

Company No. 01167325

Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2018

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Abaris Holdings Limited

Annual Report and Financial Statements for the year ended 31 January 2018

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Abaris Holdings Limited

Officers and Professional Advisors

Directors

T G Stannard
J D Sach
M D Gant

Secretary

Caroline Geary

Registered office

Chalfont House
Oxford Road
Denham
UB9 4DX

Independent Auditors

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
Herts
AL1 3JX

Bankers

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

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2018

Principal activities

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

The Company is a trading subsidiary of the group of companies (the "Walker Greenbank Group") headed by its ultimate parent company Walker Greenbank PLC and is included in the consolidated financial statements of Walker Greenbank PLC which are publicly available. All references to the "Group" in this report and the accompanying financial statements relate to the Walker Greenbank Group.

Review of the business and future developments

Overview

This year the Company continues to make good progress and has delivered another increase in underlying profit before tax. This result reflects the success of our continued strategic focus on developing our product offering, international expansion, market penetration, lifestyle product extension and investment in manufacturing.

Revenue has increased by £2,332,000 (3.0%) to £79,206,000. Underlying profit from operations has increased by £911,000 (11.8%) to £8,650,000. This growth has been achieved from an increase in licensing income of 21.6% as a result of range extensions into new product areas, new licensing agreements in the US and China, and apparel collaborations. Total manufacturing sales were up 4.2% compared with the flood-disrupted period last year, driven by export orders and digital printing.

Underlying profit before tax increased by £708,000 (10.0%) to £7,800,000. Statutory profit for the year has declined by £863,000 (12.9%) to £5,839,000. Included within profit from operations are costs relating to the Long Term Incentive Plan ("LTIP") of senior managers working for Abaris Holdings Limited. The LTIP charge in the year is lower than last year driven by a reduction in the expected number of shares that will vest in future awards compared with the prior year.

Business review

We are pleased to report that, in a challenging year for the Company, we have continued to make good progress with the implementation of our strategy, which comprises:

- International expansion;
- Lifestyle product extension;
- Product category extension; and
- Manufacturing innovation.

Brands

Total Brands sales declined by 0.5% compared with last year to £60,843,000 due to challenging UK trading conditions.

Harlequin, incorporating Anthology & Scion, remains the UK's leading mid-market contemporary brand. Sales declined by 2.2% to £27,967,000 compared with last year driven by decreased sales of 6.8% in the UK.

Scion fills a gap in the market for fresh, individual and reasonably priced home products. The brand is cutting edge and continues to be a success with young, aspirational and fashion-aware customers. Scion is a valuable brand for licensing, where the contemporary and graphic nature of the designs translates particularly well to licensed product. The brand's designs have stretched very successfully to a wide range of products, ranging from bedding and bathroom products to window furnishings, gifting, tableware and stationery.

The Anthology brand, launched in April 2014, also continues to show strong growth. The range now includes five innovative collections of wallcoverings complemented by a growing range of fabrics, which are design-led and aspirational whilst remaining inherently suitable for contract applications.

Sanderson, incorporating Morris & Co, sales were up 3.9% at £22,922,000 compared with last year. As one of the oldest surviving English soft furnishing brands, Sanderson is famous today for a signature style that is informed by our heritage and designed for modern living. Our look combines classic, hand-drawn patterns with fresh, vibrant colours which are elegant yet easy to live with.

The Morris & Co. brand enjoyed a positive sales performance driven by the launch of the Pure Morris collection. This collection interprets William Morris' iconic designs in a new neutral colour palette. This has broadened the brand's appeal, making it more accessible to a wider audience.

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2018 (continued)

Review of the business and future developments (continued)

Zoffany is positioned at the upper end of the premium market. Total sales declined by 5.3% compared with the same period last year to £9,954,000.

Manufacturing

Our manufacturing capabilities are one of the Group's key assets and differentiates us from our peer group. They are an integral part of our growth strategy. Total manufacturing sales were up by 4.2% to £33,376,000. Standfast & Barracks has now recovered from the flood and is back in full production.

Sales at Anstey, our wallpaper printing business, were up 5.9% to £17,953,000. Third party sales in the UK were up 8.1% and third party export sales were up 3.6%. Internal sales to our own Group brands increased by 4.8%.

Sales at Standfast, our fabric printing factory, were up by 2.2% to £15,423,000. Total external sales increased by 27.7% with third party sales in the UK up by 30.0% and export sales up by 21.0%. Internal sales to our own Group brands fell by 22.2%.

The December 2015 flood at Standfast & Barracks is now behind us, and we have a fully invested factory.

Outlook

The Board is focused on delivering growth-based strategic initiatives including targeted investment, cost savings where appropriate and a greater emphasis on Brand sales overseas. Additionally, our high margin licensing business is expected to continue to show strong growth.

Financial review

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

Statutory profit before tax of £7,206,000 (2017: £8,354,000) included non-underlying charges of £594,000 (2017: credits £1,262,000). These are analysed below.

	2018 £000	2017 £000
Statutory profit before tax	7,206	8,354
Standfast flood related costs	1,125	7,165
Standfast flood insurance reimbursements	(1,342)	(9,413)
Standfast net other income	(217)	(2,248)
Restructuring and reorganisation costs	102	986
Anstey fire related costs	709	-
Total non-underlying expense/(income) included in profit before tax	594	(1,262)
Underlying profit before tax	7,800	7,092

Standfast net other income of £217,000 comprises of proceeds arising from the reimbursement of costs to replace impaired plant and equipment.

Restructuring and reorganisation costs comprise legal fees for the Russia showroom launch, and employee severance costs associated with internal reorganisation.

Anstey fire related costs of £709,000 are in respect of plant and equipment repairs and related costs following a minor fire.

The net defined benefit pension charge during the year was £573,000 (2017: £527,000). The increase reflects a decrease to the expected return on pension scheme assets. The pension deficit has decreased by £115,000 this year to £7,298,000 (2017: £7,413,000). The reduction in liabilities is a result of a lower discount rate being applied due to a reduction in bond rates.

