

Registration number: SC444530

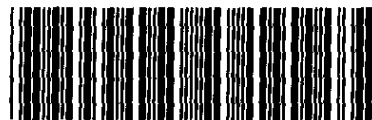
Partnership Accounts

ColArt PFP (GP) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

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Company Information

Directors

J Spight
A Menzies
J M Beeston

Registered office

17 Viewfield Road
Ayr
KA8 8HJ

Solicitors

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Bankers

DNB Bank
ASA London Branch
8th Floor, The Walbrook Building
25 Walbrook
London
EC4N 8AF

Auditor

Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA
United Kingdom

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

The directors have taken the small companies' exemption contained in sections 414B of the Companies Act 2006 from the requirement to prepare a strategic report.

Directors of the company

The directors, who held office during the year, were as follows:

J Spight

A Menzies

J M Beeston

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principal activity

The principal activity of the Company is as a general partner in Colart Scotland LP. The registered office of Colart Scotland LP is 17 Viewfield Road, Ayr, KA8 8HJ.

Going concern

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

Political donations

During the year the Company made no political donations (2017: £nil).

Disclosure of information to the auditors

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

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 15.

Auditor

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

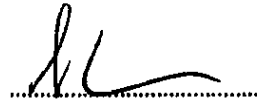
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Following an audit tender which concluded in 2018, Deloitte LLP was selected as the auditor for the Lindengruppen AB group and certain of its subsidiaries. Accordingly, Deloitte LLP was appointed as auditor during 2018.

Directors' Report for the Year Ended 31 December 2018 (continued)

Approved by the Board on 17/5/19 and signed on its behalf by:



A Menzies
Director
17 Viewfield Road
Ayr
KA8 8HJ

Directors Responsibility Statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of ColArt PFP (GP) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ColArt PFP (GP) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Members of ColArt PFP (GP) Limited (continued)

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Members of ColArt PFP (GP) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

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Matthew Hall FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
Date: 15 May 2019

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	3,969,354	3,633,839
Administrative expenses		<u>(11,838)</u>	<u>(9,042)</u>
Operating profit	5	<u>3,957,516</u>	<u>3,624,797</u>
Profit before tax		3,957,516	3,624,797
Tax on profit on ordinary activities	8	<u>(750,263)</u>	<u>(738,616)</u>
Profit for the year		<u>3,207,253</u>	<u>2,886,181</u>

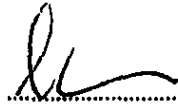
The above results were derived from continuing operations. A Statement of Other Comprehensive Income has not been included as part of these financial statements as the company made no gains or losses in the period other than those disclosed above in the profit and loss account.

Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	9	16,999,900	16,999,900
Current assets			
Debtors	10	8,622,164	8,286,079
Cash at bank and in hand	11	<u>6,141,295</u>	<u>3,211,374</u>
		14,763,459	11,497,453
Creditors: Amounts falling due within one year	12	<u>(765,528)</u>	<u>(706,774)</u>
Net current assets		<u>13,997,931</u>	<u>10,790,679</u>
Net assets		<u>30,997,831</u>	<u>27,790,579</u>
Capital and reserves			
Called up share capital	13	16,999,900	16,999,900
Profit and loss account		<u>13,997,931</u>	<u>10,790,679</u>
Shareholders' funds		<u>30,997,831</u>	<u>27,790,579</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 15/5/19 and signed on its behalf by:



A Menzies

Director

17 Viewfield Road

Ayr

KA8 8HJ

Company registered number: SC444530

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	16,999,900	7,904,498	24,904,398
Profit for the year	-	2,886,181	2,886,181
Total comprehensive income	-	2,886,181	2,886,181
At 31 December 2017	16,999,900	10,790,679	27,790,579
	Share capital £	Profit and loss account £	Total £
At 1 January 2018	16,999,900	10,790,679	27,790,579
Profit for the year	-	3,207,253	3,207,253
Total comprehensive income	-	3,207,253	3,207,253
At 31 December 2018	16,999,900	13,997,931	30,997,831

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

Colart PFP (GP) Limited (the Company) is a private company limited by share capital incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is shown on page 1.

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

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Lindengruppen AB, a company incorporated in Sweden.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as, whilst the company has net assets, it has received an undertaking from its parent company, AB Wilh. Becker, that it will continue to provide financial support to the company, to enable it to settle liabilities as they fall due. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

Changes in accounting policies

None of the standards, specifically IFRS 15 and 9, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company activities.

Turnover consists of profit share income from the ColArt Scotland LP limited partnership. Profit share income is attributed to the company in the period in which it is recognised in the partnership.

Tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Debtors

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

Creditors

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

Equity instruments

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

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that there were no critical accounting judgements or key sources of estimation uncertainty.

