Registration number: 02496559

Colart Contract Manufacturing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Contents

Company Information

Company registered number	02496559
Directors	G Pasquier J Spight
Registered office	The Studio Building 21 Evesham Street London W11 4AJ United Kingdom
Auditor	Deloitte LLP 1 Station Square Cambridge CB1 2GA

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Fair review of the business

The profit and loss account is set out on page 10 and shows the profit for the year.

The Company's profit for the financial year was £99,000 (2018: loss of £64,000). As at 31 December 2019 the Company had net assets of £32,789,000 (2018: £32,690,000). No dividends were declared during the year (2018 £Nil).

Key performance indicators

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

	2019 £ 000	2018 £ 000	Movement £ 000
Profit/(Loss) before tax	84	(79)	163

Group outlook

In 2019 FILA acquired the Arches fine art paper brand which consolidated its position in paper as it also owns the other two leading paper brands. This acquisition resulted in the non-renewal of Colart's distribution agreement with Arches and consequent cessation of Arches distribution from the end of December 2019. The year also saw the growth of the on-line only brand Arteza whose strategy is to offer a price competitive range of products across multiple categories targeting amateur artists. The majority of brands, whether leading or local players, increased investment behind social media as a means of engaging with consumers as a response to Arteza. Colart took the decision to cease manufacturing and selling the Reeves brand to focus on its fine art portfolio where the brands of Winsor & Newton, Liquitex and Lefranc Bourgeois have leading preference amongst both professional and leisure artists.

At the retail level the leading US and European retailers slowed down their store expansion programme, although we did some acquisition of smaller retailers by chains such as Gerstaecker. 2019 also saw the closure of AC Moore - a US chain of art and craft stores (circa 145 stores) of which 19 were acquired by Michaels, along with their distribution centre in New Jersey. On-line sales continued to grow through platforms such as Amazon and T-Mall and many retailers increased investment behind their own e-commerce businesses, including introducing "click and collect".

Principal activity

The principal activity of the Company is a holding company for Colart Fine Art & Graphics Limited, Colart Limited, and Colart Sweden AB and their subsidiaries. The principal activity of these companies is the distribution of art and craft materials. The Company is also involved in a trading activity involving the sourcing and sale of art and craft materials.

Future developments

On 28th February 2020, the Colart Group executed corporate restructuring activities. As a result, the Company sold all its investments to Colart International Holdings Limited. More information can be found in note 17, 'Post Balance Sheet Events'.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risk affecting the Company relates to the provision and maintenance of high service levels to its affiliates. The Company mitigates this risk through the continued focus on the development of accurate demand forecasting processes.

Strategic Report for the Year Ended 31 December 2019 (continued)

Brexit considerations

Management continued to follow embedded risk management procedures throughout 2019 and consulted with external advisers to minimise the possible impact upon the business which could arise in various post Brexit scenarios. Inventory levels were increased in the UK and French warehouses in advance of key Brexit dates to mitigate against supply chain disruption caused by potential imposition of new duty regimes and short-term logistic blockages. Colart's business model was revised in early 2020 to transfer ownership of inventory held in a French warehouse from one of the UK entities to a French entity, simplifying financial management and risk in a post-Brexit environment.

COVID-19 considerations

The emergence of the COVID-19 coronavirus in early January 2020 has created a number of uncertainties and risks that may affect the Colart Group's performance in 2020. The severe restrictions of movement of people and closure of retail outlets across the world in February and March 2020 are likely to restrict retailers' need to purchase Colart products in the short to medium term, with a switch to e-commerce based sales being increasingly seen. Combined with selective closure of Colart's manufacturing and distribution operations this is likely to significantly disrupt Colart's financial performance in 2020, necessitating the Colart Group to draw on debt funding provided by its intermediate parent company (AB Willm Becker).

Management has provided scenario planning simulations to its intermediate parent company which has confirmed that these scenarios, coupled with those of other businesses in its group, are unlikely to cause a breach of banking debt covenants and therefore do not jeopardise the availability of funding for Colart to continue trading. AB Willm Becker has indicated its continuing support of the Colart business.

