Walker Greenbank PLC

PROVIDING LUXURY WORLDWIDE

Annual Report & Accounts
2015

WALKER GREENBANK PLC IS AN INTERNATIONAL LUXURY INTERIOR FURNISHINGS GROUP.

HIGHLIGHTS

£83.4m	£8.13m	+10.0%
2014 £78 4m +6 3%	2014 £7 33m +10 9%	2014 9 6% +40bps
Group revenue	**Group adjusted PBT***	**Group adjusted operating margin**
£3.26m	11.64p	2.31p
2014 £5 95m -45 2%	2014 11 30p +3 0%	2014 1 85p +24 9%
Cash inflow from operating activities	**EPS**	**Dividend per share**

- Sales up 6 3% to £83 4 million (2014 £78 4 million) with UK Brands sales up 10 3% driven by increasing consumer confidence.
- Unadjusted profit before tax up 15.2% at £6.33 million (2014 £5 50 million)
- Adjusted profit before tax* up 10.9% at £8 13 million (2014 £7 33 million)
- Successful launch of the international contemporary Anthology brand in March 2014, with the brand's sales exceeding expectations.
- Continued investment in the Company including further digital capacity, relaunched brands websites, a new warehouse facility and showroom extensions in New York and London
- Adjusted earnings per share** up 3 0% at 11.64p per share (2014. 11 30p per share)
- Final dividend up 24 8% to 1.96p per share (2014 1 57p per share), giving a total dividend up 24 9% at 2 31p per share (2014· 1 85p per share)

* Adjusted profit before tax excludes accounting charges relating to share based incentives and defined benefit charge

* Adjusted earnings per share excludes the accounting charges relating to share based incentives and defined benefit charge and the deferred tax credit arising from the share based incentives

AT A GLANCE

FROM CONCEPT TO CREATION

DESIGN

Walker Greenbank Brands offer stylish solutions for consumers, designers and contract interiors, covering a wide range of tastes from traditional to ultra contemporary

- Complementary range of brands in the areas of the market with the best mix of volumes and margins
- Continued growth in the best margin segments through brand extension
- Sizeable market scope for significant further growth

+600

The Group has more than 600 employees

BRITISH MANUFACTURING AND LOGISTICS

Vertically integrated high quality British manufacturing

Go to page 14 for more information

MARKETING

Industry benchmark marketing

Go to page 16 for more information

LICENSING

Our iconic designs are adored globally

Go to page 18 for more information

SALES CHANNELS

We have a diverse global customer base

Go to page 20 for more information

CHAIRMAN'S STATEMENT

I am pleased to report that the Group continues to make good progress and has delivered another significant increase in profitability and dividend payments, reflecting our continued focus on developing our product offering, market penetration, manufacturing capability and international expansion.

2.31p

Terry Stannard
Non-executive Chairman

Top Image The Amazilia collection from Harlequin
Bottom Image Sanderson s Vintage 2 collection

Overview

I am pleased to report that the Group continues to make good progress and has delivered another significant increase in profitability and dividend payments, reflecting our continued focus on developing our product offering market penetration manufacturing capability and international expansion

We continue to deliver our strategy through further investment in product development, sales and marketing and manufacturing During the year we invested in additional digital printers at both of our manufacturing sites to meet demand and to allow continued innovation in our printing techniques We also opened a second warehouse in Milton Keynes for our wallcoverings storage and distribution The major extension and refurbishment of our flagship New York showroom was officially opened in October 2014 and has helped to drive US sales in the latter part of the year

Total Brand sales were up 6 4% during the year at £64 7 million The UK, our largest market, delivered a strong sales performance, up 10 3% at £38 5 million, reflecting strong retail sales and a continuing resurgence of the contract market

Our overseas Brand sales were up 1 5% in reportable currency, 5 1% in constant currency impacted by the strength of sterling Sales in Western Europe the Group's second biggest market, were up 4 8% in reportable currency, 11 4% in constant currency, driven by strong sales growth in most regions In the US, our third largest market, sales grew 0 7% in reportable currency, 5 1% in constant currency Sales were impacted by the six month closure of the New York showroom since the reopening, and with an improving economic environment we achieved strong double digit growth in the last quarter of the financial year

Brand sales in the Middle East grew by 20 1% in constant currency aided by the opening of the Dubai showroom in Q3 2013 Sales in the Rest of the World grew 1 0% in constant currency held back by market conditions in Japan as a result of the increase in consumption tax and the impact of sterling

Licensing income of £2 1 million was down 2 4% in reportable currency up 3 6% in constant currency, reflecting the weakness of the yen and a strong comparator last year following the 150th anniversary of Morris & Co We are pursuing the extension of our product offering through new licensing arrangements and recently appointed a dedicated Licence Director We remain confident about the future potential for this important strategic contributor to our growth

Our UK manufacturing base is a key asset that differentiates us from others in our industry and puts us at the forefront of innovation in printing techniques Our continuing investment in new digital printers has helped us grow our manufacturing sales and profits on what was a record year last year We are particularly pleased by the 8 1% growth in UK manufacturing sales to external customers, a large proportion of which is driven by digital printing

We have progressed our digital sales and marketing strategy by launching updated industry-leading websites for each of our brands and by the launch of a new functional website, Style Library (www stylelibrary com) which showcases all of the Group's products These websites have B2B and B2C e-commerce capabilities and, during the second half of the year, we launched our B2B e-commerce platform with our customers in the US

Financials

Total sales increased 6 3% to £83 4 million (2014 £78 4 million) The operating profit before an accounting charge relating to the Long-Term Incentive Plan ('LTIP') rose 11 0% to £8 34 million (2014 £7 51 million) The profit from operations was up 12 1% to £7 34 million (2014 £6 54 million) The interest charge has increased from £180 000 to £208,000 due to higher average borrowings The defined benefit pension charge has reduced from £868,000 to £798 000 driven by a reduction in the service cost

Profit before tax excluding the LTIP accounting charge and the net defined benefit charge was £8 13 million (2014 £7 33 million), an increase of 10 9% The profit before tax after the two non-cash charges was £6 33 million (2014 £5 50 million) The profit after tax was £5 11 million (2014 £5 04 million) and basic adjusted earnings per share were up 3 0% after removing the LTIP accounting charge, net defined benefit charge and the deferred tax credit arising from the LTIP

The cash inflow from operating activities was £3 26 million (2014 £5 95 million), reflecting strong operating profits and also significant investment in product The Group has continued to invest in the period with capital expenditure of £3 25 million (2014 £4 74 million)

Dividend

During the year, the Group has paid a final dividend for the year to 31 January 2014 of 1 57p per share and an interim dividend of 0 35p per share The Directors recommend the payment of a final dividend of 1 96p per share (2014 1 57p) which will be payable on 7 August 2015 to shareholders on the register on 17 July 2015 This brings the total dividend for the year to 2 31p per share (2014 1 85p) an increase of 24 9% which reflects Directors' confidence in the future prospects and financial strength of the Group

People

On behalf of the Board I would like to thank all of our management and employees for their contribution to another successful year

Outlook

The current financial year has started well In the first 10 weeks our total Brands sales are up 79% in reportable currency, 8 6% in constant currency compared with the same period last year with sales in the UK, our largest market up 8 1% Overseas Brand sales are up 76% in reportable currency, 9 5% in constant currency Manufacturing has continued to performed well

We are excited by our new product launches, including the third collection from the Anthology brand and by Zoffany's spring launch which will be its biggest launch in six years We look forward with confidence to the year ahead

Terry Stannard
Non-executive Chairman
1 May 2015

CHIEF EXECUTIVE'S REVIEW

I am pleased to report that the Group continues to make strong growth in both sales and profits and to further implement its strategy

I am pleased to report that the Group continues to make strong growth in both sales and profits and to further implement its strategy, which comprises

- International expansion
- Market penetration
- Lifestyle product extension
- British manufacturing capability
- Acquisitions

Additional information on the Group's strategy is given in the Strategic Report on page 8 Further analysis of the key factors impacting revenue and operating profit of our Brands and Manufacturing divisions has been included in pages 26 to 35 which, when taken with the information provided below form the Chief Executive's Review

The Brands
This segment incorporates global trading from our internationally recognised brands and includes our overseas subsidiaries in the US and France

In order to fully leverage our global brand assets we have recently made some important organisational changes including the creation and appointment of three new senior operational roles Design Director Brands, Marketing Director Brands, and Licensing Director Brands These appointments will play a critical role in further developing and delivering our strategic ambitions by bringing together the management of the Brands

Total Brands sales increased by 6 4% compared with last year to £64 7 million as a result of continued investment in design, marketing and distribution, and from new product launches This has led to a 12 1% increase in operating profits to £7 4 million

In the UK, Brands sales increased 10 3% to £38 5 million driven by the recovery of the UK economy and consumer confidence, together with a resurgence in the contracts division

Despite challenging market conditions, Western Europe Brand sales have increased 4 8% in reportable currency, 11 4% in constant currency to £7 0 million with most regions performing strongly particularly Southern Ireland Other highlights include sales in the Middle East up 20 1% in constant currency, to £1 0 million and growth in Australasia, up 14 2% in constant currency, to £1 1 million

* Adjusted earnings per share excludes the accounting charges relating to share based incentives and defined benefit charge and the deferred tax credit arising from the share based incentives

** Adjusted for accounting charges relating to share based incentives and defined benefit charge

Sales in the US increased by 0 7% in reportable currency, 5 1% in constant currency Sales in this important market were adversely affected by the total refurbishment and extension of our New York showroom However, since it reopened with a major launch event in October of last year we have seen an improving trend in sales We see the US as an extremely important opportunity for the Group

Global licensing income is a key part of our strategy and an important income stream for the Group Income was down 2 4% in reportable currency up 3 6% to £2 1m in constant currency Income has been impacted by the weakness of the Japanese yen and exceptionally strong comparators last year following the 150th anniversary of Morris & Co

Harlequin incorporating Scion & Anthology

Harlequin has grown its worldwide sales 11 1% in reportable currency over the same period last year to £29 0 million and remains the UK's leading mid-market contemporary brand Sales in the UK have increased 9 1% driven by the success of its spring 2014 launch Jardin Bohème and the 2014 Momentum collections In the US Harlequin has seen significant growth, up 10 7% in reportable currency 14 9% in constant currency and sales in Western Europe have grown 21 6% year-on-year in reportable currency 29 0% in constant currency, despite challenging market conditions

The Scion brand launched in February 2012 continues to grow well Its third collection Spirit and Soul, launched in the first half of the year has been its strongest yet This cutting edge brand is accessibly priced making it a success with young aspirational and fashion aware customers Anthology was launched in April 2014 with two contemporary wallpaper collections, designed specifically for overseas markets though also available in the UK Anthology sales have exceeded expectations and a third collection was launched in March 2015 It is intended to launch a range of Anthology fabrics in the current year to complement the wallpapers A significant proportion of the sales of both Scion and Anthology were produced in our factories and therefore benefit from strong margins

During the year Harlequin moved to a substantially larger showroom in Chelsea Harbour, giving it much needed space to display its products

Arthur Sanderson & Sons incorporating the Morris & Co brand

Sanderson sales were up 3 4% compared with the same period last year at £21 7 million in reportable currency The UK has been the driver of this growth with an increase of 13 7% Sales in the US are down 9 7% in reportable currency, down 4 7% in constant currency, sales in Western Europe are down 1 8% in reportable currency, up 4 1% in constant currency Sales in the Far East are down 26 5% in reportable currency, down 26% in constant currency as a result of major stock orders and a one-off special production last year not being repeated and the increase in consumption tax in Japan

Zoffany

Zoffany is positioned at the upper end of the premium market Total sales have grown by 4 5% compared with the same period last year to £11 2 million in reportable currency driven by sales of more recent collections Sales in the UK have grown 7 2% in reportable currency Sales in the US are up 5 5% in reportable currency, up 10 1% in constant currency sales in Western Europe are down 11 8% in reportable currency, down 6 3% in constant currency

Warehouse

The transfer of wallpaper storage and distribution to a new additional distribution centre of 40,000 Sq ft was completed in May 2014 and has enabled us to continue delivering on our strategy through enhanced service levels

Manufacturing

Manufacturing has delivered another strong performance with both sales and profitability increasing to record levels Total sales grew 9 1% to £35 1 million leading to an increase in profits of 19 5% to £3 7 million

Anstey

Anstey, our wallpaper printing business, had a very successful year with sales growing by 9 1% to £18 3 million Third party sales in the UK were up 3 0% and third party export sales were down 3 6% Internal sales to our own group brands grew by 17 6% as a result of a stronger launch of new wallpaper collections from the Brands this year

During the year Anstey invested in a fourth digital printer and correlated digital sampling machine to provide additional capacity to meet demand Investment has also been made in dedicated finishing equipment for digital product to create a market leading fully finished service These investments have contributed to Anstey's growth by enhancing capacity, capability and efficiency

Standfast

Standfast our fabric printing factory, has seen an increase in annual sales of 9 0% to £16 7 million Third party sales in the UK grew by 13 2% with sales to our own Group brands increasing 7 7%

Standfast continues to invest in digital printing and an additional fast-run printer was commissioned during the second half of the year together with an extension to its digital room to allow for future growth Digital print sales have increased 50% year on-year and now represent 32% of total revenue

Summary

We continue to grow our brands both in the UK and internationally through continuing investment in design marketing and distribution, and new product launches such as Scion's third collection Spirit and Soul Sales have also been boosted by the very successful launch of our international brand Anthology and a strong performance by our contracts division

We are committed to invest in our British wallpaper and fabric printing factories to further enhance their innovative, added value techniques that we are able to offer customers We have successfully launched our new industry-leading websites for our Brands, opened our new additional warehouse, completed the extension and redesign of our flagship showroom in New York, moved Harlequin into a substantially larger showroom in Chelsea Harbour and made some key senior appointments

We will continue to focus on delivering against our strategy and the Board remains confident of our future growth prospects

John Sach
Group Chief Executive
1 May 2015

BUSINESS MODEL AND STRATEGY

The Directors present their Strategic Report on the Group for the year ended 31 January 2015

Walker Greenbank PLC is a luxury interior furnishings company that designs, manufactures and markets wallpapers and fabrics together with a wide range of ancillary interior products. The Company's brand portfolio – comprising Sanderson, Morris & Co, Harlequin, Zoffany, Scion and Anthology – spans heritage and contemporary design and its products are sold in more than 85 countries worldwide. The Company derives significant licensing income from the use of its designs in lifestyle products such as bed linen, rugs and tableware

The Company employs more than 600 people and has showrooms in London, New York, Paris and Dubai along with partnership showrooms in Moscow and in Shenzhen Its UK manufacturing base which includes a wallpaper factory in Loughborough and a fabric printing factory in Lancaster, manufactures product both for the Company and for other wallpaper and fabric brands Continued investment in manufacturing has allowed the Company to offer a wide range of printing techniques

The strategy comprises five pillars

INTERNATIONAL EXPANSION
To focus on the distribution and marketing of our brands in the important US, European and Asia Pacific markets where we see significant potential to grow our existing market share and to invest in the exciting growth opportunities in other international markets

MARKET PENETRATION
To continue to develop our brands in the UK and internationally through the development of new product categories and extension of market positions

LIFESTYLE PRODUCT EXTENSION
To profit from the global recognition of the Group's heritage brands, Sanderson and Morris & Co, and the contemporary design excellence of the Harlequin and Scion brands, by broadening the product range and exploiting the considerable licensing opportunities

BRITISH MANUFACTURING CAPABILITY
To continue to promote our British manufacturing capability through investment in innovative printing techniques and market leading facilities that provide quality, added value products to our customers worldwide

ACQUISITION
To actively evaluate acquisition opportunities that fit synergistically with our current brand portfolio with the objective of further advancing our earnings growth

Business review and future developments
A review of the Group's activities and the strategy and information regarding the future development of the business are given in the Chief Executive's Review on page 6 which when taken with the Chairman's Statement the Chief Financial Officer's Review and the information provided above together form the Directors' Strategic Report for the year ended 31 January 2015

Walker Greenbank PLC sets out to be a business with truly global reach, the most admired in its sector and the benchmark company for innovation, design, quality and service Our purpose is to create beautiful, elegant and inspirational interiors and with a British manufacturing base, we are able to differentiate ourselves from our major competitors In a changing marketplace we are adapting our product and business model to be in a position to make the most of new opportunities

CAPITAL INVESTMENT INNOVATION

DESIGN

Market leading brands that span archive heritage and contemporary design creatively developed by talented, award winning in-house designers

Go to page 12 for more information

BRITISH MANUFACTURING & LOGISTICS

Vertically integrated high quality British manufacturing with a wide range of techniques and significant investment in innovation

Go to page 14 for more information

MARKETING

Industry benchmark marketing through significant investment in sampling books, worldwide showrooms, advertising and digital

Go to page 16 for more information

LICENSING

Our iconic designs are adored globally and, through our partners, are available across an extensive range of lifestyle products

Go to page 18 for more information

SALES CHANNELS

We have a diverse global customer base covering designers, retailers, distributors and commercial contracts with whom we have developed deep relationships

Go to page 20 for more information

PRINCIPAL RISKS

The Group has put in place an on going process to identify, monitor and manage the risks it faces. Risks are ranked according to their potential financial impact and probability. The Board regularly reviews the risks faced by the Group.

