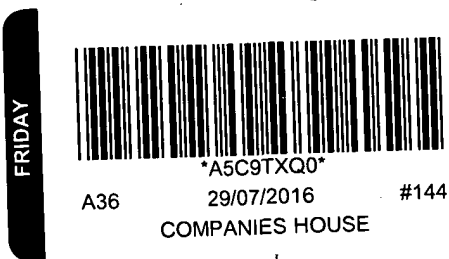


Company No. 1167325

Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2016



Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2016

	Page(s)
Officers and Professional Advisors	2
Strategic Report	3 – 6
Report of the Directors	7 – 8
Independent Auditors' Report	9 – 10
Income Statement	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the financial statements	15 – 42

Abaris Holdings Limited

Officers and Professional Advisors

Directors

T G Stannard
J D Sach
M D Gant
F C Goldsmith
D H Smallridge

Secretary

Caroline Geary

Registered office

Chalfont House
Oxford Road
Denham
UB9 4DX

Independent Auditors

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
Herts
AL1 3JX

Bankers

Barclays Commercial Bank
Ashton House
497 Silbury Boulevard
Milton Keynes
MK9 2LD

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2016

Principal activities

The principal activities of the Company are the design, manufacture, marketing and distribution of luxury wallcoverings, furnishing fabrics and associated products for the consumer market.

Review of the business and future developments

Overview

This year the Company continues to make good progress reflecting the success of our continued strategic focus on developing our product offering, manufacturing capabilities, market penetration and international expansion.

Revenue has increased by £3,232,000 (4.2%) to £80,626,000 and profit from operations has increased by £1,849,000 (32.3%) to £7,575,000.

Profit before tax increased by £1,981,000 (41.7%) to £6,733,000 and profit for the year has increased by £1,727,000 (47.0%) to £5,463,000. The reported financial results have been impacted by the serious flood in December 2015 at Standfast & Barracks, our fabric printing business. The Company is fully insured for this flood, and its impact was mitigated by an exceptional gain of £1,407,000 as a result of an interim insurance payment for loss of profits. This has helped underpin the Company's delivery of another strong increase in profitability. Included within profit from operations are costs relating to the Long Term Incentive Plan of which senior managers working for Abaris Holdings Limited benefit. The charge in the year is lower than last year driven by a reduction in the expected number of shares that will vest in future awards and a decrease in the share price compared with the prior year and the associated National Insurance element.

Business review

There was a continuing strong performance of the Brands segment. The flooding, in December 2015 at Standfast & Barracks, masks an otherwise strong underlying trading performance in Manufacturing and the shortfall has been mitigated by the interim insurance payment.

Brands

Total Brands sales increased by 3.4% compared with last year to £60,689,000 as a result of continued investment in design, marketing and distribution, and from new product launches.

Harlequin, incorporating Anthology and Scion has grown its sales 7.5% over the last year to £29,135,000 and remains the UK's leading mid-market contemporary brand. Sales in the UK have increased 7.9% driven by the success of its Amazilia, Purity and Momentum collections.

The Anthology brand was launched relatively recently, in April 2014, and sales since launch have exceeded expectations. With the first three wall covering collections recently joined by a fourth, and also a full range of specialist fabrics suitable for both contract and residential applications, we anticipate further strong growth of this cutting edge brand through 2016 and beyond.

The Scion brand launched in February 2012 continues to grow well. The brand successfully launched its fourth collection, Levande, in Spring 2015 and this was followed in the Autumn by the introduction of Guess Who?, the brand's first children's collection. This cutting edge brand is accessibly priced making it a success with young, aspirational and fashion-aware customers. Scion has also become quickly established as a valuable brand for licensing partners where the contemporary and graphic nature of the designs translates particularly well.

Sanderson, incorporating Morris & Co sales were down 1.9% compared with the last year at £21,229,000. Sales in the UK have decreased by 2.1%. Sales in the Far East and Middle East have grown driven by the success of its Voyage of Discovery and Abracazoo collections, up 12.6% and 5.3% respectively. As we enter 2016, Sanderson's latest collection, Woodland Walk, looks set to become the best-selling collection for several years, universally appreciated by all markets as quintessentially Sanderson. With another strong collection in final development for a summer launch we expect an excellent performance from this revered brand through 2016.

The Morris & Co brand enjoyed a very positive sales performance last year driven by the Archive III collections. To follow this and build upon the positive momentum through 2016 we are launching two new collections that interpret Morris' iconic designs in new and exciting ways that will work equally well in both traditional and contemporary settings.

Zoffany is positioned at the upper end of the premium market. Total sales have grown by 3.5% compared with the last year to £10,325,000 driven by sales of the Jaipur, Constantina and Woodville collections. Sales in the UK have grown 4.4%. For 2016 we have focused great attention on bringing innovative new thinking to Zoffany's launches with a huge amount of work directed towards refreshed colourations that will define the brand going forwards.

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2016 (continued)

Manufacturing

Our manufacturing capabilities are one of the Company's key assets and an integral part of our growth strategy. The flood at our fabric printing business, Standfast & Barracks, had a significant impact on our manufacturing activities, with the result that total manufacturing sales fell 2.1% to £34,329,000.

Sales at Anstey, our wallpaper printing business, grew 1.7% to £18,648,000. Third party sales in the UK were up 13.5% and third party export sales were up 19.5%. Internal sales to our own Brands fell by 14.5% reflecting the level of new product launches in the prior year. Third party sales have continued their strong growth following last year's additional investment in digital printing and correlated digital sampling together with finishing equipment for digital product.

Standfast, our fabric printing factory, has seen a decrease in annual sales of 6.3% to £15,681,000 as a direct result of the flood in December 2015 caused by Storm Desmond. Third party sales in the UK grew by 0.3% with sales to our own Brands decreasing 12.9%.

As a result of the flood, Standfast has experienced a period of significantly disrupted production and loss of stock, machinery and profits. Following the financial year-end we received £8,000,000 insurance receipts covering costs plus business interruption losses and interim cash flow requirements, with further business interruption reimbursements expected to cover future loss of profits up to a period of two years following the flood.

Outlook

The Company will continue to focus on delivering against our strategy and the Board remains confident of our future growth prospects.

Financial review

The Financial Review provides an analysis of the key factors impacting turnover and operating profit. Further information on our two segments can be found in note 3 to the financial statements.

The interest charge for the year was £157,000 (2015: £176,000) reflecting slightly lower borrowings as a result of reduced working capital.

The net defined benefit pension charge during the year was £685,000 (2015: £798,000). The decrease reflects a reduction in service cost and a reduction in the net interest on the net defined benefit liability. The pension deficit has decreased by £6,039,000 this year to £4,313,000 (2015: £10,352,000). The decrease in liabilities is a result of a higher discount rate being applied due to an increase in the bond rates.

There was a corporation tax charge of £1,215,000 (2015: £433,000) as the Company is now in a tax paying position having fully utilised brought forward UK corporation tax losses in the prior year.

There was a deferred tax charge of £55,000 (2015: £641,000) as the brought forward UK corporation tax losses have become fully utilised as at end of January 2015. The Company also continues to recognise the deferred tax asset arising from the pension deficit.

Capital expenditure was £2,440,000 (2015: £2,757,000) and includes investment in a wide width finishing machine for digital products at Anstey and development costs relating to the design of new collections for the Brands. The depreciation and amortisation charge during the year was £2,515,000 (2015: £2,250,000). There was also a property, plant and equipment impairment in respect of the flood of £988,000 (2015: £nil).

Key performance indicators (KPI's)

The directors of Walker Greenbank PLC manage the Group's operations, including those of the Company which is the principal trading subsidiary of the Group. For this reason the directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the Company. The development, performance and position of the Group, which includes the Company, is discussed on pages 1 to 31 of the Group's 2016 Annual Report & Accounts which does not form part of this report.

Summary

We continue to grow our Brands through continuing investment in design, marketing and distribution, and new product launches. Sales have also been boosted by the continuing success of our Anthology brand and we are excited by the recent launch of complementary fabrics. We are committed to investing in our British wallpaper and fabric printing factories to further enhance the innovative, added value techniques that we are able to offer customers. We have made some key senior appointments which will drive growth in 2016 and help to further develop and deliver our strategic priorities.

We will continue to focus on delivering against our strategy and the Board remains confident of our future growth prospects.

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2016 (continued)

Principal risks and uncertainties

The risks and uncertainties of the Company are managed at the Group level, details of which are disclosed in the 2016 Annual Report & Accounts of Walker Greenbank Group on pages 22 and 23.

Business risks

The Directors have identified a number of financial risks for the Company and these are explained below.

