

Registration number: 00016193

Colart Fine Art & Graphics Limited  
Annual Report and Financial Statements  
for the Year Ended 31 December 2020



Colart Fine Art & Graphics Limited  
**Annual Report and Financial Statements**  
31 December 2020

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### **Company Information**

**Company registered number** 00016193

**Directors** G Pasquier  
A C Taylor

**Registered office** The Studio Building  
21 Evesham Street  
London  
W11 4AJ  
United Kingdom

**Auditor** Deloitte LLP  
1 Station Square  
Cambridge  
CB1 2GA

## **Strategic Report for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

### **Principal activity**

During the year Colart Fine Art & Graphics Limited (the Company) operated fully as a distributor within the Colart group of companies of which Colart Fine Art & Graphics is a key member.

### **Fair review of the business**

The profit and loss account is set out on page 12 and shows the profit for the year.

The Company's profit for the financial year was £3,875k (2019: £458k). The Company had net assets of £12,233k (2019: £31,916k).

### **Key performance indicators**

The board monitors the Company's performance in a number of ways including key performance indicators. The key financial performance indicators are as follows:

	<b>2020</b>	<b>2019</b>	<b>Movement</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	3,788	204	3,584

### **Group outlook**

Through its brand portfolio, digital assets and comprehensive distribution and communication reach, Colart is well positioned to manage future market changes due its strong partnerships with leading on and off-line retailers. The majority of the leading retailers have invested in improved e-commerce capability and continue to look to Colart as a best-in-class supplier, able to offer a high quality and inspiring programme of activation, supported by strong visual assets. Sales via Amazon will continue to play a leading role across all of Colart's major markets, both as a direct customer and as a marketplace for retailers, enabling consumers to easily research and purchase creative materials from anywhere in the world. Retailers will need to respond by improving and differentiating their own e-commerce offering and by adding value to the consumer experience through the provision of education and inspiration. Consumers are also looking more and more to have a direct relationship with brands and as such Colart will increase focus on reaching and engaging new and existing consumers via communication on social and e-mail channels, as well as through its enhanced websites which will be fully e-commerce enabled.

In 2020 Colart revised the financial pathway that products take when flowing around the group. In short, direct financial relationships were created between supply businesses and sales & marketing businesses, greatly simplifying financial management and transparency of business performance. In this context the role of Colart International Holdings Ltd was revised from being part of the financial product flow to that of being a holding company responsible for global brand strategy/management and value-added share services. The transparency of business performance afforded by this new structure was a critical factor in Colart successfully managing the impacts of the COVID-19 crisis.

### **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 risk affecting the Company relates to the provision and maintenance of high service levels to its external customers and all of its affiliates. The Company mitigates this risk through the continued focus on the development of accurate demand forecasting processes.

## **Strategic Report for the Year Ended 31 December 2020 (continued)**

### **Brexit considerations**

Management continued to follow embedded risk management procedures throughout 2020 and consulted with external advisers in order to minimise the possible impact upon the business which could arise in various post Brexit scenarios. Inventory levels of raw materials and finished goods were increased in the UK and French warehouses in advance of the end of the transition period to mitigate against supply chain disruption caused by potential imposition of new duty regimes and short-term logistic blockages. The eventual agreement between the UK and the European Union allowed for seamless arrangements to continue, with very limited short-term “Brexit” impacts on logistics movements between the UK and France.

### **COVID-19 considerations**

The COVID-19 coronavirus is continuing to have a significant impact on economies and has resulted in severe restrictions of movement of people across the world in addition to the closure of many retail outlets and production/distribution operations. Despite the on-going pandemic, Colart has started 2021 in a positive fashion with sales continuing the momentum established in the second half of 2020. Manufacturing and distribution sites remain fully operational to meet market demand, with on-going investment in Health & Safety aimed at protecting employees and ensuring continuity of operations. No significant impact is expected on the Company.

