

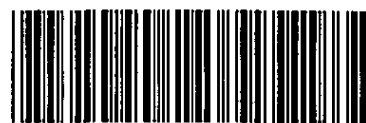
**Company Registration No. 02496559**

**COLART CONTRACT MANUFACTURING LIMITED**

**Directors' Report and Financial Statements**

**Year ended 31 December 2010**

WEDNESDAY



\*A5IGFXXM\*

A51

28/09/2011

351

COMPANIES HOUSE

# **COLART CONTRACT MANUFACTURING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities in respect of the directors' report and the financial statements</b>	<b>4</b>
<b>Independent auditors' report to the members of ColArt Contract Manufacturing</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9</b>

# **COLART CONTRACT MANUFACTURING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

C Wraight (retired 9<sup>th</sup> March 2010)  
J Keightley  
P Aston (resigned 23<sup>rd</sup> April 2010)  
R Llewellyn (appointed 9<sup>th</sup> March 2010)

#### **SECRETARY**

N Robson

#### **REGISTERED OFFICE**

Whitefriars Avenue  
Harrow  
Middlesex

#### **BANKERS**

Nordea Bank Finland  
55 Basinghall Street  
London

#### **AUDITORS**

KPMG LLP  
Chartered Accountants  
15 Canada Square  
London

# **COLART CONTRACT MANUFACTURING LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **PRINCIPAL ACTIVITIES**

The company acts as the holding company for ColArt Fine Art & Graphics Limited, ColArt Limited, and ColArt Sweden AB. Since 2007 the company has also been involved in a trading activity involving the sourcing and sale of artists and craft materials.

### **BUSINESS REVIEW AND RESULTS**

The company's profit after taxation for the financial year was £3,174,000 (2009 £4,532,000). An interim dividend of £3,000,000 was paid during the year (2009 £4,689,000) and the retained profit for the financial year of £174,000 (2009 loss £157,000) has been transferred to reserves. The profit of £9,593,000 from 2007 relating to the sale of shares will be kept as a non distributable reserve.

### **TRADING**

The trading activity consists of sourcing and supplying product from ColArt companies to fulfil five (2009 five) large OEM supply contracts. During 2010 the profitability of this activity continued to be affected by pressure from exchange movements and cost inflation. One key account will have a significant drop in demand due to the future inability to supply product from 2011 onwards because of local changes in legislation in the vicinity of the manufacturing unit. This led to a large demand from this customer for this product in 2010 which significantly improved overall results but the account is now forecast to shrink back significantly in 2011. Work is being undertaken to identify new suitable supply contracts to replace this lost business.

### **RISKS**

Exchange rate risk is managed centrally by ColArt Fine Art & Graphics Ltd who enters into forward exchange contracts as appropriate.

The company manages its credit risk by ensuring all new customers enter into suitable supply contracts and adherence to the terms of the agreements is monitored.

One of the principle risks to the business is the current difficult and unpredictable market conditions. The company employs strict control procedures for debtors and is constantly updating and monitoring forecast requirements in order to keep this risk to a minimum.

### **GOING CONCERN**

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

### **CHARITABLE AND POLITICAL DONATIONS**

The company made no charitable and political donations during the year (2009 £nil).

### **DIRECTORS**

The following directors held office throughout the year:

C Wraight (retired 9<sup>th</sup> March 2010)

J Keightley

P Aston (resigned 23<sup>rd</sup> April 2010)

R Llewellyn (appointed 9<sup>th</sup> March 2010)

The directors had no interests in the shares of the company during the year or any other subsidiary company.

### **EMPLOYEES**

The company has no direct employees. There are 5 staff members (2009 5 staff) plus a Director (2009 1 Director) for whom there is a management charge.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# **COLART CONTRACT MANUFACTURING LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **AUDITORS**

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

Approved by the directors and signed on behalf of the Board



N Robson

Secretary

17/06 2011  
Whitefriars Avenue  
Harrow  
Middlesex

## **COLART CONTRACT MANUFACTURING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLART CONTRACT MANUFACTURING LIMITED**

We have audited the financial statements of ColArt Contract Manufacturing Limited for the year ended 31 December 2010 comprising the profit and loss account the reconciliation of movements in shareholders funds, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Virginia J Stevens (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
London

23<sup>rd</sup> June 2011

# COLART CONTRACT MANUFACTURING LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	5,898	5,673
Cost of Sales		(4,761)	(4,437)
<b>GROSS PROFIT</b>		<u>1,137</u>	<u>1,236</u>
Distribution costs		(560)	(627)
Administrative expenses		(175)	(324)
<b>OPERATING PROFIT</b>		<u>402</u>	<u>285</u>
Fixed asset investments income	6	2,900	4,449
Interest payable and similar charges	7	(17)	(47)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u>3,285</u>	<u>4,687</u>
Tax (charge) on profit on ordinary activities	8	(111)	(155)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	18	<u><u>3,174</u></u>	<u><u>4,532</u></u>