The Directors carry out regular assessments of other business risks to the Company. Insurance policies are entered into by the Company, when it considers it commercially appropriate to insure against financial loss caused by unforeseen events.

Risks outside of the control of the Directors would be the impact of an event of a global nature or a significant downturn in the UK market. Business continuity and disaster recovery plans are regularly reviewed to ensure that any interruption to the Group's core business operations is effectively managed.

Pensions

The Company operates a defined contribution pension scheme and maintains a closed defined benefit pension scheme. Further details on the schemes, including valuations, are set out in note 20 to these financial statements.

Payment to suppliers

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the supplier. The amount of trade creditors shown in the Balance Sheet at 31 January 2016 represents 91 days (2015: 89 days) of average purchases during the year. The variance on the previous year arose due to the timing and seasonality of revenues and investment in product.

Market value of interests in land and buildings

The Directors do not believe that there is a significant difference between the current market value of the Company's interest in land and buildings and their carrying value in these financial statements.

Financial Instruments

Interest rate risk

As the Company has no significant interest bearing assets its revenue and cash generated from operations are substantially independent of changes in market interest rates.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Walker Greenbank Group's, including the Company's, policy is, where possible, to allow the Group's entities to settle liabilities in their functional currency with the cash generated from their operations in that currency. Where the Group's entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible be transferred from elsewhere in the Group.

All foreign currencies are bought and sold by Walker Greenbank PLC, the parent company. Regular reviews take place of the foreign currency cash flows and any unmatched exposures are covered by forward contracts entered into by the parent company wherever economically practical.

Credit risk

Credit risk arises from the Company's trade and other receivables and cash held with banks. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. Cash at bank is predominantly held with the Company's major relationship bank, Barclays Bank PLC, and the Company considers this credit risk to be minimal.

The Company does not have any significant credit risk exposure to any single company or group of companies within trade receivables, as the nature of the Company's operations mean that trade receivables consist of a large number of customers spread across diverse industries and geographical areas.

Prior to accepting new customers an independent credit check is obtained. Based on this information individual credit limits and payment terms are established. If no independent credit ratings are available, customers are asked to pay on a proforma basis until creditworthiness can be established. The utilisation of credit limits is regularly monitored. Credit limits may only be exceeded with the authorisation from key management, this is dependent on the amount expected to exceed the limit and the Company's trading history with that customer.

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2016 (continued)

Financial Instruments (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the interest charges and principal repayments on its borrowings. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Walker Greenbank Group, including the Company, utilises facilities provided by Barclays Bank Plc. In December 2015, the Group entered into a new £12.5 million multi-currency revolving credit facility with Barclays Bank PLC for a five year period and cancelled the existing receivables facilities. The agreement also includes a £10 million accordion facility option to further increase available funds which provides substantial headroom for future growth. There were no borrowings at the end of the year for the revolving facility. Under these facilities there was borrowing headroom of £15,405,000 (2015: £11,582,000). The total facilities have a current limit of £13.10 million (2015: £16.50 million).

All of the Group bank facilities remain secured by first fixed and floating charges over the Group's assets.

Management monitors rolling forecasts of the Company's cash and loan facility utilisation on a monthly basis. The Company ensures that it has adequate facilities available to cover both its short-term and medium-term commitments. In addition, the Company's liquidity management policy is to project cash flows in major currencies and consider the level of liquid assets necessary to meet these liabilities as they fall due.

By order of the Board



Caroline Geary
Company Secretary
14 July 2016

Abaris Holdings Limited

Report of the Directors for the year ended 31 January 2016

The Directors present their report and the audited financial statements of Abaris Holdings Limited ("the Company") for the year ended 31 January 2016.

Results and dividends

The profit on ordinary activities before taxation amounted to £6,733,000 (2015: £4,752,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 January 2016 (2015: *£nil*).

Business review and future developments

A review of the year and likely developments is contained in the Strategic Report on pages 3 and 4.

Financial Risk Management

Detail of the Group's financial risk management objectives and policies, are contained in the Strategic Report on page 5 and 6.

Directors

The Directors of the Company who served during the year ended 31 January 2016 and up to the date of signing the financial statements were as follows:

T G Stannard
J D Sach
M D Gant
F C Goldsmith
D H Smallridge

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Employees

The Company ensures that its employees are informed on matters affecting them and on the progress of the Company by way of informal meetings and consultation with employees' representatives.

The Company ensures that the principles of equal opportunity in recruitment, career progression and remuneration are applied in each of its business units.

The Company is committed to ensuring that disabled persons are given full and fair consideration for employment when an appropriate vacancy arises, having regard to their particular aptitudes and abilities. Whenever possible, arrangements are made for the continuing employment of persons who have become disabled during service with the Company.

The Company ensures that appropriate training is available to all disabled employees and that they are given equal consideration in promotion and career opportunities available within the Company.

Directors' and officers' liability insurance

During the year, the Company maintained Directors' and officers' liability insurance.

Abaris Holdings Limited

Report of the Directors for the year ended 31 January 2016 (continued)

Research and development

The Company continues to invest in its products to retain and enhance its market position. Details of expenditure on collection design development costs are set out in note 12 of the financial statements.

Events since the balance sheet date

Following the flooding at Standfast, the Company experienced a period of disrupted production and a loss of stock, machinery and profits. After the reporting period the ultimate parent undertaking of the Company has been reimbursed £8,000,000 as an interim payment of which £4,683,000 has been recognised and included within other receivables as at 31 January 2016 to cover the costs of stock and machinery loss and other incremental costs, along with business interruption losses. Further business interruption reimbursements are expected to cover future loss of profits up to a period of two years following the flood.

On 11 May 2016, the Company and the ultimate parent undertaking entered into a Deed of Assignment assigning to the Company absolutely and with full title guarantee the inter-company balance of USD 5 million payable by the Company's US subsidiary to the ultimate parent undertaking (the "Receivable"). The Receivable was always intended to be equity to help fund the US business and there was no expectation of payment. In consideration, the Company made an allotment and issued to the ultimate parent 2,400,000 ordinary shares of £1 each at a premium of £0.43 per share. Consequently, the Company recognised the Receivable at its fair value (USD 5 million) and the nominal value of shares issued in share capital with the balance going to share premium. Subsequent to this assignment, the Company and the US subsidiary extinguished the Receivable by way of a Capital Contribution Agreement ("CCA") dated 11 May 2016. The CCA resulted in the Company de-recognising the Receivable and recording an equivalent cost of investment in its Balance Sheet.

Since the assignment and subsequent extinguishment of the Receivable are all inter-group transactions, there will be no effect on the consolidated financial statements of the Walker Greenbank Group for the year ending 31 January 2017.

Disclosure of information to auditors

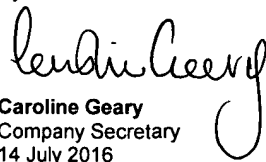
In the case of each of the persons who were a Director at the time when this annual report and financial statements were approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors will be reappointed by the Directors at a board meeting during the year on behalf of the shareholders, given that the shareholders have elected to dispense with an Annual General Meeting.

By order of the Board


Caroline Geary
Company Secretary
14 July 2016

Abaris Holdings Limited

Independent auditors' report to the members of Abaris Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Abaris Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 January 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended ;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Abaris Holdings Limited

Independent auditors' report to the members of Abaris Holdings Limited (continued)

What an audit of financial statements involves

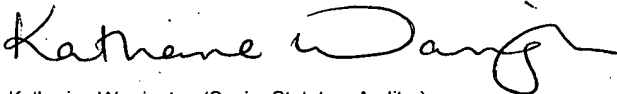
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
14 July 2016

Abaris Holdings Limited

Income Statement

For the year ended 31 January 2016

	Note	2016 £000	2015 £000
Revenue	3	80,626	77,394
Cost of sales		(35,292)	(32,250)
Gross profit		45,334	45,144
<i>Net operating expenses:</i>			
Distribution and selling expenses		(10,065)	(10,877)
Administration expenses		(29,101)	(28,518)
Other operating expenses		-	(23)
Standfast flood: Inventory loss, property, plant and equipment impairment and other incremental costs		(3,276)	-
Standfast flood: Insurance reimbursements		4,683	-
Net other income / (expense)	6	1,407	(23)
Profit from operations	4	7,575	5,726
Net defined benefit pension charge	7	(685)	(798)
Finance costs	8	(157)	(176)
Total finance costs		(842)	(974)
Profit before tax		6,733	4,752
Tax expense	11	(1,270)	(1,074)
Profit for the year		5,463	3,678

All of the activities arise from continuing operations.

The notes on pages 15 to 42 form an integral part of these financial statements.