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2018 (continued)

Review of the business and future developments (continued)

There was a corporation tax charge of £1,197,000 (2017: £1,284,000). There was a deferred tax charge of £170,000 (2017: £368,000) driven by taxable temporary differences on property, plant and equipment. The Company also continues to recognise the deferred tax asset arising from the pension deficit.

Capital expenditure was £3,037,000 (2017: £6,669,000) and includes the move from two showrooms to a single, larger flagship showroom at Chelsea Harbour, the new showroom opening in Chicago and development costs relating to the design of new collections for the Brands. The depreciation and amortisation charge during the year was £2,829,000 (2017: £2,674,000).

Key performance indicators (KPI's)

The directors of Walker Greenbank PLC manage the Group's operations, including those of the Company which is the principal trading subsidiary of the Group. For this reason the directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the Company. The development, performance and position of the Group, which includes the Company, is discussed on pages 1 to 39 of the Group's 2018 Annual Report & Accounts which does not form part of this report.

Summary

We have made significant progress in growing our licensing income, boosting our lifestyle product extension and greater consumer awareness. Combined with our ongoing investment in our key UK manufacturing, the Board is confident in driving further growth in 2018 and developing and delivering our strategic objectives.

Principal risks and uncertainties

The risks and uncertainties of the Company are managed at the Group level, details of which are disclosed in the 2018 Annual Report & Accounts of Walker Greenbank Group on pages 26 and 27.

Business risks

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

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

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

Pensions

The Company operates a defined contribution pension scheme and maintains a closed defined benefit pension scheme. Further details on the schemes, including valuations, are set out in note 21 to these financial statements.

Payment to suppliers

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms subject to the terms and conditions being met by the supplier. The amount of trade creditors shown in the Balance Sheet at 31 January 2018 represents 97 days (2017: 131 days) of average purchases during the year. The variance on the previous year arose due to the timing and seasonality of revenues and investment in product.

Financial Instruments

Interest rate risk

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

Foreign currency risk

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

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2018 (continued)

Financial Instruments (continued)

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

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

Credit risk

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

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

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

Liquidity risk

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

The Walker Greenbank Group, including the Company, utilises facilities provided by Barclays Bank Plc. The term property facility of £nil (2017: £200,000) expired in July 2017. In December 2015, the Group entered into a new £12,500,000 multi-currency revolving credit facility with Barclays Bank PLC for a five year period and cancelled the existing receivables facilities. The agreement also includes a £10,000,000 accordion facility option to further increase available funds which provides substantial headroom for future growth. The borrowings at the end of the year were £7,500,000 for the revolving facility (2017: £7,500,000). Under these facilities there was a borrowing headroom of £12,237,000 (2017: £12,391,000). The total facilities have a current limit of £22,500,000 (2017: £22,700,000).

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

By order of the Board



Caroline Geary
Company Secretary
19 September 2018

Abaris Holdings Limited

Report of the Directors for the year ended 31 January 2018

The Directors present their report and the audited financial statements of Abaris Holdings Limited ("the Company") for the year ended 31 January 2018.

Results and dividends

The profit before taxation amounted to £7,206,000 (2017: £8,354,000).

During the year, the Company paid an interim dividend for the year to 31 January 2018 of £3,125,000 (2017: £2,500,000).

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 January 2018 (2017: £nil).

Business review and future developments

A review of the year and likely developments is contained in the Strategic Report on pages 3 to 5.

Financial Risk Management

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

Directors

The Directors of the Company who served during the year ended 31 January 2018 and up to the date of signing the financial statements were as follows:

T G Stannard
J D Sach
M D Gant
F C Goldsmith (resigned 27 June 2018)
F M Holmes (resigned 14 August 2017)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

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

Employees

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

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

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

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

Abaris Holdings Limited

Strategic Report for the year ended 31 January 2018 (continued)

Directors' and officers' liability insurance

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

Research and development

The Company continues to invest in its products to retain and enhance its market position. Details of expenditure on collection design development costs are set out in note 13 of the financial statements.

Statement of disclosure of information to auditors

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

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

Independent Auditors

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

By order of the Board



Caroline Geary
Company Secretary
19 September 2018

Abaris Holdings Limited

Independent auditors' report to the members of Abaris Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Abaris Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 January 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 January 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Abaris Holdings Limited

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page [X], the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



John Minards (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
20 September 2018

Abaris Holdings Limited

Income Statement

For the year ended 31 January 2018

	Note	2018			2017		
		Underlying £000	Non- underlying (note 7) £000	Total £000	Underlying £000	Non- underlying (note 7) £000	Total £000
Revenue	3	79,206	-	79,206	76,874	-	76,874
Cost of sales		(34,324)	-	(34,324)	(31,912)	-	(31,912)
Gross profit		44,882	-	44,882	44,962	-	44,962
<i>Net operating expenses:</i>							
Distribution and selling expenses		(9,038)	-	(9,038)	(9,043)	-	(9,043)
Administration expenses		(28,263)	(811)	(29,074)	(31,017)	(986)	(32,003)
Net other income	4	1,069	217	1,286	2,837	2,248	5,085
Profit from operations	6	8,650	(594)	8,056	7,739	1,262	9,001
Net defined benefit pension charge	8	(573)	-	(573)	(527)	-	(527)
Finance costs	9	(277)	-	(277)	(120)	-	(120)
Total finance costs		(850)	-	(850)	(647)	-	(647)
Profit before taxation		7,800	(594)	7,206	7,092	1,262	8,354
Tax on profit	12	(1,481)	114	(1,367)	(1,364)	(288)	(1,652)
Profit for the financial year		6,319	(480)	5,839	5,728	974	6,702

All of the activities arise from continuing operations.

The notes on pages 15 to 40 form an integral part of these financial statements.