### **Directors’ sections 172(1) Statement**

a. Likely consequences of any decision in the long term

Colart is a consumer-centric branded goods business which entails putting its brands and its consumers at the centre of its strategic, long-term agenda. Colart has developed and maintains detailed brand plans that determine the roadmap for the consumer engagement and brand and product development, implemented through its sales and marketing organisation. As such, both the brands themselves and the manufacturing and logistics businesses that support the brands actively consider their decisions in a long-term context, with payback and return on investment assessments being integral to decision-making and project approval. To support this, Colart prepares an annual Long-Range Plan that develops and codifies its strategic agenda for the following three to five years and how it will pursue and prioritise activities.

b. Interests of the company’s employees

Colart’s employees are at the heart of its businesses and as such Colart has developed extensive communication and well-being policies with the aim to ensure employees feel part of a high-performing “family” and are therefore able to perform at their best and develop their skillsets and careers with Colart. Health & Safety has always been a central tenet to Colart’s employee-centric policies, and the COVID-19 pandemic has reinforced this with Colart investing significantly across its sites to ensure that employees can conduct their work in the most bio-secure conditions possible.

Colart undertook workplace risk assessments for staff who had to continue to work from its premises during the pandemic which in turn identified the need for investments which included (i) automating doors and water dispensers, (ii) providing masks, sanitiser and screening and (iii) enhancing toilet and changing facilities. In the wider Health & Safety context, Colart has developed a maturity grid to evaluate and guide each of its site in advancing their local Health & Safety practices.

During 2020 Colart enhanced its employee communications with development of its intranet site and a fortnightly company-wide communication led by the CEO and senior leaders, designed, amongst other things, for transparency and to ensure the impact of and response to COVID-19 on Colart’s people, operations and financial performance was fully understood across the entire business. Colart largely maintained its employee base despite the impact of COVID-19 and ensured that no employee was paid less than the living wage, notwithstanding any government employment support plan accessed.

## **Strategic Report for the Year Ended 31 December 2020 (continued)**

Colart is a firm believer in Diversity & Inclusion and is developing a cohesive plan to ensure this is embedded in all facets of Colart business. A status audit indicates that the primary areas of focus will be (i) leadership understanding and awareness and (ii) evaluating every aspect of the employee journey to determine improvements to enable inclusion. Other areas where Colart has invested in employee well-being and development include (i) a whistleblowing helpline, (ii) a multi-functional HR platform covering (a) performance, training and development, (b) direct sourcing of candidates (c) talent and succession planning and (d) colleague recognition, (iii) an employee Code of Conduct setting out what is expected of each employee and (iv) a forum to collect and evaluate employee ideas on all aspects of how Colart operates.

c. Need to foster the company's business relationships with suppliers, customers and others

Colart works in close partnership with its customers and suppliers, with regular strategic and tactical meetings at various levels between the parties. These meetings and other interactions are designed to align on (i) from a customer perspective, new product development and introductions, implementation of market strategies and developments in route to market and (ii) from a supplier perspective, product development and enhancement and cost and supply management. These customer and supplier relationships are governed by Colart's Code of Conduct. In addition, Colart engages in regular dialogue with the trustees of its pension schemes to ensure the trustees are up to date on business strategy and performance.

d. Impact of the company's operations on the community and the environment

Colart believes sustainability, in all its forms, is a critical part of operating its business globally. In line with this belief Colart has developed a set of comprehensive sustainability and environmental policies governing such areas as single use plastics, renewable energy, waste management, FSC accreditation and product recycling. Colart has set ambitious long-term targets in each area which will be closely tracked over time, and publishes an annual Sustainability Report, reporting on progress and developments in this area.

Colart has a long-standing agenda in supporting communities in which its businesses operate. This includes employees donating their time to community causes through (i) the entitlement to one day's paid leave for every employee to support a community cause and (ii) donating products to schools and charitable organisations.

e. Desirability of the company maintaining a reputation for the high standards of business conduct

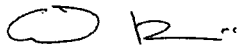
Colart believes in conducting its business globally with the highest standards of business conduct. To achieve Colart has developed and published a holistic Code of Conduct setting out expectations on how its customer, suppliers and other third parties should conduct their business. In due course Colart will validate adherence to this Code, and already has a process via the Sedex platform to evaluate suppliers' policies & practices in terms of both responsibility & sustainability. This Code of Conduct, translated into the main languages in Colart's markets, includes, amongst others, detailed sections on bribery and corruption, conflicts of interest, fair competition, workplace practices and sustainability. To support its Code of Conduct, Colart has implemented a due diligence process to validate the financial and ethical credentials of its customers and suppliers, including use of the Worldcheck tool. Allied to the Code of Conduct Colart has three additional policies that support its high standards of business conduct, (i) a well-defined and well-communicated policy in regard to its employees receiving and giving gifts and hospitality from/to third parties, reporting and analysis of such material activities is made on a quarterly basis, (ii) a Modern Slavery statement and (iii) GDPR policies and practices.

f. Need to act fairly as between members of the company

Not relevant as business is wholly owned by Lindengruppen.