Abaris Holdings Limited

Statement of Comprehensive Income

For the year ended 31 January 2016

	Note	2016 £000	2015 £000
Profit for the year		5,463	3,678
Other Comprehensive Income / (Expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit pension schemes	20	5,037	(2,011)
Corporation tax credits recognised in equity		-	184
(Reduction) / increase of deferred tax asset relating to pension scheme liability		(1,114)	228
Total items that will not be reclassified to profit or loss		3,923	(1,599)
Other comprehensive income / (expense) for the year, net of tax		3,923	(1,599)
Total comprehensive income for the year		9,386	2,079

The notes on pages 15 to 42 form an integral part of these financial statements.

Abaris Holdings Limited

Balance Sheet

As at 31 January 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	12	6,806	6,860
Property, plant and equipment	13	10,870	11,881
Investments	14	2,719	2,719
		20,395	21,460
Current assets			
Inventories	15	18,086	21,980
Trade and other receivables	16	19,807	14,602
Deferred income tax assets	17	-	842
Cash at bank and in hand		4,267	2,201
Total current assets		42,160	39,625
Creditors: amounts falling due within one year	18	(33,037)	(35,562)
Net current assets		9,123	4,063
Total assets less current liabilities		29,518	25,523
Deferred income tax liabilities	17	(327)	-
Retirement benefit obligation	20	(4,313)	(10,352)
Net assets		24,878	15,171
Capital and reserves			
Called up share capital	22	17,000	17,000
Share premium account		15,776	15,776
Accumulated losses		(9,165)	(18,551)
Capital contribution		1,267	946
Total shareholders' funds		24,878	15,171

The notes on pages 15 to 42 form an integral part of these financial statements.

The financial statements on pages 11 to 42 were approved by the Board of Directors on 14 July 2016 and signed on its behalf by



John Sach
Director

Registered number: 1167325



Mike Gant
Director

Abaris Holdings Limited

Statement of Changes in Equity

For the year ended 31 January 2016

	Called up share capital £000	Share Premium account £000	Accumulated losses £000	Capital contribution £000	Total shareholders' funds £000
Balance at 1 February 2014 – as previously reported	17,000	15,776	(19,594)	706	13,888
Effect of transition to FRS 101 – note 27(a)	-	-	(1,036)	-	(1,036)
Balance at 1 February 2014	17,000	15,776	(20,630)	706	12,852
Profit for the year – note 27(b)	-	-	3,678	-	3,678
Other comprehensive Income:					
Remeasurements of defined benefit pension schemes	-	-	(2,011)	-	(2,011)
Corporation tax credits recognised in equity	-	-	184	-	184
Deferred tax relating to pension scheme liability	-	-	228	-	228
Total comprehensive income	-	-	2,079	-	2,079
Transactions with owners, recognised directly in equity:					
Capital contributions arising from long-term incentive plan	-	-	-	240	240
Balance at 31 January 2015	17,000	15,776	(18,551)	946	15,171
Profit for the year	-	-	5,463	-	5,463
Other comprehensive Income:					
Remeasurements of defined benefit pension schemes	-	-	5,037	-	5,037
Deferred tax relating to pension scheme liability	-	-	(1,114)	-	(1,114)
Total comprehensive income	-	-	9,386	-	9,386
Transactions with owners, recognised directly in equity:					
Capital contributions arising from long-term incentive plan	-	-	-	321	321
Balance at 31 January 2016	17,000	15,776	(9,165)	1,267	24,878

The capital contributions represent amounts credited to reserves arising from share based payments in accordance with IFRS 2.

The notes on pages 15 to 42 form an integral part of these financial statements.

Abaris Holdings Limited

Notes to the Financial Statements

For the year ended 31 January 2016

1. Accounting policies and general information

General information

Abaris Holdings Limited ("the Company") is a luxury interior furnishings company whose brands include Sanderson, Morris & Co, Harlequin, Zoffany, Scion and Anthology.

The brands are targeted at the mid to upper end of the premium market. They have worldwide distribution including prestigious showrooms at Chelsea Harbour, London and the D&D building, Manhattan, New York. Approximately fifty per cent of the Brand's turnover is sourced in-house from the Company's own specialist manufacturing units comprising, Standfast & Barracks ("Standfast"), the fabric printing business situated in Lancaster, and Anstey Wallpaper Company ("Anstey") whose operational facilities are located in Loughborough. The manufacturing businesses produce for other interior furnishing businesses both in the UK and throughout the world.

Basis of consolidation

The Company and its subsidiaries have taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated financial statements, as the Company is included in the consolidated financial statements of Walker Greenbank PLC, the ultimate parent undertaking whose consolidated financial statements are publicly available. Accordingly, these financial statements present information about the Company as an individual undertaking and not as a group.

The presentation of information contained within these financial statements has been revised to more closely align the presentation followed by the Company's ultimate parent undertaking, Walker Greenbank PLC.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention and with the accounting policies set out below which have been consistently applied to all periods presented unless otherwise indicated.

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice (UK GAAP) for all periods presented and these are the Company's first financial statements prepared in accordance with FRS 101. On transition to FRS 101, the Company has applied the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union (IFRSs) but made necessary departures or amendments to comply with the Companies Act 2006. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 27.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the Company continues to adopt the going concern basis in preparing its financial statements.

The accounting policies which follow have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 Company Balance Sheet at 1 February 2014 (note 27(a)) for the purposes of the transition to FRS 101.

In accordance with FRS 101, the following exemptions from the requirements of IFRSs have been applied in the preparation of these financial statements:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property
- 101p8(g) – The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

- (iii) 16 (statement of compliance with all IFRS)
- (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
- (v) 38B-D (additional comparative information),
- (vi) 40A-D (requirements for a third statement of financial position
- (vii) 111 (cash flow statement information), and
- (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Foreign currencies

For the purpose of the financial statements, the Company's functional and presentation currency is sterling.

Transactions in foreign currencies, which are those other than the functional currency of the Company, are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at the balance sheet date. Foreign exchange differences are recognised in the Income Statement for the period and classified as other operating income or expenses.

Intangible Assets - Goodwill

Goodwill arising on acquisition is initially measured at cost, being the excess of the fair value of the consideration for the acquisition, which includes the amount of any non-controlling interest recognised, over the Company's interest in the net fair value of the acquired entity's identifiable assets and liabilities and any non-controlling interest in the acquiree at the date of acquisition.

Goodwill is not amortised, but reviewed for impairment annually, any impairment is recognised immediately in the Income Statement and is not subsequently reversed. If a significant event occurs that may affect the carrying value of goodwill, an impairment review will be carried out. No such events have occurred in the current or previous financial year. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The measurement basis for goodwill is cost less accumulated impairment.

On disposal of a subsidiary or cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets - Archive

The Arthur Sanderson and William Morris archive comprises an historical record of unique designs that can be used at any point going forward and is regularly used to generate a significant royalty income in the business. The archive is valued at historical cost. The Directors believe that the archive has an indefinite useful life and is therefore not subject to amortisation. The carrying value of this asset is reviewed annually and provision made for any impairment in the carrying value if required. If a significant event occurs that may affect the carrying value of the archive, an impairment review will be carried out. No such events have occurred in the current or previous financial year. The measurement basis used for the Archive is cost less accumulated impairment.

Intangible Assets - Software

Acquired computer software licences are capitalised at the cost incurred to bring the asset into use, including where relevant directly attributable internal costs incurred in preparing the software for operation. The costs are amortised to their estimated residual value over their estimated useful life which range from three to ten years on a straight line basis. Software amortisation commences when the asset goes into operational use by the business. The measurement basis used for software is cost less accumulated amortisation and impairment.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

Intangible Assets – Collection design

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the design of new collections are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the new collection so that it will be available for use or sale.
- Management intends to complete the new collection and use it or sell it.
- There is an ability to use or sell the new collection.
- It can be demonstrated how the new collection will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the new collection are available.
- The expenditure attributable to the new collection during its development can be reliably measured.

Any costs relating to design of new collections that do not meet these criteria are recognised as an expense as incurred. Any such costs recognised as an expense in previous periods are not recognised as an asset in a subsequent period. Capitalised collection design costs are recognised as intangible assets and are amortised to their estimated residual value which is 25% of their historical cost, on a straight line basis over the life of the asset, and are tested for impairment if any impairment trigger events are identified in accordance with IAS 36. The measurement basis used for Collection design is cost less accumulated amortisation and impairment.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss. Historical cost comprises the purchase price and costs directly incurred in bringing the asset into use. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, at each balance sheet date.

