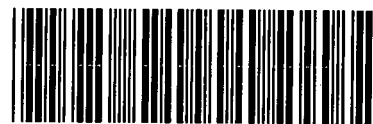


Company No. 1167325

Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2014

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Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2014

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Abaris Holdings Limited

Officers and Professional Advisors

Directors

T G Stannard

J D Sach

A Dix – resigned 30 April 2014

M Gant – appointed 3 March 2014

F C Goldsmith

D H Smallridge

Secretary

Caroline Geary

Registered office

Chalfont House

Oxford Road

Denham

UB9 4DX

Independent Auditors

PricewaterhouseCoopers LLP

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

Bankers

Barclay's Commercial Bank PLC

Ashton House

497 Silbury Boulevard

Milton Keynes

MK9 2LD

Abaris Holdings Limited

Strategic Report

Principal activity

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 has seen another strong financial performance for the company with growth in turnover but a small decline in operating profits due to increased management charges from Walker Greenbank PLC. Included within the management charge are costs relating to the Long Term Incentive Plan of which senior managers working for Abaris Holdings Limited benefit. The Total Shareholder Return (TSR) measurement by which the Long term incentive plan (LTIP) scheme is awarded has been extremely strong which has led to the increased charge to Abaris Holdings Limited.

Turnover has increased by £2,653,000 (3.8%) to £72,302,000 and profit from operations has decreased by £21,000 to £4,977,000 (0.4%).

Profit on ordinary activities before taxation decreased by £171,000 (4.1%) to £3,967,000 and profit for the financial year has increased by £42,000 (1.4%) to £3,136,000.

Business review

There was a continuing strong performance of both the Brands and Manufacturing segments during the year.

Brands

Due to continued investment in extensive product development and commitment to customer service the brands have achieved growth in turnover of 3.6% over the last year to £54,671,000.

Harlequin has grown its overall turnover by 3.5% to £24,309,000 maintaining its position as the UK's leading mid-market contemporary brand. Sales in Western Europe improved significantly growing by 14.4%.

The Scion brand was launched in February 2012. It continued to grow its brand presence and its second extensive collection, Wabi Sabi, was launched in February 2013. Its simple contemporary designs are ideally suited to licensed products and to date successful ranges of bedlinen, rugs, towels, and other ancillary products have been launched. The impact of this exciting new brand cannot be overstated- it's recently launched third collection, Spirit and Soul, is being hailed by customers as its strongest yet.

Sanderson incorporating Morris & Co. grew sales by 6.8% to £20,870,000 during the financial year. A strong second half performance has helped grow the UK, its largest market, 3.5% over the same period last year to £11.1 million. Export sales also grew 7.0%, with exports to Western Europe, its largest market outside the UK, growing 1.1% helped by a stronger second half performance, particularly in Germany and Southern Ireland.

The Sanderson and Morris & Co brands benefit from heritage and global brand recognition, as well as an extensive archive of designs to attract licensing opportunities. Licence income increased 7.6% over the same period last year. UK and Australian bedlinen licensees have helped drive this growth along with a number of new licence arrangements signed during the year.

Zoffany is positioned at the upper end of the premium market, which has been the most challenging end of the market in the recent past. This led to the decision to discontinue some older, slow-selling collections slightly early impacting the performance in the first half of the year which has contributed to a full year sales decline of 2.7% to £9,492,000. Encouragingly though, the second half has experienced an improving performance from more recent collections.

Manufacturing

Our continuing commitment to investment in our wallpaper and fabric printing factories has helped deliver another strong performance with both sales and profitability increasing to record levels. Total sales grew 7.0% leading to an increase in profits of 14.8% to £3.1m (2013: £2.7m).

Anstey, our wallpaper printing factory, had a very successful year with sales growing 10.0% to £17,293,000 over the same period last year.

Anstey has continued its investment in new innovative printing techniques. Its recent investment includes the purchase of its third digital printer and most significantly a £1.75 million investment in a new hybrid rotary/gravure machine. This new custom-built machine has increased much needed gravure capacity and replaced outdated rotary equipment leading to improvements in efficiency and capability. This purchase adds to the wide range of printing techniques that the factory is able to offer its customers.

Standfast, our fabric printing factory, also had a strong performance with annual sales up 8.6% to £15,580,000 compared with the same period last year. Due to increasing customer demand, a second fast-run digital printer was acquired and commissioned in the second half. This, combined with the investment in digital printing over the past five years, has helped grow digital sales 110% year on year and now represents 23% of Standfast's sales.

Outlook

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

Abaris Holdings Limited

Strategic Report

Financial review

The previous paragraphs provide 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 in the year was £142,000 (2013: £156,000) including amortisation of previously capitalised debt issue costs. The slightly increased charge reflects the increase in average borrowings during the year to fund increased inventory levels and capital expenditure.