Management believe that the underlying foundations of the Colart business (well respected, desirable, profitable brands with efficient production capabilities operating in a stable, growing industry sector) remain strong despite the COVID-19 crisis and as such Management believe that Colart will emerge from the crisis well placed to resume its growth trajectory.

Approved by the Board on 14 July 2020 and signed on its behalf by:

....
J Spight
Director

The Studio Building
21 Evesham Street
London
W11 4AJ

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report on the affairs of Colart Contract Manufacturing Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2019.

Directors of the Company

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

G Pasquier	
M Barratt	(Resigned 24 January 2019)
R Llewellyn	(Resigned 24 January 2019)
J Spight	(Appointed 24 January 2019)

Directors' indemnities

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

Future developments

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

Political donations

During the year the Company made no political donations (2018: £nil).

Going concern

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

Financial risk management objectives and policies

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

Cash flow risk

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

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Directors' Report for the Year Ended 31 December 2019 (continued)

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

Dividends

No dividend was paid during the year (2018: £Nil). The directors do not recommend the payment of a final dividend. No dividends were paid or declared subsequent to year end.

Events after the balance sheet date
The emergence of the COVID-19 coronavirus in 2020 is having a significant impact on economies and has resulted in severe restrictions of movement of people across the world in addition to the closure of many retail outlets and production/distribution operations. It is likely that this will result in a short to medium term reduction in sales and profit, requiring Colart to draw on debt facilities provided by its intermediate parent company. However, as of the date of approving the financial statements, the global governmental response to the crisis remains very fluid.

Further post balance sheet events are detailed in Note 17.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s415A of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 14 July 2020 and signed on its behalf by:

....
J Spight
Director

The Studio Building
21 Evesham Street
London
W11 4AJ

Directors' Responsibilities Statement

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Colart Contract Manufacturing Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Colart Contract Manufacturing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Colart Contract Manufacturing Limited (continued)

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

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

We have nothing to report in respect of these matters.

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

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

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

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

Independent Auditor's Report to the Members of Colart Contract Manufacturing Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

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

Date: 15 July 2020

Profit and Loss Account for the Year Ended 31 December 2019

	Notes	2019 £ 000	2018 £ 000
Turnover	4	171	164
Cost of sales		(34)	(32)
Gross profit		137	132
Administrative expenses		(220)	(182)
Operating loss	8	(83)	(50)
Dividend received	15	197	-
Interest expense	5	(30)	(29)
Profit/(Loss) before taxation		84	(79)
Tax credit on profit/(loss)	9	15	15
Profit/(Loss) for the year		99	(64)

The above results were derived from continuing operations. The Company had no items of other comprehensive income other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

Balance Sheet as at 31 December 2019

	Notes	2019 £ 000	2018 £ 000
Fixed assets			
Investments	10	33,189	33,189
Intangible assets	11	10	14
		33,199	33,203
Current assets			
Cash at bank and in hand		622	477
Debtors	12	266	311
		888	788
Creditors: Amounts falling due within one year	13	(1,298)	(1,301)
Net current liabilities		(410)	(513)
Total assets less current liabilities		32,789	32,690
Net assets		32,789	32,690
Capital and reserves			
Called up share capital		27,500	27,500
Profit and loss account		5,289	5,190
Shareholders' funds		32,789	32,690

The financial statements of Colart Contract Manufacturing Limited were approved by the board of directors and authorised for issue on 14 July 2020

They were signed on its behalf by:

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J Spight

Director

Company registered number: 02496559

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	27,500	5,254	32,754
Loss for the year	-	(64)	(64)
Total comprehensive loss	-	(64)	(64)
At 31 December 2018	27,500	5,190	32,690

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	27,500	5,190	32,690
Profit for the year	-	99	99
Total comprehensive income	-	99	99
At 31 December 2019	27,500	5,289	32,789

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

Colart Contract Manufacturing Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

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

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Lindéngruppen AB. Lindegruppen AB is the ultimate controlling party of the Company. The group accounts of Lindéngruppen AB are available to the public and can be obtained as set out in note 16.