Depreciation is charged on a straight line basis on the original costs (excluding freehold land) after deduction of any estimated residual value. The principal annual rates are:

Freehold buildings	2%
Leasehold improvements	Over the length of the lease
Plant, equipment and vehicles	Between 5% and 33%
Computer hardware	33%

Government grants received for property, plant and equipment are included within other creditors and deferred revenue and released to the Income Statement over the life of the asset.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Impairment of non-financial assets

Intangible assets with finite useful lives and property, plant and equipment are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is conducted, the recoverable amount is assessed by reference to the higher of the value in use (net present value of expected future cash flows of the relevant cash generating unit), or the fair value less cost to sell.

Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually.

If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill, and secondly on a pro rata basis against intangible and other assets.

Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, on a first-in, first-out basis, and direct labour, plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs of disposal. Provision is made for any slow moving and obsolete stock.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

Marketing materials

Marketing materials consist of patterning books and other saleable marketing assets used to support the sale of the Company's products. They are recognised at the lower of cost and net realisable value. Cost comprises direct materials plus costs of production.

Net realisable value is based on estimated recoveries from customers and distributors for those pattern books expected to be sold, less the anticipated cost of disposal.

As books are sold or otherwise utilised and are no longer within the control of the Company, their cost is charged to the Income Statement as an expense. An impairment allowance is made for any slow moving and obsolete marketing materials including those expected to be given away free of charge. The Company's policy is to classify marketing materials on the Balance Sheet within trade and other receivables.

Non saleable marketing materials are expensed to the Income Statement once the collection that these marketing materials relate to has been launched. Any subsequent costs or development expenditure are expensed as incurred.

Financial assets and liabilities – measurement basis

In accordance with FRS 101, financial assets and liabilities are recognised on the date on which the Company becomes a party to the contractual provisions of the instrument giving rise to the asset or liability. Financial assets and liabilities are initially recognised at fair value plus transaction costs and continually reviewed for impairment going forward. Any impairment of a financial asset is charged to the Income Statement when incurred. Financial assets are derecognised when the Company's rights to cash inflows from the asset expire; financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Non-derivative financial assets are classified according to the purpose for which the asset was acquired. The Company's financial assets are classified as either:

- "trade and other receivables" – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides goods directly to a customer, or advances money, with no intention of trading the loan or receivable. Subsequent to initial recognition, loans and receivables are included in the Balance Sheet at amortised cost using the effective interest method less any amounts written off to reflect impairment, with changes in the carrying amount recognised in the Income Statement within administration expenses.
- "cash at bank and in hand" – this comprises deposits repayable on demand with banks and financial institutions, bank balances and cash in hand.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the unavailability of credit insurance at commercial rates for receivables are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the net present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the Income Statement within administration expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administration expenses in the Income Statement.

The Company's non-derivative financial liabilities are classified as "Other liabilities". Other liabilities are financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company receives goods or services directly from a payable or supplier, or borrows money, with no intention of trading the liability. This category includes:

- 'creditors' – these are typically non-interest bearing and following initial recognition are included in the Balance Sheet at amortised cost;
- 'bank loans and overdrafts' – these are initially recorded at fair value based on proceeds received net of issue costs. Finance costs are accounted for on an accruals basis and charged to the Income Statement using the effective interest rate method.

The Company has no derivative financial instruments or embedded derivatives that are not closely related to the host instrument.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets used by the Company which have been funded through finance leases are capitalised in property, plant and equipment and the resulting lease obligations are included in liabilities. The assets are capitalised at the leases commencement, at the lower of fair value of the leased assets and the present value of the minimum lease payments. The assets are depreciated over their useful lives and the interest element of the rental obligations is charged to the Income Statement over the period of the lease, and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the Income Statement on a straight-line basis over the period of the lease. Rent free periods receivable on entering an operating lease are released on a straight-line basis over the term of the lease.

Employee benefits – pension obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the funding of benefits is determined using the Projected Unit Credit Method, with full actuarial valuations being carried out triennially.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus present value of available refunds and reductions in future contributions to the plan.

The defined benefit obligation is calculated annually by qualified independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Scheme expenses met by the Company, expected returns on plan assets, and interest on pension scheme liabilities are classified within 'Net defined benefit pension charge' within the Income Statement as the scheme is now closed to future accruals.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur. They are recognised outside the Income Statement and presented in the Statement of Comprehensive Income.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested.

Employee benefits – share based payments under long term incentive plans ("LTIP")

The Company, through its ultimate parent undertaking, operates a share based incentive scheme for some of its senior employees. The equity shares issued are those of the ultimate parent undertaking. The costs associated with the scheme are measured at fair value and are recognised as an expense in the Income Statement with a corresponding increase in equity.

The fair values of these payments are measured at the date of grant, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Company's estimate of the number of awards which will lapse, either due to employees leaving the Company prior to vesting or due to non-market based performance conditions not being met.

The total amount recognised in the Income Statement as an expense is adjusted to reflect the actual number of awards that vest. National insurance contributions related to the awards are recognised as an expense in the Income Statement with a corresponding liability on the Balance Sheet.

The financial effect of awards by the Company of options over the equity shares of its ultimate parent undertaking are recognised as capital contributions within equity in accordance with IFRS 2.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

Employee benefits – *short-term bonus plans*

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution is set by the board so long as sufficient funds are available.

Revenue

The Company's revenue is measured at fair value of the consideration received or receivable and represents amounts recoverable by the Company for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue comprises:

- Sale of goods – sales of goods are recognised when the Company has transferred to the buyer the significant risks and rewards of ownership, which is usually at the point of delivery of the goods.
- Royalty revenue – royalties are received from licence holders under the terms of various agreements, and are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Deposits received from customers in advance of the delivery of goods or services are recognised as deferred revenue. Amounts receivable from customers representing the recovery of expenses incurred by the Company for design and set-up costs, delivery, and marketing materials are not considered to be revenue, and are credited to the relevant expense within the Income Statement.

Exceptional items

Items that are both material and whose nature is sufficient to warrant separate disclosure and identification are disclosed within the financial statements and classified within their relevant category in the Income Statement.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset, and recognised as other receivable.

Taxation including deferred tax

The tax expense represents the sum of the current tax and deferred tax charges or credits.

Current tax is based on the taxable profit for the year. Taxable profits differs from the net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax includes withholding taxes from sales and licensing income in overseas territories.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

IAS 12 'Income taxes' requires that the measurement of deferred tax should have regard to the tax consequences that would follow from the manner of expected recovery or settlement at the balance sheet date of the carrying amount of its assets and liabilities. In calculating its deferred tax liability the Company's policy is to regard the depreciable amount of the carrying value of its property, plant and equipment to be recovered through continuing use in the business, unless included within assets held for resale, where the policy is to regard the carrying amount as being recoverable through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax relating to retirement benefit obligations is also recognised in equity where the tax relief arises from contributions paid to fund deficits arising in previous periods that were recognised in equity.

Segmental reporting

The Company is a designer, manufacturer and distributor of furnishings, fabrics and wallpaper and manages its operations as two reportable segments which are brands and manufacturing.

Reportable segments consist of one or more operating segments. Aggregation of operating segments into reportable segments occurs when aggregation criteria, as laid down in IFRS 8 'Operating Segments' are satisfied, including similar economic characteristics or when operating segments are less than the quantitative limits as laid down in IFRS 8. After applying aggregation, segmental information is disclosed in a manner consistent with the internal reporting to the chief operating decision maker ("CODM").

The Company considers its CODM to be the Board of Directors, who are responsible for the allocation of resources and assessing performance of the operating segments.

Interest received

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

2. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning future events. The resulting accounting estimates will seldom precisely equal the related actual results. The Company applies its best endeavours in setting accounting estimates, and uses historical experience and other factors, including input from experienced and specialist management. Estimates and assumptions are periodically re-evaluated and the resulting accounting balances updated as new information including actual outcomes become apparent.

The estimates and assumptions 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.

a) Retirement benefit obligations

The Company recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates, wage and salary changes, the rate of increase in pension payments, and the market values of equities, bonds and other pension assets. In making these assumptions the Company takes advice from a qualified actuary about which assumptions reflect the nature of the Company's obligations to employee retirement benefits. The assumptions are regularly reviewed to ensure their appropriateness.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Details of the estimates and assumptions applied, and carrying amounts of retirement benefit obligations and pension assets, are set out in note 20.

b) Impairment of non-financial assets

The Company tests annually whether goodwill or its indefinite life intangible assets have suffered any impairment, in accordance with its accounting policy. Other intangibles and property, plant and equipment are reviewed whenever impairment triggers are apparent. The recoverable amounts of cash generating units have been determined based on value in use ("VIU") calculations. These calculations require use of estimates of future sales, margins, and other operating and administration expenses, and of discount rates.