Abaris Holdings Limited

Statement of Comprehensive Income

For the year ended 31 January 2018

	Note	2018 £000	2017 £000
Profit for the financial year		5,839	6,702
Other comprehensive (expense) / income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension schemes	21	(1,219)	(4,339)
Corporation tax credits recognised in equity		234	190
Increase in deferred tax asset relating to pension scheme liability		-	484
Total items that will not be reclassified to profit or loss		(985)	(3,665)
Other comprehensive expense for the year, net of tax		(985)	(3,665)
Total comprehensive income for the year		4,854	3,037

The notes on pages 15 to 40 form an integral part of these financial statements.

Abaris Holdings Limited

Balance Sheet

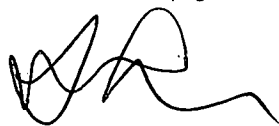
As at 31 January 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	13	7,136	6,922
Property, plant and equipment	14	14,654	14,660
Investments	15	4,352	6,151
		26,142	27,733
Current assets			
Inventories	16	22,042	24,986
Trade and other receivables	17	17,836	23,015
Cash at bank and in hand		579	1,047
Total current assets		40,457	49,048
Creditors: amounts falling due within one year	18	(27,922)	(40,042)
Net current assets		12,535	9,006
Total assets less current liabilities		38,677	36,739
Deferred income tax liabilities	20	(381)	(211)
Retirement benefit obligation	21	(7,298)	(7,413)
Net assets		30,998	29,115
Capital and reserves			
Called up share capital	23	19,400	19,400
Share premium account	23	1,808	1,808
Retained earnings		8,101	6,372
Capital contribution		1,689	1,535
Total shareholders' funds		30,998	29,115

The notes on pages 15 to 40 form an integral part of these financial statements.

The financial statements on pages 11 to 40 were approved by the Board of Directors on 19 September, 2018 and signed on its behalf by

J D Sach
Director



M D Gant
Director



Registered number: 01167325

Abaris Holdings Limited
Statement of Changes in Equity
For the year ended 31 January 2018

	Called up share capital £000	Share Premium account £000	Retained Earnings £000	Capital contribution £000	Total shareholders' funds £000
Balance at 1 February 2016	17,000	15,776	(9,165)	1,267	24,878
Profit for the financial year	-	-	6,702	-	6,702
Other comprehensive (expense)/income:					
Remeasurements of defined benefit pension schemes (note 21)	-	-	(4,339)	-	(4,339)
Corporation tax credits recognised in equity	-	-	190	-	190
Deferred tax credits relating to pension scheme liability	-	-	484	-	484
Total comprehensive income	-	-	3,037	-	3,037
Transactions with owners, recognised directly in equity:					
Shares allotted to ultimate parent undertaking (note 23)	2,400	1,032	-	-	3,432
Reduction of capital (note 23)	-	(15,000)	15,000	-	-
Dividends	-	-	(2,500)	-	(2,500)
Capital contributions arising from long-term incentive plan	-	-	-	268	268
Remeasurements of defined benefit pension schemes (note 21)	-	-	(4,339)	-	(4,339)
Corporation tax credits recognised in equity	-	-	190	-	190
Deferred tax credits relating to pension scheme liability	-	-	484	-	484
Balance at 31 January 2017 and 1 February 2017	19,400	1,808	6,372	1,535	29,115
Profit for the financial year	-	-	5,839	-	5,839
Other comprehensive (expense)/income:					
Remeasurements of defined benefit pension schemes (note 21)	-	-	(1,219)	-	(1,219)
Corporation tax credits recognised in equity	-	-	234	-	234
Dividends (note 25)	-	-	(3,125)	-	(3,125)
Capital contributions arising from long-term incentive plan	-	-	-	154	154
Balance at 31 January 2018	19,400	1,808	8,101	1,689	30,998

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

The notes on pages 15 to 40 form an integral part of these financial statements.

Abaris Holdings Limited

Notes to the Financial Statements

For the year ended 31 January 2018

1. Accounting policies and general information

General information

Abaris Holdings Limited ("the Company") is a luxury interior furnishings business whose brands include Sanderson, Morris & Co, Harlequin, Zoffany, Scion and Anthology. The brands are targeted at the mid to upper end of the premium market. They have worldwide distribution including prestigious showrooms at Chelsea Harbour, London and the D&D building, Manhattan, New York. Around half of the brand's turnover is sourced in-house from the Company's own specialist manufacturing facilities of Standfast & Barracks, the fabric printing business situated in Lancaster, and Anstey Wallpaper Company situated in Loughborough. The manufacturing businesses produce for other interior furnishing businesses both in the UK and throughout the world.

The Company is a private company, limited by shares, domiciled in the UK and registered in England. The company registration number is 01167325 and the address of its registered office is Chalfont House, Oxford Road, Denham, UB9 4DX.

Basis of consolidation

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

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

Basis of preparation

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

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

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - (iii) 16 (statement of compliance with all IFRS)
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
 - (v) 111 (cash flow statement information), and
 - (vi) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of Assets'

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information continued

Foreign currencies

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

Transactions in foreign currencies, which are those other than the functional currency of the Company, are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at the Balance Sheet date. All unhedged exchange differences are recognised in the Income Statement for the period within administration expenses.

Intangible Assets - Goodwill

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

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

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

Intangible Assets - Archive

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

Intangible Assets - Software

Acquired computer software licences are capitalised at the cost incurred to bring the asset into use, including where relevant directly attributable internal costs incurred in preparing the software for operation. The costs are amortised to their estimated residual value over their estimated useful life which range from three to 10 years on a straight-line basis. Software amortisation commences when the asset goes into operational use by the business. The measurement basis used for software is cost less accumulated amortisation and impairment.

Intangible Assets - Collection design

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

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information (continued)

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

Property, plant and equipment

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

Depreciation is charged on a straight-line basis on the original costs (excluding freehold land which is not depreciated) after deduction of any estimated residual value. The principal annual rates are:

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

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

Investments

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

Impairment of non-financial assets

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

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

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

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

Inventories

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

Marketing materials

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

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

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

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information (continued)

Financial assets and liabilities – measurement basis

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

Non-derivative financial assets are classified as 'loans and receivables' according to the purpose for which the asset was acquired. This category includes:

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

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

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

- 'creditors' - these are typically non-interest bearing and following initial recognition are included in the Balance Sheet at amortised cost using the effective interest method; and
- 'bank loans and overdrafts' - these are initially recorded at fair value based on proceeds received net of issue costs and subsequently held at amortised cost using the effective interest method.