The net defined benefit pension charge amounted to £868,000 (2013: £704,000). The increase of £164,000 reflects the additional costs associated with the triennial valuation and a reduction in the expected return on scheme assets.

The taxation charge totalled £831,000 (2013: £1,044,000). Due to the substantial unutilised tax losses the Company does not anticipate paying corporation tax in the immediate future. However as the corporation tax losses have now been recognised as a deferred tax asset, in the current and future years there will be a deferred tax charge in the Profit and loss account until such time as the losses have been fully utilised at which point the Company will incur and pay UK corporation tax.

Tangible assets have increased year on year by 22% to £12,916,000 resulting from the continued investment within the manufacturing units.

The gross pension deficit before deferred tax has increased by £970,000 this year to £9,208,000 (2013: £8,238,000). The key factors affecting the movement in the deficit have been contributions of £1,673,000 from the Company to reduce the deficit, offset by a negative return on index-linked gilts over the year.

Key performance indicators (KPI's)

The Director's 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 29 of the Group's annual report which does not form part of this report.

Summary

We continue to exploit the potential of our brands during the year and to extend the areas of the marketplace in which we operate. Our manufacturing capability has been extended through our investment in digital printing at our wallpaper and fabric factories.

We achieved encouraging growth in many of our international markets. During the current year, we will continue to build our business internationally and remain confident of continued progress.

Principal risks and uncertainties

The risks and uncertainties of the Company are managed at a group level, details of which are disclosed in the 2014 Annual Report and Accounts of Walker Greenbank PLC on pages 37 to 38.

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.

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 21 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 Company Balance Sheet at 31 January 2014 represents 90 days (2013: 81 days) of average purchases during the year. The variance on the previous year arose due to the timing of purchases in the last few months of the financial year.

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 turnover and cash generated from operations are substantially independent of changes in market interest rates.

Abaris Holdings Limited

Strategic Report

The Company's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company's borrowings at variable rate are denominated in UK pounds or Euros. The Company regularly analyses its interest rate exposure calculating the impact on profit and loss of a defined interest rate shift. Based on the calculations the directors consider refinancing, renewal of existing positions, alternative financing and hedging. The Company has not felt that there has been a requirement to enter into any of these options during the current or previous financial year.

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 entity's functional currency.

The Company's policy is, where possible, to allow the businesses to settle liabilities in their functional currency with the cash generated from their operations in that currency. Where the Company businesses' 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 Walker Greenbank 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.

The Company does not have any significant credit risk exposure to any single company or group of companies, as the nature of the Company's operations mean that trade receivables consist of a large number of customers spread across 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 of key management; this is dependent on the amount expected to exceed the limit and the Company's trading history with that customer.

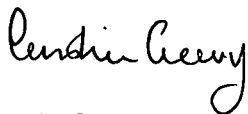
Liquidity risk

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

The loan facility with Barclays Bank PLC is linked to working capital, which allows the Company to manage its cash more effectively during the seasonal fluctuations in working capital associated with the industry. In January 2013, the Company agreed terms to renew the receivables loan facility and to cancel the inventories facility from Barclays Bank PLC.

Management monitors rolling forecasts of the Company's cash and loan facility on a monthly basis. The Company ensures that it has adequate facilities available to cover both its short- 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.

By order of the Board



Caroline Geary
Company Secretary
01 September 2014

Abaris Holdings Limited

Report of the Directors for the year ended 31 January 2014

The Directors present their report and the audited financial statements of Abaris Holdings Limited ("the Company") for the year ended 31 January 2014.

Results and dividends

The profit on ordinary activities before taxation amounted to £3,967,000 (2013: £4,138,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 January 2014 (2013: £nil).

Business Review and future developments

A review of the year and likely developments is contained in the Strategic Report on page 2.

Financial Risk Management

Detail of the Group's financial risk management objectives and policies, are contained in the Strategic Report on page 2.

Directors

The Directors of the Company who served during the year ended 31 January 2014 and to the date of signing the financial statements are listed on page 1.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Post balance sheet events

On 3 March 2014, M Gant was appointed to the Board as Chief Financial Officer. A Dix resigned from the Board effective 30 April 2014.

Directors' and officers' liability insurance

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

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.

Abaris Holdings Limited

Report of the Directors' for the year ended 31 January 2014

Political and charitable donations

The Company has made no political or charitable contributions in either year.