The Audit Committee on behalf of the Board has reviewed the effectiveness of the internal controls and risk management and no significant failings in control were found

There are general business risks faced by the Group that are comparable to those faced by most other businesses General business risks include

Marketplace – changes in the economic environment weakening of the Eurozone and changes in consumer discretionary spending

Financial – availability of bank borrowing and costs of borrowing, taxation and pension fund liability

Operational – market penetration, international expansion and information security (IT systems and cyber risk)

In addition there are a number of more specific risks which are more relevant to Walker Greenbank and the industry in which we operate These risks are the principal risks and uncertainties facing the Group that are material to our strategy

Employees
The Group is a responsible employer compliant with all relevant human resources and health and safety regulations The Group keeps its employees informed on matters affecting them and on the progress of the Group by way of informal meetings and consultation with employees' representatives

All Group businesses apply the principles of equal opportunity in recruitment career progression and remuneration Disabled persons are given full and fair consideration for employment where an appropriate vacancy occurs 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 and for appropriate training of all disabled employees, who are given equal consideration with all other employees in promotion and career development

Environment
Both factories have environmental policies and actively seek to reduce their impact on the environment through responsible sourcing of raw materials, responsible waste handling and recycling where economically viable, and emissions monitoring in accordance with Environmental permits

Third party suppliers to the Brands are issued a set of quality and operational standards to which they are expected to adhere, which includes their confirmation that they conduct their business within all applicable laws with regard to human rights, pay, working conditions and health and safety

This report was approved by the Board of Directors on 1 May 2015 and signed on its behalf by

John Sach
Group Chief Executive

RISK	MITIGATION
MARKET PLACE	
TRADING ENVIRONMENT The Group operates in major international markets which have experienced headwinds and there is still some uncertainty around the economic outlook for some markets Given that our products may be viewed as discretionary there is a risk that these are impacted by consumer confidence	The Group continues to focus on strong cost control to try to ensure that it remains well positioned to deal with an uncertain environment Focus on product diversification through licensing opportunities as well as geographic expansion strengthen our product offering
COMPETITION The Group operates in markets that are highly competitive	The Group has sought to differentiate itself through high quality luxury products and continues to develop new product categories and extension of market positions We have continued to invest in our British manufacturing sites through innovative printing techniques and market leading factories to provide quality added value products There is focus on product extension through global recognition of the Group s heritage brands and the contemporary design excellence, broadening the product range and exploring worldwide licencing opportunities The Group's focus is on international expansion through the distribution and marketing of our brands in the important US European and Asia Pacific markets
FINANCIAL	
FOREIGN EXCHANGE A large proportion of the Group s activities and earnings are denominated in US dollars and Euros giving rise to foreign currency exposure	The Group hedges a portion of revenue and earnings to minimise any exposure to foreign exchange losses
OPERATIONAL	
RECRUITMENT AND RETENTION OF KEY EMPLOYEES The Group is reliant upon a number of key employees to design manufacture and sell its products	The Group s employees are its key asset The depth of their experience is a real benefit to the business In recognition of this the Group has developed programmes to help attract and retain employees and encourage personal development across all levels
REPUTATION RISK The Group prides itself on the high quality of its product range	There is ongoing emphasis on high quality control throughout the various stages right from manufacturing through to delivery of the finished product and customer satisfaction The Group has recently initiated investment focused around customer market research which will help to identify further areas of improvement There is regular monitoring at the monthly Board meetings of the Group s image and reputation
ACQUISITION RISK Acquiring the wrong company or at the wrong price would impact our financial return and any benefits from the acquisition as well as causing disruption to other business activities	Management actively evaluate acquisition opportunities that fit synergistically with our brand portfolio We have a rigorous pre acquisition due diligence process which seeks to evaluate each opportunity Close monitoring of the integration of any acquisition would take place to ensure planned revenue and cost synergies are realised to enable further earnings growth Sound project discipline would be implemented in the event of an acquisition and would be resourced by dedicated and appropriately qualified personnel to ensure minimum disruption to our core business activities
MAJOR INCIDENT OR DISASTER SUCH AS A FIRE An incident affecting one or more of the Group s key locations could significantly impact its operations	Business continuity and disaster recovery plans are regularly reviewed to ensure that any interruption to the Group s core business operations is effectively managed Business continuity plans are in place to manage the impact of such an event and the Group's insurance cover mitigates the financial consequences The segregation of the Group's central warehousing facility through an additional warehouse has helped to mitigate risk

FROM CONCEPT TO CREATION
DESIGN

With three separate full time design studios and the flexibility to work with freelance designers where appropriate, we are able to keep setting the trends year after year.

DESIGN ARCHIVES

Alison Gee Head Designer for Morris & Co painting out The Brook from the Archive III collection

We invest heavily in all aspects of design and operate three fully autonomous design studios for our brands one for Harlequin, Scion and Anthology, one for Sanderson and Morris & Co and one for Zoffany Key to the success of our brands studios is an in house design team of 15 diversely talented designers, each bringing their own talents, personalities and handwriting to the design process Their skillsets cover every aspect of design from painting original artwork to expertise in CAD

Our studios are at the heart of everything we do, creating inspiring design concepts for each spring and autumn selling season and developing them into beautifully presented collections of fabrics and wallpapers In addition to these core activities, our studios work closely with all of our licensing partners worldwide in order to ensure the best possible interpretation of our designs for different product categories and markets

Alongside our studios we have the Sanderson and Morris & Co Archive, without doubt one of the world s most valuable archives for fabrics and wallcoverings This extraordinary 'design library' is a constant source of inspiration for all of our brands and brings unique authenticity to much of what we produce for classic Sanderson and Morris & Co collections

During 2014 our brands have received industry recognition and won seven awards

- Anthology Muuuz International Awards (France) – Best Wallcoverings
- Harlequin House Beautiful – Best Wallcoverings – Silver
- Scion House Beautiful – Best Breakthrough Business Silver
- Scion House Beautiful – Best Fabric – Gold
- Scion Homes & Gardens – Best Fabric under £35
- Sanderson World of Interiors (Paris Deco Off) – Best Fabric Collection – Vintage II
- Morris & Co Homes & Gardens – Best in Show (London Design Week) – Morris & Co Archive III

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New collections launched during the year

Lino cuts created to produce the artwork for Rosehip and Grapevine designs in the Morris & Co Archive III collection

FROM CONCEPT TO CREATION

BRITISH MANUFACTURING AND LOGISTICS

We continue to promote our British manufacturing capability through investment in innovative printing techniques and market-leading facilities that provide quality, added-value products to our customers worldwide.

The Group's manufacturing businesses continue to invest in technology, efficiency and the development of a highly-skilled and flexible workforce to secure genuine competitive advantage.

We manufacture for the industry with approximately 50% of our total production being for the Brands direct competitors.

INDUSTRY LEADER

£9m

Capital investment in both factories in the last five years

Manual inspection stage of rotary/gravure hybrid machine

Production set up of a wallpaper digital printer

FROM CONCEPT TO CREATION
MARKETING

INNOVATION MARKETING

Our marketing activities cover a very broad spectrum, from complex photographic shoots on location and graphic design, through PR and the production of advertising/press materials, pattern books, leaflets and merchandising fixtures.

In addition to these more traditional activities, our marketing teams include stylists who create stunning showroom displays both in our own and in our partner showrooms around the world With the continuing development of both existing and new showrooms this ability to present a coherent brand image is increasingly important

More recently, our marketing teams have been enhanced to reflect the growing importance of digital media We have invested heavily in new brand websites and a new website concept, Style Library (www stylelibrary com) – where designers can search for products across all of our brands on a single site

Our leading market position in the UK is reflected in our 'share of voice' in all of the top consumer magazine titles, both in advertising spend and ever increasing PR exposure Building upon this model we have employed professional PR partners in the USA and France to great effect and we are rapidly engaging with PR opportunities globally through our local business partners The strength of our design concepts and industry-leading imagery is facilitating rapid progress in exposure in foreign press worldwide

We engaged in professional customer research in late 2014 and are looking to extend this programme to include consumer research in 2015

We participate in many exhibitions around the world each year and increasingly contribute directly to stand design and display where our partners are hosting the event

Walker Greenbank showroom Dubai

Digital media campaign Harlequin Pinterest page

Morris & Co Archive Wallpapers III pattern book

62

Different pattern books launched during the year to support our new collections

FROM CONCEPT TO CREATION
LICENSING

EXPANDING OUR REACH

The Brands have increased their focus on licensing opportunities in the past year, building on existing relationships and forming new partnerships both in the UK and international markets.

We have an extensive range of products, from bedding and ceramics to handbags and umbrellas

Alongside new developments with all of our major existing partners 2015 will see extensions to the ceramics offers from Portmeirion for Sanderson and Make International for Scion and the introduction of Harlequin ceramics through a new licensing partnership with Churchill China

Further partnerships are under discussion to launch Pure radios and with an international footwear brand to use iconic Sanderson designs

Beyond conventional licensing partnerships we are increasingly extending the reach of our brands through other product categories such as cushions and blinds

Sanderson bedlinen
Clementine design

Digitally printed
Amazilia rug from
Harlequin

+3.6%

Licensing income was up 3 6% in constant currency during the year

FROM CONCEPT TO CREATION
SALES CHANNELS

We have a diverse global customer base that provides a broad and ever-widening range of routes to market.

In the UK we work directly with national retailers such as John Lewis and Brewers and also independent retailers and interior designers Separately, we work through our specialised contract sales team with contract specifiers hotels, restaurants, healthcare and the cruise ship industry

We sell in 85 international markets We operate through wholly owned subsidiaries in the USA and France and our own sales operations in Holland and Dubai Elsewhere around the world we work either through agents or distributors based in the local markets Increasingly we are focused on contract sales opportunities in foreign markets, having witnessed significant sales growth through 2014

Looking to the future we will extend the international reach of our new Style Library website and by working closely with our partners we envisage this becoming an essential and innovative ingredient in the sales mix over the next few years

Walker Greenbank contract specified product in a Junior Suite The Dorchester

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We sell in 85 international markets

Harlequin showroom London

Style Library website home page www stylelibrary com

CHIEF FINANCIAL OFFICER'S REVIEW

Final dividend up 24.8% to 1.96p per share, giving a total dividend up 24 9% at 2 31p per share

Mike Gant
Chief Financial Officer

Income Statement
The Chairman's Statement and Chief Executive's Review provide an analysis of the key factors impacting the revenue and operating profit In addition to the information on our Brands and Manufacturing divisions included in these reports, the Group has included in note 4 of this Report further information on our segments This is the basis on which the Group presents its operating results to the Board of Directors, which is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of IFRS 8

Long-Term Incentive Plan ('LTIP')
There has been a new award of shares during the year under the Long-Term Incentive Plan ('LTIP') with vesting conditions based on Total Shareholder Return ('TSR') with an adjusted profit before tax floor and half based on Earnings Per Share ('EPS') growth There has been a charge of £1,005,000 (2014 £970,000) in the Income Statement relating to LTIP awards The charge in the year is higher than last year driven by an increase in the share price compared with the prior year and the associated National Insurance element

Interest
The net interest charge for the year was £208,000 (2014 £180,000) including amortisation of capitalised debt issue costs reflecting slightly higher borrowings as a result of investment in working capital

Net defined benefit pension
The Group operates two defined benefit schemes in the UK for its employees These comprise the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme which are both closed to new members and to future service accrual from 30 June 2002 and 1 July 2005 respectively

The charge during the year was £798 000 (2014 £868,000) The decrease reflects a reduction in service cost

Current taxation
There was a corporation tax charge of £596,000 (2014 £21,000) arising from the brought forward UK corporation tax losses within the main UK entity Abaris Holdings Limited, becoming fully utilised and withholding tax suffered on overseas licence income

Deferred taxation
There was a deferred tax charge of £628,000 (2014 £430 000) as the brought forward UK corporation tax losses within the main UK entity, Abaris Holdings Limited, have become fully utilised as at end of January 2015 giving rise to a deferred tax charge

The Group also continues to recognise the deferred tax asset arising from the pension deficit and LTIP

Earnings Per Share ('EPS')
The basic EPS was 8 60p (2014 8 63p) The Group also reports an adjusted EPS which removes the impact of the LTIP accounting charge, net defined benefit pension charge and the deferred tax credit arising from LTIP (in the prior year comparative) as these can fluctuate due to external factors outside of the control of the Group A better understanding of the underlying performance of the business is given after adjusting for these items The adjusted basic EPS was 11 64p (2014 11 30p)

Operating cash flow and net debt
The Group generated net cash inflow from operating activities during the year of £3,255,000 (2014 £5,945,000) reflecting strong operating profits and continued investment in product and marketing materials

Capital expenditure was £3,230,000 (2014 £4,735,000) and includes investment in additional digital printers at Anstey and Standfast and the extension of our New York showroom The depreciation and amortisation charge during the period was £2,349,000 (2014 £2,217,000)

The Group made additional payments to the Pension schemes of £1,240 000 (2014 £1 138,000) to reduce the deficit, part of the ongoing planned reduction, along with £425 000 (2014 £535,000) of pension fund scheme expenses

Income tax of £1,584,000 (2014 £936,000) that arose on the vesting of an LTIP award was paid during the year

The Group had net funds at the year end of £2 000 (2014 £1,490,000) There is average debt during the year due to the timing and seasonality of revenues and investment in product The average monthly net debt reduced by £15,000 to £4,156,000 (2014 £4,171,000)

The Group utilises facilities provided by Barclays Bank Plc There is a term property facility of £1 000 000 (2014 £1,395,000) at the year end expiring in July 2017 There is also a receivables facility linked to the level of Trade Receivables which allows the Group to more effectively manage seasonal fluctuations in working capital This facility was renewed on 31 January 2013 for a further three year term expiring in January 2016 and will be renewed over the next few months There is a three year committed facility of £2 5 million secured against inventories There were no borrowings at the end of the year for the receivables facility and committed facility Under these facilities there was borrowing headroom of £11,582,000 (2014 £13,092,000) The total facilities have a current limit of £16 50 million (2014 £16 50 million)

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

Pension deficit
The pension deficit has increased this year The increase in liabilities is a result of a lower discount rate being applied due to a reduction in the bond rates which is greater than the increase in the return on scheme assets The significant improvement in the return on scheme assets is driven by strong performance of index linked gilts The impact of these factors is shown as follows

	2015 £000
Deficit at beginning of the year	**(9,208)**
Scheme expenses	**(425)**
Interest cost	**(2,552)**
Expected return on plan assets	**2,179**
Contributions	**1,665**
Return on scheme assets	**8,081**
Actuarial losses from the change in discount factor	**(10,092)**
Gross deficit at the end of the year	**(10,352)**

Dividends
During the year, the Group has paid a final dividend for the year to 31 January 2014 of 1 57p per share and an interim dividend of 0 35p per share The Directors recommend the payment of a final dividend of 1 96p per share (2014 1 57p) which will be payable on 7 August 2015 to shareholders on the register on 17 July 2015 This brings the total dividend for the year to 2 31p per share (2014 1 85p) an increase of 24 9%

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Going concern
The Directors are confident, after having made appropriate enquiries, that the Group and Company have adequate resources to continue trading for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements

Foreign currency risk
All foreign currencies are bought and sold centrally on behalf of the Group Regular reviews take place of the foreign currency cash flows and unmatched exposures are covered by forward contracts wherever economically practical Working capital exposures are hedged using currency swaps

The Group does not trade in financial instruments and hedges are used for highly probable future cash flows and to hedge working capital exposures There is a hedging liability of £195,000 (2014 £153,000 asset) at the end of the year in relation to US dollar forward contracts

There is no liability (2014 £nil) arising from US dollar and euro swaps used to hedge working capital exposures

Credit risk
The Group no longer seeks credit insurance as this is not a commercial solution to reducing credit risk The Board reviews the internal credit limits of all major customers and reviews the credit risk regularly The aging profile of trade debtors shows that payments from customers are close to terms however, there have been specific expenses during the year The current economic environment still presents a level of risk and in addition to specific provisioning against individual receivables a provision has been required of £223,000 (2014 £289,000) which is a collective assessment of the risk against non specific receivables

M Gant

Mike Gant
Chief Financial Officer
1 May 2015

KEY PERFORMANCE INDICATORS ('KPIs')

The KPIs for the business are primarily financial

Operating profit adjusted for the accounting charge relating to the share based incentive plan, expressed as a percentage of revenue

Growth in the total current year revenue as a percentage of the previous year's revenue

Average net debt for the year divided by total equity

Year end net debt/(funds) divided by total equity

Underlying earnings adjusted for accounting charges relating to the share based incentives and defined benefit charges, less tax at the effective rate, divided by the weighted average number of shares in issue during the year

- Adjusted for accounting charges relating to share based incentives and defined benefit charge
- Adjusted earnings per share excludes the accounting charges relating to share based incentives and defined benefit charge and the deferred tax credit arising from the share based incentives

BUSINESS UNITS OVERVIEW

BRANDS

The Brands segment incorporates global trading from our internationally recognised brands including our overseas subsidiaries in the US and France.

Total Brands sales increased by 6.4% compared with last year to £64.7 million as a result of continued investment in design, marketing and distribution, and from new product launches. This has led to a 12.1% increase in operating profits to £7.4 million.

£64.7m

Total Brands sales increased by 6 4% during the year to £64 7 million

Founded in 1860, Sanderson is the oldest surviving brand in its field Granted the Royal Warrant in 1923, Sanderson is one of the most renowned brands in interiors worldwide, offering classic, inspirational products often based on documents from its extensive archive

It is aimed at the mid to premium end of the worldwide interior furnishings market Sanderson is known for its lasting quality, timeless style and quintessentially English designs

In establishing a Sanderson range for all aspects of interior decoration, our core fabric and wallpaper sales have been complemented by a comprehensive range of accessories created under our exclusive licensing programme Our product range includes

- Wallpaper
- Fabric
- Bedlinen
- Paint
- Tableware
- Toiletries
- Rugs

The Morris & Co business has a history that dates back to 1861, when the acclaimed designer William Morris founded his first company Its unique 'Arts & Crafts' heritage is preserved in the modern interpretation of its high quality fabrics and wallcoverings

The past few years have witnessed a resurgence of interest in all things Morris following the 150th anniversary celebrations of 2011, and in particular the huge success enjoyed by the Archive Collections launched in 2011 and the Archive II collections that followed in 2013

Building on this, 2015 will see the launch of the Archive III collection that will again include digital printing on new fabric qualities The Forest print, inspired by William Morris' tapestries, has been hugely successful and we see potential for many other exciting new developments for this iconic brand

Zoffany is a luxury brand with elegance and heritage at its core, offering products of the highest quality including wallpaper, fabrics, trimmings, paint and furniture Operating at the premium end of the interiors market the dedicated design studio creates products that are used by leading interior designers and architects all over the world

Zoffany's best selling collections epitomise the appeal that the brand has among interior designers, who cater for city dwellers and country home owners alike wherever a touch of refinement and elegance is required

The Zoffany designers are true craftsmen all creations are painted and developed by hand in the studio before going into production Early pioneers of digital printing and foil-printed wallcoverings, they are constantly researching and developing new and innovative techniques to produce designs infused with modern style

Harlequin supplies high quality, design-led collections to the mid to premium end of the worldwide interior furnishings market and has enjoyed significant growth over the last 10 years as the product profile has expanded to appeal to a greater breadth of consumers and designers

Alongside its core products the brand has continued to develop and extend its successful licensing partnerships in bedlinen, towels and rugs and in 2015 will launch a cereamic collection with Churchill China

Keen to keep at the forefront of design, the Harlequin studio experiments with visionary ideas innovative techniques fashion-forward colour palettes and original finishes As a result, Harlequin continues to strengthen its market-leading portfolio of fabrics and wallcoverings

Launched to great acclaim in spring 2012, Scion's refreshing and innovative approach to furnishings design met with instant approval among trend-savvy, fashion aware consumers and designers

The cutting edge, accessibly priced and forward looking fabrics and wallpapers also resonated with the broader interiors market, leading to the establishment of instant licensing arrangements for bedlinen towels rugs, giftware and ceramics

With the launch of the fourth collection Levande in spring 2015 Scion has already become established as a brand leader in contemporary interior design

Launched in April 2014, Anthology has been conceived and developed as an international brand that will focus intensely on the market for top end contemporary wallcoverings, with equal appeal for both the residential and contract markets

The Anthology collections mark the first time that Walker Greenbank has designed product specifically aimed at the tastes of international markets

Many of the designs are printed on the custom-built hybrid rotary/gravure machine installed last year at the Company's wallpaper printing factory in Loughborough The combination of gravure and rotary techniques has allowed the creation of subtle, complex and distinctive textures

Collections 01 and 02 have already gained widespread distribution throughout the UK as their versatile and sophisticated designs have universal appeal An exciting new development in late 2015 will be the launch of the first Anthology Fabric Collection which will complement the existing wallpapers and link through to Anthology 04 in early 2016

BUSINESS UNITS OVERVIEW

MANUFACTURING

Manufacturing has delivered another strong performance, with both sales and profitability increasing to record levels. Total sales grew 9.1% to £35.1 million leading to an increase in profits of 19.5% to £3.7 million.