**Strategic Report for the Year Ended 31 December 2020 (continued)**

Approved by the Board on 14<sup>th</sup> July 2021 and signed on its behalf by:



.....  
G Pasquier  
Director

The Studio Building  
21 Evesham Street  
London  
W11 4AJ

## **Directors' Report for the Year Ended 31 December 2020**

The directors present their annual report on the affairs of Colart Fine Art & Graphics Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2020.

### **Directors of the Company**

The directors, who held office during the year and subsequently up to the date of this report, were as follows:

G Pasquier  
A C Taylor

### **Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. These indemnity provisions apply to all companies within the Colart Group.

### **Principal activity**

During 2020 the Company operated fully as a distributor within the Colart group of companies of which Colart Fine Art & Graphics is a key member.

### **Future developments**

Details of future developments can be found in the Strategic Report on page 2.

### **Political donations**

During the year the Company made no political donations (2019: £nil).

### **Going concern**

The financial statements have been prepared using the going concern basis of accounting, as explained further in note 2 to the financial statements.

### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

#### ***Cash flow risk:***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

#### ***Credit 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 ongoing basis and takes appropriate action where necessary to minimise any potential credit risk.

#### ***Liquidity 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.



**Directors' Report for the Year Ended 31 December 2020 (continued)**

**Dividends**

Two dividends were paid to Colart International Holdings Limited during the year, totalling £21,335k (2019: £nil), both as part of a corporate restructuring.

**Events after the balance sheet date**

There are no significant events after the balance sheet date and signing of these accounts.

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

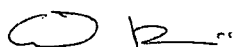
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor during the year.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 14<sup>th</sup> July 2021 and signed on its behalf by:



.....  
G Pasquier  
Director

The Studio Building  
21 Evesham Street  
London  
W11 4AJ

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 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; and
- assess the Company's ability to continue as a 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.

## **Independent Auditor's Report to the Members of Colart Fine Art & Graphics Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Colart Fine Art & Graphics Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's Report to the Members of Colart Fine Art & Graphics Limited  
(continued)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

**Independent Auditor's Report to the Members of Colart Fine Art & Graphics Limited  
(continued)**

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including our internal pension specialist, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be:

- Revenue recognition in relation to manual adjustments posted by management in respect of rebates. We have performed substantive testing around manual adjustments posted to revenue to confirm the appropriateness of such entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or in the directors' report.

**Independent Auditor's Report to the Members of Colart Fine Art & Graphics Limited  
(continued)**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Use of our report**

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.

*Matthew Hall*

Matthew Hall FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom

Date: 15 July 2021

Colart Fine Art & Graphics Limited  
**Annual Report and Financial Statements**  
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**Profit and Loss Account for the Year Ended 31 December 2020**

	Notes	2020 £ 000	2019 £ 000
Turnover	4	18,565	17,931
Cost of sales		<u>(11,176)</u>	<u>(11,734)</u>
Gross profit		7,389	6,197
Administrative costs		(6,753)	(7,434)
Other operating income	5	103	-
Other operating expenditure		<u>-</u>	<u>(2)</u>
Operating profit/(loss)	6	739	(1,239)
Income from shares in group undertakings	7	3,064	1,040
Interest and similar income	8	123	409
Interest and similar expenses	9	<u>(138)</u>	<u>(6)</u>
Profit before taxation		3,788	204
Taxation	12	<u>88</u>	<u>254</u>
Profit for the year		<u>3,875</u>	<u>458</u>

The above results were derived from continuing operations.

**Statement of Comprehensive Income for the Year Ended 31 December 2020**

	Notes	2020 £ 000	2019 £ 000
Profit for the year		3,875	458
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	22	(1,870)	(1,981)
Deferred tax arising on remeasurement of pension scheme	13	355	337
Amortisation of PFP contribution	18	(715)	(715)
Other comprehensive expense		(2,230)	(2,359)
Total comprehensive income/(loss) for the year		1,645	(1,901)



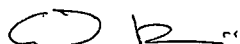
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**Balance Sheet as at 31 December 2020**