Independent Auditors and disclosure of information to auditors

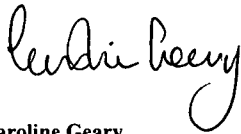
In the case of each of the persons who were a Director at the time when this annual report and financial statements were approved, the following applies:

- (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

01 September 2014

Abaris Holdings Limited

Independent Auditors' Report to the Members of Abaris Holdings Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 January 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Abaris Holdings Limited, comprise:

- the Balance sheet as at 31 January 2014;
- the Profit and loss account, the Statement of total recognised gains and losses for the year then ended;
- the Reconciliation of movements in shareholders' funds 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.

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.

Abaris Holdings Limited

Independent Auditors' Report to the Members of Abaris Holdings Limited

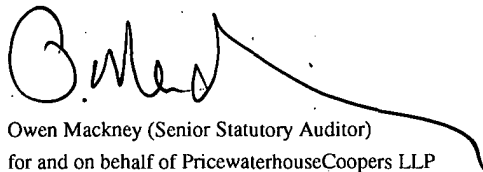
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Report of the Directors set out on page 5, 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 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 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.



Owen Mackney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

1 September 2014

Abaris Holdings Limited

Profit and loss account for the year ended 31 January 2014

		2014	2013
		£000	£000
Turnover	3	72,302	69,649
Profit from operations	4 – 6	4,977	4,998
Net defined benefit pension charge	7	(868)	(704)
Finance costs	8	(142)	(156)
Net finance costs		(1,010)	(860)
Profit on ordinary activities before taxation		3,967	4,138
Tax on profit on ordinary activities	11	(831)	(1,044)
Profit for the financial year		3,136	3,094

All activities arise from continuing operations.

There is no material difference between the profit on ordinary activities above and its historical cost equivalent.

The notes on pages 13 to 32 form an integral part of these financial statements.

Abaris Holdings Limited

Statement of total recognised gains and losses for the year ended 31 January 2014

	Note	2014 £000	2013 £000
Profit for the financial year		3,136	3,094
Actual less expected return on pension scheme assets	21	(1,580)	1,013
Other experience losses on pension scheme liabilities	21	(195)	(3,036)
Net actuarial losses		(1,775)	(2,023)
Deferred tax (charge) / recognition relating to pension scheme liabilities	21	(52)	121
Total gains recognised since the previous annual report		1,309	1,192

The notes on pages 13 to 32 form an integral part of these financial statements.

Abaris Holdings Limited

Balance sheet as at 31 January 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	12	5,323	5,258
Tangible assets	13	12,916	10,585
Investments	14	2,719	2,719
		20,958	18,562
Current assets			
Stocks	15	18,413	16,812
Debtors	16	13,328	12,144
Debtors: Deferred tax asset	17	449	1,260
Cash at bank and in hand		2,415	1,696
Total current assets		34,605	31,912
Creditors: amounts falling due within one year	18	(26,114)	(23,490)
Net current assets		8,491	8,422
Total assets less current liabilities		29,449	26,984
Creditors: amounts falling due after more than one year	19	(8,195)	(8,236)
Net assets excluding pension liability		21,254	18,748
Pension liability	21	(7,366)	(6,343)
Net assets		13,888	12,405
Capital and reserves			
Called up share capital	22	17,000	17,000
Capital contribution		706	532
Share premium account		15,776	15,776
Profit and loss account		(19,594)	(20,903)
Total shareholders' funds		13,888	12,405

The notes on pages 13 to 32 form an integral part of these financial statements.

J D Sach
Director




M Gant
Director

These financial statements were authorised for issue by the Board of Directors on 01 September 2014

Registered number: 1167325

Abaris Holdings Limited

Reconciliation of movements in shareholders' funds for the year ended 31 January 2014

	Called up Share capital £000	Share premium account £000	Profit and loss account £000	Capital contribution £000	Total £000
Balance at 31 January 2012	17,000	15,776	(22,095)	407	11,088
Profit for the financial year	-	-	3,094	-	3,094
Capital contribution arising from share based payments	-	-	-	125	125
Net actuarial loss in respect of defined benefit pension scheme	-	-	(2,023)	-	(2,023)
Deferred tax credit on net actuarial losses	-	-	121	-	121
Balance at 31 January 2013	17,000	15,776	(20,903)	532	12,405
Profit for the financial year	-	-	3,136	-	3,136
Capital contribution arising from share based payments	-	-	-	174	174
Net actuarial loss in respect of defined benefit pension scheme	-	-	(1,775)	-	(1,775)
Deferred tax recognition relating to pension scheme liabilities	-	-	(52)	-	(52)
Balance at 31 January 2014	17,000	15,776	(19,594)	706	13,888

The capital contribution represents amounts credited to reserves in respect of amounts arising from share based payment transactions in accordance with FRS 20.

The notes on pages 13 to 32 form an integral part of these financial statements.

Abaris Holdings Limited

Notes to the Financial Statements

1. Accounting policies and general information

General information

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

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 also produce for other interior furnishing businesses both in the UK and throughout the world.

Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention. They have been prepared in accordance with applicable accounting standards and United Kingdom Generally Accepted Accounting Practice, with the Companies Act 2006, and with the accounting policies set out below which have been consistently applied to all periods presented unless otherwise indicated.

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.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Walker Greenbank PLC and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are a wholly owned part of the Walker Greenbank PLC group or investees of the Walker Greenbank PLC group.

Foreign currencies

For the purpose of the financial statements, the results and financial position are expressed in sterling, which is the local currency of the Company, and the presentation currency for the financial statements.

Transactions in foreign currencies, which are those other than the local 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 of exchange ruling at the Balance Sheet date.

All exchange differences are recognised in the Profit and loss account as they are incurred.

Intangible Assets - Goodwill

For acquisitions made before 1 February 1998, goodwill representing the excess of the cost of acquisition of a business over the fair value of the net assets at the date of acquisition was written off to reserves. On subsequent disposal of all or part of these businesses, the appropriate proportion of goodwill is charged to the profit and loss account.

For acquisitions since 1 February 1998, goodwill representing the excess of the cost of acquisition of a business over the fair value of the net assets at the date of acquisition is capitalised and amortised over a period not exceeding 20 years.

Intangible Assets - Archive

The Arthur Sanderson and William Morris Archive comprises an historical record of unique designs that are used to generate a significant royalty income for the Company. 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 a provision would be made for any impairment in the carrying value, if required.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

1. Accounting policies *(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:

- there is a clearly defined project,
- the related expenditure is separately identifiable,
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and ultimate commercial viability,
- the aggregate of the deferred development costs, any further development costs, and related production, selling and administration costs, is reasonably expected to be exceeded by related future sales,
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed, and to provide any consequential increases in working capital.

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 at 25% on a straight line basis over the life of the asset, and are tested for impairment, if any impairment trigger events are identified.

Tangible fixed assets

Tangible fixed assets 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.

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. Software depreciation commences when the asset goes into operational use by the business.

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%
Plant, equipment and vehicles	between 5% and 33%
Computer hardware	33%
Computer software	between 10% and 33%

Investments in subsidiary undertakings

Investments held as fixed assets are stated at cost less provision for any impairment.

Impairment of fixed assets and goodwill

Fixed assets and goodwill are subject to review for impairment in accordance with Financial Reporting Standard, No. 11 'Impairment of fixed assets and goodwill.' Where impairment triggers are identified the recoverable amount of the relevant asset, or group of assets within an income generating unit, is determined, being the higher of value in use and net realisable value. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is calculated. Any impairment is recognised in the profit and loss account in the year in which it occurs.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, on a first-in, first-out basis, direct labour inclusive of 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 *(continued)*

Marketing materials

Marketing materials consist of patterning books and other saleable marketing assets used to support the sale of the Group'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 Group, 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 Group'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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date, and are discounted to present value where the effect is considered material.

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 tangible fixed assets and the resulting lease obligations are included in liabilities. The assets are depreciated over their useful lives and the interest element of the rental obligations is charged to the Profit and loss account 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 Profit and loss account on a straight-line basis over the period 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 triennial valuations are updated each year to meet the accounting requirements of FRS 1.

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 Profit and loss account.

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 Profit and loss account and presented in the Statement of total recognised gains and losses.

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.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

1. Accounting policies *(continued)*

Employee benefits – share based payments

The Company, through its ultimate parent undertaking, operates a share based incentive scheme for certain 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 recognised as an expense in the Profit and loss account with a corresponding increase in equity.

The fair values of these payments are measured at the dates 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 Profit and loss account 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 Profit and loss account with a corresponding liability in the Balance Sheet.

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.

Turnover

The Company's turnover 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. Turnover 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 income. 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 turnover and are credited to the relevant expense within the Profit and loss account.

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 Profit and loss account.

Taxation including deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, that give rise to an obligation to pay more tax in the future or a right to pay less. No provision has been made for any further liability arising from the distribution of past earnings of subsidiary undertakings. Deferred tax assets are recognised in the financial statements, when it is more likely than not that they will be recovered in the foreseeable future.

The deferred tax provision has been calculated using the average rates that are expected to apply when the timing differences reverse and the liability has not been discounted. Deferred tax relating to defined benefit pension liabilities are recognised in equity where the tax relief arises from contributions paid to fund deficits arising in previous periods that were recognised in equity.

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 21.

b) Impairment of non-financial assets

The Company tests whether goodwill or its indefinite life intangible asset has 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. Further disclosures relating to the estimates and assumptions applied, and carrying amounts of the non-financial assets, are set out in notes 12 to 14.