4 Turnover

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

	2018 £	2017 £
Profit share from Colart Scotland LP	3,969,354	3,633,839

5 Operating profit

Arrived at after charging

	2018 £	2017 £
Audit of financial statements	13,600	9,000

The fees for the audit of the 2018 financial statements for ColArt Scotland of £3,900 (2017: £4,000) are included in the amounts above.

The fees for the audit of the 2018 financial statements of Colart PFP (LP) Ltd for 2018 is £3,900 and is also included in the above. The 2017 fee of £3,900 was paid for by Colart International Holdings Limited on behalf of Colart PFP (LP) Limited.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Staff costs

There were no staff employed by the company during the year (2017:nil). No emoluments were paid to the directors for duties undertaken on behalf of the company during the year (2017: £nil).

7 Directors' remuneration

The directors' time devoted to ColArt PFP (GP) Limited is considered to be immaterial and the directors are remunerated by ColArt International Holdings Limited (registered address: The Studio Building, 21 Evesham Street, London, W11 4AJ) with the exception of Andrew Menzies, who is remunerated by Moorbrook Textiles Limited (registered address: Alex Begg & Co., 17 Viewfield Road, Ayre, KA8 8HJ).

8 Income tax

Tax charged in the profit and loss account

	2018 £	2017 £
Current taxation		
UK corporation tax	751,928	697,774
UK corporation tax adjustment to prior periods	(1,665)	40,842
	<u>750,263</u>	<u>738,616</u>
	2018 £	2017 £
Profit before tax	<u>3,957,515</u>	<u>3,624,797</u>
Corporation tax at standard rate: 19% (2017 – 19.25%)	751,928	697,774
(Decrease)/Increase in current tax from adjustment for prior periods	(1,665)	40,842
Total tax charge	<u>750,263</u>	<u>738,616</u>

Factors that may affect future tax charges:

The UK corporation tax rate will reduce from 19% for the years commencing on 1 April 2018 and 2019 to 17% for the year commencing on 1 April 2020. The Company is not aware of any other factors that could materially affect the future tax charge.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Investments

Joint ventures

	£
Cost or valuation	
At 1 January 2018	16,999,900
At 31 December 2018	16,999,900
Carrying amount	
At 31 December 2018	16,999,900

Details of the joint ventures as at 31 December 2018 are as follows:

Name of Joint-ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
ColArt Scotland LP	Management of brand assets	17 Viewfield Road, Ayr, KA8 8HJ, Scotland	37%	37%

The investment comprises a long-term loan to Colart Scotland LP, a joint venture resulting from a group restructure, and is held at amortised cost. The profit for ColArt Scotland LP for the year and available for distribution at 31 December 2018 to Colart PFP (GP) Ltd is £3,969,354 (2017 - £3,633,839).

10 Debtors

	2018 £	2017 £
Debtors from related parties	8,620,124	8,284,039
Other debtors	2,040	2,040
	<u>8,622,164</u>	<u>8,286,079</u>

The Debtors from related parties balance includes amounts due from Colart International Holdings Limited of £4,650,000 (2017: £4,650,000), Colart Scotland LP £3,969,159 (2017: £3,634,039) and Colart PFP (LP) Ltd £800 (2017: £nil) This is repayable on demand and non-interest bearing.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	6,141,295	3,211,374

12 Creditors

	2018 £	2017 £
Accrued expenses	13,600	9,000
Corporation Tax	751,928	697,774
	<u>765,528</u>	<u>706,774</u>

13 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	16,999,900	16,999,900	16,999,900	16,999,900

The company has one class of ordinary shares which carries no right to fixed income.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

14 Parent and ultimate parent undertaking

The Company's immediate parent is Colart International Holdings Ltd, incorporated in the United Kingdom, with its registered office at The Studio Building, 21 Evesham Street W11 4AJ, London.

The ultimate UK holding Company is Colart Group Holdings Ltd, incorporated in the United Kingdom, with its registered office at The Studio Building, 21 Evesham Street W11 4AJ, London.

The ultimate controlling party producing publicly available financial statements is Lindéngruppen AB, incorporated in Sweden, with its registered office at Bruksgården, SE-268 83, Höganas, Sweden. Lindéngruppen AB is the smallest and largest group in which the company is consolidated. These financial statements are available upon request from Bruksgården, SE-268 83, Höganas, Sweden.

15 Events after the balance sheet date

A dividend of £7m payable to Colart International Holdings Ltd was declared at a board meeting held on 15th May 2019.

Registration number: SL012752

ColArt Scotland LP

Annual Report and Financial Statements
for the Year Ended 31 December 2018

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General Partner's Report for the Year Ended 31 December 2018

The General Partner presents their annual audited report and the financial statements for the year ended 31 December 2018.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The Partners have taken the exemption under this regime not to produce the strategic report.