Borrowing costs are capitalised as an increase to the carrying value of software or property, plant and equipment on major projects where their impact is material.

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

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Leases

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

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information (continued)

Employee benefits – retirement benefit obligations

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

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

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

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

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

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

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

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

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

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

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

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

Employee benefits – short-term bonus plans

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

Share capital

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

Share premium

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

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

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

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

1. Accounting policies and general information (continued)

Non-Underlying items

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

Taxation including deferred tax

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Segmental reporting

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

Segmental information is disclosed in a manner consistent with the internal reporting to the Chief Operating Decision Maker ("CODM").

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

Dividend distribution

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

Abaris Holdings Limited

Notes to the Financial Statements (continued)

2. Critical accounting estimates and assumptions

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

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Retirement benefit obligations

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

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Details of the estimates and assumptions applied, and carrying amounts of retirement benefit obligations and pension assets, are set out in note 21.

b) Impairment of non-financial assets

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

The Company makes provision for impairment in the carrying amount of its inventories and marketing materials. The nature of the Company's products are exposed to changes in taste and attitudes from time to time, which can affect the demand for those products. The Company has skilled and experienced management who utilise historical sales information, and exercise their judgement, in making estimates about the extent of provisions necessary based on the realisable value of inventory and expected future benefit to the Company of marketing materials taking into account the estimated price and volume of future sales or usage, less the further costs of sale and holding costs. Further disclosures relating to the effect on the Income Statement of the establishment and reversal of such provisions against inventory are included in note 6. Details of the carrying amount of inventories are disclosed in note 16 and of marketing materials in note 17. The carrying values of the non-financial assets are not considered to be sensitive due to the nature of the assets.

c) Deferred tax recognition

The Company considers it appropriate to recognise at the Balance Sheet date deferred tax assets resulting from temporary differences including pension deficits. The amount of deferred tax recognised is based on estimates of the timing and amount of future taxable profits of the Company, which in turn relies upon estimates of future operating profits and the occurrence, timing and tax treatment of significant items of income and expenditure including contributions to pension schemes. Further disclosures relating to the effect on the Income Statement of the recognition of deferred tax assets are included in note 12 and the amount of deferred tax asset recognised and other relevant disclosures are included in note 20. The Company considers the sensitivity on deferred tax recognition to be based on profits generated by the Company and tax rates substantively enacted. There has been no material impact on sensitivity in the current or previous financial year.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

3. Segmental analysis

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

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

This is the basis on which the Company presents its operating results to the Board of Directors, which is considered to be the Chief Operating Decision Maker ("CODM").

a) Segmental revenue analysis by business class

	2018 £000	2017 £000
Brands revenue	60,843	61,150
Manufacturing revenue	33,376	32,044
Less: elimination of intersegment revenue	(15,013)	(16,320)
	79,206	76,874

Analysis of revenue by category:

	2018 £000	2017 £000
Sale of goods	76,097	74,318
Licence royalty income	3,109	2,556
	79,206	76,874

Brands revenue analysis

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

	2018 £000	2017 £000
Harlequin, incorporating Anthology & Scion	27,967	28,583
Sanderson, incorporating Morris & Co	22,922	22,053
Zoffany	9,954	10,514
	60,843	61,150

Manufacturing revenue analysis

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

	2018 £000	2017 £000
Standfast	15,423	15,097
Anstey	17,953	16,947
	33,376	32,044

Abaris Holdings Limited

Notes to the Financial Statements (continued)

b) Revenue by geographical location of customers

	2018 £000	2017 £000
United Kingdom	52,194	51,918
Continental Europe	14,510	13,677
USA	4,388	3,831
Rest of the World	8,114	7,448
	79,206	76,874

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

4. Net other income

Net other income arising as a result of the flood at Standfast, the Company's fabric printing factory in December 2015, is £1,069,000 (2017: £2,837,000) and represents business interruption reimbursements to cover the loss of profits.

5. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to Company's auditors for the audit of the Company financial statements	133	112
Other accounting services	-	35
Advisory services	-	25
Taxation services	125	34
	258	206

6. Profit from operations

	2018 £000	2017 £000
Profit from operations is stated after charging / (crediting):		
Management charge payable to ultimate parent undertaking	3,303	3,658
Depreciation of property, plant and equipment (note 14)	2,206	1,998
Amortisation of intangibles (note 13)	623	676
Cost of inventories recognised as expense in cost of sales (note 16)	27,150	25,302
Impairment of inventories	908	1,451
Reversal of impairment of inventories	(71)	(32)
Impairment of trade receivables (note 17)	157	32
Reversal of impairment of trade receivables	(30)	(139)
Net foreign exchange losses/(gains)	32	(100)
Operating lease rentals:		
• Hire of motor vehicles and plant and machinery	552	521
• Land and buildings	1,056	957

Abaris Holdings Limited

Notes to the Financial Statements (continued)

7. Non-statutory profit measures

Underlying profit measures

The Company seeks to present a measure of underlying performance which is not impacted by material non-recurring items or items considered non-operational in nature. This measure of profit is described as 'underlying' and is used by management to measure and monitor performance. The excluded items are referred to as 'non-underlying' items.