	Notes	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	14	233	361
Intangible assets	15	4	7
Investments	16	3,692	5,745
Pension asset	22	3,214	4,905
		<u>7,143</u>	<u>11,018</u>
<b>Current assets</b>			
Stocks	17	3,161	31
Cash at bank and in hand		2,923	1,406
Debtors	18	12,734	24,459
		<u>18,818</u>	<u>25,896</u>
<b>Creditors: Amounts falling due within one year</b>	19	<u>(3,651)</u>	<u>(4,410)</u>
<b>Net current assets</b>		<u>15,167</u>	<u>21,486</u>
<b>Total assets less current liabilities</b>		22,310	32,504
<b>Creditors: Amounts falling due after more than one year</b>	20	<u>(10,084)</u>	<u>(588)</u>
<b>Net assets</b>		<u>12,226</u>	<u>31,916</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,464	1,464
Profit and loss account		<u>10,762</u>	<u>30,452</u>
<b>Shareholders' funds</b>		<u>12,226</u>	<u>31,916</u>

The financial statements of Colart Fine Art & Graphics Limited were approved by the board of directors and

authorised for issue on 14<sup>th</sup> July 2021. They were signed on its behalf by:



.....  
G Pasquier

Director

Company registered number: 00016193

**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	1,464	32,353	33,817
Profit for the year	-	458	458
Other comprehensive expense for the year	-	(2,359)	(2,359)
Total comprehensive expense for the year	-	(1,901)	(1,901)
<b>At 31 December 2019</b>	<b>1,464</b>	<b>30,452</b>	<b>31,916</b>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1,464	30,452	31,916
Profit for the year	-	3,875	3,875
Other comprehensive loss for the year	-	(2,230)	(2,230)
Total comprehensive income for the year	-	1,645	1,645
Dividends paid		(21,335)	(21,335)
<b>At 31 December 2020</b>	<b>1,464</b>	<b>10,762</b>	<b>12,226</b>

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **1 General information**

Colart Fine Art & Graphics Limited (the Company) is a private company limited by share capital incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Lindéngruppen AB. Lindegruppen AB is the ultimate controlling party of the Company. The group accounts of Lindéngruppen AB are available to the public and can be obtained as set out in note 24.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Lindéngruppen AB.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

#### **Going concern**

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

The profit for the year ended 31 December 2020 was £3,943k (2019: £458k). As at 31 December 2020 the Company had net assets of £12,072k (2019: £31,916k). The Company is dependent for its working capital on funds provided to it by Lindéngruppen AB, the Company's ultimate parent, through AB Wilh. Becker (an intermediate holding company) via a Group cash pool arrangement with its principal bankers. AB Wilh. Becker 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 is expected to 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.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

The COVID-19 coronavirus is continuing to have a significant impact on economies and has resulted in severe restrictions of movement of people across the world in addition to the closure of many retail outlets and production/distribution operations. Despite the on-going pandemic, Colart has started 2021 in a positive fashion with sales continuing the momentum established in the second half of 2020. Manufacturing and distribution sites remain fully operational to meet market demand, with on-going investment in Health & Safety aimed at protecting employees and ensuring continuity of operations. No significant impact is expected on the Company.

During the year, the Company received £103k (2019: £nil) of government grant income. This grant income is in relation to the UK government furlough scheme and has been recognised within other operating income. There are no conditions attached to this grant income received.

#### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

#### **Foreign currencies**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

#### **Exemption from preparing group financial statements**

The Company is exempt under section 400 of the companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiaries, are included by full consolidation in the consolidated financial statements of its parent, Lindengruppen AB, a company incorporated in Sweden. These financial statements can be obtained from the address given in note 24.

These financial statements therefore contain information about Colart Fine Art & Graphics Limited as an individual company and do not contain consolidated financial information as a parent of a group.

#### **Operating profit/(loss)**

Operating profit/ (loss) is stated before interest income, expenditure, and similar costs.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Dividend revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

#### Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

The cost of tangible 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, the expected useful lives are as follows:

Asset class	Estimated useful life
Equipment, tools and fixtures and fittings	between three and ten years

Owner-occupied properties comprise a number of components with different useful lives. The main category is land and buildings. Land is not depreciated, as it has an indefinite useful life. The following main components of buildings have been identified, and form the basis of depreciation of buildings:

Component of buildings	Estimated useful life
Foundations and frame	between fifty and sixty years
Roof, windows, doors, internal walls etc	Thirty years
Technical installations: heating, electricity, plumbing, ventilation etc	Twenty years
Internal surfaces, machinery etc	Ten years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### **Intangible assets acquired separately**

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company did not have any debt instruments measured subsequently at FVTOCI in either the current year or the preceding year.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

The Company did not have any other financial assets measured subsequently at FVTPL in either the current year or the preceding year.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### ***(i) Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest and similar income' line item. (note 8).

