitigates this risk through the continued focus on delivering excellent customer service and timely deliveries.

The Company has no foreign currency exposure and is not subject to interest rate cash flow or price risk.

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company also monitors existing customer accounts on an on-going basis and takes appropriate action where necessary to minimise any potential credit risk.

The Company retains sufficient cash to ensure it has available funds for operations and planned capital investments. The Company also has access to longer term funding from its ultimate parent undertaking.

Key performance indicators

The company is monitored on a monthly basis specifically with regard to actual performance to budget and forecast. The review is focused on the company's three headline numbers being turnover, gross profit and net profit.

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



D Lee
Director

The Studio Building
21 Evesham Street
London
W11
4AJ

23 September 2015

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

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

J Madath

R Evans (resigned 19 May 2015)

S Birdi (resigned 22 January 2015)

C Thieme (resigned 19 June 2015)

S Chamberlain (resigned 1 April 2014)

L Pepall (resigned 31 January 2014)

D Lee (appointed 22 January 2015)

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



D Lee
Director

The Studio Building
21 Evesham Street
London
W11 4AJ

23 September 2015

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

15 Canada Square
London
E14 5GL
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 2014, 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 2014 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.

Mike Woodward

Mike Woodward (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

24 SEPT 2015

Profit and loss account
for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	20,365	19,590
Cost of Sales		(15,571)	(11,172)
Gross Profit		4,794	8,418
 Distribution costs		 (3,949)	(3,504)
Administrative expenses		(1,581)	(5,281)
Other operating income		1,793	6,155
Operating Profit		1,057	5,788
 Profit on disposal of tangible fixed assets	3	 885	10,493
Profit on disposal of intangible fixed assets	3	-	45,427
Restructuring costs	3	-	(1,535)
Interest payable and similar charges	6	(305)	(138)
Other finance (costs)/ income	7	251	(131)
Income from fixed asset investments	8	-	6
Other interest receivable and similar income	9	-	28
Profit on ordinary activities before tax	3	1,888	59,938
Tax on profit on ordinary activities	10	(88)	(1,650)
Profit for the financial year	22	1,800	58,288

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 2014

	Note	2014	2013
		£'000	£'000
Profit for the financial year		1,800	58,288
Actuarial gain/ (loss) recognised in the pension scheme	20	616	(3,933)
Deferred tax asset recognised on actuarial loss	17	(106)	1,080
Total recognised gain/ (loss) relating to the year		<u>2,310</u>	<u>55,435</u>

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 December 2014


	Note	2014	2013
		£'000	£'000
Profit for the financial year		1,200	58,288
Dividend paid on equity shares	11	(28,200)	-
Other recognised gains/ (losses) relating to the year		510	(2,853)
Total Movement in Shareholders' funds for the year		(25,890)	55,435
Opening Shareholders' funds		61,530	6,095
Closing Shareholders' funds		<u>35,640</u>	<u>61,530</u>

Balance sheet

for the year ended at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	12	927	1,213
Investments	13	<u>6,161</u>	<u>6,161</u>
		7,088	7,374
Current Assets			
Stock	14	2,823	2,860
Debtors: Amounts falling due within one year	15	19,465	57,271
Debtors: Amounts falling due after one year	16	12,426	1,000
Cash		<u>186</u>	<u>10</u>
		34,900	61,141
Creditors: Amounts falling due within one year	18	<u>(14,982)</u>	<u>(3,752)</u>
Net Current Assets		<u>19,918</u>	<u>57,389</u>
Total Assets less Current Liabilities		27,006	64,763
Creditors: Amounts falling due after one year	19	<u>-</u>	<u>(7,922)</u>
Total Assets excluding pension asset/ (liability)		27,006	56,841
Pension asset/ (liability)	20	<u>8,634</u>	<u>4,689</u>
Net assets including pension asset/ (liability)		<u>35,640</u>	<u>61,530</u>
Capital and Reserves			
Called up Share capital	21	1,464	1,464
Profit and loss account	22	<u>34,176</u>	<u>60,066</u>
Total Equity Shareholders' Funds		<u>35,640</u>	<u>61,530</u>

These financial statements were approved by the board of directors on
 signed on its behalf by:



D Lee

Director

Company registered number: 016193

23 September 2015 and were

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 assets

Tangible fixed assets are stated at cost or valuation, net of depreciation 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

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 2014 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:

	2014 £'000	2013 £'000
Depreciation	265	350
Operating leases		
- hire of equipment	54	7
- other	110	290
Profit on disposal of tangible fixed assets	(885)	(10,493)
Profit on disposal of intangible fixed assets	-	(45,427)
Restructuring costs	-	1,535
Remuneration of auditors		
- audit fees	25	35
- Other services relating to taxation	-	15
	<u> </u>	<u> </u>