£35.1M

Manufacturing sales increased by 9 1% during the year to £35 1 million

Anstey Wallpaper Company is the world's leading specialist commission printer of wallcoverings. The business operates at the premium end of the market, offering a unique combination of gravure, rotary, flexo, surface print and hand screen printing methods

As well as producing for the Walker Greenbank brands it also produces for many third party customers in the UK and overseas Anstey continues to invest in innovative techniques, including a scatter machine to produce exciting new texture effects and most recently in wide-width digital printing

Standfast & Barracks has a heritage stretching back almost 90 years and is acknowledged as a worldwide leader in its field, using a variety of conventional rotary and flatbed screen printing techniques to produce beautiful prints for many of the world's finest design-led home furnishings and apparel brands

A programme of investments in the latest CAD and printing technology has positioned Standfast at the forefront of the digital revolution in fabric printing with a rapidly expanding customer base around the world

BOARD OF DIRECTORS

	Terry Stannard Non executive Chairman	**John Sach** Group Chief Executive Officer
TERMS OF APPOINTMENT	Terry joined the Board as a Non-executive Director in September 2007 and became Non executive Chairman on 31 January 2009 He has particular expertise in international brand-based businesses From a marketing background he went on to run businesses in Asia Pacific and Europe at United Biscuits plc was a divisional CEO at Hillsdown Holdings plc and CEO at Terranova Foods plc and Uniq plc Since 2001 he has held a wide range of non executive Chair and director appointments at both quoted and unquoted businesses	John is a Chartered Management Accountant who joined the Group in 1994 as Group Financial Controller and was appointed to the Board as Group Finance Director in 1999 He was appointed Group Chief Executive Officer in May 2004
COMMITTEE MEMBERSHIP	Audit Committee Remuneration Committee Nominations Committee	Nominations Committee

Caroline Geary
Company Secretary

Caroline joined the group in 2000 She is a Chartered Secretary, and was appointed Company Secretary in 2012

David Smallridge
Managing Director – Brands

David has an MA from Oxford University and broad experience as a managing director in a variety of consumer product businesses since 1986 He joined the group in 2002 and was appointed to the Board in December 2004 following his appointment as Managing Director of the Group's six main fabric and wallcovering brands, Harlequin, Sanderson Morris & Co , Zoffany, Scion and Anthology

Mike Gant
Chief Financial Officer

Mike is a Chartered Management Accountant with an MBA from Nottingham Business School who joined the Board in 2014 He brings a breadth of international, financial and brand experience to the Company from his previous roles at Bass plc Marstons plc Geest plc Constellation Brands inc, and Britvic plc

Fiona Goldsmith
Non-executive Director

Fiona joined the Board as a Non-executive Director in December 2008 She is a Chartered Accountant who started her career with KPMG, where for nine years she focused on the retail and leisure sectors in various roles She then moved to First Choice Holidays plc, where she became European Finance Director From 2004 until October 2008 she was Finance Director of Land Securities Trillium, a division of Land Securities Group plc

Audit Committee
Remuneration Committee
Nominations Committee

REPORT OF THE DIRECTORS

The Directors submit their Annual Report together with the audited financial statements of the Company and its subsidiary undertakings ('the Group') for the year ended 31 January 2015

Group Result
The profit before taxation amounted to £6,329 000 (2014 £5,495,000), and profit after tax of £5,105 000 (2014 £5,044 000)

Dividend
The Directors recommend payment of a final ordinary dividend of 1 96p per share, amounting to £1,153,750 (excluding dividends on shares held by the employee benefit trust) which will be recognised in the financial statements for the following year (2014 1 57p per share) Subject to shareholders' approval at the Annual General Meeting ('AGM') the final dividend is expected to be paid on 7 August 2015 to shareholders on the register at 17 July 2015 An interim dividend of 0 35p per share was paid during the year

Going concern
The Directors are confident, after having made appropriate enquiries that the Group and Company have adequate resources to continue trading for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements

Business review and future developments
A review of the principal activities during the year and likely developments of the business is contained in the Strategic Report

Financial risk management
Detail of the Group's financial risk management objectives and policies, are contained in the Strategic Report and in note 2 to the financial statements

Research and development
The Group continues to invest in its products to retain and enhance its market position Details of the Group's expenditure on collection design development costs are set out in note 14 of the financial statements

Directors
The Board of Directors who served during the year ended 31 January 2015 and up to the date of reporting was as follows

T Stannard	Non-executive Chairman
F Goldsmith	Non executive Director
J Sach	Chief Executive Officer
A Dix	Finance Director – resigned 30 April 2014
D Smallridge	Managing Director (Brands)
M Gant	Chief Financial Officer – appointed 3 March 2014

Details of the Directors' Service Contracts are set out in the Directors' Remuneration Report on pages 40–43, together with detail of their interests in ordinary shares of the Company Biographical details are set out on page 36

Directors' interests in material contracts
None of the Directors had any material interest in any contract during the year which was significant to the business of the Group

Directors' and officers' liability insurance
The Group maintains liability insurance for its Directors and officers

Pensions
The Group operates defined benefit and defined contribution schemes in the UK and overseas for all qualifying employees Further information on the schemes and details of the valuations are given in note 23 to the consolidated financial statements

Political donations
The Group has not made any political donations (2014 nil)

Annual General Meeting
At the forthcoming AGM F Goldsmith and J Sach will retire by rotation and being eligible, will offer themselves for re-election

The AGM will be held on 17 June 2015 The Notice of Meeting will be separately distributed to shareholders

Share Capital
The Company's issued capital consists of 59 762 559 ordinary shares with a nominal value of 1p each, with each share carrying the right to one vote and the right to distributions from dividends or on winding up of the Company There are no restrictions on the transfer of securities

Directors' authority to issue and purchase shares
At the AGM in 2013, the Directors were authorised to allot ordinary shares up to a nominal value of £194,720 and were further authorised to make market purchases of up to 5,900,616 of the Company's ordinary shares No purchases of Company shares were made during the year Details of shares allotted during the year are shown in note 25 to the consolidated financial statements

Substantial shareholdings
As at 7 April 2015 the Company is aware of the following substantial shareholdings in its ordinary share capital The percentages are calculated from the 59,762,559 ordinary 1p shares allotted, called and fully paid up Comparatives at 24 April 2014 are shown

Schroder Investment Management 14 59% (2014 17 07%), Investec Wealth & Investment 12 78% (2014 10 29%), Octopus Investments 7 64% (2014 3 35%) Blackrock Investment Management 6 67% (2014 8 17%), Rathbones 3 13% (2014 2 36%), Revera Asset Management 3 09% (2014 3 02%), Royal London Asset Management 3 06% (2014 3 10%)

Independent auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the AGM

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Strategic Report the Report of the Directors the Directors Remuneration 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period

In preparing those financial statements the Directors are required to

(i) select suitable accounting policies and then apply them consistently
(ii) make judgments and estimates that are reasonable and prudent,
(iii)state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively,
(iv)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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors confirm that

So far as each of the Directors in office at the date of this report is aware there is no relevant audit information of which the Group's auditors are unaware Relevant information is defined as information needed by the Group's auditors in connection with preparing their report Each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the board

Caroline Geary

Caroline Geary
Company Secretary
1 May 2015

Registered Office
Chalfont House
Oxford Road
Denham UB9 4DX
Registered number 61880

DIRECTORS' REMUNERATION REPORT

Introduction
As a company listed on the Alternative Investment Market (AIM), the Company is not required to comply with the Directors' Remuneration Report requirements set out in Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations') However, whilst the Company is not required to comply with the Regulations, the Company has used them as guidance and voluntarily presents selected disclosures in this report, where relevant and appropriate

Remuneration Committee
The members of the Remuneration Committee during the financial year were T Stannard (Non-executive Chairman) and F Goldsmith (Non-executive Director) T Stannard is Chairman of the Remuneration Committee There have been no changes in the composition or chairmanship of the Remuneration Committee during the year The Chief Executive Officer is invited to attend meetings of the Committee but no Director is involved in any decisions relating to their own remuneration

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships, or day to-day involvement in running the business

The Committee is responsible for setting the framework and policy for the remuneration of the Executive Directors and designated senior managers It determines specific elements of their remuneration their contractual terms and, where necessary, compensation arrangements

The Committee keeps itself informed of all relevant developments and best practice in the field of remuneration and seeks advice from external advisers when it considers it is appropriate New Bridge Street was retained during the financial year to provide independent advice to the Committee where required

Remuneration policy
The Group's remuneration policy is designed to ensure that the remuneration packages attract motivate and retain directors and senior managers of high calibre and to reward them for enhancing value to shareholders The Company s policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be performance-related and aligned to performance measures that benefit all shareholders and promotes the long-term success of the Company The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets are undertaken by the Remuneration Committee There are four main elements of the remuneration package for Executive Directors and other senior management

- basic annual salary and benefits,
- annual bonus payments,
- long term incentives and
- pension arrangements

The remuneration of the Non-executive Directors comprises only Directors' fees and is determined by the Executive Directors

Basic salary and benefits in kind
Salary is normally reviewed annually in February, or when responsibilities change In deciding the appropriate levels, the Committee takes into account factors which it considers necessary including Group and individual performance market levels of, and trends in, executive remuneration and relative pay levels within the Group

In addition to basic salary each Executive Director is provided with health care benefits

Annual performance related bonus
Each Executive Director's remuneration package includes a performance-related bonus

The maximum bonus potential was 100% of basic salary for the year ended 31 January 2015 Payouts are based on sliding scale profit targets and performance against individual objectives Details of the bonus awards for 2014/15 are set out on page 41

Long-Term Incentive Plan ('LTIP')
The Company operates the 2006 Walker Greenbank Long-term Incentive Plan ('LTIP) as its primary senior executive incentive arrangement The LTIP seeks to motivate and retain Executive Directors and other senior management within the Group, to enable them to potentially benefit from delivering above market Total Shareholder Returns ('TSR') and earnings growth The key terms of the LTIP are as follows

- the LTIP has a maximum annual limit of 150% of basic salary,
- awards are normally granted in May each year In 2014 the highest grant equated to a maximum of 150% of basic salary,
- awards are normally structured as nil cost options,
- awards only vest (i e become exercisable) subject to continued service and to the extent that relevant performance conditions are met

The 2015 grant will again be a three year measurement with the performance conditions based on a combination of TSR and EPS growth This combination rewards both earnings growth and relative stock market performance and is consistent with market practice in the FTSE AllShare

A summary of the performance conditions attaching to outstanding awards can be found on pages 42 and 43 To the extent that these performance conditions are not met at the end of the vesting period, the options will lapse

It is intended to request shareholder approval of a new 10-year Incentive Plan ('Plan') at the Annual General Meeting ('AGM') in 2015, in preparation for grant of awards in 2016 It is intended the new Plan will be based on similar lines to the 2006 arrangement A summary of the key terms of the new Plan will be included within the circular sent to shareholders as part of the AGM Notice

Dilution
All equity-based awards are subject to an overall limit on the number of new shares issued of 10% within any ten year period The current dilution against this limit is 1 28%

Pensions
J Sach is a member of the defined benefit section of the Walker Greenbank Pension Plan and the Abaris Holdings Pension Scheme Both schemes were closed to new entrants from April 1997 and April 1998 respectively Both schemes were closed to future accrual of benefits on 30 June 2002 and 30 June 2005 respectively

J Sach, D Smallridge and M Gant are members of a Group Flexible Retirement Plan sponsored by the Group For the purposes of determining employer contributions to that scheme, annual performance related bonuses are not included in the pensionable pay of the Executive Directors

Directors' contracts
It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice

In the event of early termination the Executive Directors' contracts provide for compensation of an amount equal to the gross salary and benefits that they would have received during the balance of the notice period, plus any bonus, once declared, to which they would have become entitled had contractual notice been given

Termination payments
A Dix resigned effective 30 April 2014 and detail of the compensation he received is shown below

Non-executive Directors
All Non-executive Directors have service contracts with an indefinite term subject to a six-month notice provision Their remuneration is determined by the Board taking into account their duties and the level of fees paid to Non-executive Directors of similar companies The Non executive Directors do not participate in the Company's bonus, long term incentive schemes and no pension contributions are made in respect of them

Directors' detailed emoluments

Year to 31 January 2015	Salary £000s	Annual bonus £000s	LTIP Awards £000s	Benefits in kind £000s	Pension contribution £000s	Compensation for loss of office £000s	**2015 Total £000s**
Executive Directors							
J Sach	253	177	1 091	1	38	–	**1,560**
M Gant (from 03 03 14)	174	133	–	1	26	–	**334**
D Smallridge	181	117	865	1	27	–	**1,191**
A Dix (up to 30 04 14)	36	–	625	1	11	76	**749**
Non-executive Directors							
T Stannard	68	–	–	–	–	–	**68**
F Goldsmith	31	–	–	–	–	–	**31**
	743	427	2,581	4	102	76	**3,933**

Year to 31 January 2014	Salary £000s	Annual bonus £000s	LTIP Awards £000s	Benefits in kind £000s	Pension contribution £000s	Compensation for loss of office £000s	2014 Total £000s
Executive Directors							
J Sach	245	194	666	1	37	–	1,143
D Smallridge	176	133	485	1	26	–	821
A Dix	144	58	286	1	14	–	503
Non-executive Directors							
T Stannard	66	–	–	–	–	–	66
F Goldsmith	30	–	–	–	–	–	30
	661	385	1,437	3	77	–	2,563

The majority of the annual bonus payable was linked to achievement of Operating Profit with a sliding scale starting at the budget level set for the financial year A small percentage was based on achievement of personal performance objectives

Directors' pension entitlements
Accrued annual pension benefits for J Sach at the year end were £13,862 (2014 £13,153)

Directors' share interests
The interests of the Directors and their families in the shares of the Company at the beginning and end of the financial year were as follows

	1p Ordinary Shares 31 January 2015 Number	1p Ordinary Shares 31 January 2014 Number
T Stannard	70 000	70,000
F Goldsmith	45,000	45,000
J Sach	1,757,865	1,600,365
D Smallridge	1,133 165	993,972
M Gant	–	–

There have been no changes in the interests set out above between 31 January 2015 and 1 May 2015

Directors' LTIP awards

	Date of grant	Share price at grant	Maximum awards at 1 February 2014	Granted in year	Exercised in year	Lapsed in year	Maximum awards at 31 January 2015
J Sach	19/05/2011	49 0p	589 623	–	589,623	–	–
	18/05/2012	71 5p	416,199	–	–	–	416,199
	16/05/2013	111 5p	274,897	–	–	–	274,897
	28/05/2014	187 0p	–	168,827	–	–	168 827
			1,280,719	168,827	589,623	–	859 923
D Smallridge	19/05/2011	49 0p	467,347	–	467 347	–	–
	18/05/2012	71 5p	329,888	–	–	–	329,888
	16/05/2013	111 5p	196,938	–	–	–	196,938
	28/05/2014	187 0p	–	120,949	–	–	120,949
			994,173	120 949	467 347	–	647,775
M Gant	28/05/2014	187 0p	–	152 406	–	–	152,406

The 2011 LTIP awards vested on 19 May 2014 as a result of the Company being ranked first in a TSR comparator group of companies operating in the household sector and the profit before tax* underpin of £6 0m for the year ended 31 January 2014 being exceeded The share price on the vesting date was 185 0p

The 2012, 2013 and 2014 LTIP awards will vest subject to continued service and the extent to which relevant performance conditions are achieved

The primary performance condition for the 2012 award above is based on relative TSR against a comparator group of companies operating in the household sector, with partial vesting for a median TSR increasing on a sliding scale to full vesting for a top ranking TSR In addition to the relative TSR target a profit before tax* underpin of £6 5m applies in relation to the financial year ending 31 January 2015

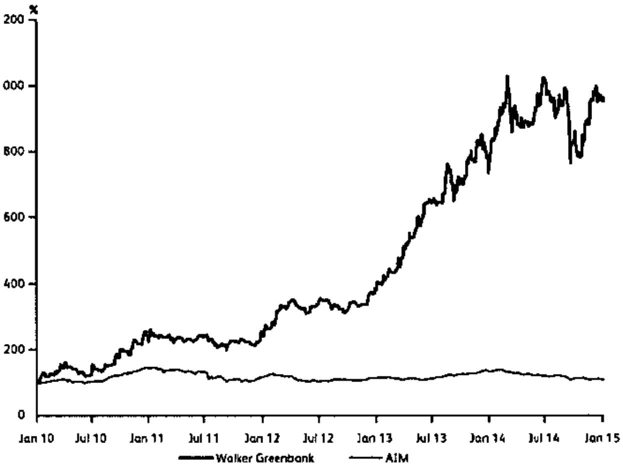
Adjusted profit before tax excludes accounting charges relating to share based incentives and defined benefit charge

The performance conditions for the 2013 and 2014 awards are based both on compound growth in EPS and relative TSR against a comparator group of AIM companies, with a profit before tax* underpin of £6 75 million for the year ended 31 January 2016 and £7 425m for the year ended 31 January 2017

For both the 2013 and 2014 awards, the comparator group chosen was the AIM companies ranked 101 to 200 by market capitalisation as at the day preceding the respective date of grant, and the relevant TSR measurement is on a sliding scale, with no vesting until the Company reaches at least median position within the comparator group

The share price reached a high of 215 5p and a low of 158 5p during the financial year ended 31 January 2015 The average share price during the financial year was 190 2p The share price on 1 February 2014 was 163 5p and on 30 January 2015 it was 200 0p

Total Shareholder Return index for the five financial years ending 31 January 2015



Approval
This report was approved by the Directors and signed by order of the Board

Caroline Geary
Company Secretary
1 May 2015

CORPORATE GOVERNANCE STATEMENT

As a company listed on the Alternative Investment Market (AIM) the Company is not required to issue a Corporate Governance Statement of Compliance with the principles and provisions of the UK Corporate Governance Code ('the Code') however the Company voluntarily presents disclosures that reflect the extent of the Company's application of the Code

Chairman's Statement
The Board supports the principles and aims of the Code Good governance reduces risk and adds value to our business Delivering growth and long-term shareholder value with effective and efficient decision making is of high importance to the Board

The Board
The Company is supervised by the Board of Directors The Board comprises three Executive and two Non-executive Directors There is a clear division of responsibilities between the Chairman, who is responsible for the effective leadership and smooth running of the Board, and the Chief Executive Officer who with the other Executive Directors, is responsible for the running of the Company

The Directors
The Board of Directors who served during the year ended 31 January 2015 and their attendance at meetings is shown in the adjacent table

During the year, A Dix resigned his position, effective 30 April 2014, and M Gant was appointed to the Board effective 3 March 2014 Biographical details of the current Board are given on page 36

Board Programme
The Board meets at least nine times each year in accordance with its scheduled meeting calendar and the attendance by each Board member at scheduled meetings is shown in the adjacent table

The role of the Board
The Board is responsible for the long-term success of the Company There is a formal schedule of matters reserved to the Board It is responsible for overall Group strategy approval of major capital expenditure projects approval of the annual and interim results annual budgets, dividend policy, and Board structure It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries their annual budgets, their performance in relation to those budgets and their capital expenditure