#### ***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### *(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### ***(ii) Definition of default***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### ***(iii) Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

#### ***(iv) Write-off policy***

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### ***(v) Measurement and recognition of expected credit losses***

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

#### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### ***Financial liabilities and equity***

##### ***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### ***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### ***Derecognition of financial liabilities (continued)***

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

#### ***Derivative financial instruments***

The company did not have any derivative financial instruments in either the current year or the preceding year.

#### ***Embedded derivatives***

The company did not have any embedded derivatives in either the current year or the preceding year.

#### ***Hedge accounting***

The company did not have any hedging instruments in either the current year or the preceding year.

#### ***Dividends***

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### ***Share capital***

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### ***Defined contribution pension obligation***

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### **Defined benefit pension obligation**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in GBP.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

#### **Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has adopted this practical expedient in relation to all leases other than for land and premises. Any non-lease components within contracts for land and premises are expensed to the statement of profit and loss.

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying the Company's accounting policies***

The directors consider that they have not made any critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the Company's accounting policies.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Pension obligation:***

The determination of the defined benefit obligation of the Colart Pension Scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, pensionable salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 22 for further details on the impact of changes in the key assumptions and estimates.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Sale of goods	18,565	17,931

The analysis of the Company's turnover for the year by market is as follows:

	2020 £ 000	2019 £ 000
United Kingdom	18,446	17,811
Europe	119	120
	<u>18,565</u>	<u>17,931</u>

### 5 Other operating income

	2020 £ 000	2019 £ 000
Government furlough grants	103	-
	<u>103</u>	<u>-</u>

This grant income is in relation to the UK government furlough scheme and has been recognised within other operating income. There are no conditions attached to this grant income received.

### 6 Operating profit/(loss)

Arrived at after charging/(crediting):

	2020 £ 000	2019 £ 000
Depreciation expense	163	227
Amortisation expense	3	2
Operating lease expense - plant and machinery	24	47
Operating lease expense - other	72	111
Audit of these financial statements	29	33
Past service cost pension adjustment	68	-

### 7 Income from shares in group undertakings

	2020 £ 000	2019 £ 000
Dividends received	3,064	1,040



**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**8 Interest and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest income on amounts owed by group undertakings	26	208
Net interest income on net defined benefit plan asset	97	185
Foreign exchange gains	-	16
	<u>123</u>	<u>409</u>

**9 Interest and similar expenditure**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on leases recognised under IFRS16	6	6
Interest expenditure on amounts owed to group undertakings	10	-
Foreign exchange losses	122	-
	<u>138</u>	<u>6</u>

**10 Staff costs**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	2,172	2,275
Social security costs	233	229
Other pension costs	118	115
	<u>2,523</u>	<u>2,619</u>

The average number of persons employed by the Company (including Directors) during the year can be broken down as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration and support	15	15
Sales	13	14
Distribution	31	32
	<u>59</u>	<u>61</u>

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Emoluments	526	480

The above remuneration for duties of the directors on behalf of the Company were paid by this Company and Colart International Holdings Limited (registered address: The Studio Building, 21 Evesham Street, London, W11 4AJ).

During the year, the number of directors who were receiving benefits and share incentives was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Received or were entitled to receive benefits under long-term incentive schemes	1	2

In respect of the highest paid director:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Emoluments	345	245
	<u>345</u>	<u>245</u>

### 12 Taxation

Tax credited in the profit and loss account

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	-	(221)
Adjustments to tax charge in respect of previous years	(231)	(198)
	(231)	(419)
Foreign tax	153	103
Total current income tax	(78)	(316)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(10)	62
Tax income in the profit and loss account	(88)	(254)

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 12 Taxation (continued)

#### Factors affecting tax credit for the year

The tax assessed for the year differs from (2019: differs from) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £ 000	2019 £ 000
<b>Profit before tax</b>	<b>3,788</b>	<b>204</b>
Corporation tax at standard rate 19% (2019: 19%)	720	39
Increase from effect of capital allowances depreciation	14	20
Tax exempt revenue	(582)	(198)
Other non-deductible expenses	(16)	(88)
Corporation tax before relief claimed	136	(227)
Relief claimed	(136)	-
<b>Corporation receivable for the year</b>	<b>-</b>	<b>(227)</b>
Increase arising from overseas tax suffered (expensed)	153	103
Adjustments in respect of previous years	(231)	(192)
Other tax effects for reconciliation between accounting profit and tax (income)/expense	(10)	62
<b>Total tax credit</b>	<b>(88)</b>	<b>(254)</b>

Factors that may affect future tax charges:

The Finance Bill 2021 announced provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. However, these provisions had not been substantively enacted at the year-end of these financial statements, and so the deferred tax rate used remains at 19%. The Company is not aware of any other factors that could materially affect the future tax charge.