The Company makes provision for impairment in the carrying amount of its stocks and marketing materials. The nature of the Company's products are exposed to changes in taste and attitudes from time to time, which can affect the demand for those products. The Company has skilled and experienced management who utilise historical sales information, and exercise their judgement, in making estimates about the extent of provisions necessary based on the realisable value of stock and expected future benefit to the Company of marketing materials taking into account the estimated price and volume of future sales or usage, less the further costs of sale and holding costs. Further disclosures relating to the effect on the Income Statement of the establishment and reversal of such provisions against inventories are included in note 4. Details of the carrying amount of inventories are disclosed in note 15 and of marketing materials in note 16. The carrying values of the non-financial assets are not considered to be sensitive due to the nature of the assets.

c) Deferred tax recognition

The Company considers it appropriate to recognise at the balance sheet date deferred tax assets resulting from historical trading losses and other temporary differences including pension deficits. The amount of deferred tax recognised is based on estimates of the timing and amount of future taxable profits of the Company, which in turn relies upon estimates of future operating profits and the occurrence, timing and tax treatment of significant items of income and expenditure including contributions to pension schemes. Further disclosures relating to the effect on the Income Statement of the recognition of deferred tax assets are included in note 11 and the amount of deferred tax asset recognised and other relevant disclosures are included in note 17. The Company considers the sensitivity on deferred tax recognition to be based on profits generated by the Company and tax rates set by the government. There has been no material impact on sensitivity in the current or previous financial year.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

3. Segmental analysis

The Company is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper. The reportable segments of the Company are aggregated as follows:

- Brands – comprising the design, marketing, sales and distribution, and licensing activities of Sanderson, Morris & Co, Harlequin, Zoffany, Anthology and Scion brands operated from the UK in the retail and contract sectors of the market.
- Manufacturing – comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast respectively.

This is the basis on which the Company presents its operating results to the board of directors, which is considered to be the Chief Operating Decision Maker ("CODM") for the purposes of IFRS 8.

a) Segmental revenue analysis by business class

	2016 £000	2015 £000
Brands revenue	60,689	58,721
Manufacturing revenue	34,329	35,074
Less: elimination of intersegment revenue	(14,392)	(16,401)
	80,626	77,394

Brands revenue analysis

Revenue of the Brands businesses represents revenue from retail operations in all territories where the sale is sourced from the United Kingdom and includes the contract and license income associated with the brand.

	2016 £000	2015 £000
Harlequin, incorporating Anthology & Scion	29,135	27,108
Sanderson, incorporating Morris & Co	21,229	21,641
Zoffany	10,325	9,972
	60,689	58,721

Manufacturing revenue analysis

Revenue of the Manufacturing businesses includes revenue from internal sales to the Company's Brands.

Manufacturing Turnover Analysis:	2016 £000	2015 £000
Standfast	15,681	16,744
Anstey	18,648	18,330
	34,329	35,074

Abaris Holdings Limited

Notes to the Financial Statements (continued)

3. Segment analysis continued

b) Revenue by geographical location of customers

	2016 £000	2015 £000
United Kingdom	57,510	55,457
Continental Europe	11,733	11,376
United States of America	3,701	3,342
Rest of the World	7,682	7,219
	80,626	77,394

No single customer of the Company accounts for 10% or more of total revenue.

4. (a) Analysis of revenue by category:

	2016 £000	2015 £000
Sale of goods	78,583	75,313
Licence royalty income	2,043	2,081
	80,626	77,394

(b) Profit from operations:

	2016 £000	2015 £000
Profit from operations is stated after charging / (crediting):		
Management charge payable to ultimate parent undertaking	4,233	5,850
Depreciation of property, plant and equipment	1,913	1,699
Property, plant and equipment impairment in respect of flood at Standfast	988	-
Amortisation of intangibles	602	551
Cost of inventories recognised as expense in cost of sales	27,061	22,166
Inventory write off in respect of Standfast flood	1,469	-
Impairment of inventories	1,020	908
Reversal of impairment of inventories	(40)	(32)
Impairment of trade receivables	80	16
Reversal of impairment of trade receivables	(9)	(60)
Net foreign exchange (gains) / losses	(26)	23
Operating lease rentals:		
• Hire of motor vehicles and plant and machinery	540	482
• Land and buildings	928	1,158

Abaris Holdings Limited

Notes to the Financial Statements (continued)

5. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to Company's auditors for the audit of the Company financial statements	100	91
Other accounting services	10	11
Advisory services	18	-
Taxation services	20	14
	148	116

6. Net other income

Net other income arising as a result of the flood at Standfast, the Company's fabric printing factory in December 2015 is composed as follows:

	2016 £000	2015 £000
Inventory loss, property, plant & equipment impairments and other incremental costs	(3,276)	-
Insurance reimbursements	4,683	-
Net other income	1,407	-

The balance of £1.4 million represents a contribution towards loss of profits.

7. Net defined benefit pension charge

	2016 £000	2015 £000
Expected return on pension scheme assets	1,829	2,179
Interest on pension scheme liabilities	(2,134)	(2,552)
Scheme expenses met by Company	(380)	(425)
Net charge (note 20)	(685)	(798)

8. Finance costs

	2016 £000	2015 £000
Interest payable on bank borrowings	(157)	(176)

9. Emoluments of Directors

The Directors did not receive any remuneration from the Company (2015: £nil). The Directors are remunerated by Walker Greenbank PLC, the ultimate parent undertaking. No apportionment can easily be made in respect of their services to the Company. Directors emoluments are fully disclosed within Walker Greenbank PLC consolidated financial statements.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

10. Employee Information

	2016 £000	2015 £000
Wages and salaries	17,746	16,921
Social security costs	1,700	1,641
Other pension costs	1,070	1,130
Share based payment awards, including NIC thereon	388	348
Employee benefit expense	20,904	20,040

	2016 Number	2015 Number
The average monthly number of employees (including Directors) during the year		
Brands, including warehousing	269	275
Manufacturing	331	323
Corporate and administration	6	6
	606	604

11. Tax expense

	2016 £000	2015 £000
Current tax:		
- UK, current tax	1,087	419
- UK, adjustments in respect of prior years	126	-
- overseas, current tax	2	14
Current tax charge	1,215	433
Deferred tax:		
- current year	284	683
- adjustments in respect of prior years	(84)	-
- effect of change in corporation tax rate to 18% (2015: 20%)	(145)	(42)
Deferred tax charge	55	641
Tax charge for the year	1,270	1,074

Abaris Holdings Limited

Notes to the Financial Statements (continued)

11. Tax expense continued

Reconciliation of tax charge for the year	2016 £000	2015 £000
Profit on ordinary activities before tax	6,733	4,752
Tax on profit on ordinary activities at 20.16% (2015: 21.32%)	1,357	1,013
Non-deductible expenditure	14	89
Adjustments in respect of prior years	42	-
Effects of overseas tax charge	2	14
Effect of movements of deferred tax assets provided at 18% realised at the corporation tax rate of 20.16% (2015: 21.32%)	(145)	(42)
Tax charge for year	1,270	1,074

Factors affecting current and future tax charges

No overseas taxation is anticipated to become payable within the immediate future due to the availability of gross tax losses of approximately £1.3 million (2015: £1.5 million).

The deferred tax balance at 31 January 2016 included within these financial statements has been calculated at a rate of 18%, as this is the rate at which the majority of the balances are expected to unwind.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £18,000 and increase the tax expense for the period by £18,000.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

12. Intangible assets

	Goodwill £000	Arthur Sanderson and William Morris Archive £000	Collection design £000	Software £000	Total £000
Cost					
1 February 2014	1,400	4,300	2,106	2,212	10,018
Additions	-	-	370	50	420
Disposals	-	-	-	-	-
31 January 2015	1,400	4,300	2,476	2,262	10,438
Additions	-	-	330	218	548
Disposals	-	-	-	-	-
31 January 2016	1,400	4,300	2,806	2,480	10,986
Accumulated amortisation					
1 February 2014	1,139	-	1,343	545	3,027
Charge	-	-	291	260	551
Disposals	-	-	-	-	-
31 January 2015	1,139	-	1,634	805	3,578
Charge	-	-	322	280	602
Disposals	-	-	-	-	-
31 January 2016	1,139	-	1,956	1,085	4,180
Net book amount					
31 January 2016	261	4,300	850	1,395	6,806
31 January 2015	261	4,300	842	1,457	6,860
31 January 2014	261	4,300	763	1,667	6,991

The Arthur Sanderson and William Morris Archive was purchased as part of the acquisition of Arthur Sanderson & Sons on 29 August 2003. It comprises an historical record of unique designs that are used to generate royalty income in the business.