The above results all arise from continuing activities

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents



# **COLART CONTRACT MANUFACTURING LIMITED**

## **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

**Year ended 31 December 2010**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Profit for the financial year	3,174	4,532
Dividends paid on equity shares	(3,000)	(4,689)
	<hr/>	<hr/>
Net addition /(reduction)to shareholders' funds	174	(157)
Opening shareholders' funds	37,513	37,670
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>37,687</b>	<b>37,513</b>

# COLART CONTRACT MANUFACTURING LIMITED

## BALANCE SHEET

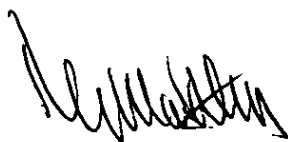
31 December 2010

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	10	2	-
Investments	11	37,335	37,335
		<u>37,337</u>	<u>37,335</u>
<b>CURRENT ASSETS</b>			
Stock		170	23
Debtors amounts falling due in less than one year	13	1,579	1,764
Debtors deferred tax asset	14	413	524
		<u>2,162</u>	<u>2,311</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(558)	(879)
<b>NET CURRENT ASSETS</b>		<u>1,604</u>	<u>1,432</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		38,941	38,767
<b>CREDITORS: amounts falling due after more than one year</b>	16	(1,254)	(1,254)
<b>TOTAL NET ASSETS</b>		<u>37,687</u>	<u>37,513</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	27,500	27,500
Non distributable reserve	18	9,593	9,593
Profit and loss account	18	594	420
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>37,687</u>	<u>37,513</u>

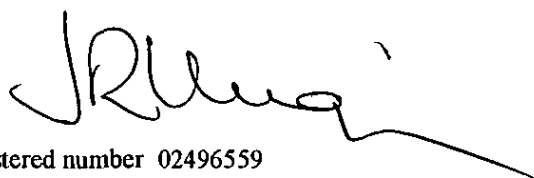
These financial statements were approved by the Board of Directors on 17/6/2011

Signed on behalf of the Board of Directors

R Llewellyn  
Director



J R Keightley  
Director



Companies registered number 02496559

# **COLART CONTRACT MANUFACTURING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

### **1. ACCOUNTING POLICIES**

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

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention. The principal accounting policies of the company are set out below. The policies have expanded to meet the needs of a trading company.

The Company is exempt by virtue s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking, AB Wilh Becker, includes the Company in its own published consolidated financial statements. Consequently these financial statements present the results of the company and not of the group.

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

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

#### **Turnover**

Turnover represents the net amount invoiced to external customers and affiliated companies during the year, exclusive of VAT and other related taxes.

#### **Investments**

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

#### **Taxation**

UK Corporation Tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Year ended 31 December 2010**

# COLART CONTRACT MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 5. EMPLOYEE INFORMATION

The company employed no staff except the directors and company secretary during the year or the preceding year. There were 5 staff (2009: 5 staff) who worked for the company whose salaries were covered by a management charge.

### 6. FIXED ASSETS INVESTMENTS INCOME

	2010 £'000	2009 £'000
Investment income		
- Dividends from group undertakings	2,900	4,449

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest payable and similar charges		
- Loans from group undertakings	(17)	(28)
- Bank loans and overdrafts	-	(2)
- Revaluation of intercompany account	-	(17)
	(17)	(47)

### 8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
<b>UK Corporation tax</b>		
Current tax on income for the period	-	-
Adjustment in respect of prior periods	-	7
Total current tax (credit) / charge	-	7
<b>Deferred taxation (see note 14)</b>		
Origination and reversal of timing differences	115	148
Effect of decreased tax rate	(4)	-
Total deferred tax	111	148
Tax on profit on ordinary activities	111	155

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2009: lower) than the standard rate of corporation tax in the UK 28% (2009: 28%).

# COLART CONTRACT MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2010 £'000	2009 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,284	4,687
Current Tax at standard UK corporation tax rate of 28% (2009 28%)	920	1,312
Effects of		
Dividends received from UK subsidiaries	(812)	(1,246)
Expenses not deductible for tax purposes	-	71
Non qualifying interest	5	9
Depreciation for the period in excess of capital allowance	-	2
Effect of decrease tax rate	(14)	-
Relief claimed from previous years losses	(99)	(148)
Adjustment to the tax charge in respect of previous periods	-	7
	<u>-</u>	<u>7</u>

The UK corporation tax rate was reduced from 28% to 27% as of the 1 April 2011. This rate change will affect the amount of future tax payments made by ColArt Contract Manufacturing and has also reduced the size of the deferred tax asset as at 31 December 2010.