Non-underlying items

The non-underlying items included in profit before tax are as follows:

	Note	2018 £000	2017 £000
(i) Standfast flood:			
Incremental costs, inventory loss and property, plant and equipment impairments		(1,125)	(7,165)
Insurance reimbursements		1,342	9,413
	(a)	217	2,248
(ii) Restructuring and reorganisation costs	(b)	(102)	(986)
(iii) Anstey fire:			
Incremental costs and property, plant and equipment repairs	(c)	(709)	-
Total non-underlying items included in profit before tax		(594)	1,262
Tax on non-underlying items		114	(288)
Total impact of non-underlying items on profit after tax		(480)	974

- (a) Other income of £217,000 (2017: £2,248,000) comprises of proceeds arising from reimbursement of costs to replace impaired plant and equipment and intangible assets of £217,000 (2017: £2,780,000) less flood defence costs of £nil (2017: £253,000) and additional insurance costs of £nil (2017: £279,000).
- (b) Restructuring and reorganisation costs relate to the reorganisation of the Group and comprise of the rationalisation of certain operational and support functions. These costs mainly comprise professional fees, employee severance and property costs associated with the reorganisation process.
- (c) Anstey fire related costs of £709,000 are in respect of plant and equipment repairs and related costs following a minor fire.

8. Net defined benefit pension charge

	2018 £000	2017 £000
Expected return on pension scheme assets	1,789	2,064
Interest on pension scheme liabilities	(1,976)	(2,199)
Scheme expenses met by the Company	(386)	(392)
Net charge (note 21)	(573)	(527)

Abaris Holdings Limited

Notes to the Financial Statements (continued)

9. Finance costs

	2018 £000	2017 £000
Interest payable on bank borrowings	(277)	(120)

10. Emoluments of Directors

The Directors did not receive any remuneration from the Company (2017: £nil). The Directors are remunerated by Walker Greenbank PLC, the ultimate parent undertaking. No apportionment can easily be made in respect of their services to the Company. Directors emoluments are fully disclosed within Walker Greenbank PLC consolidated financial statements.

11. Employee Information

	2018 £000	2017 £000
Wages and salaries	17,610	18,229
Social security costs	1,499	1,406
Other pension costs	1,023	806
Share based payment awards, including NIC thereon	136	311
Employee benefit expense	20,268	20,752

	2018 Number	2017 Number
The average monthly number of employees (including Directors) during the year		
Brands, including warehousing	265	279
Manufacturing	292	329
Corporate and administration	8	6
	565	614

Abaris Holdings Limited

Notes to the Financial Statements (continued)

12. Tax expense

	2018 £000	2017 £000
Current tax:		
- UK current tax	1,221	1,206
- adjustments in respect of prior years	(24)	78
Corporation tax	1,197	1,284
Deferred tax:		
- current year	161	528
- adjustments in respect of prior years	27	(21)
- effect of changes in corporation tax rates	(18)	(139)
Deferred tax	170	368
Total tax charge for the year	1,367	1,652

Reconciliation of total tax charge for the year	2018 £000	2017 £000
Profit on ordinary activities before tax	7,206	8,354
Tax on profit on ordinary activities at 19.16% (2017: 20.00%)	1,381	1,671
Non-deductible expenditure	(466)	63
Adjustments in respect of prior years	3	57
Transfer pricing adjustments	461	-
Exempt amounts	6	-
Effect of changes in corporation tax rates	(18)	(139)
Total tax charge for year	1,367	1,652

Factors affecting current and future tax charges

No overseas taxation is anticipated to become payable within the immediate future due to the availability of gross tax losses of approximately £3.2 million (2017: £2.8 million).

The deferred tax balance at 31 January 2018 included within these financial statements has been calculated at a rate of 17%, as this is the rate at which the majority of the balances are expected to unwind.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016 and became substantively enacted in Finance Bill 2016 on 6 September 2016 to reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

13. Intangible assets

	Goodwill £000	Arthur Sanderson and William Morris Archive £000	Collection design £000	Software £000	Total £000
Cost					
1 February 2017	1,400	4,300	3,141	2,724	11,565
Additions	-	-	579	258	837
31 January 2018	1,400	4,300	3,720	2,982	12,402
Accumulated amortisation					
1 February 2017	1,139	-	2,083	1,421	4,643
Charge	-	-	307	316	623
31 January 2018	1,139	-	2,390	1,737	5,266
Net book amount					
31 January 2018	261	4,300	1,330	1,245	7,136
31 January 2017	261	4,300	1,058	1,303	6,922

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

The total amortisation expense of £623,000 (2017: £676,000) is included in administration expenses £610,000 (2017: £665,000) and distribution and selling costs £13,000 (2017: £11,000).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

14. Property, plant and equipment

	Freehold Land and buildings £000	Leasehold Improvements £000	Plant, equipment and vehicles £000	Computer hardware £000	Total £000
Cost					
1 February 2017	5,474	400	30,218	1,828	37,920
Additions	159	-	1,799	242	2,200
Disposals	-	-	(10)	-	(10)
31 January 2018	5,633	400	32,007	2,070	40,110
Accumulated depreciation					
1 February 2017	1,656	-	20,030	1,574	23,260
Charge	101	60	1,957	88	2,206
Disposals	-	-	(10)	-	(10)
31 January 2018	1,757	60	21,977	1,662	25,456
Net book amount					
31 January 2018	3,876	340	10,030	408	14,654
31 January 2017	3,818	400	10,188	254	14,660

The total depreciation expense of £2,206,000 (2017: £1,998,000) is included in administration expenses £2,155,000 (2017: £1,961,000) and distribution and selling costs £51,000 (2017: £37,000).

The net book amount of land and buildings comprises:

	2018 £000	2017 £000
Freehold land	450	450
Freehold buildings	3,426	3,368
Net book amount	3,876	3,818

Land and buildings are stated at historical cost.

All of the Company's banking facilities remain secured by a fixed and floating charge over the carrying value of assets (land and buildings) of £3,876,000 (2017: £3,818,000).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

15. Investments

	2018 £000	2017 £000
Shares in subsidiary undertakings		
Cost:		
At 1 February	7,856	4,424
Additions	-	3,432
Disposals	(1,799)	-
At 31 January	6,057	7,856
Provision for impairment:		
At 1 February and 31 January	(1,705)	(1,705)
Net book amount at 31 January	4,352	6,151

On 1st March, 2017, the Company liquidated Warner Archive Limited (formerly Warner Greenbank Fabrics Limited) a dormant subsidiary, with the cost of investment written off of £1,799,000.