4 Directors' emoluments and interests

Total emoluments paid for services to the Company were:

	2014 £000	2013 £000
Aggregate emoluments	394	128
	<u> </u>	<u> </u>
Company contributions to money purchase pension scheme	11	17
	<u> </u>	<u> </u>

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

	2014 £000	2013 £000
Highest paid director		
Aggregate emoluments	77	85
	<u> </u>	<u> </u>
Company contributions to pension scheme	7	9
	<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:

	2014 Number	2013 Number
Sales and administration	74	73
	<u>74</u>	<u>73</u>

Staff costs for the above persons:

	2014 £'000	2013 £'000
Wages and salaries	1,824	2,023
Social security costs	271	153
Other pensions costs – defined contribution scheme	92	163
	<u>2,187</u>	<u>2,339</u>

6 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable on amounts owed to group undertakings	305	138
	<u>305</u>	<u>138</u>

Notes *(continued)*

7 Other finance (costs)/income

	2014 £'000	2013 £'000
Expected return on pension scheme assets	2,756	1,994
Interest on pension scheme liabilities	(2,505)	(2,125)
	<u>251</u>	<u>(131)</u>

8 Income from fixed asset investments

	2014 £'000	2013 £'000
Dividend income from fixed asset investments	-	6
	<u>-</u>	<u>6</u>

9 Other interest receivable & similar income

	2014 £'000	2013 £'000
Interest receivable and foreign exchange gains	-	28
	<u>-</u>	<u>28</u>

Notes (continued)

10 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
UK Corporation tax		
Current tax on profits for the year	(223)	-
Adjustments in respect of previous periods	108	-
	<hr/>	<hr/>
Total current tax charge	(115)	-
Deferred taxation (see Note 17)		
Origination and reversal of timing differences	348	1,169
Effects of law changes	(24)	527
Adjustments in respect of previous periods	(121)	(46)
	<hr/>	<hr/>
Tax on profit on ordinary activities	88	1,650
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2013: lower) than the blended rate of corporation tax of 21.49% (2013: 23.25%). The differences are explained below.

	2014 £'000	2013 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	1,888	59,938
	<hr/>	<hr/>
Current tax at 21.49% (2013: 23.55%)	406	13,936
Effects of:		
Expenses non deductible	56	233
Depreciation for the period less than/(in excess of) capital allowances	61	(4)
Losses carried forward	-	278
Other timing differences	(375)	3,711
FRS17 provision movement	(176)	(5,139)
Sale of intangibles	-	(10,560)
Profit on sale of ineligible assets	-	(2,455)
Non-taxable income	(195)	-
Adjustment to tax charge in respect of previous periods	108	-
	<hr/>	<hr/>
Total current tax charge for the year	(115)	-
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

11 Dividends

	2014 £'000	2013 £'000
Dividend on equity shares		
Interim dividend paid	28,200	-

12 Tangible fixed assets

	Leasehold Buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2014	27	12,507	12,534
Additions	-	3	3
Disposals	-	(266)	(266)
At 31 December 2014	27	12,244	12,271
Accumulated depreciation			
At 1 January 2014	23	11,298	11,321
Provided during year	2	263	265
Disposals	-	(242)	(242)
At 31 December 2014	25	11,319	11,344
Net book value			
At 31 December 2014	2	925	927
At 31 December 2013	4	1,209	1,213

Notes (continued)

13 Investments

	2014 £'000	2013 £'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 24.

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 2014, £263,000 relates to the investment in Mirum Products Limited.

14 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	9	27
Finished goods	2,814	2,833
	2,823	2,860

15 Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade debtors	3,713	3,413
Amounts owed by group undertakings	14,175	50,115
Other debtors	478	151
Deferred tax asset (see Note 17)	1,099	3,592
	19,465	57,271

Notes (continued)

16 Debtors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts owed by group undertakings	12,426	1,000

17 Deferred tax

	2014 £'000	2013 £'000
Net deferred tax asset at beginning of year	2,420	2,990
Movement of deferred tax on pension deficit recognised in STRGL	(106)	1,080
Charged to the profit and loss account for the year	203	(1,650)
	<u>2,517</u>	<u>2,420</u>
	2014 £'000	2013 £'000
Tax losses	77	238
Other timing differences	699	3,193
Difference between depreciation and capital allowances	323	161
Deferred tax asset/(liability) arising on defined benefit pension scheme liability (note 20)	1,418	(1,172)
	<u>2,517</u>	<u>2,420</u>

18 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	180	416
Amounts owed to group undertakings	12,368	697
Taxation and social security	366	259
Accruals and deferred income	747	781
Amounts owed to group undertakings in respect of group relief	1,321	1,599
	<u>14,982</u>	<u>3,752</u>

Notes (continued)

19 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Loan provided by Group Facility	-	7,162
Amounts owed to group undertakings	-	760
	<hr/>	<hr/>
	-	7,922
	<hr/>	<hr/>

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%.