### 13 Deferred taxation

#### Deferred tax assets and liabilities

	At 1 January 2020 £ 000	Recognised in profit and loss £ 000	Recognised in other comprehensive income £ 000	Effect of changed tax rate £000	At 31 December 2020 £ 000
Deferred tax movement during the year:					
Pension benefit obligations	(833)	18	355	(165)	(625)
Accelerated tax depreciation	440	(29)	-	96	507
Provision for bad debts	(4)	(6)	-	-	(10)
Provision for inventories	-	96	-	-	96
Net tax (liability)/asset	(398)	79	355	(69)	32

**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**14 Tangible assets**

	Land and buildings £ 000	Furniture, fittings, and equipment £ 000	Right of use assets £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2020	27	12,252	298	12,577
Additions	-	35	-	35
Expired contracts	-	-	(50)	(50)
At 31 December 2020	27	12,287	248	12,562
<b>Depreciation</b>				
At 1 January 2020	27	12,088	101	12,216
Charge for the year	-	78	85	163
Expired contracts	-	-	(50)	(50)
At 31 December 2020	27	12,166	136	12,329
<b>Carrying amount</b>				
At 31 December 2020	-	121	112	233
At 31 December 2019	-	164	197	361

The Company leases several vehicles provided to employees. The average lease term is four years (2019: four years).

Approximately 17% of the leases for property, plant and equipment expired in the current financial year (2019: 10%). The expired contracts were not replaced by new leases for identical or similar underlying assets. This resulted in additions to right-of-use assets of £nil in 2020 (2019: £79k). The maturity analysis of lease liabilities is presented in note 21.

**Amounts recorded in profit and loss**

	2020 £ 000	2019 £ 000
Depreciation expense on right-of-use assets	85	126
Interest expense on lease liabilities	6	6
Expense related to low value assets	2	2
Total amount recorded in profit and loss	93	134

At 31 December 2020, the Company is committed to £nil (2019: £nil) for short-term leases.

The total cash outflow for leases amount to £90k (2019: £124k).

**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**15 Intangible assets**

	Customer lists £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 January 2020	11	11
At 31 December 2020	<u>11</u>	<u>11</u>
<b>Amortisation</b>		
At 1 January 2020	4	4
Charge for the year	<u>3</u>	<u>3</u>
At 31 December 2020	<u>7</u>	<u>7</u>
<b>Carrying amount</b>		
At 31 December 2020	<u>4</u>	<u>4</u>
At 31 December 2019	<u>7</u>	<u>7</u>

The customer lists are being amortised over their estimated useful economic lives of five years.

**16 Investments**

<b>Subsidiaries</b>	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 January 2020	6,430
Disposals	<u>(2,053)</u>
At 31 December 2020	<u>4,377</u>
<b>Accumulated impairment</b>	
At 1 January 2020	<u>685</u>
At 31 December 2020	<u>685</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>3,692</u>
At 31 December 2019	<u>5,745</u>

In compliance with IAS 36 the carrying value of the investment has been assessed for impairment. The carrying value of the asset was determined to be lower than the recoverable amount therefore no impairment has been identified during the year ended 31 December 2020. During the year, investments in Crown Artist Brush Limited and Snazaroo Holdings Limited were disposed of at net book value to the Company's immediate parent Colart International Holdings Limited.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 16 Investments (continued)

Details of the subsidiaries at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Colart Tianjin Art Materials Company Limited (Direct)	Manufacture of art and craft material	80 Xian Yang Road Nankai District, Tianjin 300113, China	90%	90%
Colart Camlin Canvas Private Limited (Direct)	Dormant	G-71, MIDC Industrial Area, Tarapur, Boisar, India	81%	81%

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Bonny Colart Company Limited (Direct)	Packing, sale and distribution of artists materials	3-6-3 Rinkai-Cho, Edogawa-Ku, Tokyo 134-8576 Japan	50%	50%

During the year Colart Hong Kong Limited, Jinhua Universal Canvas Manufacturing Company Limited and Anhui Colart Canvas Co Limited were dissolved. The direct ownership interest for each of these companies in 2019 was 100%.