All Directors receive regular and timely information on the Group's operational and financial performance Relevant information is circulated to the Directors in advance of meetings The business reports monthly on its performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting

Senior executives below Board level attend board meetings where appropriate to present business updates

Board Meetings throughout the year are held at the company's various sites giving, in particular the Non-executive Directors, access to the manufacturing sites to gain a greater understanding of the Group's activities

Independent advice
All Directors are able to take independent professional advice in the furtherance of their duties, if necessary at the Company's expense In addition the directors have direct access to the advice and services of the Company Secretary

Board Committees
The Board has Remuneration Audit and Nomination committees each of which has written terms of reference which are available on the Company s website The Company Secretary acts as secretary to the committees The Board is satisfied that the committees discharged their responsibilities appropriately

Attendance at scheduled meetings of the Board and its committees

	Board	Nomination Committee	Remuneration Committee	Audit Committee
T Stannard	9	1	4	3
F Goldsmith	9	1	4	3
J Sach	9	1	–	–
D Smallridge	9	–	–	–
M Gant	8	–	–	–
A Dix	2	–	–	–

The Board scheduled nine meetings during the year and additional meetings were convened to deal with specific matters and approval of the financial results

Independent Directors
The Board considers, after careful review that the Non-executive Directors bring an independent judgment to bear All Non-executive Directors have contracts which contain six month notice clauses These are available for inspection at the Company's registered office and at the Annual General Meeting ('AGM) All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association and the principles of the Code The Non executive Directors continue to retire for re election at least every third year and their other time commitments are reviewed regularly Further details of each of the independent Directors are set out on page 36

All Directors undergo a performance evaluation before being proposed for re election to ensure their performance continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role

Nomination Committee
The Nomination Committee is chaired by T Stannard, Non executive Chairman and comprises F Goldsmith the other Non-executive Director and J Sach, the Chief Executive

It makes recommendations to the Board on all new Board appointments The Company's Articles of Association stipulate that one third of the Directors or the nearest whole number below one third shall retire each year The Company requires all Directors to submit themselves for re-election at least every three years

Remuneration Committee
The Remuneration Committee is chaired by T Stannard and comprises himself and F Goldsmith The Remuneration Committee is responsible for making recommendations to the Board in relation to all aspects of remuneration for Executive Directors and designated senior managers The Remuneration Committee believes that the presence of the Chief Executive is important when determining the remuneration of the other Executive Directors

In framing its policy the Remuneration Committee takes into account any factors which it deems necessary, including industry standard executive remuneration, differentials between executive and employee remuneration and differentials between executives The remuneration of the Non-executive Directors is determined by the Executive Directors

Audit Committee
The Audit Committee is chaired by F Goldsmith and comprises herself and T Stannard Although all the Committee members are considered to be appropriately experienced to fulfil their role, F Goldsmith is considered as having significant, recent and relevant experience in line with the Code Further details of the work of the Committee is contained in the Audit Committee Chairman's report on page 46

Internal control
The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness

The Board keeps its risk control procedures under constant review particularly with regard to the need to embed internal control and risk management procedures further into the operations of business, both in the UK and overseas, and to deal with areas of improvement which come to management's and the Board's attention

As might be expected in a group of this size a key control procedure is the day to day supervision of the business by the Executive Directors, supported by the senior managers with responsibility for key operations

The Executive Directors are involved in the budget setting process, regularly monitor key performance indicators and review management accounts on a monthly basis, noting and investigating any major variances All significant capital expenditure decisions are approved by the Board as a whole

Risk management process
The Group's significant risks, together with the relevant control and monitoring procedures are subject to regular review to enable the Board to assess the effectiveness of the system of internal control During the course of its reviews the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant other than disclosed in the Strategic Report and the Report of the Directors

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss The Group's systems are designed to provide reasonable assurance as to the reliability of financial information ensuring proper control over income and expenditure, assets and liabilities

The Board has considered the need for an internal audit function, but because of the size and nature of its operations does not consider it necessary at the current time

Relations with shareholders
The Group encourages two way communications with both its institutional and private investors and responds in a timely fashion to all queries received

The Chairman, Chief Executive and Chief Financial Officer have regular dialogue with individual institutional investors in order to develop an understanding of their views Presentations are made to analysts investors and prospective investors covering the annual and interim results

The company website (www walkergreenbank com) has an Investors section giving private investors direct access to business information and company reports There is also an enquiries mailbox facility

All shareholders receive notice of the Annual General Meeting at which all Committee chairs will be available for questions

AUDIT COMMITTEE REPORT

Fiona Goldsmith
Audit Committee Chairman

The objective of the Committee is to provide oversight and governance to the Group's financial reports, its internal controls and processes in place, its risk management systems and the appointment and relationship with the external auditor

Responsibilities

- Monitor the integrity of the financial statements of the Group, reviewing any significant reporting issues and judgements they contain
- Advise on the clarity of disclosure and information contained in the Annual Report and Accounts
- Ensure compliance with applicable accounting standards and review the consistency of methodology applied
- Review the adequacy and effectiveness of the internal control and risk management systems
- Oversee the relationship with the external auditor, reviewing performance and advising the board on their appointment and remuneration
- Ensure appropriate arrangements in place for individuals to raise concerns regarding breach of conduct and legal and regulatory compliance

Membership

The Committee is comprised solely of independent Directors being myself the Chairman, and the other Non-executive Director Terry Stannard The Board is satisfied that I have significant, recent and relevant experience in line with the Code

Terms of reference

Updated terms of reference were adopted by the Board in 2012 These are available on the website

Meetings

The Committee meets three times per year, in April and September, being the appropriate time to review the Annual Report and Accounts and the interim report respectively, and also in January to review the previous year and plan for the year ahead At the meetings the findings of the external audit are discussed, and the effectiveness of the Company's system of internal controls and risk management is reviewed

Each meeting is attended by the Committee's members as well as, by invitation, the executive directors and the external auditor A record of the meeting attendance by Committee members is set out on page 44

During the year, the Audit Committee held a private meeting with the external auditor PricewaterhouseCoopers LLP ('PwC'), without management being present, in order to receive feedback from them The Committee Chairman also met with PwC separately on several occasions

The Committee supports the Board in carrying out its responsibilities in relation to financial reporting, risk management and assessing internal controls The need for an internal audit department is also examined on a continuing basis The Committee also manages the relationship with the external auditor

The Committee undertook the following activities during the course of the year

Financial reporting

The Committee reviews the half year and annual financial statements and matters raised by management and the auditors

- The accounting policies used are consistent both year on year and across the Group (other than as disclosed in note 1 of the financial statements)
- The methods used to account for significant transactions are appropriate
- The financial statements give a true and fair view and the disclosures made are balanced and understandable
- Appropriate estimates and judgements have been used, taking into account the views of the external auditor
- The appropriate accounting standards have been applied

Internal controls and risk management

There is an ongoing process to identify evaluate and manage the risks faced by the Group

The Committee reviews this risk management process annually and the process is continually being developed and improved Each business unit reports monthly on key risks identified and measures that are being taken to mitigate the risk The Strategic Report includes further detail as to the business risks identified and actions being taken

The Audit Committee on behalf of the Board has reviewed the effectiveness of the internal controls and risk management and no significant failings in control have been found

External audit

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit the scope of the audit and terms of engagement, their independence and objectivity, and their reappointment and remuneration

The Committee reviews the objectivity and independence of the auditors when considering reappointment The external auditor reports to the Committee on actions taken to comply with professional and regulatory requirements and is required to rotate the lead audit partner every five years

PricewaterhouseCoopers LLP ('PwC') provide a range of other services which include tax compliance and advisory services

To ensure auditor objectivity and independence, the Committee has adopted a policy on the engagement of external auditors for the provision of non-audit services which include financial limits above which the Audit Committee must approve The policy is available on the website

Any non-audit fees above £15,000 per engagement must be approved by the chairman of the Audit Committee before the work commences Details of fees paid to PwC during the year are disclosed in note 7 of the financial statements

The Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of PwC and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting

Fiona Goldsmith
Audit Committee Chairman
1 May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER GREENBANK PLC

Report on the group financial statements
Our opinion
In our opinion, Walker Greenbank PLC's group financial statements (the 'financial statements')

- give a true and fair view of the state of the Group's affairs as at 31 January 2015 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited
Walker Greenbank PLC's financial statements comprise

- the Consolidated Balance Sheet as at 31 January 2015,
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Cash Flow Statement for the year then ended,
- the Consolidated Statement of Changes in Equity for the year then ended and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union

In applying the financial reporting framework the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception
Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit We have no exceptions to report arising from this responsibility

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the Group s circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Other matter

We have reported separately on the parent Company financial statements of Walker Greenbank PLC for the year ended 31 January 2015

John Minards (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
1 May 2015

(a) The maintenance and integrity of the Walker Greenbank PLC website is the responsibility of the Directors the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 JANUARY 2015

	Note	2015 £000	2014 £000
Revenue	4	**83,373**	78,434
Profit from operations	4–7	**7,335**	6,543
Net defined benefit pension charge	8	**(798)**	(868)
Finance costs	9	**(208)**	(180)
Total finance costs		**(1,006)**	(1,048)
Profit before tax		**6,329**	5 495
Tax expense	12	**(1,224)**	(451)
Profit for the year attributable to owners of the parent		**5,105**	5,044
Earnings per share – Basic	13	**8 60p**	8 63p
Earnings per share – Diluted	13	**8 28p**	8 14p
Adjusted earnings per share – Basic	13	**11 64p**	11 30p
Adjusted earnings per share – Diluted	13	**11 20p**	10 66p

All of the activities of the Group are continuing operations

The notes on pages 55 to 87 form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 JANUARY 2015

	Note	2015 £000	2014 £000
Profit for the year		**5,105**	5 044
Other Comprehensive Income/(Expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension schemes	23	**(2,011)**	(1,775)
Increase/(reduction) of deferred tax asset relating to pension scheme liability		**228**	(53)
Total items that will not be reclassified to profit or loss		**(1,783)**	(1,828)
Items that may be reclassified subsequently to profit or loss			
Currency translation (losses)/gains		**(276)**	99
Cash flow hedge (losses)/gains		**(348)**	90
Total items that may be reclassified subsequently to profit or loss		**(624)**	189
Other comprehensive expense for the year, net of tax		**(2,407)**	(1 639)
Total comprehensive income for the year attributable to the owners of the parent		**2,698**	3 405

The notes on pages 55 to 87 form an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET
AT 31 JANUARY 2015

	Note	2015 £000	2014 £000 (Restated)
Non-current assets			
Intangible assets	14	**7,158**	7,289
Property, plant and equipment	15	**12,714**	11,690
Deferred income tax assets	16	**1,591**	2,163
		21,463	21,142
Current assets			
Inventories	17	**22,004**	19,706
Trade and other receivables	18	**14,130**	12 606
Derivative financial asset	19	**–**	153
Cash and cash equivalents	20	**971**	2 830
		37,105	35 295
Total assets		**58,568**	56,437
Current liabilities			
Trade and other payables	21	**(20,115)**	(19,035)
Derivative financial liability	19	**(195)**	–
Borrowings	22	**(400)**	(400)
		(20,710)	(19,435)
Net current assets		**16,395**	15,860
Non-current liabilities			
Borrowings	22	**(569)**	(942)
Retirement benefit obligation	23	**(10,352)**	(9 208)
		(10,921)	(10 150)
Total liabilities		**(31,631)**	(29 585)
Net assets		**26,937**	26 852
Equity			
Share capital	25	**598**	590
Share premium account		**457**	457
Foreign currency translation reserve		**(365)**	(89)
Accumulated losses		**(14,065)**	(14,766)
Other reserves		**40,312**	40,660
Total equity attributable to owners of the parent		**26,937**	26,852

The financial statements on pages 50 to 87 were approved by the Board of Directors on 1 May 2015 and signed on its behalf by

John Sach
Director

Mike Gant
Director

Registered number 61880

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 JANUARY 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Cash generated from operations	28	**3,468**	6,165
Interest paid		**(181)**	(152)
Debt issue costs		**–**	(50)
Income tax paid		**(32)**	(18)
Net cash generated from operating activities		**3,255**	5 945
Cash flows from investing activities			
Purchase of intangible fixed assets	14	**(420)**	(1,049)
Purchase of property, plant and equipment	15	**(2,830)**	(3,704)
Proceeds from disposal of property, plant and equipment		**20**	18
Net cash used in investing activities		**(3,230)**	(4 735)
Cash flows from financing activities			
EBT purchase of shares	25	**(348)**	–
Allotment of share capital	25	**8**	–
Repayment of borrowings	29	**(400)**	(400)
Dividends paid to Company's shareholders		**(1,144)**	(900)
Net cash used in financing activities		**(1,884)**	(1,300)
Net decrease in cash cash equivalents and bank overdrafts		**(1,859)**	(90)
Cash, cash equivalents and bank overdrafts at beginning of year		**2,830**	2,920
Cash, cash equivalents and bank overdrafts at end of year	29	**971**	2,830

The notes on pages 55 to 87 form an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 JANUARY 2015

	Attributable to owners of the parent							
				Other reserves				
	Share capital £000 (note 25)	Share premium account £000	Accumulated losses £000	Capital reserve £000 (note 26)	Merger reserve £000	Hedge reserve £000 (note 19)	Foreign currency translation reserve £000	Total equity £000
Balance at 1 February 2013	590	457	(17,247)	43 457	(2,950)	63	(188)	24,182
Profit for the year	–	–	5,044	–	–	–	–	5,044
Other comprehensive Income								
Remeasurements of defined benefit pension schemes (note 23)	–	–	(1,775)	–	–	–	–	(1,775)
Deferred tax relating to pension scheme liability	–	–	(53)	–	–	–	–	(53)
Currency translation differences	–	–	–	–	–	–	99	99
Cash flow hedging reserve – released to Income Statement	–	–	–	–	–	67	–	67
Cash flow hedging reserve – recognised in equity during the year	–	–	–	–	–	23	–	23
Total comprehensive income	–	–	3,216	–	–	90	99	3,405
Transactions with owners recognised directly in equity								
Dividends	–	–	(900)	–	–	–	–	(900)
Long-term incentive plan charge	–	–	467	–	–	–	–	467
Long-term incentive plan vesting	–	–	(936)	–	–	–	–	(936)
Deferred tax arising on long term incentive plan	–	–	634	–	–	–	–	634
Balance at 31 January 2014	**590**	**457**	**(14,766)**	**43,457**	**(2,950)**	**153**	**(89)**	**26,852**

	Attributable to owners of the parent							
				Other reserves				
	Share capital £000 (note 25)	Share premium account £000	Accumulated losses £000	Capital reserve £000 (note 26)	Merger reserve £000	Hedge reserve £000 (note 19)	Foreign currency translation reserve £000	Total equity £000
Balance at 1 February 2014	590	457	(14 766)	43,457	(2,950)	153	(89)	26,852
Profit for the year	–	–	5 105	–	–	–	–	5,105
Other comprehensive Income								
Remeasurements of defined benefit pension schemes (note 23)	–	–	(2,011)	–	–	–	–	(2,011)
Deferred tax relating to pension scheme liability	–	–	228	–	–	–	–	228
Currency translation differences	–	–	–	–	–	–	(276)	(276)
Cash flow hedging reserve – released to Income Statement	–	–	–	–	–	(153)	–	(153)
Cash flow hedging reserve – recognised in equity during the year	–	–	–	–	–	(195)	–	(195)
Total comprehensive income	–	–	3 322	–	–	(348)	(276)	2,698
Transactions with owners, recognised directly in equity								
Dividends	–	–	(1 144)	–	–	–	–	(1,144)
Purchase of treasury shares	–	–	(348)	–	–	–	–	(348)
Allotment of share capital	8	–	–	–	–	–	–	8
Long term incentive plan charge	–	–	629	–	–	–	–	629
Long term incentive plan vesting	–	–	(1,584)	–	–	–	–	(1,584)
Deferred tax arising on long term incentive plan	–	–	(174)	–	–	–	–	(174)
Balance at 31 January 2015	**598**	**457**	**(14,065)**	**43,457**	**(2,950)**	**(195)**	**(365)**	**26,937**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies and general information

General information

Walker Greenbank PLC ('the Company') and its subsidiaries (together the 'Group') is a luxury interior furnishings group 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 Half of the brand's turnover is sourced in-house from the Group'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 public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is registered and domiciled in the UK

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and IFRS Interpretations Committee ('IFRS IC') interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The consolidated financial statements have been prepared under the historical cost convention, as modified by the valuation of derivative financial instruments at fair value through profit and loss, and with the accounting policies set out below which have been consistently applied to all periods presented unless otherwise indicated

The Group meets its day-to-day working capital requirements through its banking facilities which are due to expire within 12 months and will be renewed over the next few months The Group's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Group will be able to operate within the level of its current facilities as disclosed in note 22

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

In preparing these financial statements the Group has applied the IFRSs adopted by the European Union and the IFRS IC interpretations where the effective date is relevant to the financial year commencing on 1 February 2014 or ending 31 January 2015

Since the Group's previous annual financial statements for the year ended 31 January 2014 the following pronouncements are now effective and have been adopted by the Group

- Amendments to IFRS 12 and IAS 27 for investment entities – effective periods beginning on or after 1 January 2014
- IFRS 10 Consolidated financial statements' – effective periods beginning on or after 1 January 2014
- IFRS 13 'Fair value measurement' – effective periods beginning on or after 1 January 2014
- IAS 27 (revised 2011), 'Separate financial statements' – effective periods beginning on or after 1 January 2014
- IAS 28 (revised 2011) 'Associates and joint ventures' – effective periods beginning on or after 1 January 2014
- Amendment to IAS 32, Financial Instruments Presentation' on offsetting financial assets and financial liabilities – effective periods beginning on or after 1 January 2014
- IAS 36 'Impairment of assets' on recoverable amount disclosures effective periods beginning on or after 1 January 2014

There has been no material effect on the Group's financial statements following the introduction of the above

The Group has not applied the following new standards amendments and interpretations for which adoption is not mandatory for the year ending 31 January 2015 and/or which have not yet been endorsed by the EU With the exception of IFRS 15 where the Group is continuing to assess the materiality of the impact of this new standard, the Group has concluded its evaluation of the impact of these pronouncements but at this stage does not expect there to be any material impact on the financial statements

- Amendment to IAS 19, Employee benefits', on defined benefit plans effective periods beginning on or after 1 July 2014
- IFRS 9 Financial instruments' – classification and measurement – effective periods beginning on or after 1 January 2018
- IFRS 15 'Revenue from Contracts with Customers' – effective periods beginning on or after 1 January 2017
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture Bearer Plants – effective periods beginning on or after 1 January 2016

In addition, a number of exposure drafts of new or amended standards and interpretations have been announced by the International Accounting Standards Board (IASB) This includes an exposure draft on leases Until final details of this and other exposure drafts have been concluded by the IASB the Group is not able to evaluate the potential impact on the Group of these pronouncements

1 Accounting policies and general information continued
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3

The financial statements of the Company as an entity continue to be prepared under United Kingdom Generally Accepted Accounting Practice and are presented separately from the consolidated financial statements (pages 90 to 98)