The Company makes provision for impairment in the carrying amount of its inventories and marketing materials. 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 inventory 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. Details of the carrying amount of inventories are disclosed in note 15 and of marketing materials in note 16.

c) Deferred tax recognition

Following the completion of the Company's recovery programme and return to sustained profitability over recent years, the Company has considered it appropriate to recognise at the Balance Sheet date deferred tax assets resulting from historical trading losses and other timing 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 and the vesting of share based payment awards. Further disclosures relating to the effect on the Profit and loss account 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.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

3. Turnover

The Company is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper. The classes of business of the company are as follows:

- Brands - comprising the design, marketing, sales and distribution, and licensing activities of Harlequin, Sanderson (including Morris & Co) and Zoffany 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.

a) Segmental turnover analysis by business class

	2014	2013
	£000	£000
Brands turnover	54,671	52,785
Manufacturing turnover	32,873	30,064
Less elimination of intersegment revenue	(15,242)	(13,200)
	72,302	69,649

Brand turnover analysis

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

	2014	2013
	£000	£000
Harlequin	24,309	23,488
Sanderson incorporating Morris & Co	20,870	19,545
Zoffany	9,492	9,752
	54,671	52,785

Manufacturing turnover analysis

Turnover of the Manufacturing business includes turnover from internal sales to the Company's Brands:

	2014	2013
	£000	£000
Standfast	15,580	14,344
Anstey	17,293	15,720
	32,873	30,064

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

3. Turnover *(continued)*

b) Turnover by geographical location of customers

The UK is the country of origin for all turnover. Turnover by geographical location of customers is as follows:

	2014 £000	2013 £000
United Kingdom	50,190	48,534
Continental Europe	10,231	10,451
United States of America	4,080	3,667
Rest of the World	7,801	6,997
	72,302	69,649

4. 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 Profit and loss account category.

5. (a) Analysis of operating profit by function of expense

	2014 £000	2013 £000
Turnover	72,302	69,649
Cost of sales	(29,839)	(29,214)
Gross profit	42,463	40,435
Net operating expenses		
Selling and distribution costs	(9,892)	(10,406)
Administration expenses	(27,548)	(24,969)
Other operating (expense)	(46)	(62)
Net operating expenses	(37,486)	(35,437)
Profit from operations	4,977	4,998

(b) Analysis of turnover by category

	2014 £000	2013 £000
Sale of goods	70,169	67,772
Licence royalty income	2,133	1,877
	72,302	69,649

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

6. Company profit from operations

	2014	2013
	£000	£000
Company profit from operations is stated after charging / (crediting):		
Management charge payable to ultimate parent undertaking	5,275	3,955
Depreciation of tangible fixed assets	1,875	1,697
Amortisation of intangibles - Goodwill	36	35
- Collection design	261	255
Operating lease rentals:		
• Hire of motor vehicles and plant and machinery	434	469
• Land and buildings	999	734
Auditors' remuneration		
• Fees payable to Company's auditors for the audit of the Company	87	93
• Taxation services	-	-
• Other accounting services	-	-
	87	93

7. Net defined benefit pension charge

	2014	2013
	£000	£000
Expected return on pension scheme assets	2,212	2,190
Interest on pension scheme liabilities	(2,545)	(2,439)
Scheme expenses met by Company	(535)	(455)
Net charge (note 21)	(868)	(704)

8. Finance costs

	2014	2013
	£000	£000
Interest expense		
Interest payable on bank borrowings	(120)	(122)
Amortisation of issue costs of bank loans	(22)	(34)
Finance costs	(142)	(156)

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

9. Emoluments of Directors

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

10. Employee Information

	2014	2013
	£000	£000
Wages and salaries	16,295	15,554
Social security costs	1,582	1,672
Other pension costs	434	375
Share based payment awards, including NIC thereon	174	125
Employee benefit expense	18,485	17,726

	2014	2013
	Number	Number
The average monthly number of employees (including Directors) during the year were:		
Brands, including warehousing	231	232
Manufacturing	311	308
Corporate and administration	10	10
	552	550

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

11. Tax on profit on ordinary activities

	2014 £000	2013 £000
Current tax:		
- overseas, current tax	21	16
- overseas, adjustment in respect of prior year	-	-
Current tax charge	21	16
Deferred tax:		
- current year	646	796
- adjustment in respect of prior year	(1)	53
- effect of change in corporation tax rate to 20% (2013: 23%)	165	179
Deferred tax charge (note 17)	810	1,028
Total tax charge on profit on ordinary activities	831	1,044
The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23.17% (2013: 24.33%). The difference is explained below:		
Reconciliation of tax charge for the year	2014 £000	2013 £000
Profit on ordinary activities before taxation	3,967	4,138
Tax on profit on ordinary activities at standard rate of 23.17% (2013: 24.33%)	857	993
Non deductible expenditure	123	97
Tax relief on archive asset	(17)	(18)
Tax relief on pension payments	(184)	(211)
Overseas tax charge	21	16
Depreciation less than capital allowances	(195)	(120)
Utilisation of prior year tax losses recognised in deferred tax asset	(590)	(744)
Other timing differences	6	3
Current tax charge for year	21	16

Factors affecting current and future tax charges

The company has gross tax losses of approximately £2,101,000 (2013: £4,647,000), which are available to set against future trading profits.