**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**17 Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Finished goods and goods for resale	3,162	31

**18 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	2,619	2,407
Amounts owed by group undertakings	671	11,975
Prepayments	28	32
Other debtors	121	35
	<u>3,439</u>	<u>14,449</u>

Amounts owed by group undertakings relate to trade receivables. These amounts are repayable on demand and bear no interest. Loans to Colart Group Holdings Limited (£5,257k) and Colart International Holdings Limited (£4,000k) were repaid during the year. Both of these loans bore interest from the date on which funds were drawn down at a rate equal to GBP LIBOR + 1.6bps payable on the Interest Payments Dates.

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Amounts falling due after one year:</b>		
Pension funding partnership	9,295	10,010
	<u>9,295</u>	<u>10,010</u>
<b>Total debtors</b>	<u>12,734</u>	<u>24,459</u>

The pension funding partnership balance is amortised on a straight-line basis over the life of the pension arrangement. The amortisation charged during the year was £715k (2019: £715k).

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 19 Creditors: Amounts falling due within one year

		2020 £ 000	2019 £ 000
Trade creditors		364	80
Accrued expenses		1,108	1,089
Amounts due to related parties		1,181	1,997
Social security and other taxes		931	1,233
Lease liabilities	21	67	11
		<u>3,651</u>	<u>4,410</u>

Amounts due to related parties relate to trade payables, are repayable on demand and bear no interest.

### 20 Creditors: Amounts falling due after more than one year

		2020 £ 000	2019 £ 000
Income tax liability	12	-	398
Amounts due to related parties		10,000	-
Deferred tax liability	13	32	
Lease liabilities	21	52	190
		<u>10,084</u>	<u>588</u>

Amounts due to related parties relates to a new loan payable to Colart Group Holdings Limited. The loan bears interest from the date on which funds were drawn down at a rate equal to GBP LIBOR + 1.6bps payable on the Interest Payments Dates. The loan has a repayment date of 31 December 2022.

### 21 Lease Liabilities

The Company leases several vehicles for use by employees, as well as some commercial vehicles. The lease terms for these vehicles are 2-4 years. In some cases, the contracts contain an option to extend the lease term after the scheduled end date. No contracts include variable payments linked to an index or rate. As of the reporting date, the Company has not entered into any leases that have not commenced.

At 31 December 2020, 0% percent of the Company's future payments related to leases for property and premises in which operations are conducted (2019: 0%). The balance of the figures related to vehicles of lower value.

### Liabilities recognised in respect of leases

Analysed as:	2020 £ 000	2019 £ 000
Current	67	11
Non-current	52	190
	<u>119</u>	<u>201</u>



**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**22 Pension and other schemes**

**Defined benefit pension schemes**  
**Colart Pension Scheme**

The Company participates in the Colart Pension Scheme. The scheme has two sections; one is a defined benefit section that provides benefits based on final pensionable salary and the other is a defined contribution section. The Defined Benefit section of the scheme was closed to new entrants and the Defined Contribution scheme was introduced for new entrants joining from 1 August 2002. Following consultation during 2007 the Defined Benefit section of the scheme was changed to a CARE (Career Average Revalued Earnings) scheme for future accruals after 1 April 2007. The scheme's assets are held in a separate trustee administered pension fund.

The defined benefit scheme is operated by the Colart group of companies under which contributions are 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 paid a monthly contribution of £129k towards the elimination of the deficit on the fund from 16 May 2013. On 9 June 2016 a revised schedule of contributions was agreed with the trustees, reducing the Group's monthly contributions to £100k per month. From 1 January 2018 the Group's monthly contributions have reduced to £49k per month.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years (2019: 18 years).

The valuation was updated to 31 December 2020 by qualified independent actuaries using revised assumptions that are consistent with IAS 19R.