On 11 May 2016, the Company and its ultimate parent undertaking entered into a Deed of Assignment assigning to the Company absolutely and with full title guarantee the inter-company balance of US\$ 5 million payable by the Company's US subsidiary to the ultimate parent undertaking (the "Receivable"). The Receivable was always intended to be equity to help fund the US business and there was no expectation of payment. In consideration, the Company made an allotment and issued to the ultimate parent 2,400,000 ordinary shares of £1 each at a premium of £0.43 per share. Consequently, the Company recognised the Receivable at its fair value of £3,432,000 (US\$ 5 million) and the nominal value of shares issued in share capital with the balance going to share premium. Subsequent to this assignment, the Company and the US subsidiary extinguished the Receivable by way of a Capital Contribution Agreement ("CCA") dated 11 May 2016. The CCA resulted in the Company de-recognising the Receivable and recording an equivalent cost of investment in its Balance Sheet. Since the assignment and subsequent extinguishment of the Receivable are all inter-group transactions, there was no effect on the consolidated financial statements of the Walker Greenbank Group for the year ended 31 January 2018.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

15. Investments (continued)

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

<i>Name of subsidiary undertakings</i>	<i>Country of incorporation and place of business</i>	<i>Holding</i>	<i>Proportion of voting rights / shares held by the Company</i>	<i>Nature of business</i>
Walker Greenbank Inc	USA	Ordinary shares	100%	Luxury interior furnishings
Arthur Sanderson & Sons SARL	France	Ordinary shares	100%	Luxury interior furnishings
Abaris Trading Company B.V.	Netherlands	Ordinary shares	100%	Luxury interior furnishings
Abaris (Overseas) Holdings Limited	UK	Ordinary shares	100%	Dormant
Anstey Wallpaper Company Limited	UK	Ordinary shares	100%	Dormant
Anthology Fabrics and Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Arthur Sanderson & Sons Limited	UK	Ordinary shares	100%	Dormant
Barracks Fabric Printing Company Limited	UK	Ordinary shares	100%	Dormant
Cirka Limited	UK	Ordinary shares	100%	Dormant
Design Edition Limited	UK	Ordinary shares	100%	Dormant
Harlequin Fabrics & Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Morris & Co. (Artworkers) Limited	UK	Ordinary shares	100%	Dormant
Sanderson of London Limited	UK	Ordinary shares	100%	Dormant
Scion Fabrics & Wallcoverings Limited	UK	Ordinary shares	100%	Dormant
Scion Living Limited	UK	Ordinary shares	100%	Dormant
Standfast Dyers and Printers Limited	UK	Ordinary shares	100%	Dormant
Strines Textiles Limited	UK	Ordinary shares	100%	Dormant
Style Library Limited	UK	Ordinary shares	100%	Dormant
Walker Greenbank Distribution Limited	UK	Ordinary shares	100%	Dormant
William Morris Wallpapers Limited	UK	Ordinary shares	100%	Dormant
Zoffany Limited	UK	Ordinary shares	100%	Dormant

Registered offices of the Company's related undertakings, all of which are wholly owned, are as follows:

<i>Name of subsidiary undertakings</i>	<i>Registered office</i>
All undertakings other than the ones listed below	Chalfont House, Oxford Road, Denham, UB9 4DX
Walker Greenbank Inc	800 Huyler Street, Teterboro, New Jersey, 07608
Arthur Sanderson & Sons SARL	19 Rue de Mail, Paris, 75002
Abaris Trading Company B.V.	Postbus 372, 1970 AJ IJmuiden, Netherlands

Abaris Holdings Limited

Notes to the Financial Statements (continued)

16. Inventories

	2018 £000	2017 £000
Raw materials	2,757	3,389
Work in progress	1,311	2,035
Finished goods	17,974	19,562
	22,042	24,986

The cost of stocks recognised as an expense and included in cost of sales amounted to £27,150,000 (2017: £25,302,000).

17. Trade and other receivables

Current	2018 £000	2017 £000
Trade receivables	10,408	9,539
Less: Provision for impairment	(270)	(203)
Net trade receivables	10,138	9,336
Amounts owed by group undertakings	4,051	8,144
Corporation Tax	460	-
Other Taxes and social security	40	-
Other receivables	399	2,799
Marketing materials	1,004	929
Prepayments	1,744	1,807
	17,836	23,015

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

Other receivables include the recognition of £nil (2017: £1,500,000) relating to insurance reimbursements in respect of Standfast flood received after the year end.

There is no material difference between the carrying amount and the fair value of the trade and other receivables. The only impaired assets are within trade receivables and marketing materials.

Credit quality of financial assets

(i) Neither past due nor impaired

Included in the Company's trade receivable balances are receivables with a carrying value of £9,442,000 (2017: £8,770,000) which are neither past due nor impaired at the reporting date. The nature of the Company's business means that it has a long standing relationship with the majority of its customers, who either have no experience of historical default or only temporary late payments with full recovery of balances due.

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

(ii) Past due – not individually impaired

Included in the Company's trade receivables balance are receivables with a carrying value of £706,000 (2017: £492,000) which are past due at the reporting date for which the Company does not consider the need to create a specific impairment provision against individually identified receivable. The table below shows the aging analysis of the receivables:

Abaris Holdings Limited

Notes to the Financial Statements (continued)

17. Trade and other receivables (continued)

	2018 £000	2017 (restated) £000
1 - 30 days past due	373	120
31 - 60 days past due	336	134
61 - 90 days past due	33	84
91+ days past due	(36)	154
	706	492

The Directors believe that in the current economic environment there is objective evidence of credit deterioration and an impairment of £nil (2017: £65,000) representing a collective assessment of risk against receivables that are yet to be specifically identified. Due to the nature of the Company's products, there is a limited amount of stock left in the possession of customers that could act as collateral under terms of trade. As the value of this stock is immaterial, it has not been disclosed in the financial statements.