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 2014.

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:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of funded obligations	(61,668)	(53,924)	(49,556)	(48,455)
Fair value of plan assets	68,884	59,785	37,245	36,715
Gross asset/(liability)	7,216	5,861	(12,311)	(11,740)
Deferred tax asset/(liability)	1,418	(1,172)	2,832	2,936
Net asset/(liability)	8,634	4,689	(9,479)	(8,804)

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

	2014 £'000	2013 £'000
Defined benefit obligation at start of the year	53,924	49,556
Transfer from Mirum	537	-
Current service cost	-	53
Past service costs	-	256
Interest cost	2,505	2,125
Members contributions	-	30
Actuarial losses	6,260	3,529
Benefits Paid	(1,558)	(1,625)
Defined benefit obligation at end of the year	61,668	53,924

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

	2014 £'000	2013 £'000
Plan assets at start of year	59,785	37,245
Transfer from Mirum	453	-
Employer contributions	562	22,545
Member contributions	-	30
Benefit paid	(1,558)	(1,625)
Expected return on plan assets	2,756	1,994
Actuarial gains/(losses) on plan assets	6,876	(404)
Plan assets at end of year	68,884	59,785

The actual return on scheme assets was £9,632,000 (2013: £1,590,000).

Notes (continued)

20 Pension schemes (continued)

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

	2014	2013
	£'000	£'000
Past service cost (included in administrative expenses)	-	256
Current service cost (included in administrative expenses)	-	53
Interest on plan obligation (included in other finance costs)	2,505	2,125
Expected return on plan assets (included in other finance costs)	(2,756)	(1,994)
	<hr/>	<hr/>
Total expense recognised in the profit and loss account	(251)	440
	<hr/>	<hr/>

	2014	2013
	£'000	£'000
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	6,876	(404)
Experienced gains and losses arising on the scheme liabilities	139	3,340
Changes in assumptions underlying the liabilities present value	(6,399)	(6,869)
	<hr/>	<hr/>
Actuarial gain/ (loss) recognised in STRGL	616	(3,933)
	<hr/>	<hr/>

The cumulative total amount recognised in the STRGL in respect of actuarial losses is £6,078,000 (2013: £6,694,000).

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

	2014	2013
	%	%
Discount rate	3.70%	4.60%
Expected rate of return on plan assets	5.90%	6.00%
Future salary increases	3.30%	4.10%
Inflation assumption (RPI)	3.30%	3.60%
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 2014 imply the following life expectancies:

	2014	2013
Male retiring at age 65 in 2014	21.2	21.1
Female retiring at age 65 in 2014	23.5	23.4
Male retiring at age 65 in 2034	22.9	22.8
Female retiring at age 65 in 2034	25.4	25.3

The assets in the Scheme and the expected rate of return for 31 December 2014 were:

	2014 Long term rate of return expected	2014 Fair Value £000
Equities	7.60%	40,456
Cash	3.00%	307
Corporate bonds	3.60%	28,120
		<u>68,883</u>

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.

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experienced adjustment on plans liabilities	139	3,340	(1,570)	(553)
Experienced adjustment on plan assets	6,876	(404)	(410)	(2,975)
	<u>6,876</u>	<u>(404)</u>	<u>(410)</u>	<u>(2,975)</u>

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 £92,000 (2013: £163,000).

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

Notes *(continued)*

21 Called up share capital

	2014	2013
	£'000	£'000
<i>Called up, allotted and fully paid</i>		
5,856,000 ordinary shares of 25p each	1,464	1,464
	<hr/>	<hr/>

22 Profit and loss account

	2014	2013
	£'000	£'000
At 1 January	60,066	4,631
Profit for the financial year	1,800	58,288
Dividend paid	(28,200)	-
Other recognised gains/(losses) for the financial year	510	(2,853)
At 31 December	34,176	60,066

Notes (continued)

23 Operating lease commitments

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

	2014 £'000	2013 £'000
<i>Plant and machinery</i>		
Expiry date - between two and five years	32	44
Expiry date – within one year	7	57
	<hr/>	<hr/>
	39	101
	<hr/>	<hr/>

24 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 2014:

	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)

25 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 £5,508,000 (2013:£ 1,247,000) and debtor amounts of £14,525,000 (2013:£ 697,000).

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

	2014 £'000	2013 £'000
Sales – brand asset	-	45,427
Sales - other	-	3
Purchases	(10,069)	(9,442)
Management charges paid	-	(2,048)
Royalties received	1,031	6,155
Interest paid	(166)	(134)
	=====	=====

26 Ultimate parent undertaking controlling party

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, Hoganas, Sweden.