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 22 Pension and other schemes (continued)

#### Risks

#### Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2020 £ 000	2019 £ 000
Fair value of scheme assets	78,935	73,518
Present value of scheme liabilities	(75,721)	(68,613)
Defined benefit pension scheme surplus	<u>3,214</u>	<u>4,905</u>

#### Scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Fair value at start of year	73,518	68,122
Interest income on plan assets recognised in income statement	1,446	1,877
Return on plan assets, excluding amounts included in interest income	6,401	5,729
Employer contributions	148	259
Benefits paid	(2,578)	(2,469)
Fair value at end of year	<u>78,935</u>	<u>73,518</u>

#### Analysis of assets

The major categories of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Cash and cash equivalents	594	1,140
Equity instruments	1,493	4,617
Illiquid (real estate, infrastructure, debt)	4,724	5,646
Hedge funds	13,054	7,679
Return seeking bonds	17,212	778
Liability matching assets	29,507	42,573
Insurance policies	11,755	10,064
Other components	596	1,021
	<u>78,935</u>	<u>73,518</u>

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 22 Pension and other schemes (continued)

#### Actual return on scheme's assets

	2020 £ 000	2019 £ 000
Actual return on scheme assets	7,641	7,606

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

#### Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2020 £ 000	2019 £ 000
Present value at start of year	68,613	61,680
Actuarial (gains) and losses arising from changes in demographic assumptions	(399)	1,689
Actuarial losses arising from changes in financial assumptions	8,836	6,087
Actuarial gains arising from experience adjustments	(97)	(65)
Interest cost	1,346	1,691
Benefits paid	(2,578)	(2,469)
Present value at end of year	<u>75,721</u>	<u>68,613</u>

#### Analysed as:

Present value of scheme liabilities arising from wholly or partly funded schemes

	75,721	68,613
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## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 22 Pension and other schemes (continued)

#### Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Discount rate	1.50	2.00
Future salary increases	3.20	2.90
Consumer Price Index (CPI)	2.50	2.20

#### Post retirement mortality assumptions

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	21.60	21.50
Current UK pensioners at retirement age - female	23.50	23.40
Future UK pensioners at retirement age - male	23.20	23.20
Future UK pensioners at retirement age - female	25.30	25.30

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 22 Pension and other schemes (continued)

Amounts recognised in profit or loss:

	2020 £ 000	2019 £ 000
<b>Amounts recognised in finance income or costs</b>		
Net interest income	(100)	(185)
Total recognised in profit and loss	(100)	(185)

Amounts recognised in Other Comprehensive Income:

	2020 £ 000	2019 £ 000
Actuarial gains and losses recognised in the pension scheme	(8,340)	(7,710)
Return on plan assets, excluding amounts included in interest (expense)/income	6,195	5,729
Amounts recognised in the Statement of Comprehensive Income	(2,145)	(1,981)

### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2020		2019	
<b>Adjustment to discount rate</b>	+ 0.5% £ 000	- 0.5% £ 000	+ 0.5% £ 000	- 0.5% £ 000
Present value of total obligation	(69,537)	(82,516)	(63,111)	(74,596)

	2020		2019	
<b>Adjustment to mortality age rating assumption</b>	+ 1 Year £ 000	- 1 Year £ 000	+ 1 Year £ 000	- 1 Year £ 000
Present value of total obligation	(78,325)	(73,084)	(70,868)	(66,358)

	2020		2019	
<b>Adjustment to pension increases</b>	+ 0.5% £ 000	- 0.5% £ 000	+ 0.5% £ 000	- 0.5% £ 000
Present value of total obligation	(79,979)	(71,514)	(73,100)	(64,823)

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 22 Pension and other schemes (continued)

In valuing the liabilities of the pension fund at 31 December 2020, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2020 would have increased by £2,604k (2019: £2,237k) before deferred tax.

The above sensitivities are based on the average duration of the defined benefit obligation determined at the date of the last full actuarial valuation and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

### 23 Share capital

#### Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary authorised shares of £0.25 each	5,856	1,464	5,856	1,464

The Company has one class of ordinary shares which carry no right to fixed income.

**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

**24 Controlling party**

The Company's immediate parent is Colart International Holdings Limited, a company incorporated in the United Kingdom and registered at 21 Evesham Street, London W11 4AJ, United Kingdom.

The ultimate UK holding company is Colart Group Holdings Limited, a company incorporated in the United Kingdom and registered at 21 Evesham Street, London W11 4AJ, United Kingdom.

The ultimate controlling party producing publicly available financial statements is Lindéngruppen AB, a Company incorporated and registered in Sweden. Lindéngruppen AB is the smallest and largest group in which the Company is consolidated. These financial statements are available upon request at the registered office from Bruksgården, SE-268 83, Höganas, Sweden.

**25 Events after the balance sheet date**

There are no significant events after the balance sheet date and the signing of these accounts.