The total amortisation expense of £602,000 (2015: £551,000) is included in administration expenses £594,000 (2015: £526,000) and distribution and selling costs £8,000 (2015: £25,000).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

13. Property, plant and equipment

	Land and buildings £000	Plant, equipment and vehicles £000	Computer hardware £000	Total £000
Cost:				
1 February 2014	5,199	22,937	1,591	29,727
Additions	-	2,250	87	2,337
Disposals	-	(16)	-	(16)
31 January 2015	5,199	25,171	1,678	32,048
Additions	-	1,772	120	1,892
Disposals	-	(1,281)	(150)	(1,431)
31 January 2016	5,199	25,662	1,648	32,509
Accumulated depreciation:				
1 February 2014	1,365	15,687	1,432	18,484
Charge	97	1,498	104	1,699
Disposals	-	(16)	-	(16)
31 January 2015	1,462	17,169	1,536	20,167
Charge	97	1,719	97	1,913
Impairment	-	988	-	988
Disposals	-	(1,279)	(150)	(1,429)
31 January 2016	1,559	18,597	1,483	21,639
Net book amount:				
31 January 2016	3,640	7,065	165	10,870
31 January 2015	3,737	8,002	142	11,881
31 January 2014	3,834	7,250	159	11,243

The total depreciation expense of £1,913,000 (2015: £1,699,000) is included in administration expenses £1,883,000 (2015: £1,681,000) and distribution and selling costs £30,000 (2015: £18,000).

The net book amount of land and buildings comprises:

	2016 £000	2015 £000
Freehold land	450	450
Freehold buildings	3,190	3,287
Net book amount	3,640	3,737

Land and buildings are stated at historical cost.

All of the Company's banking facilities remain secured by a fixed and floating charge over the carrying value of assets (land and buildings) of £3,640,000 (2015: £3,737,000).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

14. Investments

	2016 £000	2015 £000
Shares in subsidiary undertakings		
Cost:		
At 1 February and 31 January	4,424	4,424
Provision for impairment:		
At 1 February and 31 January	(1,705)	(1,705)
Net book amount at 1 February and 31 January	2,719	2,719

Abaris Holdings Limited is registered and domiciled in the United Kingdom. The Company's subsidiary undertakings, all of which are wholly owned, are as follows:

<i>Name of subsidiary undertakings</i>	<i>Country of incorporation and place of business</i>	<i>Holding</i>	<i>Proportion of voting rights / shares held by the Company</i>	<i>Nature of business</i>
Walker Greenbank Inc	USA	Ordinary shares	100%	Luxury interior furnishings
Arthur Sanderson & Sons SARL	France	Ordinary shares	100%	Luxury interior furnishings
Abaris Trading Company B.V.	Netherlands	Ordinary shares	100%	Luxury interior furnishings
Anstey Wallpaper Company Limited	UK	Ordinary shares	100%	Dormant
Anthology Fabrics and Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Arthur Sanderson & Sons Limited	UK	Ordinary shares	100%	Dormant
Barracks Fabric Printing Company Limited	UK	Ordinary shares	100%	Dormant
Boyle and Son Limited	UK	Ordinary shares	100%	Dormant
Cirka Limited	UK	Ordinary shares	100%	Dormant
Design Edition Limited	UK	Ordinary shares	100%	Dormant
Harlequin Fabrics & Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Harris Fabrics Limited	UK	Ordinary shares	100%	Dormant
Melody Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Morris & Co. (Artworkers) Limited	UK	Ordinary shares	100%	Dormant
Pepys Wallpapers Limited	UK	Ordinary shares	100%	Dormant
Sanderson of London Limited	UK	Ordinary shares	100%	Dormant
Scion Fabrics & Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Scion Living Limited	UK	Ordinary shares	100%	Dormant
Standfast Dyers and Printers Limited	UK	Ordinary shares	100%	Dormant
Strines Textiles Limited	UK	Ordinary shares	100%	Dormant
Style Library Limited	UK	Ordinary shares	100%	Dormant
The Whittington Wallpaper Company Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike1 Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike2 Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike3 Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike4 Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike5 Limited	UK	Ordinary shares	100%	Dormant
W.G. Strike6 Limited	UK	Ordinary shares	100%	Dormant
Walker Greenbank Distribution Limited	UK	Ordinary shares	100%	Dormant
Warner Archive Limited	UK	Ordinary shares	100%	Dormant
Whittaker & Woods Limited	UK	Ordinary shares	100%	Dormant
William Morris Wallpapers Limited	UK	Ordinary shares	100%	Dormant
Zoffany House Limited	UK	Ordinary shares	100%	Dormant
Zoffany Limited	UK	Ordinary shares	100%	Dormant

Abaris Holdings Limited

Notes to the Financial Statements (continued)

15. Inventories

	2016 £000	2015 £000
Raw materials	2,085	2,091
Work in progress	559	1,777
Finished goods	15,442	18,112
	18,086	21,980

The cost of stocks recognised as an expense and included in cost of sales amounted to £27,061,000 (2015: £22,166,000).

16. Trade and other receivables

Current	2016 £000	2015 £000
Trade receivables	10,160	10,016
Less: Provision for impairment of trade receivables	(390)	(363)
Net trade receivables	9,770	9,653
Amounts owed by group undertakings	1,258	1,173
Other receivables	4,897	766
Marketing materials	1,346	1,482
Prepayments	2,536	1,528
	19,807	14,602

The value of trade receivables providing funding under the Barclays facility was £nil (2015: £8,080,000).

Amounts owed by group undertakings are non-interest bearing and are unsecured. These loans are repayable on demand by the Company should payment be required, but have no fixed date of repayment.

Other receivables include the recognition of £4,683,000 (2015: £nil) relating to insurance reimbursements in respect of Standfast flood received after the year end.

There is no material difference between the carrying amount and the fair value of the trade and other receivables.

Credit quality of financial assets

(i) Neither past due nor impaired

Included in the Company's trade receivable balances are receivables with a carrying value of £6,636,000 (2015: £5,881,000) which are neither past due nor impaired at the reporting date. The nature of the Company's business means that it has a long standing relationship with the majority of its customers, who either have no experience of historical default or only temporary late payments with full recovery of balances due.

For the Company's cash at bank, the counterparty is a major UK bank, and the Company does not consider there to be any significant credit risk from holding these financial assets.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

16. Trade and other receivables continued

(ii) Past due – not individually impaired

Included in the Company's trade receivables balance are receivables with a carrying value of £3,134,000 (2015: £3,772,000) which are past due at the reporting date for which the Company does not consider the need to create a specific impairment provision against individually identified receivable. The table below shows the aging analysis of the receivables:

	2016 £000	2015 £000
1 - 30 days past due	2,294	2,355
31 - 60 days past due	840	1,194
61 - 90 days past due	-	202
91+ days past due	-	21
	3,134	3,772

The Directors believe however, that in the current economic environment there is objective evidence of credit deterioration and an impairment of £233,000 (2015: £224,000) representing a collective assessment of risk against receivables that are yet to be specifically identified. Due to the nature of the Company's products, there is a limited amount of stock left in the possession of customers that could act as collateral under terms of trade. As the value of this stock is immaterial, it has not been disclosed in the financial statements.

(iii) Past due – individually impaired

As at 31 January 2016, trade receivables of £390,000 (2015: £363,000) were individually determined to be impaired and provided for. The amount of the provision was £157,000 (2015: £139,000). The main factors used to assess the impairment of trade receivables is the age of the balance and circumstances of the individual customer. It has been assessed that a proportion of the receivables is expected to be recovered.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2016 £000	2015 £000
Sterling	13,286	8,981
Dollars	24	103
Euros	1,216	1,211
Other	141	124
	14,667	10,419

The Company considers that any exposure to concentrations of credit risk will be impacted principally by underlying economic conditions in the principal geographical territories in which the Company operates. As at the Balance Sheet date the carrying value of trade receivables by geographical territory of the customer was:

	2016 £000	2015 £000
United Kingdom	6,972	6,951
Continental Europe	1,279	1,310
United States of America	339	181
Rest of the World	1,180	1,211
	9,770	9,653

Abaris Holdings Limited

Notes to the Financial Statements (continued)

16. Trade and other receivables continued

Provisions for impairment

Movements on the Company provision for impairment of trade receivables are as follows:

	2016 £000	2015 £000
At 1 February	(363)	(529)
Provision for receivables impaired	(80)	(16)
Receivables written off in the year as uncollectible	44	122
Unused amounts reversed	9	60
At 31 January	(390)	(363)

The creation and release of provisions for impaired trade receivables have been included within distribution and selling costs in the Income Statement.

17. Deferred income tax

A deferred tax liability of £327,000 (2015: an asset of £842,000) is recognised in respect of tax losses, and other temporary differences.