Basis of Consolidation
The consolidated financial information incorporates the financial statements of the Company and all its subsidiary undertakings made up to 31 January each year Subsidiaries are entities where the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date on which control is transferred to or from the Group as appropriate

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group

The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree Any acquisition costs are expensed as incurred The identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except for non current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell

Goodwill arising on acquisition is recognised as an asset in accordance with the policy described below

All inter-company transactions and balances are eliminated on consolidation Profits and losses resulting from inter-company transactions that are recognised in assets, such as inventory are eliminated in full Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred

The Employee Benefit Trust ('EBT') controlled by the Group is also included by consolidation Until shares held by the EBT vest unconditionally in and are transferred to employees the consideration paid for those shares is deducted from consolidated equity No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of shares, including transfers to and from treasury shares Dividends receivable on shares held by the EBT are excluded from the Income Statement, and are excluded from amounts recognised as dividends payable by the Group

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

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 and classified as other operating income or charges

The assets and liabilities of the Group's overseas subsidiaries on consolidation are translated at the rates of exchange ruling at the Balance Sheet date The income and expenses are translated at the weighted average rate during the period Differences on translation are recognised in a separate foreign currency translation reserve within equity On disposal of an overseas subsidiary the cumulative exchange differences for that subsidiary are recognised in the Income Statement as part of the profit or loss on disposal

1. Accounting policies and general information continued

Intangible Assets – *Goodwill*

Goodwill arising on acquisition 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 Group'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 Consolidated 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 archive is valued at historical cost The Directors believe that the archive has an indefinite useful life and is therefore not subject to amortisation The carrying value of this asset is reviewed annually and 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 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 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

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

1 Accounting policies and general information continued
Depreciation is charged on a straight line basis on the original costs (excluding freehold land) after deduction of any estimated residual value The principal annual rates are

Freehold buildings	2%
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

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 Group's products They are recognised at the lower of cost and net realisable value Cost comprises direct materials plus costs of production

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

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

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

Financial assets and liabilities – measurement basis
Financial assets and liabilities are recognised on the date on which the Group 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 is 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 Group's rights to cash inflows from the asset expire, financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire

1 Accounting policies and general information continued

Non derivative financial assets are classified according to the purpose for which the asset was acquired The Group's financial assets are classified as either

- '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 Group 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 administration expenses
- 'cash and cash equivalents' – these comprise deposits with an original maturity of three months or less with banks and financial institutions, bank balances, bank overdrafts with the right of offset and cash in hand

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group 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 administration 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 administration expenses in the Income Statement

The Group'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 Group receives goods or services directly from a payable or supplier, or borrows money, with no intention of trading the liability This category includes

- 'trade and other payables' – these are typically non interest bearing and following initial recognition are included in the Balance Sheet at amortised cost,
- 'bank loans and overdrafts' – these are initially recorded at fair value based on proceeds received net of issue costs Finance charges are accounted for on an accruals basis and charged to the Income Statement using the effective interest rate method, and
- 'borrowings' – these are recorded initially at the fair value, net of direct issue costs and are subsequently stated at amortised cost Finance charges, including premiums payable on settlement, or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest method, and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

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

Derivative financial instruments and hedge accounting – *measurement basis*

The Group's activities expose it to the financial risks of changes in exchange rates, and the Group uses forward exchange rate contracts and swap exchange rate contracts to manage these exposures The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors which provide written principles on the use of derivative financial instruments

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity

The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within 'Other operating income/(expense)' Amounts accumulated in equity are released to the Income Statement when the hedged item affects the Income Statement, and are also classified in the Income Statement within 'Other operating income/(expense)'

Derivatives that do not qualify for hedge accounting under IAS 39 are classified as 'financial assets or liabilities at fair value through profit or loss' They are initially recognised at fair value, with fair value being remeasured at each reporting date The fair value of the derivative is based on market price of comparable instruments at the Balance Sheet date Changes in fair value are included in the Income Statement within finance costs

1 Accounting policies and general information continued
The Group has no embedded derivatives that are not closely related to the host instrument

Cash and cash equivalents
Cash and cash equivalents represent only liquid assets with original maturity of 90 days or less Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts Bank overdrafts that cannot be offset against other cash balances are shown within borrowings in current liabilities on the Balance Sheet

For the purposes of the Cash Flow Statement it is the Group's policy to classify interest income and expense, and other finance costs, within cash flows from operating activities'

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

Assets used by the Group which have been funded through finance leases are capitalised in property, plant and equipment and the resulting lease obligations are included in liabilities The assets are capitalised at the leases commencement at the lower of fair value of the leased assets and the present value of the minimum lease payments The assets are depreciated over their useful lives and the interest element of the rental obligations is charged to the Consolidated Income Statement over the period of the lease, and represents a constant proportion of the balance of capital repayments outstanding

Operating lease rentals are charged to the 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

Employee benefits – *pension obligations*
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due

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

The 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 Group, 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 Group issues equity-settled share-based payments to certain employees which must be measured at fair value and 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 Group's estimate of the number of awards which will lapse either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met

1 Accounting policies and general information continued

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

Employee benefits – *short-term bonus plans*

The Group 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

Treasury shares

Consideration paid including any directly attributable incremental costs (net of income taxes) on the purchase of the Company's equity share capital (treasury shares) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity shareholders The EBT is treated as an agent of the Group and as such EBT transactions are treated as being those of the Group

Revenue

The Group revenue is measured at fair value of the consideration received or receivable and represents amounts recoverable by the Group 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 Group 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 Group 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

Exceptional items

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

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 Group'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 deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised 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

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 Group'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

1 Accounting policies and general information continued
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group 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

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

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

Reportable segments consist of one or more operating segments Aggregation of operating segments into reportable segments occurs when aggregation criteria, as laid down in IFRS 8 'Operating Segments' are satisfied including similar economic characteristics or when operating segments are less than the quantitative limits as laid down in IFRS 8 After applying aggregation segmental information is disclosed in a manner consistent with the internal reporting to the chief operating decision maker ('CODM)

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

Interest received
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

2 Financial risk management
The Group's activities expose it to a variety of financial risks market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance The Group uses derivative financial instruments to hedge certain risk exposures

Risk management is carried out at Board level under policies approved by the Board of Directors Executive Directors identify evaluate and where appropriate hedge financial risks in close cooperation with the Group's operating units

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

The Group 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

To manage the foreign exchange risk arising on future transactions, it is the Group's policy to enter into forward currency contracts to hedge the exposure

For the year ended 31 January 2015, the average sterling to US dollar translation rate applied by the Group including the impact of hedging contracts was £1 US$1 58 If the rate had been £1 US$1 48 with all other variables held constant, profit before tax would have been higher by £264,000 If the rate had been £1 US$1 68 with all other variables held constant, profit before tax would have been lower by £233,000

2 Financial risk management continued

For the year ended 31 January 2015, the average sterling to euro translation rate applied by the Group including the impact of hedging contracts was £1 €1 25 If the rate had been £1 €1 15 with all other variables held constant, profit before tax would have been lower by £349,000 If the rate had been £1 €1 35 with all other variables held constant profit before tax would have been higher by £297,000

The sensitivities tested above reflect movements in the foreign currency exchange rates over the financial year The sensitivity of movements in other currencies is not considered material to the performance of the Group

Interest rate risk

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

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

On 31 January 2013 the Receivables facility was renewed with Barclays Bank PLC and a new Committed facility was agreed as a replacement to the Inventory facility, signed on 15 January 2013 Variable interest rates were negotiated on all the loans The Board continues to monitor the interest rates monthly

For the year ended 31 January 2015 had the benchmark interest rate levels been 0 5% higher/(lower) than the actual experience, with all other variables held constant the profit before tax of the Group would have been (lower)/higher by £34 000 due to the change in interest rate expense on variable rate borrowings The 0 5% sensitivity is deemed a reasonable sensitivity analysis based on expected movements in the base rate for the next financial year

Credit risk

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

The Group does not have any significant credit risk exposure to any single company or group of companies within trade receivables, as the nature of the Group'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 Group's trading history with that customer

There is no difference between the carrying amount and the maximum credit risk exposure

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due The maturity profile of the Group's debt and other financial liabilities is disclosed in note 22

During the year the Group had facilities with Barclays Bank PLC A significant element of the facility is linked to working capital, which allows the Group to manage its cash more effectively during the seasonal fluctuations in working capital associated with the industry This element of the facility was renewed in January 2013

2 Financial risk management continued

Management monitors rolling forecasts of the Group's cash and loan facility utilisation on a monthly basis The Group ensures that it has adequate facilities available to cover both its short-term and medium-term commitments In addition, the Group's liquidity management policy is to project cash flows in major currencies and consider the level of liquid assets necessary to meet these liabilities as they fall due

Capital risk management

The Group's objectives when managing capital are

- to safeguard the entities ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return for shareholders by pricing products and services commensurately with the level of risk

The Group sets the amount of capital in proportion to risk The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back issued shares, or sell assets to reduce debt

The Group monitors capital on the basis of the average net debt to adjusted capital ratio (or 'gearing ratio') The ratio is calculated as average net debt divided by adjusted capital Average net debt is calculated as the total debt less cash and cash equivalents during the year Adjusted capital comprises all components of equity (i e share capital, share premium, retained earnings, and other reserves) other than amounts recognised in equity relating to cash flow hedges and forward currency contracts

During the year to 31 January 2015 the Group's strategy, which was unchanged from the previous year, was to reduce the average gearing ratio The average gearing ratios for 2015 and 2014 were as follows

	Year ended 31 January	
	2015 £000's	2014 £000 s
Average net debt	**4,156**	4,171
Total equity	**26,937**	26,852
Less amounts recognised directly in equity relating to currency contracts	**195**	(153)
Adjusted capital	**27,132**	26,699
Average net debt to adjusted capital ratio	**15 3%**	15 6%
Year end net funds/debt to adjusted capital ratio	**(0 0)%**	(5 6)%

The Group considers the average net debt to adjusted capital ratio to be appropriate at this time but it will continue to reduce the pension deficit by cash generated from operations and will also invest within the Group through capital expenditure and working capital

The gearing ratio at the year end is lower than the average gearing ratio as the level of trade receivables is lower at the year end than the average during the year due to the seasonal nature of trading in the months of December and January

Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the Balance Sheet date provided by relationship banks Under the revisions to IFRS 7 these amounts are classified within level two of the fair value hierarchy

The carrying value less impairment provision of trade receivables and payables and cash and cash equivalents are assumed to approximate their fair values

3 Critical accounting estimates and assumptions

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

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

a) Retirement benefit obligations

The Group 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 Group takes advice from a qualified actuary about which assumptions reflect the nature of the Group's obligations to employee retirement benefits The assumptions are regularly reviewed to ensure their appropriateness

The Group 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 Group 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 23

b) Impairment of non-financial assets

The Group 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 reviewed whenever impairment triggers are apparent The recoverable amounts of cash generating units have been determined based on value in use ('VIU') calculations These calculations require use of estimates of future sales, margins, and other operating and administration expenses, and of discount rates Further disclosures relating to the estimates and assumptions applied, and carrying amounts of the non-financial assets, are set out in note 14 and 15

The Group makes provision for impairment in the carrying amount of its inventories and marketing materials The nature of the Group's products are exposed to changes in taste and attitudes from time to time, which can affect the demand for those products The Group 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 Group 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 7 Details of the carrying amount of inventories are disclosed in note 17 and of marketing materials in note 18 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 Group considers it appropriate to recognise at the Balance Sheet date deferred tax assets resulting from historical trading losses and other temporary differences including pension deficits and the impact of awards under the Long term Incentive plan The amount of deferred tax recognised is based on estimates of the timing and amount of future taxable profits of companies within the Group, which in turn relies upon estimates of future operating profits and the occurrence, timing and tax treatment of significant items of income and expenditure including contributions to pension schemes and the vesting of LTIP payment awards 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 16 The Group considers the sensitivity on Deferred tax recognition to be based on profits generated by the Group and tax rates set by the government There has been no material impact on sensitivity in the current or previous financial year

d) Long-term incentive plan payment awards

The Group has granted awards to Executive Directors and senior management which include vesting conditions relating to the future financial performance of the Group as measured by adjusted profit before tax ('PBT') and the relative performance of the Group's Total shareholder return ('TSR') against comparator companies The fair value of the awards granted is charged against the Income Statement over the vesting period, the amount of that charge including the national Insurance component of the charge, is dependent upon the Group's estimates of how many awards will ultimately vest, which is linked directly to its estimates regarding future PBT and TSR achievement Further disclosures relating to performance targets are included in the Directors' Remuneration Report on pages 40 to 43 and in note 25

4 Segmental analysis

The Group is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper The reportable segments of the Group 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 and its foreign subsidiaries in the US and France
- Manufacturing – comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast respectively

This is the basis on which the Group presents its operating results to the board of directors, which is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of IFRS 8 Additional revenue-only data is also reported to the CODM and is disclosed on the basis explained below Other group-wide activities and expenses, predominantly related to corporate head office costs, defined benefit pension costs long term incentive plan expenses, taxation and eliminations of intersegment items, are presented within 'Eliminations and unallocated'

a) Principal measures of profit and loss – Income Statement segmental information

Year ended 31 January 2015

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
UK Revenue	**38,468**	**15,802**	**–**	**54,270**
International Revenue	**24,151**	**2,871**	**–**	**27,022**
Licence Revenue	**2,081**	**–**	**–**	**2,081**
Revenue – External	**64,700**	**18,673**	**–**	**83,373**
Revenue – Internal	**–**	**16,401**	**(16,401)**	**–**
Total Revenue	**64,700**	**35,074**	**(16,401)**	**83,373**
Profit/(loss) from operations	**7,387**	**3,658**	**(3,710)**	**7,335**
Net borrowing costs	**–**	**–**	**(208)**	**(208)**
Net pension charge	**–**	**–**	**(798)**	**(798)**
Profit/(loss) before taxation	**7,387**	**3,658**	**(4,716)**	**6,329**
Tax charge	**–**	**–**	**(1,224)**	**(1,224)**
Profit/(loss) for the year	**7,387**	**3,658**	**(5,940)**	**5,105**

Year ended 31 January 2014

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
UK Revenue	34 874	14,619	–	49 493
International Revenue	23,797	3,011	–	26,808
Licence Revenue	2,133	–	–	2,133
Revenue – External	60,804	17,630	–	78,434
Revenue – Internal	–	14,525	(14,525)	–
Total Revenue	60 804	32 155	(14,525)	78,434
Profit/(loss) from operations	6,590	3 062	(3,109)	6 543
Net borrowing costs	–	–	(180)	(180)
Net pension charge	–	–	(868)	(868)
Profit/(loss) before taxation	6,590	3,062	(4,157)	5,495
Tax charge	–	–	(451)	(451)
Profit/(loss) for the year	6,590	3,062	(4,608)	5,044

The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies as set out in note 1

Inter-segment revenue earned by Manufacturing from sales to Brands is determined on normal commercial trading terms as if Brands were any other third party customer

4. Segmental analysis continued

All defined benefit pension costs, and long-term incentive plan expenses, are recognised for internal reporting to the CODM as part of group wide activities and are included within 'Eliminations and unallocated' above Other costs, such as group insurance, rent and auditors' remuneration which are incurred on a group-wide basis are recharged by the head office to segments on a reasonable and consistent basis for all periods presented, and are included within segment results above

b) Additional segmental revenue information

The segmental revenues of the Group are reported to the CODM in more detail One of the analysis presented is revenue by export market in the brands

Brands revenue by export market	2015 £000	2014 £000
Western Europe	**7,038**	6,713
Scandinavia	**1,762**	1,805
Eastern Europe	**2,256**	2,209
Europe Total	**11,056**	10,727
Middle East	**1,026**	858
Far East	**2,957**	3,354
US	**7,041**	6,993
South America	**361**	342
Australasia	**1,083**	948
Other	**627**	575
	24,151	23 797

Revenue of the Brands reportable segment – revenue from operations in all territories where the sale is sourced from the Brands operations, together with contract and licence revenue

Brand Revenue Analysis	2015 £000	2014 £000
Harlequin, incorporating Anthology & Scion	**28,982**	26,101
Sanderson, incorporating Morris & Co	**21,698**	20 984
Zoffany	**11,223**	10 742
Other brands	**716**	844
Licensing	**2,081**	2 133
	64,700	60 804

Revenue of the Manufacturing reportable segment – including revenues from internal sales to the Group's Brands

Manufacturing Revenue Analysis	2015 £000	2014 £000
Standfast	**16,744**	15,358
Anstey	**18,330**	16,797
	35,074	32,155

4 Segmental analysis continued

c) Other Income Statement segmental information

The following additional items are included in the measures of profit and loss reported to the CODM and are included within (a) above

Year ended 31 January 2015

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
Depreciation	**796**	**988**	**14**	**1,798**
Amortisation	**526**	**25**	**–**	**551**
Impairment losses – trade receivables	**4**	**16**	**–**	**20**
Reversal of impairment losses – trade receivables	**(89)**	**–**	**–**	**(89)**
Impairment losses – inventory	**607**	**301**	**–**	**908**
Reversal of impairment of inventory	**–**	**(32)**	**–**	**(32)**
LTIP payment charges	**–**	**–**	**1,005**	**1,005**

Year ended 31 January 2014

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
Depreciation	915	839	20	1,774
Amortisation	398	45	–	443
Impairment losses – trade receivables	182	2	–	184
Reversal of prior year impairment losses – trade receivables	(11)	(22)	–	(33)
Impairment losses – inventory	1,146	54	–	1,200
Reversal of impairment of inventory	–	(19)	–	(19)
LTIP payment charges	–	–	970	970

d) Principal measures of assets and liabilities – Balance Sheet segmental information

Segment assets consist primarily of goodwill, intangible assets, property plant and equipment, trade and other receivables including inter segment receivables, and inventories Segment liabilities consist primarily of trade and other payables including inter segment payables Unallocated assets and liabilities consist primarily of cash, deferred tax assets, borrowings, derivative financial instruments, and retirement benefit obligations and elimination of inter segment balances Segment assets and liabilities and unallocated assets and liabilities are measured in accordance with the Group's accounting policies as set out in note 1

Year ended 31 January 2015

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
Assets	**37,402**	**17,536**	**3,630**	**58,568**
Liabilities	**(15,688)**	**(6,450)**	**(9,493)**	**(31,631)**
Total net assets/(liabilities)	**21,714**	**11,086**	**(5,863)**	**26,937**
Capital expenditure – Intangible assets	**411**	**9**	**–**	**420**
Capital expenditure – Property plant and equipment	**1,854**	**973**	**3**	**2,830**

Year ended 31 January 2014

	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
Assets	38,269	20 456	(2,288)	56,437
Liabilities	(18,442)	(5,860)	(5 283)	(29,585)
Total net assets/(liabilities)	19,827	14,596	(7,571)	26 852
Capital expenditure – Intangible assets	1,033	16	–	1,049
Capital expenditure – Property, plant and equipment	994	2,708	2	3,704