### 9. DIVIDENDS PAID

	2010 £'000	2009 £'000
Dividend on equity shares		
Interim dividend paid	3,000	4,689

### 10. TANGIBLE FIXED ASSETS

	Plant and Equipment £'000	Total £'000
<b>Cost</b>		
At 1 January 2010	17	17
Purchases during the year	2	2
At 31 December 2010	<u>19</u>	<u>19</u>
<b>Accumulated depreciation</b>		
At 1 January 2010	17	17
Provided during year	-	-
At 31 December 2010	<u>17</u>	<u>17</u>
<b>Net book value</b>		
At 31 December 2010	<u>2</u>	<u>2</u>
At 31 December 2009	<u>-</u>	<u>-</u>

# COLART CONTRACT MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 11. FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Cost and net book value at 1 January	37,335	37,335
Cost and net book value at 31 December	<u>37,335</u>	<u>37,335</u>

In the opinion of the Directors the value of the investment in subsidiaries and joint ventures is not less than the value at which they are included in the balance sheet

### 12. INTERESTS IN GROUP UNDERTAKINGS

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, are material

	Class of shares (see below)	% of issued shares held	Country of incorporation/ registration
ColArt Fine Art and Graphics Limited	(a)	70	England/Wales
ColArt Limited	(b)	100	England/Wales
ColArt Sweden AB	(c)	100	Sweden

Note	(a)	Ordinary 25p shares
	(b)	Ordinary £1 shares
	(c)	Ordinary 100SEK shares

The principal activity of ColArt Fine Art and Graphics Limited is the manufacture and distribution of art and craft materials. The principal activity of ColArt Sweden is the distribution of art and craft materials. ColArt Limited is an intermediary holding company, which owns 100% of ColArt International SA and 100% of ColArt Americas Inc. The principal activity of ColArt International SA is the manufacture and distribution of art and craft materials, the principal activity of ColArt Americas Inc is the distribution of art and craft materials.

### 13. DEBTORS

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade Debtors	1070	893
Amounts owed by group undertakings	509	871
	<u>1,579</u>	<u>1,764</u>

# COLART CONTRACT MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 14. DEBTORS: DEFERRED TAX ASSET

	2010 £'000	2009 £'000
Other timing differences	(115)	(155)
Effect of decrease tax rate	4	-
	<u>(111)</u>	<u>(155)</u>
Utilised during the year		
	<u>(111)</u>	<u>(155)</u>
Deferred tax asset as at 1 January	524	679
Transferred to profit and loss account	(111)	(155)
	<u>413</u>	<u>524</u>
Deferred tax asset as at 31 December		
	<u>413</u>	<u>524</u>

UK corporation tax rate was reduced from 28% to 27% as of the 1 April 2011. This rate change has reduced the size of the Company's balance sheet deferred tax asset as at 31 December 2010.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Amounts owed to group undertakings	459	827
Other creditors	99	52
	<u>558</u>	<u>879</u>

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £'000	2009 £'000
Amounts owed to group undertakings	1,254	1,254
	<u>1,254</u>	<u>1,254</u>

The intercompany loan attracts interest of 1.48% (2009: 1.24%) and has no fixed date for repayment.

### 17. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
<b>Authorised:</b>		
50,000,000 ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
<b>Called up, allotted and fully paid</b>		
27,500,002 ordinary shares of £1 each	27,500	27,500
	<u>27,500</u>	<u>27,500</u>



# COLART CONTRACT MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 18. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2010	10,013
Profit for the financial year	3,174
Dividends paid on equity shares	(3,000)
	<hr/>
At 31 December 2010	10,187

These reserves are split into non distributable reserves of £9,593,000 arising from the sales of part of the share holdings of ColArt Fine Art & Graphics in previous years and the distributable reserves of £594,000

### 19. CONTINGENT LIABILITIES

Following the restructuring of the group's finances the charge put in place in favour of the bank disclosed previously has now been removed

### 20. RELATED PARTY TRANSACTIONS

During the year the company undertook business transactions with other Becker group companies as listed in the published accounts of Wilhelm becker AB. At the year end there were outstanding amounts of £458,491 (2009 £827,352) payables and Nil (2009 Nil) receivables

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

	2010	2009
	£'000	£'000
Purchases	5,252	4,304
Management and technical expertise provided	289	315
Management charges paid	-	89
Other payments	439	378

### 21. HOLDING COMPANIES

The immediate parent company is ColArt Finance Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate holding company is Lindengruppen AB, a company incorporated and registered in Sweden.

The parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up is AB Wilh Becker a company incorporated and registered in Sweden. Copies of the consolidated financial statements of AB Wilh Becker can be obtained from Bruksgården, SE-268 83, Höganas, Sweden.

### 22. SIGNIFICANT EVENTS AFTER THE YEAR END

As of 31<sup>st</sup> of March 2011 the financial and operating activities, previously performed at the Wealdstone site, have been relocated to Kidderminster and Lowestoft respectively to match the Group's revised structure.

A number of changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 has reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. They are not anticipated to have a material impact on the financial statements of the Company.