2 Accounting policies

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

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

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

The emergence of the COVID-19 coronavirus in early January 2020 has created a number of uncertainties and risks that may affect the Colart Group's performance in 2020. The severe restrictions of movement of people and closure of retail outlets across the world in February and March 2020 are likely to restrict retailers' need to purchase Colart products in the short to medium term, with a switch to e-commerce based sales being increasingly seen. Combined with selective closure of Colart's manufacturing and distribution operations this is likely to significantly disrupt Colart's financial performance in 2020, necessitating the Colart Group to draw on debt funding provided by its intermediate parent company (AB Willm Becker).

Management has provided scenario planning simulations to its intermediate parent company which has confirmed that these scenarios, coupled with those of other businesses in its group, are unlikely to cause a breach of banking debt covenants and therefore do not jeopardise the availability of funding for Colart to continue trading. AB Willm Becker has indicated its continuing support of the Colart business.

Management believe that the underlying foundations of the Colart business (well respected, desirable, profitable brands with efficient production capabilities operating in a stable, growing industry sector) remain strong despite the COVID-19 crisis and as such Management believe that Colart will emerge from the crisis well placed to resume its growth trajectory.

Exemption from preparing group financial statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Lindéngruppen AB, a company incorporated in Sweden. These financial statements can be obtained from the address given in note 16.

The financial statements therefore contain information about Colart Contract Manufacturing Limited as an individual company and do not contain consolidated financial information as the parent of a group.

Revenue recognition

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

Foreign currencies

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

Operating loss

Operating loss is stated before investment income and finance costs.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of customer lists is determined to be 5.years. The estimated useful life and amortisation method are reviewed as at each reporting date.

Investments

Investments in subsidiary companies held as fixed assets are stated at cost less provision for impairment. Investments in associated companies held as fixed assets are stated at cost less provision for impairment.

Trade debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Known bad debts are written off and provisions are made for all debts considered to be doubtful.

Trade creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial instruments

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

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

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

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

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

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

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

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

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

Financial liabilities and equity

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

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

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

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

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

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

Share capital

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are not considered to be any critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Turnover

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

	2019 £ 000	2018 £ 000
Sale of goods	171	164

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

	2019 £ 000	2018 £ 000
UK	67	70
Europe	80	76
Rest of World	24	18
	171	164

5 Interest expense

	2019 £ 000	2018 £ 000
Interest expense on other financing liabilities	30	29

6 Employee information

There were no staff members employed by the Company during the year (2018: none).

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Emoluments	492	515

The above remuneration for duties of the Directors on behalf of the Company was paid by Colart International Holdings Ltd, a company registered in England and Wales at The Studio Building, 21 Evesham Street, London W11 4AJ, the United Kingdom.

During the year the number of directors who were receiving benefits was as follows:

	2019 No.	2018 No.
Accruing benefits under defined benefit pension scheme	-	1

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Directors' remuneration (continued)

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Emoluments	248	217
	248	217

8 Operating Loss

Arrived at after charging:

	2019 £ 000	2018 £ 000
Audit of the financial statements	8	6
Amortisation of intangible assets	4	4

9 Corporate tax

Tax credited in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(17)	(15)
Deferred taxation		
Arising from origination and reversal of temporary differences	2	-
Tax credit in the profit and loss account	(15)	(15)

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Corporate tax (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower (2018: Equal) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £ 000	2018 £ 000
Profit/ (Loss) before tax	84	(79)
Corporation tax at standard rate 19.00% (2018: 19.0%)	16	(15)
Adjustments for non-deductible expenses	4	-
Adjustments for non-taxable income	(37)	-
Adjustments for temporary differences	2	-
Total tax credit	(15)	(15)

Factors that may affect future tax charges:

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the statement of financial position date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

The Company is not aware of any other factors that could materially affect the future tax charge.

Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	2	-

The Company has unrecognised deferred tax assets of £290,000 (2018: £290,000) arising on tax losses. These have not been recognised due to the unlikely recovery of these in the foreseeable future.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments

Subsidiaries	**£ 000**
Cost or valuation	
At 1 January 2019	37,335
At 31 December 2019	37,335
Provision	
At 1 January 2019	4,146
At 31 December 2019	4,146
Carrying amount	
At 31 December 2018	33,189
At 31 December 2019	33,189

£23,331,000 of Colart Contract Manufacturing's net investment carrying amount relates to a 70% shareholding in Colart Fine Art & Graphics Limited. £9,858,000 relates to a 100% holding in Colart Limited. Full details of the Company's shareholdings can be seen below.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2019	2018
Colart Fine Art & Graphics Limited	Selling and distribution of art and craft materials	The Studio Building, 21 Evesham Street, London, W11 4AJ, United Kingdom	70%	70%
Colart Limited	Holding Company	The Studio Building, 21 Evesham Street, London, W11 4AJ, United Kingdom	100%	100%
Colart Sweden AB	Selling and distribution of art and craft materials	c/o Nordia Law, Kungsbron 1, 3 tr, 111 22 Stockholm, Sweden	100%	100%
Colart Americas Inc (Indirect)	Selling and distribution of art and craft materials	2 Corporate Place South, Piscataway, NJ, 08854, U.S.A.	100%	100%
Liquitex International Inc (Indirect)	Trademark ownership	2 Corporate Place South, Piscataway, NJ, 08854, U.S.A.	100%	100%
Colart Interactive Inc (Indirect)	Selling and distribution of art and craft materials	2 Corporate Place South, Piscataway, NJ, 08854, U.S.A.	100%	100%
Colart Le Mans SA (Indirect)	Manufacture of art and craft materials	5 Rue Rene Panhard, 72000 Le Mans, France	100%	100%

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2019	2018
Colart Italiana SpA (Indirect)	Selling and distribution of art and craft materials	Via Monte Rosa 11, Milano 20149, Italy	100%	100%
Colart Iberica SA (Indirect)	Selling and distribution of art and craft materials	Forum Business Center, Av Capitan Haya 1, Madrid 28020, Spain	100%	100%
Colart Deutschland GmbH (Indirect)	Selling and distribution of art and craft materials	Gutenberstrasse 4, Maintal 63477, Germany	100%	100%
Colart Benelux B.V. (Indirect)	Selling and distribution of art and craft materials	Minervum 7491, ZP Breda 4817, The Netherlands	100%	100%
Colart France SA (Indirect)	Selling and distribution of art and craft materials	5 Rue Rene Panhard, 72000 Le Mans, France	100%	100%
Crown Artist Brush Limited (Indirect)	Brush manufacture	The Studio Building, 21 Evesham Street, London W11 4AJ, United Kingdom	70%	70%
Colart Hong Kong Limited (Indirect)	Dormant	Suite 2401 24/F, China Insurance Group Building, 141 Des Voex Road Central, Hong Kong	70%	70%

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2019	2018
Colart Tianjin Art Manufacturing Co. Ltd (Indirect)	Manufacture of art and craft materials	80 Xian Yang Road, Nankai District, Tianjin, 300113, China	63%	63%
Jinhua Universal Canvas Manufacturing Company (Indirect)	Canvas Manufacture	No. 9 Changwen Road, Anwenzhen, Panan County, Zheijiang Province, China	70%	70%
Snazaroo Holdings Ltd (Indirect)	Face Paint Manufacture	The Studio Building, 21 Evesham Street, London W11 4AJ, United Kingdom	70%	70%