Prior year restatement

The aging analysis for the prior year has been restated to reflect amounts based on past due instead of invoice date

(iii) Past due – individually impaired

As at 31 January 2018, trade receivables of £260,000 (2017: £277,000) were individually determined to be impaired and provided for. The amount of the provision was £270,000 (2017: £138,000). The main factors used to assess the impairment of trade receivables is the age of the balance and circumstances of the individual customer. It has been assessed that a proportion of the receivables is expected to be recovered.

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

	2018 £000	2017 £000
Sterling	8,740	10,537
Euros	9	1,368
US Dollars	1,545	18
Other	243	212
	10,537	12,135

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

	2018 £000	2017 £000
United Kingdom	6,472	6,469
Continental Europe	2,130	1,971
United States of America	495	124
Rest of the World	1,041	772
	10,138	9,336

Abaris Holdings Limited

Notes to the Financial Statements (continued)

17. Trade and other receivables (continued)

Provisions for impairment

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

	2018 £000	2017 £000
At 1 February	(203)	(390)
Provision for receivables impaired (note 6)	(157)	(32)
Receivables written off in the year as uncollectible	60	80
Unused amounts reversed (note 6)	30	139
At 31 January	(270)	(203)

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

18. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Bank overdraft	6,827	9,533
Trade creditors	11,705	15,578
Amounts owed to group undertakings (note 19)	4,435	8,467
Corporation tax	-	6
Other taxes and social security	1,720	1,408
Other creditors and deferred revenue	338	963
Accruals	2,897	4,087
	27,922	40,042

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

19. Amounts owed to group undertakings

	2018 £000	2017 £000
Amounts owed to subsidiary undertakings	4,435	8,467

The Company and the ultimate parent undertaking, are party to a group banking facility with Barclays Bank PLC. In December 2015, they entered into a £12,500,000 multi-currency revolving credit facility with Barclays Bank PLC for a five year period and cancelled the existing Receivables facilities. The agreement also includes a £10,000,000 accordion facility option to further increase available credit which provides substantial headroom for future growth. The total facilities from Barclays Bank PLC comprises: a variable rate Term Loan secured on the Company's freehold property which is being repaid on a five year profile and a revolving credit facility which may be drawn down in either sterling or euro.

The total Barclays Bank PLC facilities are capped at £22,500,000 (2017: £22,700,000); the utilisation of the facilities at the year end was £6,558,000 (2017: £6,825,000). The term loan bears interest at variable rates based on a margin above the Bank of England base rate. The revolving credit facility bears interest at a variable rate based on a margin above LIBOR (for sterling loans) or the EURIBOR (for euro loans).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

19. Amounts owed to group undertakings (continued)

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

20. Deferred income tax

A deferred tax liability of £381,000 (2017: £211,000) is recognised in respect of fixed assets and other temporary differences, including retirement benefit obligations.

	2018 £000	2017 £000
Taxable temporary differences on property, plant and equipment	(1,460)	(1,331)
Taxable temporary differences on intangible assets	(194)	(181)
Other temporary differences	17	41
	(1,637)	(1,471)
Retirement benefit obligations	1,256	1,260
Deferred income tax liability	(381)	(211)

A deferred tax credit of £nil (2017: credit of £484,000) arising on retirement benefit obligations has been recognised within the Statement of Comprehensive Income.

There are gross tax losses in overseas subsidiaries of £3,200,000 (2017: £2,782,000) which are available for offset against future taxable profits by those subsidiaries. Potential deferred tax assets at 31 January 2018 relating to overseas losses have not been recognised as it is not considered probable that recovery of the potential deferred tax asset will arise under existing tax legislation. These are summarised in the table below:

	2018 £000	2017 £000
Unutilised tax losses – Overseas	368	473

The gross movement on the deferred income tax account is as follows:

	2018 £000	2017 £000
Net deferred tax liability		
At 1 February	(211)	(327)
Income Statement charge	(170)	(368)
Tax credit relating to components of other comprehensive income	-	484
At 31 January	(381)	(211)

Abaris Holdings Limited

Notes to the Financial Statements (continued)

21. Retirement benefit obligations

Defined contribution schemes

The Company contributes to the defined contribution section of the Abaris Holdings Limited Pension Scheme and to a Group Personal Pension Plan which is also a defined contribution scheme. Contributions are charged to the Income Statement as incurred and amounted to £319,000 (2017: £352,000). Active members of the schemes are also able to make contributions.

Defined benefit schemes

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

The Company's contributions to the schemes for the year beginning 1 February 2018 are expected to be £1,926,000.

Plan assets held in the fund are governed by local regulations and practice in the UK. Responsibility for the governance of the plan, including investment decisions and contributions schedules, lies with the Trustees of the schemes.

Actuarial valuations of the schemes were carried out as at 31 January 2018, based on membership data at 5 April 2015, updated to take account of benefit outgo since 5 April 2015, using actuarial assumptions at 31 January 2018. The major assumptions used by the actuary were (in nominal terms) as follows:

	2018	2017
Discount rate	2.50%	2.80%
Inflation assumption (RPI)	3.15%	3.35%
Inflation assumption (CPI)	2.15%	2.35%
Rate of increase in salaries	3.15%	3.35%
Rate of increase to pensions in payment, that increase in line with RPI subject to a maximum of 5% p.a.	3.00%	3.10%
Rate of increase to pensions (in excess of GMP) in deferment	2.15%	2.35%

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

	2018	2017
Non-pensioner male currently 45	23.0	23.3
Pensioner male currently 65	21.9	22.0
Non-pensioner female currently 45	25.5	26.0
Pensioner female currently 65	24.2	24.5

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

	2018 £000	2017 £000
Equities, absolute return and property	11,709	26,226
Fixed interest gilts	33,269	16,569
Fixed interest bonds	5,343	3,982
Index-linked gilts	8,771	10,813
Insured annuities	868	951
Cash and cash equivalents	5,579	5,960
Fair value of scheme assets	65,539	64,501

All assets are invested in the UK. The assets do not include the Company's financial instruments or property connected with the Company.

The actual return on assets over the year was a gain of £2,229,000 (2017: gain of £10,171,000).