	2016 £000	2015 £000
Taxable temporary differences on property, plant and equipment	(967)	(1,091)
Taxable temporary differences on intangible assets	(178)	(182)
Other temporary differences	42	45
	(1,103)	(1,228)
Retirement benefit obligations	776	2,070
Deferred income tax (liability)/ asset	(327)	842

A deferred tax charge of £180,000 arising on the retirement benefit obligations has been recognised within the Income statement and a further charge of £1,114,000 has been recognised within the Statement of Comprehensive Income.

Potential deferred tax assets at 31 January 2016 of £234,000 (2015: £298,000) relating to deductible temporary differences have not been recognised as it is not considered probable that recovery of the potential deferred tax asset will arise under existing tax legislation. These are summarised below and comprise the following:

- There are gross tax losses in Overseas subsidiaries of £1,302,000 (2015: £1,489,000) which are available for offset against future taxable profits by those subsidiaries. However, the realisation of these losses is not considered probable in the foreseeable future.

	2016 £000	2015 £000
Unutilised tax losses – Overseas	234	298

Abaris Holdings Limited

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	12,375	11,891
Amounts owed to group undertakings (note 19)	14,958	16,636
Corporation tax	803	566
Other taxes and social security	1,778	1,672
Other creditors and deferred revenue	495	481
Accruals	2,628	4,316
	33,037	35,562

Amounts owed to group undertakings are non-interest bearing and are unsecured. These loans are payable by the Company on demand should payment be required, but have no fixed date of repayment.

19. Amounts owed to group undertakings

	2016 £000	2015 £000
Amounts owed to Walker Greenbank PLC	6,500	8,176
Amounts owed to subsidiary undertakings	8,458	8,460
	14,958	16,636

Walker Greenbank PLC, the ultimate parent undertaking, has indicated that it does not presently intend to seek repayment of the amount owing for at least a period of twelve months from the date of approval of these financial statements.

The Company and the ultimate parent undertaking, are party to a group banking facility with Barclays Bank PLC. In December 2015, they entered into a new £12.5 million multi-currency revolving credit facility with Barclays Bank PLC for a five year period and cancelled the existing Receivables facilities. The agreement also includes a £10 million accordion facility option to further increase available credit which provides substantial headroom for future growth. The total facilities from Barclays Bank PLC comprises: a variable rate Term Loan secured on the Company's freehold property which is being repaid on a five year profile and a revolving credit facility which may be drawn down in either sterling or euro.

The total Barclays Bank PLC facilities are capped at £13.1 million (2015: £16.5 million). The term loan bears interest at variable rates based on a margin above the Bank of England base rate. The revolving credit facility bears interest at a variable rate based on a margin above LIBOR (for sterling loans) or the EURIBOR (for Euro loans).

Under the Barclays Bank PLC facilities, the Company and its ultimate parent undertaking are subject to a financial covenant which applies to the term loan, being interest cover. The revolving credit facility is also subject to compliance of two financial covenants, being interest cover and leverage. Any non-compliance with covenants could, if not remedied or waived, constitute an event of default with respect to any such arrangements. The ultimate parent undertaking has reported to Barclays Bank PLC that it was in full compliance with its covenants throughout each of the periods presented.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

20. Retirement benefit obligations

Defined contribution schemes

The Company contributes to the defined contribution section of the Abaris Holdings Limited Pension Scheme and to a Group Personal Pension Plan which is also a defined contribution scheme. Contributions are charged to the Income Statement as incurred and amounted to £385,000 (2015: £332,000). Active members of the schemes are also able to make contributions.

Defined benefit schemes

The Company operates two defined benefit schemes in the UK which both offer pensions in retirement and death benefits to members: the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. Pension benefits are related to the members' final salary at retirement and their length of service. The schemes are closed to new members and to future accrual of benefits. This disclosure excludes any defined contribution assets and liabilities.

The Company's contributions to the schemes for the year beginning 1 February 2016 are expected to be £1,818,000.

Actuarial valuations of the schemes were carried out as at 31 January 2016, based on membership data at 5 April 2015, updated to take account of benefit outgo since 5 April 2015, using actuarial assumptions at 31 January 2016. The major assumptions used by the actuary were (in nominal terms) as follows:

	2016	2015
Discount rate	3.75%	3.15%
Inflation assumption (RPI)	2.85%	2.65%
Inflation assumption (CPI)	1.85%	1.65%
Rate of increase in salaries	2.85%	2.65%
Rate of increase to pensions in payment, that increase in line with RPI subject to a maximum of 5% pa	2.80%	2.60%
Rate of increase to pensions (in excess of GMP) in deferment	1.85%	1.65%

The mortality assumptions imply the expected future lifetime from age 65 as follows:

	2016	2015
Non-pensioner male currently 45	23.3	23.8
Pensioner male currently 65	22.0	22.4
Non-pensioner female currently 45	25.9	26.4
Pensioner female currently 65	24.4	24.9

The fair value of the assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2016 £000	2015 £000
Equities, absolute return and property	23,845	25,750
Fixed interest gilts	14,785	10,608
Fixed interest bonds	4,671	5,950
Index-linked gilts	9,435	13,916
Insured annuities	983	1,246
Cash and other	1,979	1,144
Fair value of scheme assets	55,698	58,614

Abaris Holdings Limited

Notes to the Financial Statements (continued)

20. Retirement benefit obligations continued

The actual return on assets over the year was a loss of £1,794,000 (2015: gain of £10,260,000).

	2016 £000	2015 £000
Present value of funded obligations	(60,011)	(68,966)
Fair value of scheme assets	55,698	58,614
Deficit in funded scheme	(4,313)	(10,352)
Net liability in balance sheet	4,313	10,352

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2016 £000	2015 £000
Benefit obligation at beginning of year	68,966	58,343
Interest cost	2,134	2,552
Net re-measurement (gains) / losses – financial	(5,448)	10,092
Net re-measurement (gains) / losses – demographic	(1,298)	-
Net re-measurement (gains) / losses – experience	(1,914)	-
Benefits paid	(2,429)	(2,021)
Benefit obligation at end of year	60,011	68,966

Reconciliation of opening and closing balances of the fair value of plan assets

	2016 £000	2015 £000
Fair value of plan assets at beginning of year	58,614	49,135
Interest income on scheme assets	1,829	2,179
Return on assets, excluding interest income	(3,623)	8,081
Contributions by employers	1,687	1,665
Benefits paid	(2,429)	(2,021)
Scheme administrative cost	(380)	(425)
Fair value of scheme assets at end of year	55,698	58,614

Re-measurements of the net defined benefit liability/(asset) to be shown in the Statement of Comprehensive Income:

	2016 £000	2015 £000
Net re-measurement – financial	5,448	10,092
Net re-measurement – demographic	1,298	-
Net re-measurement – experience	1,914	-
Return on assets, excluding interest income	(3,623)	(8,081)
Total re-measurements of the net defined benefit liability	5,037	2,011

Abaris Holdings Limited

Notes to the Financial Statements (continued)

20. Retirement benefit obligations continued

Sensitivity analysis

The table below shows the impact on the defined benefit obligation of changing each of the most significant assumptions in isolation. The figures in the table as at 31 January 2016 have been calculated using the same valuation method that was used to calculate the defined benefit obligation above.

	Change in assumption	Impact on scheme liabilities 2016 (£m)		Impact on scheme liabilities 2015 (£m)	
		Increase	Decrease	Increase	Decrease
Discount rate	0.25% movement	(2.4)	2.5	(3.0)	3.2
Rate of inflation (RPI) *	0.25% movement	1.1	(1.1)	1.6	(1.6)
Rate of inflation (CPI) *	0.25% movement	0.5	(0.6)	0.7	(0.7)
Assumed life expectancy	1 year movement	2.1	(2.2)	2.8	(2.8)

Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate.

* With corresponding changes to the salary and pension increase assumptions.

Risk exposure

Through its defined benefit pension plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility**
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- **Changes in bond yields**
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- **Inflation risks**
Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
- **Life expectancy**
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

21. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 January 2016	Loans and receivables £000	Assets at fair value £000	Total £000
Assets as per Balance Sheet			
Trade and other receivables	15,925	-	15,925
Cash at bank and in hand	4,267	-	4,267
Total	20,192	-	20,192

Abaris Holdings Limited

Notes to the Financial Statements (continued)

21. Financial instruments by category continued

31 January 2016	Liabilities at fair value £000	Other financial liabilities £000	Total £000
Liabilities as per Balance Sheet			
Creditors: amounts falling due within one year	-	30,456	30,456
Total	-	30,456	30,456

31 January 2015	Loans and receivables £000	Assets at fair value £000	Total £000
Assets as per Balance Sheet			
Trade and other receivables	11,592	-	11,592
Cash at bank and in hand	2,201	-	2,201
Total	13,793	-	13,793

31 January 2015	Liabilities at fair value £000	Other financial liabilities £000	Total £000
Liabilities as per Balance Sheet			
Creditors: amounts falling due within one year	-	33,324	33,324
Total	-	33,324	33,324

22. Called up share Capital

Ordinary shares of £1 each:	Number of shares	£ 000
Allotted, called up and fully paid:		
31 January 2016	17,000,000	17,000
1 February 2014 and 31 January 2015	17,000,000	17,000

All holders of ordinary shares have the right to vote at general meetings of the Company and to distributions from dividends or on winding up of the Company.