Business review

The profit and loss account on Page 7 shows a profit for the year ended 31 December 2018 of £3,969,359 (2017: £3,633,844) principally as a result of royalty income from brand assets.

The balance sheet on page 8 shows the Partnership's financial position at the year-end. The Partnership has net assets of £3,969,359 (2017: £3,633,844).

Partners

The Partners and their respective interest in the Partnership (which have been classified as a financial liability) are recorded at original cost as set out below. The actual amount payable to each partner at the end of the life of the Partnership will depend on a number of conditions.

	£
ColArt PFP (GP) Ltd	16,999,900
ColArt PFP (LP) Ltd	100
ColArt Pension Trustees Ltd	28,500,000

ColArt PFP (GP) is the General Partner and, as such, has exclusive responsibility for the management of the business of the Partnership.

Partners' Capital Agreement

ColArt Pension Trustees Ltd has subscribed an amount of £28,500,000, and is entitled to annual payments of £1,650,000 each year from 2013 until 2032; and to a bullet payment in 2033 equal to the lower of the amount of the ColArt Pension Scheme funding deficit in 2032; and £30,000,000. Capital losses are attributable to the capital account of ColArt PFP (GP) Ltd. In June 2016 the recovery plan was undertaken that reduces a bullet payment to the lower amount of the ColArt Pension Scheme funding deficit in 2032; and £25,000,000 and the annual PFP payments of £1,650,000 per annum due in February 2031, 2032, and 2033 will not be payable if at the time the scheme is fully funded before allowing for any remaining PFP payments.

Disclosure of information to the auditor

The partners who held office at the date of approval of this General Partner's report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor is unaware; and each partner has taken all the steps that they ought to have taken as a partner to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Following an audit tender which concluded in 2018, Deloitte LLP was selected as the auditor for the Lindengruppen AB group and certain of its subsidiaries. Accordingly, Deloitte LLP was appointed as auditor during 2018.

General Partner's Report for the Year Ended 31 December 2018 (continued)

Signed for and on behalf of the General Partner on 15/5/19 and signed on its behalf by:



.....
A Menzies
For and on behalf of the General Partner
17 Viewfield Road
Ayr, KA8 8HJ

Statement of General Partner's Responsibilities in respect of the Annual Report and the Financial Statements

The General Partner acknowledges their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 requires the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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

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

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

Independent auditor's report to the members of ColArt Scotland LP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ColArt Scotland LP (the 'qualifying partnership'):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in partners' interests; and
- the related notes 1 to 13

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of ColArt Scotland LP (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of members

As explained more fully in the statement of general partner's responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of ColArt Scotland LP (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the general partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the general partner's report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the general partner's report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small qualifying partnerships regime and take advantage of the small qualifying partnerships' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

.....
Matthew Hall FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date.....15 May 2019.....

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	5,619,153	5,284,073
Administrative income/(expenses)		<u>206</u>	<u>(229)</u>
Operating profit	5	5,619,359	5,283,844
Interest payable and similar charges	7	<u>(1,650,000)</u>	<u>(1,650,000)</u>
Profit for the year before distributions		<u>3,969,359</u>	<u>3,633,844</u>

The above results were derived from continuing operations. A Statement of Other Comprehensive Income has not been included as part of these financial statements as the partnership made no gains or losses in the period other than those disclosed above in the profit and loss account.

Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	8	45,500,000	45,500,000
Current assets			
Debtors	9	6,742,983	6,340,788
Cash at bank and in hand	10	251	71
		6,743,234	6,340,859
Creditors: Amounts falling due within one year	12	(2,773,875)	(2,707,015)
Net current assets		3,969,359	3,633,844
Total assets less current liabilities		49,469,359	49,133,844
Creditors: Amounts falling due after more than one year	11	(45,500,000)	(45,500,000)
Net assets attributable to partners		3,969,359	3,633,844
Partners' Interests			
Profit and loss account		3,969,359	3,633,844
Total Partners' Interests		3,969,359	3,633,844

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the General Partner on 15/1/19 and signed on its behalf by:



A Menzies

For and on behalf of the General Partner
Partnership registered number: SL012752

Statement of Changes in Partners' Interests for the Year Ended 31 December 2018

	Profit and loss account £	Total partners' interest £
At 1 January 2017	2,964,812	2,964,812
Profit for the year	3,633,844	3,633,844
Total comprehensive income	3,633,844	3,633,844
Distributions to Partners	(2,964,812)	(2,964,812)
At 31 December 2017	3,633,844	3,633,844
	Profit and loss account £	Total partners' interest £
At 1 January 2018	3,633,844	3,633,844
Profit for the year	3,969,359	3,969,359
Total comprehensive income	3,969,359	3,969,359
Distributions to Partners	(3,633,844)	(3,633,844)
At 31 December 2018	3,969,359	3,969,359

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

ColArt Scotland LP is a limited partnership incorporated and domiciled in the United Kingdom.