Associates

Details of the associates as at 31 December 2019 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2019	2018
Colart Camlin Canvas Pvt Ltd (Indirect)	Dormant	G-71, MIDC Industrial Area, Tarapur, Boisar, India	42%	42%
Bonny Colart Co Ltd (Indirect)	Packing, sale and distribution of art and craft materials	3-6-3 Rinkai-Cho, Edogawa-Ku, Tokyo 134-8576, Japan	35%	35%

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Intangible assets

	Customer lists £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	18	18
Additions	-	-
At 31 December 2019	18	18
Amortisation		
At 1 January 2019	4	4
Charge for the year	4	4
At 31 December 2019	8	8
Carrying amount		
At 31 December 2019	10	10
At 31 December 2018	14	14

12 Trade and other debtors

	Notes	2019 £ 000	2018 £ 000
Trade debtors		-	90
Provision for impairment of trade debtors		-	(37)
Net trade debtors		-	53
Amounts owed by group undertakings		249	249
Deferred tax assets	10	-	2
Amounts owed by group undertakings in respect of group relief		17	7
Total current trade and other debtors		266	311

Amounts owed by group undertakings are due from Winsor & Newton Limited, the company's immediate parent company. This balance is repayable on demand and bears no interest.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Trade and other creditors

	2019 £ 000	2018 £ 000
Trade creditors	5	14
Amounts owing to group undertakings	1,275	1,287
Accruals	6	-
Taxation and Social Security	12	-
	1,298	1,301

Amounts owing to group undertakings are due to group entities. £1,255,000 is a loan agreed with Colart Group Holdings Limited. The loan amount bears interest from the date on which funds are drawn down at a rate equal to GBP LIBOR + 1.6bps payable on the Interest Payment Dates. The loan was due on 31 December 2019, but was extended to 31 December 2020 on the repayment date. £8,462 is owing to Colart France SA (2018: £16,000), £8,199 is owing to Colart Americas Inc (2018: £12,000) and £3,519 is owing to Colart International Holdings Limited (2018: £Nil) for intragroup services charged. These balances are repayable on demand and bear no interest.

14 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary authorised, issued and fully paid shares of £1 each	27,500,002	27,500,002	27,500,002	27,500,002

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

15 Dividend Received

A Dividend of £197,000 was received from Colart Sweden AB, a 100% owned subsidiary during the year (2018: £Nil).

No dividends were declared in 2019 (2018: £Nil).

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Parent and ultimate parent undertaking

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

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

In the opinion of the directors, the Company's ultimate parent Company is Lindéngruppen AB, a Company incorporated in Sweden. Lindéngruppen AB is the largest and smallest group that prepares group accounts in which the Company is included. Copies of these group financial statements are available upon request from Bruksgarden, SE-268 83, Hoganas, Sweden.

17 Post Balance Sheet Events

The emergence of the COVID-19 coronavirus in 2020 is having a significant impact on economies and has resulted in severe restrictions of movement of people across the world in addition to the closure of many retail outlets and production/distribution operations. It is likely that this will result in a short to medium term reduction in sales and profit, requiring Colart to draw on debt facilities provided by its intermediate parent company. However, as of the date of approving the financial statements, the global governmental response to the crisis remains very fluid.

On 28th February 2020, The Colart Group executed corporate restructuring activities with the intention of simplifying the ownership structure of the UK and Swedish entities within the Group. As a result, Colart Contract Manufacturing Limited sold its investments in Colart Fine Art & Graphics Limited, Colart Limited and Colart Sweden AB to Colart International Holdings Limited. Consideration equal to the carrying value of the investments has been exchanged resulting in all direct and indirect investments reported on note 11, being transferred from Colart Contract Manufacturing Limited to Colart International Holdings Limited.

On 30 April 2020 Colart Contract Manufacturing Limited declared dividends of £31.9m to Colart International Holdings Limited, which in conjunction with novation of loan liabilities (due to Colart Group Holdings Limited, novated to Colart International Holdings Limited), executed under a set-off agreement, formed consideration in this exchange of ownership. Share capital of £27.0m was first converted into unrestricted equity to allow for sufficient distributable reserves.