23. Commitments

a) Capital commitments

Capital expenditure contracted for at the Balance Sheet date but not yet incurred is as follows:

	2016 £000	2015 £000
Tangible fixed assets	1,960	74

Abaris Holdings Limited

Notes to the Financial Statements (continued)

23. Commitments continued

b) Lease Commitments

Operating lease payments represent rentals payable by the Company for certain office properties. Other leases include hire of plant, machinery and motor vehicles.

Total commitments due under non-cancellable operating leases are as follows:

	Land and buildings 2016 £000	Other 2016 £000	Land and buildings 2015 £000	Other 2015 £000
Within one year	875	389	928	399
Between one and five years	1,949	465	2,610	633
Over five years	719	2	1,030	62
	3,543	856	4,568	1,094

24. Contingent liabilities

The Company is party to a cross guarantee with its ultimate parent undertaking in relation to the borrowings of the Company under the funding arrangements with Barclays Bank PLC.

25. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Walker Greenbank PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Walker Greenbank PLC consolidated financial statements can be obtained from the Company Secretary at Walker Greenbank PLC, Chalfont House, Oxford Road, Denham, UB9 4DX.

26. Events after the reporting period

Following the flooding at Standfast, the Company experienced a period of disrupted production and a loss of stock, machinery and profits. After the reporting period the ultimate parent undertaking of the Company has been reimbursed £8,000,000 as an interim payment of which £4,683,000 has been recognised and included within other receivables as at 31 January 2016 to cover the costs of stock and machinery loss and other incremental costs, along with business interruption losses. Further business interruption reimbursements are expected to cover future loss of profits up to a period of two years following the flood.

On 11 May 2016, the Company and the ultimate parent undertaking entered into a Deed of Assignment assigning to the Company absolutely and with full title guarantee the inter-company balance of USD 5 million payable by the Company's US subsidiary to the ultimate parent undertaking (the "Receivable"). The Receivable was always intended to be equity to help fund the US business and there was no expectation of payment. In consideration, the Company made an allotment and issued to the ultimate parent 2,400,000 ordinary shares of £1 each at a premium of £0.43 per share. Consequently, the Company recognised the Receivable at its fair value (USD 5 million) and the nominal value of shares issued in share capital with the balance going to share premium. Subsequent to this assignment, the Company and the US subsidiary extinguished the Receivable by way of a Capital Contribution Agreement ("CCA") dated 11 May 2016. The CCA resulted in the Company de-recognising the Receivable and recording an equivalent cost of investment in its Balance Sheet.

Since the assignment and subsequent extinguishment of the Receivable are all inter-group transactions, there will be no effect on the consolidated financial statements of the Walker Greenbank Group for the year ending 31 January 2017.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

27. Transition to FRS 101

As stated in note 1 these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 January 2016, the comparative information presented in these financial statements for the year ended 31 January 2015 and in the preparation of an opening balance sheet at 1 February 2014.

In preparing the FRS 101 balance sheet, the Company has adjusted amounts reported previously in its financial statements prepared in accordance with the previously extant United Kingdom generally accepted accounting practice (UK GAAP).

On transition to FRS 101, the Company has applied requirements of IFRS 1, 'First time adoption of International Financial Reporting Standards', whilst making necessary amendments, to ensure that its assets and liabilities are measured in accordance with FRS 101 and the Companies Act 2006.

The exemptions under FRS 101 applied to these financial statements are detailed in note 1.

An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and notes that accompany the tables.

(a) Opening Balance Sheet as at 1 February 2014

	UK GAAP £000	Effect of transition to FRS 101 £000	Restated balance under FRS 101 £000
Fixed assets			
Intangible assets – note 27(d)	5,324	1,667	6,991
Property, plant and equipment – note 27(d)	12,910	(1,667)	11,243
Investments	2,719	-	2,719
	20,953	-	20,953
Current assets			
Inventories	18,413	-	18,413
Trade and other receivables	13,328	-	13,328
Deferred income tax assets – note 27(c)	449	806	1,255
Cash at bank and in hand	2,415	-	2,415
Total current assets	34,605	806	35,411
Creditors: amounts falling due within one year	(26,109)	(8,195)	(34,304)
Net current assets	8,496	(7,389)	1,107
Total assets less current liabilities	29,449	(7,389)	22,060
Creditors: amounts falling due after more than one year	(8,195)	8,195	-
Retirement benefit obligation – note 27(c)	(7,366)	(1,842)	(9,208)
Net assets	13,888	(1,036)	12,852
Capital and reserves			
Called up share capital	17,000	-	17,000
Share premium account	15,776	-	15,776
Accumulated losses – note 27(c)	(19,594)	(1,036)	(20,630)
Capital contribution	706	-	706
Total shareholders' funds	13,888	(1,036)	12,852

Abaris Holdings Limited

Notes to the Financial Statements (continued)

27. Transition to FRS 101 continued

(b) Income Statement for the year ended 31 January 2015

	UK GAAP £000	Effect of transition to FRS 101 £000	Restated balance under FRS 101 £000
Revenue	77,394	-	77,394
Cost of sales	(32,250)	-	(32,250)
Gross profit	45,144	-	45,144
<i>Net operating expenses:</i>			
Distribution and selling expenses	(10,877)	-	(10,877)
Administration expenses – note 27(d)	(28,553)	35	(28,518)
Other operating expense	(23)	-	(23)
Standfast flood: Inventory loss, property, plant and equipment impairment and other incremental costs	-	-	-
Standfast flood: Insurance reimbursements	-	-	-
Net other income	(23)	-	(23)
Profit from operations	5,691	35	5,726
Net defined benefit pension charge	(798)	-	(798)
Finance costs	(176)	-	(176)
Total finance costs	(974)	-	(974)
Profit before tax	4,717	35	4,752
Tax expense – note 27(c)	(1,231)	157	(1,074)
Profit for the year	3,486	192	3,678

(c) Deferred tax

Because IFRSs define deferred tax in relation to temporary differences between carrying values and their related tax bases, rather than timing differences in the Income Statement, adjustments have been made to the deferred tax asset/(liability), as follows:

	31 January 2015 £000	1 February 2014 £000
Taxable temporary differences on property, plant and equipment	(576)	(778)
Taxable temporary differences on intangible assets	(182)	(167)
Other temporary differences	(121)	(91)
Decrease in deferred tax asset	(879)	(1,036)
Deferred tax (liability) / asset as previously reported	(349)	449
Reclassification of deferred tax on pension liability	2,070	1,842
Restated deferred tax asset under FRS 101 – Note 17	842	1,255

As a result of this remeasurement, deferred tax charge in the Income Statement for the year ended 31 January 2015 reduced by £157,000.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

27. Transition to FRS 101 continued

Under FRS 101, deferred tax asset at 1 February 2014 of £1,842,000 arising on the pension liability is now included within deferred income tax on the Balance Sheet. Under previous UK GAAP, the deferred tax asset arising on pension liability was offset against the liability. This has had no effect on the Company's equity or profit for the current and previous year.

(d) Other adjustments arising on transition to FRS 101

Computer software

Computer software with a net book value of £1,667,000 at 1 February 2014 has been reclassified from tangible to intangible assets as required under FRS 101. This has no effect on the Company's net assets nor on the profit for the current or previous year, except that the depreciation charge on computer software is now described as amortisation.

Goodwill

Previously under UK GAAP, the Company amortised goodwill arising from acquisitions since 1 February 1998 over a period not exceeding 20 years. On transition to FRS 101, the amortisation of goodwill has been discontinued with effect from 1 February 2014 which is the Company's transition date.

Goodwill is now accounted for in accordance with policies detailed in note 1 which include annual impairment reviews.

For the year ended 31 January 2015, amortisation charged to administration expenses in the Income Statement has been reversed. This has resulted in an increase in profit from operations of £35,000. Consequently, the carrying value of goodwill as at 31 January 2015 has been increased and accumulated losses decreased by the same amount.

Rent free period for operating leases

Previously under UK GAAP, operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 101 requires that such incentives be spread over the lease period. The effect of this change is not material for all periods presented.