Legislation has now been enacted to reduce the main corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Accordingly, the deferred tax balance at 31 January 2014 included within these financial statements, which was calculated at a rate of 23%, being the rate enacted in the Finance Act (2013), as this is the rate at which the majority of the balances are expected to unwind.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

12. Intangible assets

	Goodwill	Arthur Sanderson and William Morris Archive	Collection design	Total
	£000	£000	£000	£000
Cost				
1 February 2013	1,400	4,300	1,745	7,445
Additions	-	-	362	362
Disposals	-	-	-	-
31 January 2014	1,400	4,300	2,107	7,807
Accumulated amortisation				
1 February 2013	1,103	-	1,084	2,187
Charge	36	-	261	297
Disposals	-	-	-	-
31 January 2014	1,139	-	1,345	2,484
Net book amount				
31 January 2014	261	4,300	762	5,323
31 January 2013	297	4,300	661	5,258

The Arthur Sanderson and William Morris Archive were purchased as part of the acquisition of Arthur Sanderson & Sons Limited 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 £297,000 (2013: £290,000) is included in administration expenses £297,000 (2013: £290,000) and selling and distribution costs £nil (2013: £nil).

The carrying value of Goodwill at 31 January 2014 of £261,000 (2013: £297,000) is attributable to the Manufacturing segment. The Archive is attributable to the Brands segment.

The Company tests the Archive for impairment annually or more frequently if there are indications that they might be impaired. There was no impairment charge recognised in the year (2013: £nil).

The goodwill of the Company is not required to be tested for impairment under UK GAAP unless an impairment indicator arises, however the Group is required to test for impairment on an annual basis under IFRS and no charge has been recognised in respect of the goodwill in the year (2013: £nil). For further details of impairment testing refer to the Walker Greenbank PLC statutory financial statements which are publicly available.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

13. Tangible fixed assets

	Land and buildings £000	Plant, equipment and vehicles £000	Computer equipment £000	Total £000
Cost				
1 February 2013	5,185	19,961	3,106	28,252
Additions	14	3,523	704	4,241
Disposals	-	(547)	-	(547)
31 January 2014	5,199	22,937	3,810	31,946
Accumulated depreciation				
1 February 2013	1,272	14,730	1,665	17,667
Charge	93	1,469	313	1,875
Disposals	-	(512)	-	(512)
31 January 2014	1,365	15,687	1,978	19,030
Net book amount				
31 January 2014	3,834	7,250	1,832	12,916
31 January 2013	3,913	5,231	1,441	10,585

The total depreciation expense of £1,875,000 (2013: £1,697,000) is included in administration expenses £1,867,000 (2013: £1,691,000) and selling and distribution costs £8,000 (2013: £6,000).

The net book amount of land and buildings comprises:

	2014 £000	2013 £000
Freehold land	450	450
Freehold buildings	3,384	3,463
Net book amount	3,834	3,913

Land and buildings are stated at historical cost.

The banking facilities remain secured by a fixed and floating charge over the carrying value of assets (land and buildings) of £3,834,000 (2013: £3,913,000).

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

14. Fixed asset investments

Investment in subsidiary undertakings	£000
Cost	
At 1 February 2013 and 31 January 2014	4,424
Impairment provision	
At 1 February 2013 and 31 January 2014	(1,705)
Net book amount	
At 31 January 2014	2,719
At 31 January 2013	2,719

The principal activities of the Company are design, manufacture, marketing and distribution of luxury wallcoverings, furnishing fabrics and associated products for the consumer market. The principal subsidiaries of the Company in which the whole of the share capital and voting rights is owned is set out below.

The principal operating subsidiaries of the Company are set out below.

Company	Country of registration and incorporation
Walker Greenbank Inc	USA
Arthur Sanderson & Sons SARL	France

The directors believe that the carrying value of the investments is supported by their recoverable amounts.