4 Segmental analysis continued

e) Additional entity-wide disclosures

Revenue by geographical location of customers	2015 £000	2014 £000
United Kingdom	**55,450**	50 190
Continental Europe	**12,206**	11 589
United States of America	**8,494**	8,854
Rest of the World	**7,223**	7,801
	83,373	78,434

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

Non current assets by geographical territory	2015 £000	2014 £000
United Kingdom	**19,050**	18,558
Continental Europe	**206**	232
United States of America	**616**	189
	19,872	18,979

Non-current assets included above comprise intangible assets and property, plant and equipment

5. Exceptional items

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

In the current year and prior year, there are no exceptional items

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

	2015 £000	2014 £000
Revenue	**83,373**	78 434
Cost of sales	**(32,674)**	(30,347)
Gross profit	**50,699**	48,087
Net operating expenses		
Distribution and selling costs	**(14,035)**	(12,747)
Administration expenses	**(28,331)**	(27 677)
LTIP accounting charge	**(1,005)**	(970)
Other operating income/(expense)	**7**	(150)
Net operating expenses	**(43,364)**	(41,544)
Profit from operations	**7,335**	6,543

(b) Analysis of revenue by category

	2015 £000	2014 £000
Sale of goods	**81,292**	76,301
Licence royalty income	**2,081**	2,133
	83,373	78,434

6 (c) Analysis of expense by nature continued

	2015 £000	2014 £000
Changes in inventories of finished goods and work in progress	**(1,014)**	(2,053)
Raw materials and consumables used	**26,588**	25 689
Employee benefit expense	**24,260**	22,515
Depreciation and amortisation charges	**2,349**	2 217
Transportation expenses	**4,436**	3,244
Advertising costs	**1,301**	1,220
Other selling costs	**6,042**	6 765
Establishment costs	**4,656**	4,253
Operating lease payments	**2,134**	1 881
Repairs and maintenance	**1,178**	1,117
Other expenses	**4,108**	5,043
Total cost of sales, distribution and selling costs, administration expenses and LTIP accounting charge	**76,038**	71,891

7. Group profit from operations

	2015 £000	2014 £000
Group profit from operations is stated after charging/(crediting)		
Depreciation of property, plant and equipment	**1,798**	1,774
Amortisation of intangibles	**551**	443
Cost of inventories recognised as expense in cost of sales	**22,202**	23,978
Impairment of inventories	**908**	1,200
Reversal of impairment of inventories	**(32)**	(19)
Impairment of trade receivables	**20**	184
Reversal of impairment of trade receivables	**(89)**	(33)
Net foreign exchange (gains) / losses	**(16)**	117
Operating lease rentals		
– Hire of motor vehicles and plant and machinery	**482**	434
– Land and buildings	**1,652**	1,447

	2015 £000	2014 £000
Auditors' remuneration		
Fees payable to Company's auditors for the audit of parent Company and consolidated financial statements	**55**	55
Fees payable to the Company's auditors for other services Audit of Company's subsidiaries pursuant to legislation	**91**	87
Other accounting services	**11**	46
Taxation services	**14**	–
	171	188

8 Net defined benefit pension charge

	2015 £000	2014 £000
Expected return on pension scheme assets	**2,179**	2 212
Interest on pension scheme liabilities	**(2,552)**	(2,545)
Scheme expenses met by Group	**(425)**	(535)
Net charge (note 23)	**(798)**	(868)

9 Finance Costs

	2015 £000	2014 £000
Interest expense		
Interest payable on bank borrowings	**(181)**	(158)
Amortisation of issue costs of bank loans	**(27)**	(22)
Total finance costs	**(208)**	(180)

10 Emoluments of Directors

	Salary £000	Bonus £000	LTIP £000	Benefits £000	Sub-total Aggregate emoluments £000	Pension £000	Compensation for loss of office £000	2015 Total £000	2014 Total £000
Executive Directors									
John Sach	253	177	1 091	1	1,522	38	–	**1,560**	1 143
David Smallridge	181	117	865	1	1 164	27	–	**1,191**	821
Mike Gant (appointed 3 March 2014)	174	133	–	1	308	26	–	**334**	–
Alan Dix (resigned 30 April 2014)	36	–	625	1	662	11	76	**749**	503
Non-executive Directors									
Terry Stannard	68	–	–	–	68	–	–	**68**	66
Fiona Goldsmith	31	–	–	–	31	–	–	**31**	30
	743	427	2,581	4	3,755	102	76	**3,933**	2,563

In both years, retirement benefits were accruing to one Director under a defined benefit scheme, who is the highest paid Director Accrued annual pension benefits at the year end were £13,862 (2014 £13,153) Benefits are accruing under defined contribution schemes for three Directors (2014 three Directors)

Further information on the remuneration of the Directors is included in the Directors' Remuneration Report set out on pages 40 to 43

11 Employee Information

	2015 £000	2014 £000
Wages and salaries	**19,894**	18,807
Social security costs	**2,118**	2,007
Other pension costs	**1,243**	575
LTIP awards, including NIC thereon	**1,005**	970
Employee benefit expense	**24,260**	22,359

The average monthly number of employees (including Directors) during the year	2015 Number	2014 Number
Brands, including warehousing	**275**	231
Manufacturing	**323**	311
Overseas	**26**	30
Corporate and administration	**16**	20
	640	592

Compensation of key management personnel

	2015 £000	2014 £000
Short term employee benefits (including short term incentives)	**3,366**	3,283
Post employment benefits (including pension costs)	**181**	150
LTIP awards	**1,005**	970
	4,552	4 403

The Group regards its key management personnel to be its Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly LTIP awards reflect the charge in the Income Statement and do not reflect the market value of shares expected to vest

12 Tax expense

	2015 £000	2014 £000
Current tax		
– UK, current tax	**582**	–
– overseas, current tax	**14**	21
Corporation tax	**596**	21
Deferred tax		
– current year	**669**	415
– adjustments in respect of prior years	**–**	(1)
– effect of change in corporation tax rate to 20% (2014 20%)	**(41)**	16
Deferred tax	**628**	430
Tax charge for the year	**1,224**	451

Reconciliation of tax charge for the year	2015 £000	2014 £000
Profit on ordinary activities before tax	**6,329**	5,495
Tax on profit on ordinary activities at 21 32% (2014 23%)	**1,349**	1,263
Non-deductible expenditure	**21**	48
Parent and overseas losses and temporary timing differences not recognised	**(105)**	(497)
Future deductions for LTIP payments	**–**	(276)
Adjustments in respect of prior years	**–**	(1)
Effect of movements of Deferred tax assets provided at 20% realised at the corporation tax rate of 21 32% (2014 23%)	**(41)**	(86)
Tax charge for year	**1,224**	451

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 £1 5 million (2014 £1 9 million)

Legislation has now been substantively enacted to reduce the main corporation tax rate to 20% from 1 April 2015

The deferred tax balance at 31 January 2015 included within these financial statements has been calculated at a rate of 20%, being the rate enacted in the Finance Act (2013), as this is the rate at which the majority of the balances are expected to unwind

13 Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year, excluding those held in the Employee Benefit Trust ('EBT') and those held in treasury (note 25), which are treated as cancelled The adjusted basic earnings per share is calculated by dividing the adjusted earnings by the weighted average number of shares As a consequence of the improved profitability of the Group, PBT performance criteria within LTIPs 6 7 and 8 are now being met and as a consequence these LTIP awards are now dilutive

	2015			2014		
	Earnings £000	Weighted average number of shares (000s)	Per Share Amount Pence	Earnings £000	Weighted average number of shares (000s)	Per Share Amount Pence
Basic earnings per share	**5,105**	**59,335**	**8 60**	5,044	58,466	8 63
Effect of dilutive securities						
Shares under LTIP		**2,360**			3,476	
Diluted earnings per share	**5,105**	**61,695**	**8 28**	5,044	61,942	8 14
Adjusted basic and diluted earnings per share						
Add back LTIP accounting charge	**1,005**			970		
Add back Net defined benefit pension accounting charge	**798**			868		
Less Deferred tax arising on LTIP	**-**			(276)		
Adjusted basic earnings per share	**6,908**	**59,335**	**11 64**	6,606	58,466	11 30
Adjusted diluted earnings per share	**6,908**	**61,695**	**11 20**	6,606	61,942	10 66

On 22 May 2014, 1,849,663 shares vested under the Company s Long-term Incentive Plan of which 997 008 shares were issued from the Walker Greenbank PLC Employee Benefit Trust Following these transactions Walker Greenbank's issued ordinary share capital with voting rights consists of 59,762,559 (2014 59,006,162) ordinary shares of which no (2014 nil) ordinary shares are held in treasury and a further 188,272 (2014 240,611) ordinary shares are held by the Walker Greenbank PLC EBT with a cost of £347 362 (2014 £49,427) Shares held in treasury or by the EBT are treated as cancelled when calculating EPS

On 20 May 2013, 1 839,250 shares vested under the Company's Long-Term Incentive Plan and these were issued from the Walker Greenbank PLC Employee Benefit Trust

The market value of shares held by the EBT at 31 January 2015 was £376 544 (2014 £392 196) The total number of shares held in the EBT at the year end represented 0 3% (2014 0 4%) of the issued shares

14 Intangible assets

	Goodwill £000	Arthur Sanderson and William Morris Archive £000	Collection design £000	Software £000	Total £000
Cost					
1 February 2013	1 400	4 300	1 744	1 525	8,969
Additions	–	–	362	687	1 049
Disposals	–	–	–	–	–
31 January 2014	1,400	4,300	2,106	2,212	10,018
Additions	–	–	370	50	420
Disposals	–	–	–	–	–
31 January 2015	1 400	4 300	2 476	2,262	10,438
Accumulated amortisation					
1 February 2013	841	–	1,082	363	2 286
Charge	–	–	261	182	443
Disposals	–	–	–	–	–
31 January 2014	841	–	1,343	545	2,729
Charge	–	–	291	260	551
Disposals	–	–	–	–	–
31 January 2015	841	–	1 634	805	3,280
Net book amount					
31 January 2015	**559**	**4,300**	**842**	**1,457**	**7,158**
31 January 2014	559	4 300	763	1,667	7,289
31 January 2013	559	4,300	662	1,162	6,683

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 £551 000 (2014 £443 000) is included in administration expenses £526,000 (2014 £398 000) and distribution and selling costs £25,000 (2014 £45,000)

Impairment tests for Goodwill and Arthur Sanderson and William Morris Archive
The carrying value of Goodwill at the year end of £559,000 (2014 £559,000) is attributable to the manufacturing segment The carrying value of the Archive at the year end of £4 300,000 (2014 £4,300,000) is attributable to the Brands

The Group tests Goodwill and the Archive for impairment annually or more frequently if there are indications that they might be impaired There was no impairment charge recognised in the year (2014 £nil)

In assessing whether an impairment of goodwill is required the carrying value of the cash generating unit ('CGU') or group of CGUs is compared with its recoverable amount The recoverable amounts for each CGU and collectively for groups of CGUs that make up the segments of the Group's business have been based on the value in use ('VIU')

The Group estimates the VIU using a discounted cash flow model ('DCF') where the projected cash flows for separate or collective groups of CGUs are discounted using a pre tax rate of 10 32% (2014 6 57%) The discount rate used is the same across all segments

The Group has used formally approved budgets for the first two years (2014 two years) of its VIU calculation with extrapolation beyond the last explicit year using an assumption of growth for future years ranging from 1% to 2% (2014 1% to 2%) depending upon the CGU being tested

14. Intangible assets continued

The cash flows used in the calculation of the VIU are derived from past experience and are based on operating profit forecasts which in turn rely upon assumptions relating to sales growth, margins and operating and administration expenses The cash flows have not included the benefits arising from any future asset enhancement expenditure, as this is not permitted by IAS 36 The VIU calculations therefore exclude significant benefits anticipated from future capital expenditure The growth rates included within the assumptions supporting the VIU calculations do not therefore represent the Group's anticipated total forecast growth but rather only the growth deriving from capital expenditure completed at the Balance Sheet date

The recoverable amount of the Archive intangible asset is estimated based on VIU, and comprises estimated future cash flows from royalty income relating to the Archive A discount rate of 10 32% (2014 6 57%) is applied

The Group does not consider it reasonably probable that any significant changes to the key assumptions will arise that would result in impairment of either Goodwill or the Archive as at 31 January 2015

15 Property, plant and equipment

	Land and buildings £000	Plant equipment and vehicles £000	Computer hardware £000	Total £000
Cost				
1 February 2013	5,420	20,934	1,628	27,982
Additions	14	3,664	26	3,704
Disposals	–	(547)	–	(547)
Currency movements	–	(34)	–	(34)
31 January 2014	5,434	24 017	1 654	31 105
Additions	–	2,737	93	2,830
Disposals	–	(16)	–	(16)
Currency movements	–	15	(5)	10
31 January 2015	5,434	26,753	1,742	33,929
Accumulated depreciation				
1 February 2013	1,507	15,334	1,333	18,174
Charge	93	1,546	135	1,774
Disposals	–	(512)	–	(512)
Currency movements	–	(21)	–	(21)
31 January 2014	1,600	16,347	1,468	19,415
Charge	97	1 589	112	1 798
Disposals	–	(13)	–	(13)
Currency movements	–	9	6	15
31 January 2015	1,697	17,932	1,586	21,215
Net book amount				
31 January 2015	**3,737**	**8,821**	**156**	**12,714**
31 January 2014	3,834	7,670	186	11,690
31 January 2013	3,913	5,600	295	9 808

The total depreciation expense of £1,798 000 (2014 £1,774,000) is included in administration expenses £1,744 000 (2014 £1,768,000) and distribution and selling costs £54,000 (2014 £6,000)

15 Property, plant and equipment continued

The net book amount of land and buildings comprises	2015 £000	2014 £000
Freehold land	**450**	450
Freehold buildings	**3,287**	3,384
Net book amount	**3,737**	3 834

Land and buildings are stated at historical cost

All of the Groups banking facilities remain secured by a fixed and floating charge over the carrying value of assets (land and buildings) of £3,737,000 (2014 £3,834,000)

16 Deferred income tax assets

A deferred tax asset of £1,591,000 (2014 £2 163 000) is recognised in respect of tax losses, future deductions for LTIP payments and other temporary differences

	2015 £000	2014 £000
Taxable temporary differences on property, plant and equipment	(1,091)	(933)
Taxable temporary differences on intangible assets	(182)	(168)
Other temporary differences	45	93
Temporary differences on LTIP payments	749	909
Unutilised tax losses	–	420
	(479)	321
Retirement benefit obligations	2,070	1,842
	1,591	2,163

The movements in the deferred tax asset on retirement benefit obligations are recognised in the Statement of Comprehensive Income

At the Balance Sheet date the Group has gross unused UK tax losses of £2 8 million (2014 £6 3 million) available for offset against future profits

The March 2013 UK Budget Announcement included further proposals to reduce the main rate of corporation tax to 20% from 1 April 2015 These changes were substantively enacted on 2 July 2013 and are therefore reflected in the deferred tax balances in these financial statements

Potential deferred tax assets at 31 January 2015 of £579,000 (2014 £856,000) relating to UK tax losses and deductible temporary differences 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 and comprise the following

- No deferred tax has been recognised on £2 8 million (2014 £4 2 million) of gross UK losses as these are not readily available for offset against the Group's future profits under existing tax legislation and therefore the realisation of these losses is not considered probable
- In addition, there are gross tax losses in Overseas subsidiaries of £1,489,000 (2014 £1,908,000) which are available for offset against future taxable profits by those subsidiaries However, the realisation of these losses is not considered probable in the foreseeable future
- Other deductible temporary differences which predominantly arise on LTIP payment reserves

	2015 £000	2014 £000
Unutilised tax losses – UK	**569**	846
Unutilised tax losses – Overseas	**298**	663
Other deductible temporary differences – UK	**10**	10
	877	1,519

There are also unutilised capital tax losses at 31 January 2015 of £2 485 000 (2014 £2,485,000) but no deferred tax asset has been recognised as it is not considered probable that these losses will be utilised

17. Inventories

	2015 £000	2014 £000 (Restated)
Raw materials	**2,091**	1,982
Work in progress	**1,777**	1,825
Finished goods	**18,136**	15 899
	22,004	19 706

The cost of inventories recognised as an expense and included in cost of sales amounted to £22,202 000 (2014 £23 978 000)

The value of inventories providing security under the Barclays Bank PLC facility, if it were to be fully drawn, was £5,408,000 (2014 £4,697,000) This facility was not utilised at either year end

Restatement

Certain assets have been reclassified from trade and other receivables to inventories to better reflect the nature of these items The financial effect is to increase inventories by £1,278 000 as at 31 January 2014 and to decrease marketing materials by the same amount

18 Trade and other receivables

Current	2015 £000	2014 £000 (Restated)
Trade receivables	**10,292**	9,891
Less Provision for impairment of trade receivables	**(371)**	(563)
Net trade receivables	**9,921**	9,328
Other receivables	**767**	611
Marketing materials	**1,482**	969
Prepayments	**1,960**	1,698
	14,130	12 606

The value of trade receivables providing funding under the Barclays facility was £8,080,000 (2014 £7,704,000)

As stated in note 17 the marketing materials as at 31 January 2014 have been decreased by £1,278,000

There is no material difference between the carrying amount and the fair value of the trade and other receivables

Credit quality of financial assets

(i) Neither past due nor impaired

Included in the Group's trade receivable balances are receivables with a carrying value of £6,078,000 (2014 £6,299,000) which are neither past due nor impaired at the reporting date The nature of the Group'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 Group's cash at bank, and the receivable component of derivative financial instruments, the counterparty to the financial instruments is a major UK bank, and the Group does not consider there to be any significant credit risk from holding these financial assets

18 Trade and other receivables continued

(ii) Past due – not individually impaired

Included in the Group s trade receivable balances are receivables with a carrying value of £3,841,000 (2014 £3,305,000) which are past due at the reporting date for which the Group 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

	2015 £000	2014 £000
1 – 30 days past due	**2,385**	2,111
31 – 60 days past due	**1,204**	1,023
61 – 90 days past due	**209**	169
91+ days past due	**43**	2
	3,841	3,305

The Directors believe however, that in the current economic environment there is objective evidence of credit deterioration and an impairment of £223,000 (2014 £289,000) representing a collective assessment of risk against receivables that are yet to be specifically identified Due to the nature of the Group's products, there is a limited amount of inventory left in the possession of customers that could act as collateral under terms of trade As the value of this inventory is immaterial, it has not been disclosed in the financial statements

(iii) Past due – individually impaired

As at 31 January 2015, trade receivables of £373,000 (2014 £287,000) were individually determined to be impaired and provided for The amount of the provision was £148,000 (2014 £274,000) 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 Group's trade and other receivables are denominated in the following currencies

	2015 £000	2014 £000
Sterling	**8,984**	8,402
Dollars	**103**	31
Euros	**1,477**	1,427
Other	**124**	79
	10,688	9,939

The Group 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 Group operates As at the Balance Sheet date the carrying value of trade receivables by geographical territory of the customer was

	2015 £000	2014 £000
United Kingdom	**6,952**	6 228
Continental Europe	**1,577**	1,774
United States of America	**181**	296
Rest of the World	**1,211**	1,030
	9,921	9,328