These financial statements present information about the Partnership as an individual undertaking and not about its group.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Part 15 and Chapter 1 of Part 16 of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act 2006.

In preparing these financial statements, the Partnership applies the recognition, measurement and disclosure requirements of International Financial reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

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

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

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Lindéngruppen AB, a company incorporated in Sweden.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the partners believe to be appropriate as, whilst the company has net assets and net current assets it has received an undertaking from AB Wilh. Becker, that it will continue to provide financial support to the company, to enable it to settle liabilities as they fall due. The partners therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

Changes in accounting policy

None of the standards, specifically IFRS 15 and 9, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Revenue recognition

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Tax

No tax is recorded in the financial statements of the Partnership, as all tax liabilities are liabilities of the Partners, not the Partnership.

Intangible assets

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Trade debtors

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

Trade creditors

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

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Equity instruments

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

Profit Allocation

Profits will be allocated in accordance with the Amended and Restated Scottish Limited Partnership Agreement dated 16 May 2013.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the partners are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The partners consider that there were no critical accounting judgements or key sources of estimation uncertainty.

4 Turnover

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

	2018 £	2017 £
Royalties receivable	5,619,153	5,284,073

5 Operating profit

The audit fee for the current year is £3,900 (2017: £4,000). The 2018 and 2017 fee was paid by Colart PFP (GP) on behalf of Colart Scotland LP.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Partners' remuneration

There were no staff employed by the Company during the year (2017: Nil). No emoluments were paid to the partners for duties undertaken on behalf of the Company during the year (2017: Nil). The partners' time devoted to Colart Scotland LP is considered to be immaterial and the partners are remunerated by Colart International Holdings Limited (registered address: The Studio Building, 21 Evesham Street, London, W11 4AJ) with the exception of A Menzies, who is remunerated by Moorbrook Textiles Limited (registered address: Alex Begg & Co., 17 Viewfield Road, Ayr, KA8 8HJ).

7 Interest Payable and Similar Charges

	2018 £	2017 £
Finance costs relating to the partners' capital agreement	<u>1,650,000</u>	<u>1,650,000</u>

Colart Scotland uses the royalty it receives to make an annual coupon payment to the Trustees of £1.65m. This payment is to be made for 20 years (end of term is 31 March 2033)

8 Intangible Assets

	Trademarks, patents and licenses £
Cost and net book value	
At 1 January 2018	<u>45,500,000</u>
At 31 December 2018	<u>45,500,000</u>
At 31 December 2017	<u>45,500,000</u>

The Partnership tests the carrying amount of intangibles with an indefinite life annually for impairment or more frequently if there are indications that their carrying value might be impaired. Impairment is assessed based on the brand value and forecasted future sales.

9 Debtors

	2018 £	2017 £
Royalties receivable	<u>6,742,983</u>	<u>6,340,788</u>

Debtor balance of £6,742,983 (2017: £6,340,788) are due from Colart International Holdings Limited. This is repayable on demand and non-interest bearing.

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	251	71

11 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Amounts owed to partners	45,500,000	45,500,000

Payment of the principal amount of £45.5m is due on 31 March 2033 with an annual interest of £1.65m payable.

12 Creditors

	2018 £	2017 £
Amounts due to related parties	1,650,300	1,650,200
Other taxes payable	1,123,575	1,056,815
	<u>2,773,875</u>	<u>2,707,015</u>

Amounts due to related parties are £1,650,200 due to Colart PFP (GP) (2017: £1,650,200) and £100 due to Colart International Holdings Limited (2017: Nil) for a cash injection.

Other taxes payable relates to VAT due to HMRC.

Amounts due to group undertakings are unsecured, bear no interest and are repayable on demand.

13 Parent and ultimate parent undertaking

At 31 December 2018, the partnership was controlled by ColArt PFP (GP) Ltd, incorporated in Great Britain and registered in Scotland at 17 Viewfield Road, Ayr, KA8 8HJ.

The most senior parent entity producing publicly available financial statements is Lindengruppen AB, incorporated in Sweden, with its registered office at Bruksgården, SE-268 83, Höganas, Sweden. These financial statements are available upon request from Bruksgården, SE-268 83, Höganas, Sweden.

The ultimate controlling party is Lindengruppen AB, incorporated in Sweden, with its registered office at Bruksgården, SE-268 83, Höganas, Sweden.