15. Stocks

	2014 £000	2013 £000
Raw materials	1,982	1,909
Work in progress	1,825	1,283
Finished goods	14,606	13,620
	18,413	16,812

The value of stock providing security under the Barclays Bank PLC facility, if it were to be fully drawn, was £4,697,000 (2013: £4,415,000). This facility was not utilised at either year end.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

16. Debtors

	2014 £000	2013 £000
Trade debtors	9,179	8,727
Amounts owed by group undertakings	59	149
Other debtors	1,234	1,170
Marketing materials	2,247	1,516
Prepayments and accrued income	609	582
	13,328	12,144

The value of trade debtors providing funding under the Barclays facility was £7,704,000 (2013: £7,149,000).

17. Deferred tax asset

A deferred tax asset of £449,000 (2013: £1,260,000) is recognised in respect of tax losses and other timing differences, net of a deferred tax liability on accelerated capital allowances. An amount of £810,000 (2013: £1,028,000) has been charged to the Profit and loss account during the year as some of the tax losses have been utilised.

	2014 £000	2013 £000
Taxable timing differences on tangible fixed assets	(155)	21
Other timing differences	184	170
Unutilised tax losses	420	1,069
	449	1,260

The movements in the deferred tax asset on retirement benefit obligations is disclosed in note 21.

The Company had no unused tax losses at either year end which were not recognised in the deferred tax asset.

18. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	11,656	9,963
Amounts owed to group undertakings	8,253	7,660
Taxation and social security	1,873	1,692
Other creditors and deferred revenue	328	268
Accruals	4,004	3,907
	26,114	23,490

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

19. Creditors: amounts falling due after more than one year

	2014	2013
	£000	£000
Trade receivables loan	-	-
Amounts payable to Walker Greenbank PLC (note 20)	8,195	8,236
	8,195	8,236
Maturity of the trade receivables loan		
- Less than one year	-	-
- One to two years	-	-
	-	-

The Company and Walker Greenbank PLC, the ultimate parent undertaking, are party to a group banking facility with Barclays Bank PLC.

The total facilities from Barclays Bank PLC comprise a variable rate term loan to Walker Greenbank PLC, which is secured over the Company's freehold property. This loan is being repaid by that company on a ten year profile. At the end of the year the amount outstanding on the term loan was £1,342,000 (2013: £1,764,000).

In addition, the Company has a Debtors Financing Agreement (Trade receivables loan) which provides three year variable rate floating loans secured on the eligible trade debtors of the Company at any point in time ("the working capital facility"). The working capital facility may be drawn down in either sterling or euro. The working capital facility bears finance costs in the form of discount charges which are calculated periodically and vary at margins above the base rate published by the Bank of England (for sterling loans) or the European Central Bank (for euro loans). The Inventory Financing Agreement was cancelled in January 2013.

The total Barclays Bank PLC facilities are capped at £16.5 million (2013: £16.5 million) for the Company and Walker Greenbank PLC. The utilisation of the total facilities at 31 January 2014 was £1,342,000 (2013: £1,764,000) by the Company and Walker Greenbank PLC.

Under the Barclays Bank PLC facilities, the Company and the ultimate parent undertaking are subject to financial covenants which apply to the term loan, being interest cover and debt service. The debtors financing agreement requires compliance with a number of operational covenants. Any non-compliance with any of the 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 the financial and operational covenants throughout each of the periods presented.

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant. The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade receivables loan	-	-	-	-

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rate of 1.75% (2013: 1.75%).

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

20. Amount due to ultimate parent undertaking

	2014	2013
	£000	£000
Amount payable to Walker Greenbank PLC	8,195	8,236

The Directors confirm that the amount owed to its ultimate parent undertaking, Walker Greenbank PLC, at the balance sheet date of £8,195,000 (2013: £8,236,000) is payable after more than one year. This loan is non interest bearing and has no fixed repayment date.

Walker Greenbank PLC 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. There is currently no fixed repayment date for this balance.

21. 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 Profit and loss account as incurred and amounted to £366,000 (2013: £347,000). Active members of the schemes are also able to make contributions.

Defined benefit schemes

The Company operates the following funded defined benefit pension schemes in the UK which offer pensions on retirement and death benefits to members: the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. The WG Senior Management Pension Scheme was effectively closed in 2011. Pension benefits are related to the members' salary at retirement and their length of service. The schemes are closed to new members and the future accrual of benefits.

The most recent finalised triennial funding valuation for the defined benefit schemes was April 2012 and the valuation has been updated to 31 January 2014 by a qualified independent actuary.

The Company's contributions to the schemes for the year beginning 1 February 2014 are expected to be £1,656,000.

The principal assumptions applied when valuing the defined benefit schemes were:

	2014	2013
Discount rate	4.45%	4.50%
Rate of salary increase	3.30%	3.30%
Rate of increase to LPI pensions in payment	3.10%	3.10%
Rate of increase to pensions (in excess of GMP) in deferment	2.40%	2.40%
Rate of inflation	3.30%	3.30%
Expected return on plan assets	6.30%	6.30%

Members are assumed to commute 25% of their pension (2013: 25%).