Provisions for impairment

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

	2015 £000	2014 £000
At 1 February	**(563)**	(535)
Provision for receivables impaired	**(20)**	(184)
Receivables written off in the year as uncollectible	**123**	124
Unused amounts reversed	**89**	32
At 31 January	**(371)**	(563)

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

19. Derivative financial instruments

	2015 £000	2014 £000
Forward foreign exchange contracts – cash flow hedges – (liability)/asset	**(195)**	153

Forward foreign exchange contracts
The Group's US based subsidiary Walker Greenbank Inc, sells products to local customers with sales invoiced in US dollars As the Group's presentation currency is sterling it is exposed to changes in the reported sterling value of these sales The Group considers that it is highly probable that future sales of this nature will continue to arise over at least the next 12 months

During the year the Company has entered into monthly forward foreign exchange contracts up to February 2016 with a third party, to buy sterling and sell dollars The Group has designated these contracts as cash flow hedges of the foreign currency risk arising from the highly probable future forecast sales transactions As at the reporting date the fair value of the forward foreign contracts relating to the benefit on these anticipated future transactions is a liability of £195,000 (2014 asset of £153,000)

The amounts deferred in equity will be released into the Income Statement in the period or periods during which the hedged forecast transactions impact the Income Statement, which is expected to be within 15 months of the Balance Sheet date

The Brands make more purchases from the Eurozone than sales made to the Eurozone As the Group's presentation currency is sterling it is exposed to changes in the reported sterling value of the purchases The Group considers that the level of this exposure will reduce over the next 12 months As at the reporting date there were no euro forward foreign currency contracts

Swap foreign exchange contracts
The Group uses swap contracts to manage its working capital exchange risk from both the foreign subsidiaries and the balances on receivables, payables and cash held in foreign currency These swap contracts are designated as Fair Value through the Income Statement

The use of swaps are reviewed monthly and renewed when necessary

The USD swap contract held at the Balance Sheet date was closed on 27 February 2015 and at the year end had a fair value liability of £Nil (2014 fair value liability of £Nil) The Euro swap contracts held at the Balance Sheet date were closed on 27 February 2015 and at the year end had a fair value asset of £Nil (2014 fair value asset of £Nil)

20 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	**971**	2,830

There is a set off arrangement for bank accounts held with the UK clearing bank and accordingly the amounts stated above represent the net of accounts in funds and in overdraft

In the prior year, of the above balance, £666,000 (USD $900,000) was held as security under a letter of credit by Wells Fargo in relation to the New York showroom refit to the benefit of the party undertaking the building work

21 Trade and other payables

	2015 £000	2014 £000
Trade payables	**12,087**	11,881
Corporation tax	**566**	–
Other taxes and social security	**1,363**	1,878
Other payables and deferred revenue	**595**	419
Accruals	**5,504**	4 857
	20,115	19,035

22 Borrowings

	2015 £000	2014 £000
Current		
Term loan	**400**	400
	400	400
Non-Current		
Term loan	**600**	995
Committed facility	**(31)**	(53)
	569	942
Total borrowings	**969**	1,342

In January 2013, the Group agreed terms to renew the Receivables facilities from Barclays Bank PLC for a three-year period and to cancel the existing Inventory facility and replace it with a new £2 5 million Committed facility for a three year period The total facilities from Barclays Bank PLC comprises a variable rate Term Loan secured on the Group's freehold property which is being repaid on a ten year profile, a Committed facility whose availability is determined by the level of finished goods held by the Brands and a Receivables Financing Agreement which provides three year variable rate floating loans secured on the eligible trade receivables at any point in time (the working capital facilities) The working capital facilities may be drawn down in either sterling or euro

The total Barclays Bank PLC facilities are capped at £16 5 million (2014 £16 5 million) the utilisation of the facilities at the year end was £969 000 (2014 £1 342,000) The term loan bears interest at variable rates based on a margin above the Bank of England base rate The working capital facilities bear finance costs in the form of discount charges which are calculated periodically and vary at margins above the base rate published by the Bank of England (for sterling loans) or the European Central Bank (for Euro loans) The Committed Facility bears interest at a variable rate based on a margin above the Bank of England base rate

Under the Barclays Bank PLC facilities, the Group is subject to a financial covenant which applies to the term loan, being interest cover The receivables financing agreement require compliance with a number of operational covenants Any non-compliance with covenants could, if not remedied or waived, constitute an event of default with respect to any such arrangements The Group has reported to Barclays Bank PLC that it was in full compliance with its financial and operational covenants throughout each of the periods presented

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

	Carrying amount		Fair value	
	2015 £000	2014 £000	2015 £000	2014 £000
Term loan	**600**	995	**603**	1,000
Committed facility	**(31)**	(53)	**–**	–
	569	942	**603**	1,000

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rate of 1 75% (2014 1 75%)

The table below analyses the Group s financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity at the Balance Sheet date The amounts disclosed in the table are the contractual undiscounted cash flows The maturity profile of undiscounted cash flows on variable interest rate borrowings has assumed interest rates as at the Balance Sheet date

22 Borrowings continued

31 January 2015

	Less than 1 year £000	Between 1 to 2 years £000	Between 2 to 5 years £000	Over 5 years £000
Borrowings	**400**	**614**	**–**	**–**
Trade and other payables	**18,186**	**–**	**–**	**–**
	18,586	**614**	**–**	**–**

31 January 2014

	Less than 1 year £000	Between 1 to 2 years £000	Between 2 to 5 years £000	Over 5 years £000
Borrowings	400	821	211	–
Trade and other payables	17,157	–	–	–
	17,557	821	211	–

The carrying amounts of the Group's borrowings are denominated in the following currencies

	2015 £000	2014 £000
Sterling	**969**	1,342

23. Retirement benefit obligation

Defined contribution schemes

The Group 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 £445,000 (2014 £454 000) Active members of the schemes are also able to make contributions

Defined benefit schemes

Walker Greenbank PLC 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 Group's contributions to the schemes for the year beginning 1 February 2015 are expected to be £1,723,000

Full actuarial valuations of the schemes were carried out as at 5 April 2012 and have been updated to 31 January 2015 by a qualified independent actuary The major assumptions used by the actuary were (in nominal terms) as follows

	2015	2014
Discount rate	**3 15%**	4 45%
Inflation assumption (RPI)	**2 65%**	3 30%
Inflation assumption (CPI)	**1 65%**	2 40%
Rate of increase in salaries	**2 65%**	3 30%
Rate of increase to pensions in payment, that increase in line with RPI subject to a maximum of 5% pa	**2 60%**	3 10%
Rate of increase to pensions (in excess of GMP) in deferment	**1 65%**	2 40%

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

	2015	2014
Non-pensioner male currently 45	**23 8**	23 7
Pensioner male currently 65	**22 4**	22 3
Non pensioner female currently 45	**26 4**	26 3
Pensioner female currently 65	**24 9**	24 8

23 Retirement benefit obligation continued

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

	2015 £000	2014 £000
Equities, absolute return and property	**25,750**	22,117
Fixed interest gilts	**10,608**	1,637
Fixed interest bonds	**5,950**	5,387
Index linked gilts	**13,916**	17 138
Insured annuities	**1,246**	1,227
Cash and other	**1,144**	1,629
Fair value of scheme assets	**58,614**	49 135

The actual return on assets over the year was a gain of £10,260,000 (2014 gain of £632,000)

	2015 £000	2014 £000
Present value of funded obligations	**(68,966)**	(58,343)
Fair value of scheme assets	**58,614**	49,135
Deficit in funded scheme	**(10,352)**	(9,208)
Net liability in balance sheet	**10,352**	9,208

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

	2015 £000	2014 £000
Benefit obligation at beginning of year	**58,343**	57,493
Interest cost	**2,552**	2 545
Net re measurement losses – financial	**10,092**	547
Net re measurement gains – demographic	**-**	(352)
Benefits paid	**(2,021)**	(1,890)
Benefit obligation at end of year	**68,966**	58,343

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

	2015 £000	2014 £000
Fair value of plan assets at beginning of year	**49,135**	49,255
Interest income on scheme assets	**2,179**	2 212
Return on assets excluding interest income	**8,081**	(1,580)
Contributions by employers	**1,665**	1,673
Benefits paid	**(2,021)**	(1 890)
Scheme administrative cost	**(425)**	(535)
Fair value of scheme assets at end of year	**58,614**	49,135

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

	2015 £000	2014 £000
Net re measurement – financial	**10,092**	547
Net re measurement – demographic	**-**	(352)
Return on assets, excluding interest income	**(8,081)**	1,580
Total re-measurements of the net defined benefit liability	**2,011**	1,775

23. Retirement benefit obligation 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 2015 have been calculated using the same valuation method that was used to calculate the defined benefit obligation above The figures in the table as at 31 January 2014 have been calculated by applying the same percentage increase or decrease as at 31 January 2015

		Impact on scheme liabilities 2015 (£m)		Impact on scheme liabilities 2014 (£m)	
	Change in assumption	Increase	Decrease	Increase	Decrease
Discount rate	0 25% movement	**(3 0)**	**3 2**	(2 3)	2 5
Rate of inflation (RPI)*	0 25% movement	**1 6**	**(1 6)**	1 2	(1 2)
Rate of inflation (CPI)*	0 25% movement	**0 7**	**(0 7)**	0 5	(0 5)
Assumed life expectancy	1 year movement	**2 8**	**(2 8)**	1 8	(1 9)

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

* With corresponding changes to the salary and pension increase assumptions

History of schemes' assets, obligations and experience adjustments

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligation	**(68,966)**	(58,343)	(57,493)	(54,433)	(47,044)
Fair value of scheme's assets	**58,614**	49,135	49,255	47,338	40,302
Deficit in the schemes	**(10,352)**	(9,208)	(8,238)	(7,095)	(6,742)
Experience adjustments arising on scheme liabilities	**(10,092)**	(195)	(3,036)	(6,864)	(1,559)
Experience adjustments arising on scheme assets	**8,081**	(1,580)	1 013	5 460	1,718

24 Financial instruments by category

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

31 January 2015	Loans and receivables £000	Assets at fair value £000	Derivatives used for hedging £000	Total £000
Assets as per Balance Sheet				
Trade and other receivables	**10,688**	**–**	**–**	**10,688**
Cash and cash equivalents	**971**	**–**	**–**	**971**
Total	**11,659**	**–**	**–**	**11,659**

31 January 2015	Liabilities at fair value £000	Other financial liabilities £000	Derivatives used for hedging £000	Total £000
Liabilities as per Balance Sheet				
Derivative financial instruments	**–**	**–**	**195**	**195**
Borrowings	**–**	**969**	**–**	**969**
Trade and other payables	**–**	**18,186**	**–**	**18,186**
Total	**–**	**19,155**	**195**	**19,350**

24 Financial instruments by category continued

31 January 2014	Loans and receivables £000	Assets at fair value £000	Derivatives used for hedging £000	Total £000
Assets as per Balance Sheet				
Derivative financial instruments	–	–	153	153
Trade and other receivables	9 939	–	–	9,939
Cash and cash equivalents	2,830	–	–	2 830
Total	12 769	–	153	12 922

31 January 2014	Liabilities at fair value £000	Other financial liabilities £000	Derivatives used for hedging £000	Total £000
Liabilities as per Balance Sheet				
Borrowings	–	1 342	–	1,342
Trade and other payables	–	17,157	–	17,157
Total	–	18,499	–	18,499

25 Share Capital

Ordinary shares of 1p each	Number of shares	£
Authorised share capital		
1 February 2013 31 January 2014 and 31 January 2015	85,000,000	850 000
Allotted and fully paid		
31 January 2015	59,762,559	597,626
1 February 2013 and 31 January 2014	59,006,162	590,062

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

On 19 May 2014 756 397 shares of 1p each were allotted at par value On 22 May 2014, 1,849,663 shares vested under the Company's Long term Incentive Plan of which 997,008 shares were issued from the Walker Greenbank PLC Employee Benefit Trust

Following these transactions Walker Greenbank's issued ordinary share capital with voting rights consists of 59,762,559 (2014 59,006,162) ordinary shares of which no (2014 nil) ordinary shares are held in treasury and a further 188,272 (2014 240,611) ordinary shares are held by the Walker Greenbank PLC EBT with a cost of £347,362 (2014 £49,427) Shares held in treasury or by the EBT are treated as cancelled when calculating EPS

On 20 May 2013, 1,839,250 shares vested under the Company's Long Term Incentive Plan and these were issued from the Walker Greenbank PLC Employee Benefit Trust

The market value of shares held by the EBT at 31 January 2015 was £376 544 (2014 £392,196) The total number of shares held in the EBT at the year end represented 0 3% (2014 0 4%) of the issued shares

The shares held by the EBT and the treasury shares are held for the purpose of satisfying awards under long-term incentive plans to Executive Directors and senior management

25 Share Capital continued

Long-term Incentive Plans ('LTIPs')

The Group operates a Long-term Incentive Plan There have been eight awards under this plan, in which Executive Directors and senior management of the Group participate The first award vested during 2009, the second vested during 2011 the third, fourth fifth and sixth vesting in subsequent years The LTIP has previously been approved by the shareholders at an Annual General Meeting

Awards under the scheme are granted in the form of nil priced share options, and are to be satisfied either using market purchased shares or by the issuing of new shares The awards vest in full or in part dependent on the satisfaction of specified performance targets at the end of the vesting period applying to each plan The number of awards that vest is dependent upon both the adjusted profit before tax ('PBT') achieved for the relevant year or the Group's Total Shareholder Return ('TSR) during the vesting period within a comparator group Details are set out below

	Award Six	Award Seven	Award Seven	Award Eight	Award Eight
Grant date of awards	18 May 2012	16 May 2013	16 May 2013	28 May 2014	28 May 2014
Grant date fair value of award (pence per award)	36 76	77 73	107 14	108 4	181 04
Vesting date of awards	18 May 2015	16 May 2016	16 May 2016	28 May 2017	28 May 2017
Maximum number of awards	1,500 842	514 915	514,915	344,091	344,091
Vesting condition based on	TSR with PBT floor	TSR with PBT floor	EPS growth	TSR with PBT floor	EPS growth
Relevant date for determination of vesting conditions	TSR as at 18 May 2015 PBT for year ending 31 January 2015	TSR as at 13 May 2016 PBT for year ending 31 January 2016	EPS for year ending 31 January 2016	TSR as at 26 May 2017 PBT for year ending 31 January 2017	EPS for year ending 31 January 2017

Further details of vesting conditions are set out in the Directors' Remuneration Report on pages 40 to 43

Award Six includes vesting conditions that are market based, and allowance for these are included within the fair value at grant date Award Seven and Eight have half the award based on vesting conditions that are market based and half based on the growth in adjusted EPS The weighted average fair value of options granted during the year (Award Eight) that related to market based vesting conditions was determined using the Monte-Carlo valuation model at 108 40p per option The significant inputs into the model were weighted average share price of 186 5p at the grant date, exercise price shown above, dividend yield of 0 99% an expected option life of three years, and an annual risk-free interest rate of 1 02% The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years The fair value of the options granted based on vesting conditions of growth in EPS was determined using the Black-Scholes valuation model was 181 04p Refer to note 11 for the total expense recognised in the Income Statement for share options granted to Directors and employees

Movements in the number of awards outstanding, assuming maximum achievement of vesting conditions are as follows

	2015 Number	2014 Number
At 1 February	**4,370,336**	5 467,505
Granted	**688,182**	1,029,831
Exercised	**(1,849,663)**	(1,839,250)
Lapsed	**(351,751)**	(287,750)
At 31 January	**2,857,104**	4,370,336

26 Capital reserve

Capital reserve represents	£000
Share premium of companies acquired under merger accounting principles	1,276
Capital reserve arising on consolidation	293
Capital redemption reserve on capital restructurings	41,888
At 31 January 2015 and 2014	**43,457**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

27 Dividends
During the year, the Group has paid a final dividend for the year to 31 January 2014 of 1 57p and an interim dividend of 0 35p (£209,000) for the year to 31 January 2015 (2014 0 28p, £165,000)

The Group will continue to invest in the future growth of the business and to continue to pay dividends

The Directors recommend the payment of a final dividend of 1 96p per share (2014 1 57p per share) which will be payable on 7 August 2015 to shareholders on the register at 17 July 2015, giving a cost of £1 153 750 (2014 £923 000) This brings the total dividend for the year to 2 31p (2014 1 85p)

28 Cash generated from operations

	2015 £000	2015 £000	2014 £000 (Restated)	2014 £000
Profit before tax		**6,329**		5 495
Defined benefit pension charge	**798**		868	
Net borrowing costs	**208**		180	
Depreciation	**1,798**		1,774	
Amortisation	**551**		443	
(Gain)/Loss on disposal of property, plant and equipment	**(17)**		15	
Charge for long term incentive plan recognised in equity	**629**		467	
Long term incentive plan vesting	**(1,584)**		(936)	
Unrealised foreign exchange (gains)/ losses included in operating profit	**(271)**		114	
Defined benefit pension cash contributions	**(1,665)**		(1,673)	
Changes in working capital				
Increase in inventories	**(2,298)**		(2,232)	
Increase in trade and other receivables	**(1,524)**		(445)	
Increase in trade and other payables	**514**		2,095	
		(2,861)		670
Cash generated from operations		**3,468**		6,165

29 Analysis of net funds

	1 February 2014 £000	Cash flow £000	Current portion of term facilities £000	Other non cash changes £000	31 January 2015 £000
Cash and cash equivalent	2,830	(1,859)	–	–	**971**
Borrowings due within one year	(400)	400	(400)	–	**(400)**
Borrowings due after one year	(942)	–	400	(27)	**(569)**
	(1,342)	400	–	(27)	**(969)**
Net funds	1,488	(1,459)	–	(27)	**2**

Other non cash changes are capitalisation and amortisation of the issue costs relating to the borrowings

30. Commitments

a) Capital commitments

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

	2015 £000	2014 £000
Property, plant and equipment	**74**	700

b) Lease Commitments

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

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

	Land and buildings 2015 £000	Other 2015 £000	Land and buildings 2014 £000	Other 2014 £000
Within one year	**1,857**	**399**	1 490	318
Between one and five years	**5,844**	**633**	5,942	364
Over five years	**4,080**	**62**	7,213	–
	11,781	**1,094**	14,645	682

Other leases include hire of plant, machinery and motor vehicles

31 Principal subsidiary undertakings

The principal Group operating companies that traded during the year, and are wholly owned, and which are included in these consolidated financial statements are as follows

Abaris Holdings Limited	– registered in England and Wales
Walker Greenbank Inc*	– incorporated in the USA
Arthur Sanderson & Sons Inc*	– incorporated in the USA
Arthur Sanderson & Sons SARL*	– incorporated in France

* Shares held by subsidiary company

For a full list of subsidiary companies please contact the Company Secretary at the Group's registered address

Investments in Group companies are ordinary shares

The principal activities of the Group including all subsidiaries are design, manufacture, marketing and distribution of wallcoverings, furnishing fabrics and associated products for the consumer market

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER GREENBANK PLC

Report on the parent Company financial statements
Our opinion
In our opinion Walker Greenbank PLC's parent Company financial statements (the financial statements)

- give a true and fair view of the state of the parent Company s affairs as at 31 January 2015
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited
Walker Greenbank PLC's financial statements comprise