Abaris Holdings Limited

Notes to the Financial Statements (continued)

21. Retirement benefit obligations (continued)

	2018 £000	2017 £000
Present value of funded obligations	(72,837)	(71,914)
Fair value of scheme assets	65,539	64,501
Deficit in funded scheme	(7,298)	(7,413)
Net liability in balance sheet	7,298	7,413

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

	2018 £000	2017 £000
Benefit obligation at beginning of year	71,914	60,011
Interest cost	1,976	2,199
Re-measurement losses/(gains) – changes in financial assumptions	2,802	12,615
Re-measurement gains – changes in demographic assumptions	(1,032)	-
Re-measurement gains – experience	(111)	(169)
Benefits paid	(2,712)	(2,742)
Benefit obligation at end of year	72,837	71,914

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

	2018 £000	2017 £000
Fair value of plan assets at beginning of year	64,501	55,698
Interest income on scheme assets	1,789	2,064
Return on assets, excluding interest income	440	8,107
Contributions by employers	1,907	1,766
Benefits paid	(2,712)	(2,742)
Scheme administrative cost	(386)	(392)
Fair value of scheme assets at end of year	65,539	64,501

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

	2018 £000	2017 £000
Net re-measurement – financial	(2,802)	(12,615)
Net re-measurement – demographic	1,032	-
Net re-measurement – experience	111	169
Return on assets, excluding interest income	440	8,107
Total re-measurements of the net defined benefit liability	(1,219)	(4,339)

Abaris Holdings Limited

Notes to the Financial Statements (continued)

21. Retirement benefit obligations (continued)

Sensitivity analysis

The table below shows the impact on the defined benefit obligation of changing each of the most significant assumptions in isolation. The figures in the table as at 31 January 2018 have been calculated using the same valuation method that was used to calculate the defined benefit obligation above and are consistent year on year.

	Change in assumption	Impact on scheme liabilities 2018 (£m)		Impact on scheme liabilities 2017 (£m)	
		Increase	Decrease	Increase	Decrease
Discount rate	0.25% movement	(3.0)	3.3	(3.1)	3.3
Rate of inflation (RPI) *	0.25% movement	1.5	(1.4)	1.6	(1.2)
Rate of inflation (CPI) *	0.25% movement	0.7	(0.6)	0.7	(0.6)
Assumed life expectancy	1 year movement	3.7	(3.7)	3.0	(3.0)

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

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

Risk exposure

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

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

The weighted average duration of defined benefit obligations is 17 years.

22. Financial instruments

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

31 January 2018	Loans and receivables £000	Assets at fair value £000	Total £000
Assets as per Balance Sheet			
Trade and other receivables	14,588	-	14,588
Cash at bank and in hand	579	-	579
Total	15,167	-	15,167
31 January 2018	Liabilities at fair value £000	Other financial liabilities £000	Total £000
Liabilities as per Balance Sheet			
Creditors: amounts falling due within one year	-	26,202	26,202
Total	-	26,202	26,202

Abaris Holdings Limited

Notes to the Financial Statements (continued)

22. Financial instruments (continued)

31 January 2017	Loans and receivables £000	Assets at fair value £000	Total £000
Assets as per Balance Sheet			
Trade and other receivables	20,279	-	20,279
Cash at bank and in hand	1,047	-	1,047
Total	21,326	-	21,326

31 January 2017	Liabilities at fair value £000	Other financial liabilities £000	Total £000
Liabilities as per Balance Sheet			
Creditors: amounts falling due within one year	-	38,628	38,628
Total	-	38,628	38,628

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

Offsetting of financial assets and liabilities

The following financial assets/(liabilities) are subject to offsetting, enforceable master netting arrangements and similar arrangements.

31 January 2018	Gross amounts of recognised financial assets/(liabilities) £000	Gross amounts of recognised financial assets set off in the Balance Sheet £000	Net amounts of financial assets/(liabilities) included in the Balance Sheet £000
Cash at bank and in hand	3,252	(3,252)	-
Bank overdraft	(9,500)	3,252	(6,248)

31 January 2017	Gross amounts of recognised financial assets/(liabilities) £000	Gross amounts of recognised financial assets set off in the Balance Sheet £000	Net amounts of financial assets/(liabilities) included in the Balance Sheet £000
Cash at bank and in hand	6,382	(6,382)	-
Bank overdraft	(14,868)	6,382	(8,486)

For the financial assets and liabilities, subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for the net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party

Abaris Holdings Limited

Notes to the Financial Statements (continued)

23. Share capital and premium

Ordinary shares of £1 each:

Allotted, called up and fully paid:	Number of shares	Called up share capital £000	Share premium account £000
31 January 2017 and 31 January 2018	19,400,000	19,400	1,808

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

24. Commitments

a) Capital commitments

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

	2018 £000	2017 £000
Tangible fixed assets	125	95

b) Lease commitments

Operating lease payments represent rentals payable by the Company for certain office properties. Land and building leases are negotiated for an average of 14 years (2017: 14 years) and rentals are fixed for an average of five years (2017: five years). Other leases are negotiated for an average term of three years (2017: three years) and rentals are fixed for an average of three years (2017: three years).

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

	Land and buildings 2018 £000	Other 2018 £000	Total 2018 £000	Land and buildings 2017 £000	Other 2017 £000	Total 2017 £000
Within one year	993	323	1,316	879	405	1,284
Between one and five years	3,056	504	3,560	3,293	532	3,825
Over five years	785	-	785	2,102	-	2,102
	4,834	827	5,661	6,274	937	7,211

Other leases include hire of plant, machinery and motor vehicles.

Abaris Holdings Limited

Notes to the Financial Statements (continued)

25. Dividends

During the year, the Company paid an interim dividend of 0.16p per share (£3,125,000) for the financial year ended 31 January 2018 (2017: 0.13p per share, £2,500,000). The Directors do not recommend the payment of a final dividend in respect of the year ended 31 January 2018 (2017: £nil).

26. Contingent liabilities

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

27. Ultimate and immediate parent undertaking

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

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