The assumptions used in determining the overall expected return on assets of the scheme have been set with reference to yields available on government bonds and appropriate risk margins for equities and other classes of assets.

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

21. Retirement benefit obligations *(continued)*

The mortality assumptions applied, in both years, are based on the Self Administered Pension Scheme with medium cohort effect and a floor of 1% p.a. on future mortality improvements. The mortality assumptions imply the expected future lifetime from age 65 as follows:

	2014	2013
Non-pensioner male currently 45	23.7	23.5
Pensioner male currently 65	22.3	21.6
Non-pensioner female currently 45	26.3	26.3
Pensioner female currently 65	24.8	24.4

The amounts recorded in the Balance Sheet are determined as follows:

	2014 £000	2013 £000
Equities	22,117	25,009
Fixed interest	24,162	22,777
Insured annuities	1,227	1,249
Cash and other	1,629	220
Fair value of plan assets	49,135	49,255
Present value of funded defined benefit obligations	(58,343)	(57,493)
Pension liability	(9,208)	(8,238)
Related deferred tax asset at 20% (2013: 23%)	1,842	1,895
Net liability in Balance Sheet	(7,366)	(6,343)

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

	2014 £000	2013 £000
Benefit obligation at beginning of year	57,493	54,433
Scheme expenses	-	455
Interest cost	2,545	2,439
Actuarial loss – other	195	3,036
Benefits paid	(1,890)	(2,870)
Benefit obligation at end of year	58,343	57,493

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

21. Retirement benefit obligations *(continued)*

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

	2014	2013
	£000	£000
Fair value of plan assets at beginning of year	49,255	47,338
Expected return on plan assets	2,212	2,190
Actuarial (loss)/gain	(1,580)	1,013
Contributions by employers	1,673	1,584
Benefits paid	(1,890)	(2,870)
Scheme administrative cost	(535)	-
Fair value of plan assets at end of year	49,135	49,255

The amounts recognised in the Profit and loss account are:

	2014	2013
	£000	£000
Scheme expenses	535	455
Interest on obligation	2,545	2,439
Expected return on plan assets	(2,212)	(2,190)
Net defined benefit pension charge	868	704

The actual return on assets over the year was a gain of £632,000 (2013: gain of £3,203,000).

Actuarial gains and (losses) recognised in the Statement of total recognised gains and losses

	2014	2013
	£000	£000
Actual return on scheme assets (lower)/ higher than expected return	(1,580)	1,013
Other actuarial losses on scheme liabilities	(195)	(3,036)
	(1,775)	(2,023)

Other actuarial losses on scheme liabilities in the year arise mainly from decreases in the discount rate and higher inflation assumptions used in determining the present value of scheme liabilities.

The cumulative amount of actuarial losses reported in the Statement of total recognised gains and losses, before deferred taxation was £25,927,000 (2013: £24,152,000).

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

21. Retirement benefit obligations *(continued)*

History of schemes' assets, obligations and experience adjustments

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of defined benefit obligation	(58,343)	(57,493)	(54,433)	(47,044)	(46,530)
Fair value of scheme's assets	49,135	49,255	47,338	40,302	38,587
Deficit in the schemes	(9,208)	(8,238)	(7,095)	(6,742)	(7,943)
Experience adjustments arising on scheme liabilities	(195)	(3,036)	(6,864)	(1,559)	(7,694)
Experience adjustments arising on scheme assets	(1,580)	1,013	5,460	1,718	2,665

22. Called Up Share Capital

Ordinary shares of £1 each	Number of shares	£000
Authorised share capital		
1 February 2013 and 31 January 2014	17,000,000	17,000
Allotted, called up and fully paid		
1 February 2013 and 31 January 2014	17,000,000	17,000

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

23. Commitments

a) Capital commitments

Capital expenditure authorised and contracted for at the balance sheet date but not yet incurred is as follows:

	2014 £000	2013 £000
Property, plant and equipment and computer equipment	246	1,797

b) Lease Commitments

Operating lease payments for land and buildings represent rentals payable by the Company for certain office properties. These land and building leases are negotiated for an average of 14 years and rentals are fixed for an average of 5 years. Other leases (which include the hire of plant, machinery and motor vehicles) are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

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

	Land and buildings 2014 £000	Other 2014 £000	Land and buildings 2013 £000	Other 2013 £000
Within one year	19	178	19	189
Between one and five years	167	173	88	242
Over five years	1,104	-	430	-
	1,290	351	537	431

Abaris Holdings Limited

Notes to the Financial Statements *(continued)*

24. Contingencies

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.

There were no contingent assets at 31 January 2014 (2013: nil).

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.