- the Company balance sheet as at 31 January 2015, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception
Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors Responsibilities set out on page 39 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements

We test and examine information using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Other matter

We have reported separately on the group financial statements of Walker Greenbank PLC for the year ended 31 January 2015

John Minards (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
1 May 2015

(a) The maintenance and integrity of the Walker Greenbank PLC website is the responsibility of the Directors the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

COMPANY BALANCE SHEET
AT 31 JANUARY 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	4	**13**	23
Investments	5	**44,301**	44 061
		44,314	44,084
Current assets and liabilities			
Debtors	6	**14,017**	13,818
Cash at bank and in hand		**–**	–
		14,017	13 818
Creditors amounts falling due within one year	8	**(7,407)**	(6,365)
Net current assets		**6,610**	7,453
Total assets less current liabilities		**50,924**	51,537
Creditors amounts falling due after more than one year	9	**(569)**	(942)
Net assets		**50,355**	50,595
Capital and reserves			
Called up Share capital	11	**598**	590
Share premium account	12	**457**	457
Profit and loss account	12	**7,412**	7,660
Capital reserves	12	**41,888**	41,888
Total shareholders' funds		**50,355**	50,595

The financial statements on pages 90 to 98 were approved by the Board of Directors on 1 May 2015 and signed on its behalf by

John Sach
Director

Mike Gant
Director

Registered number: 61880

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Accounting convention

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

Going Concern

The Company meets its day to day working capital requirements through its banking facilities The Company's forecasts and projections taking account of reasonably possible changes in trading performance show that the Company will be able to operate within the level of its current facilities as disclosed in note 9

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

Profit and loss account

No Profit and loss account is presented for Walker Greenbank PLC (the Company') as it has applied the exemption provided by Section 408 of the Companies Act 2006

A profit of £2 370 000 (2014 £2,188,000) has been dealt with in the financial statements of the Company

Consolidation

These financial statements present information relating to the entity Walker Greenbank PLC, and are not consolidated The consolidated financial statements of Walker Greenbank PLC and its subsidiaries ('the Group') of which the Company is the parent are separately presented within the Annual Report and Accounts and are prepared in accordance with IFRS

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is charged on tangible fixed assets on a straight-line basis on the original cost after deduction of any estimated residual value The principal annual rates are

Plant equipment and vehicles	Between 5% and 33%
Computer assets	Between 12 5% and 33%

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 tangible fixed assets and investments

Tangible fixed assets and investments are subject to review for impairment in accordance with FRS 11 Where impairment triggers are identified the recoverable amount of the relevant asset, or group of assets within a cash generating unit, is determined, being the higher of value in use and net realisable value If the carrying amount of the asset exceeds its recoverable amount an impairment loss is calculated Any impairment is recognised in the Profit and loss account in the year in which it occurs Where impairments have been identified in prior years and recoverable amount was based on value in use, an updated discounted cash flow is prepared annually to assess whether the previous impairment in value has reversed When all conditions are met, the impairment is reversed and recognised in the profit and loss account in the year in which the reversal occurs

Financial instruments

The Company is listed on the Alternative Investment Market regulated by The London Stock Exchange It is not required to adopt FRS 26 Financial Instruments Measurement' or FRS 29 'Financial Instruments Disclosures' in these financial statements, and has not elected to voluntarily do so

The Company continues to adopt the amortised cost basis of accounting for financial instruments, and has not elected to voluntarily apply fair value measurements of financial instruments, including derivative financial instruments

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. Accounting policies continued

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction All differences are taken to the profit and loss account

Further disclosure of the Group's financial risk management policies is included in note 2 of the consolidated financial statements of the Group which are separately presented from this Company's financial statements

Employee share ownership plan ('ESOP')

Where the Company's issued share capital is acquired by an ESOP trust sponsored by the Company the cost of acquisition is deducted from the Profit and loss reserve in accordance with UITF Abstract 38

Employee benefits – share based payments under long-term incentive plans ('LTIPs')

The Company issues equity-settled share based payments to certain employees of the Group which are measured at fair value and are recognised as an expense in the Profit and loss account with a corresponding increase in equity

The fair values of these payments are measured at the dates of grant taking into account the terms and conditions upon which the awards are granted The fair value is recognised over the period during which employees become conditionally entitled to the awards, subject to the Group's estimate of the number of awards which will lapse either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met The total amount recognised in the Profit and loss account as an expense is adjusted to reflect the actual number of awards that vest

National insurance contributions, related to the awards are recognised as an expense in the Profit and loss account with a corresponding liability being recorded on the Balance Sheet

The Company has applied the amendment to FRS 20 'Share based payments – Group and treasury shares' This is consistent with the requirements of UITF 44 which the Company adopted in previous years

Under these requirements a portion of the fair value of awards granted to employees providing services to the Company's subsidiary companies are recognised as an additional investment in those subsidiaries, and not as an expense of the Company with a corresponding credit to equity

Employee benefits – pensions

The Walker Greenbank Group operates both defined benefit and defined contribution pension schemes for the benefit of its employees Further details of these schemes are included in note 23 of the consolidated financial statements of the Group

Defined benefit pension schemes are accounted for within the separate financial statements of the Company's trading subsidiary, Abaris Holdings Limited The Company recognises contributions to defined contribution schemes in respect of its employees as expenses when incurred

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

Treasury shares

Consideration paid including any directly attributable incremental costs (net of income taxes) on the purchase of the Company's equity share capital (treasury shares) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued The EBT is treated as an agent of the Company and as such EBT transactions are treated as being those of the Company

Where such shares are subsequently reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity shareholders

1 Accounting policies continued

Deferred taxation

Deferred taxation is recognised in respect of timing differences that have originated but not reversed at the Balance Sheet date and that give rise to an obligation to pay more tax or a right to pay less tax in the future Deferred tax is calculated using the average rates that are expected to apply when the timing differences reverse, based on tax rates that have been substantively enacted by the Balance Sheet date

No provision has been made for any liability arising from the distribution of past earnings of subsidiary undertakings

Deferred tax assets are only recognised when it is more likely than not that they will be recovered in the foreseeable future

Leases

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

Assets used by the Company which have been funded through finance leases are capitalised in tangible fixed assets and the resulting lease obligations are included in liabilities The assets are capitalised at the leases commencement, at the lower of fair value of the leased assets and the present value of the minimum lease payments The assets are depreciated over their useful lives and the interest element of the rental obligations is charged to the Profit and loss account over the period of the lease, and represents a constant proportion of the balance of capital repayments outstanding

Operating lease rentals are charged to the Profit and loss account on a straight line basis over the period of the lease Rent free periods receivable on entering an operating lease are released on a straight line basis to the next break point in the lease

Cash flow statement and related party transactions

The Company has applied the exemption available in FRS 8 and has decided not to disclose transactions with wholly owned subsidiary undertakings

In addition, the Company has taken advantage of the exemption from preparing a cash flow statement on the basis that it is consolidated into a group which produces a consolidated cash flow statement and whose accounts are publicly available

For details of other related party transactions see note 16

2 Auditors' remuneration

	2015 £000	2014 £000
Audit fee – fees payable to the Company auditor for the audit of the parent Company and the consolidation of the Group financial statements	**55**	55

3 Emoluments of Directors

	Salary £000	Bonus £000	LTIP £000	Benefits £000	Sub total Aggregate emoluments £000	Pension £000	Compensation for loss of office £000	2015 Total £000	2014 Total £000
Executive Directors									
John Sach	253	177	1 091	1	1,522	38	–	**1,560**	1,143
David Smallridge	181	117	865	1	1,164	27	–	**1,191**	821
Mike Gant (appointed 3 March 2014)	174	133	–	1	308	26	–	**334**	–
Alan Dix (resigned 30 April 2014)	36	–	625	1	662	11	76	**749**	503
Non-executive Directors									
Terry Stannard	68	–	–	–	68	–	–	**68**	66
Fiona Goldsmith	31	–	–	–	31	–	–	**31**	30
	743	427	2,581	4	3,755	102	76	**3,933**	2,563

3. Emoluments of Directors continued

In both years, retirement benefits were accruing to one Director under a defined benefit scheme, who is the highest paid Director Accrued annual pension benefits at the year end were £13 862 (2014 £13,153) Benefits are accruing under defined contribution schemes for three Directors (2014 three Directors)

Benefits are accruing under defined contribution schemes for three Directors (2014 three Directors)

Further information on the remuneration of the Directors is included in the Directors' Remuneration Report which is included on pages 40 to 43 of the Group's Annual Report and Financial Statements

4. Tangible fixed assets

	Plant equipment and vehicles £000	Computer assets £000	Total £000
Cost			
31 January 2014	90	31	121
Additions	–	3	3
31 January 2015	90	34	124
Depreciation			
31 January 2014	73	25	98
Charge	10	3	13
31 January 2015	83	28	111
Net book amount			
31 January 2015	**7**	**6**	**13**
31 January 2014	17	6	23

5 Investments

Shares in subsidiary undertakings	2015 £000	2014 £000
Cost		
As at 1 February	**45,099**	44,926
Additions	**240**	173
As at 31 January	**45,339**	45,099
Provision for impairment		
Beginning of year and end of year	**(1,038)**	(1 038)
Net book amount at 31 January 2015 and 2014	**44,301**	44,061

Additions in both years relate to the application of the Company's accounting policy on share based payments under FRS 20

Walker Greenbank PLC is registered and domiciled in the United Kingdom It is the parent Company of the Walker Greenbank Group The principal operating companies that traded during the year, all of which are wholly owned, are as follows

Abaris Holdings Limited	– registered in England and Wales
Walker Greenbank Inc*	– incorporated in the USA
Arthur Sanderson & Sons SARL*	– incorporated in France

* Indicates that the shares are held by a subsidiary company

Investments in group companies are ordinary shares

The principal activities of the Group and its subsidiaries are design, manufacture, marketing and distribution of wallcoverings, furnishing fabrics and associated products for the consumer market

5 Investments continued
The carrying value of the investment in Abaris Holdings Limited is reviewed annually by reference to its value in use to the Company The value in use was calculated using future expected cash flow projections, discounted at 10 32% (2014 6 57%) on a pre tax basis, and is not intended to reflect a realisable value on disposal The Directors believe that the value of the investment is supported by their underlying net assets

A full list of subsidiaries will be included with the next Annual Return of the Company

6 Debtors

	2015 £000	2014 £000
Amounts owed by subsidiary undertakings	**12,403**	12,605
Other taxes and social security	**666**	47
Other debtors	**948**	1,166
	14,017	13,818

Amounts owed by subsidiary undertakings are non-interest bearing and are unsecured These loans are repayable on demand by the Company should payment be required but full settlement within the next twelve months is unlikely to be sought

7. Disclosure of fair value of derivative financial instruments

	2015 £000	2014 £000
Forward foreign exchange contracts – cash flow hedges – (liability)/asset	**(195)**	153

Forward foreign exchange contracts
The Group's US based subsidiary, Walker Greenbank Inc , sells products to local customers with sales invoiced in US dollars As the Group s presentation currency is sterling it is exposed to changes in the reported sterling value of these sales The Group considers that it is highly probable that future sales of this nature will continue to arise over at least the next 12 months

During the year the Company has entered into monthly forward foreign exchange contracts up to February 2016, with a third party, to buy sterling and sell dollars The Group has designated these contracts as cash flow hedges of the foreign currency risk arising from the highly probable future forecast sales transactions As at the reporting date the fair value of the forward foreign contracts relating to the benefit on these anticipated future transactions is a liability of £195,000 (2014 asset of £153,000)

The Brands make more purchases from the Eurozone than sales made to the Eurozone As the Group's presentation currency is sterling it is exposed to changes in the reported sterling value of the purchases The Group considers that the level of this exposure will reduce over the next 12 months As at the reporting date there were no euro forward foreign currency contracts

Swap foreign exchange contracts
The Group uses swap contracts to manage its working capital exchange risk from both the foreign subsidiaries and the balances on debtors, creditors and cash held in foreign currency

The use of swaps are reviewed monthly and renewed when necessary

The US dollar swap contract held at the Balance Sheet date was closed on 27 February 2015 and at the year end had a fair value liability of £Nil (2014 fair value liability of £Nil) The Euro swap contracts held at the Balance Sheet date were closed on 27 February 2015 and at the year end had a fair value asset of £Nil (2014 fair value asset of £Nil)

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Creditors· due within one year

	2015 £000	2014 £000
Bank term loans (note 9)	**400**	400
Bank overdrafts	**1,538**	792
Trade creditors	**126**	187
Amounts owed to subsidiary undertakings	**4,410**	4,410
Other creditors	**100**	68
Accruals	**833**	508
	7,407	6 365

Amounts owed to subsidiary undertakings are non-interest bearing and are unsecured These loans are payable on demand by the Company should payment be required, but full settlement within the next twelve months is unlikely to be sought

9 Creditors due after more than one year

	2015 £000	2014 £000
Bank term loan	**569**	942

Interest is charged at 1 25 % (2014 1 25%) over base rate

Repayment of total borrowings	2015 £000	2014 £000
Over five years	**–**	–
Between two and five years	**–**	542
Between one and two years	**569**	400
After more than one year	**569**	942
Within one year (note 8)	**400**	400
	969	1,342

The Company has facilities from Barclays Bank PLC which comprises a variable rate term loan secured on the Group's freehold property of £4 0 million which is being repaid on a 10 year profile The Company arranged a new £2 5 million Committed facility on 15 January 2013 for a period of three years This facility replaced the Inventory facility that was in place at the end of the previous year The availability of the facility is dependent upon the level of Brand finished goods

Under the Barclays Bank PLC facilities, the Group is subject to a financial covenant which applies to the term loan, being interest cover

Any non compliance with the covenant could, if not remedied or waived, constitute an event of default with respect to any such arrangements

The Group has reported to Barclays Bank PLC that it was in full compliance with its financial and operational covenants throughout each of the periods presented

There is a set off arrangement for Group bank accounts held with Barclays Bank PLC

10 Deferred taxation

Potential deferred tax assets at 31 January 2015 of £580,000 (2014 £857,000) relating to tax losses and deductible temporary differences have not been recognised as it is not considered probable that recovery will arise

	2015 £000	2014 £000
Tax losses	**570**	846
Other timing differences	**10**	11
	580	857

There are also unutilised capital tax losses of £4,885,000 (2014 £4 885,000) but no deferred tax asset has been recognised as it is not considered probable that these losses will be utilised

11. Share capital

Ordinary shares of 1p each	Number of shares	£
Authorised share capital		
1 February 2014 and 31 January 2015	85,000,000	850,000
Allotted and fully paid		
31 January 2015	59,762,559	597 626
1 February 2013 and 31 January 2014	59,006,162	590 062

On 19 May 2014, 756,397 shares of 1p each were allotted at par value On 22 May 2014, 1,849,663 shares vested under the Company's Long-term Incentive Plan of which 997,008 shares were issued from the Walker Greenbank PLC Employee Benefit Trust

Following these transactions Walker Greenbank's issued ordinary share capital with voting rights consists of 59,762 559 (2014 59 006 162) ordinary shares of which no (2014 nil) ordinary shares are held in treasury and a further 188 272 (2014 240 611) ordinary shares are held by the Walker Greenbank PLC EBT with a cost of £347 362 (2014 £49,427) Shares held in treasury or by the EBT are treated as cancelled when calculating EPS

On 20 May 2013, 1,003,305 shares vested under the Company's Long-Term Incentive Plan and these were issued from the Walker Greenbank PLC Employee Benefit Trust

The market value of shares held by the EBT at 31 January 2015 was £376,544 (2014 £392 196)

The shares held by the EBT and the treasury shares are held for the purpose of satisfying awards under long term incentive plans to Executive Directors and senior management

Long-term Incentive Plans ('LTIPs')

The Group operates a Long term Incentive Plan There have been seven awards under this plan in which Executive Directors and senior management of the Group participate The LTIP has previously been approved by the shareholders at an Annual General Meeting Further details are included in note 25 of the consolidated financial statements of the Group which are separately included within this Annual Report and Financial Statements

12 Shareholders' funds and reserve movements

	Share capital £000	Share premium account £000	Profit and loss account £000	Capital reserve £000	Total £000
1 February 2013	590	457	6,206	41,888	49,141
Reserve for long term incentive plans	–	–	166	–	166
Profit for the year	–	–	2 188	–	2,188
Dividends paid	–	–	(900)	–	(900)
31 January 2014	590	457	7,660	41,888	50,595
Reserve for long term Incentive plans	–	–	(1,126)	–	(1,126)
Profit for the year	–	–	2,370	–	2,370
Purchase of treasury shares	–	–	(348)	–	(348)
Allotment of share capital	8	–	–	–	8
Dividends paid	–	–	(1,144)	–	(1,144)
31 January 2015	**598**	**457**	**7,412**	**41,888**	**50,355**

Capital reserve represents	£000
Capital redemption reserve arising on capital reconstructions	41,888

13. Operating lease commitments
Annual commitments due under non-cancellable operating leases are as follows

	Land and Buildings 2015 £000	Other 2015 £000	Land and Buildings 2014 £000	Other 2014 £000
Operating leases which expire				
Within one year	**11**	–	–	–
Between one and five years	–	–	61	–
Over five years	**420**	–	420	–
	431	–	481	–

14. Contingent liability
The Company is party to a cross guarantee relating to the borrowings of its subsidiary Abaris Holdings Limited under the funding arrangement with Barclays Bank PLC

15 Post balance sheet event
The Directors have recommended the payment of a final dividend of 1 96p per share (2014 1 57p per share), a total of £1,153 750 (2014 £923,000) The shares held in Treasury or by the Employee Benefit Trust are excluded from receiving dividends in accordance with UK GAAP

16 Related party transactions
The Company made contributions to the Walker Greenbank Group Personal Pension Plan of £115,000 for the year ended 31 January 2015 (2014 £89 000)

FIVE YEAR RECORD

	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
Revenue	68,778	74,014	75,725	78,434	**83,373**
Overseas revenue by location of customer	22 456	25,441	27 192	28 244	**27,923**
Profit from operations	4,972	5 555	5,831	6,543	**7,335**
Profit from operations before exceptional items and discontinued operations	4,472	5,555	5 831	6,543	**7,335**
EBITDA*	6,210	7 001	7,175	8,903	**9,684**
Profit before income tax	4 462	4,894	4,934	5 495	**6,329**
Capital expenditure	2,636	2,538	3 119	4,753	**3,250**
Earnings per ordinary share	5 36p	6 76p	6 89p	8 63p	**8 60p**
Average number of employees	550	582	587	592	**640**
Dividends paid in year	368	570	711	900	**1,144**
Shareholders' funds	21,393	23,052	24,182	26,852	**26,937**
Dividend per share					
– Final (prior year end) – paid	0 50p	0 80p	1 00p	1 25p	**1 57p**
– Interim (current year end) – paid	0 15p	0 20p	0 23p	0 28p	**0 35p**
– Final (current year end) – proposed	–	–	–	–	**1 96p**

* EBITDA is based on profit from operations before exceptional items

SHAREHOLDER INFORMATION

Financial Calendar

Annual General Meeting	17 June 2015
Announcement of half year results	October 2015

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