

Black Cat Fireworks Limited

Annual report and financial statements
for the year ended 31 December 2013

Registered number: 1900841

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Directors' report and financial statements for the year ended 31 December 2013

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Black Cat Fireworks Limited

Directors and advisors for the year ended 31 December 2013

Board of Directors

Henry Chan

Ulf Brettschneider

Company secretary

Robert Bacon

Registered office

Centenary House

Centenary Way

Salford

Manchester

M50 1RF

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Bankers

HSBC Bank plc

2 Cloth Hall Street

Huddersfield

West Yorkshire

HD1 2ES

Solicitors

Lupton Fawcett Lee & Priestley

Yorkshire House

Greek Street

Leeds

LS1 5SX

Actuaries

Barnett Waddington LLP

West Riding House

67 Albion Street

Leeds

LS1 5AA

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

Principal activities

The company's principal activity is that of importing, marketing and distribution of consumer products, predominantly fireworks and other seasonal products, although the directors are exploring opportunities to widen the product base.

Results and dividends

The company's loss for the financial year is (£82,000), compared to profit (2012: £109,000).

Directors do not recommend the payment of a dividend (2012: £nil).

Review of business and future developments

The results for the year ended 31 December 2013 are summarised as follows:

	£'000
Operating loss	(139)
Net interest payable and similar charges	(42)
Loss on ordinary activities before taxation	(181)
Taxation on loss on ordinary activities	99
Loss for the financial year	(82)

The level of sales increased significantly, mainly due to the return of a major customer lost in 2012, and the win of another customer which re-entered the market following its departure in 2009.

Sales volumes to the majority of other accounts slightly decreased which reflected the trend across the whole market.

Margins slightly eroded, due to tough market conditions and rising costs in China.

In order to maintain strong customer relationships and remain competitive within the market, costs to service have increased, which is reflected in operating costs.

Total operating costs have remained stable in 2013 when compared to percentage of turnover.

Variable costs increased, mainly due to late product arrival, attributable to China weather conditions, and a product labelling issue.

The company continues to focus on meeting customer expectations, by maintaining competitiveness and impeccable service levels. Developing strong customer relationships remain high priority within the business and 2014 order book is in line with expectations.

Going forward management plan to increase revenue by winning significant new business

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2013 (continued)

Review of business and future developments (continued)

The company has access to sufficient funding to meet its working capital requirements and other committed payments.

Key Performance Indicators

The performance of Black Cat Fireworks Limited is measured on revenue, gross margin, and overhead cost control. The company also have a number of non-financial measures, such as level of product innovation, employee well-being, customer satisfaction and market share.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, price risk, credit risk, liquidity risk and interest rate cash flow risk. In conjunction with its parent group, Li & Fung Limited, the company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company has a policy of maintaining 100 per cent of its debt (2012: 100 per cent) at a variable rate. Given the size and nature of operations, the company's policy is to operate with 100 per cent of its debt being repayable within one year. At the year end, 100 per cent (2012: 100 per cent) of debt was repayable within one year. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the company's finance department.

The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the Board of directors and such approval is limited to financial institutions with an AA rating or better. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board. Deposits with financial institutions are held in low risk current accounts

Black Cat Fireworks Limited

Strategic report for the year ended 31 December 2013 (continued)

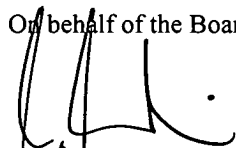
Interest rate cash flow risk

The company has both interest bearing assets, in form of cash balances and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a variable rate. The company utilises bank overdraft and group finance that is designed to ensure the company has sufficient available funds for its operations and its required level of working capital. Floating rate interest rates apply to the bank overdraft whilst the group financing is interest free. The directors reassess these in the context of longer term interest rate trends.

Principal risks and uncertainties

The key business risk and uncertainty affecting the company relates to competition from the UK and overseas. The company seeks to minimise this risk through continued investment in marketing and a proactive approach to customer service.

On behalf of the Board



Ulf Brettschneider
Director

22 September 2014

Black Cat Fireworks Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

Future developments

Future developments are covered in the Strategic Report.

Risk management

Risk management is covered in the Strategic Report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are given below:

Ulf Brettschneider

Henry Chan

Dow Famulak (resigned 23 June 2014)

The company maintains liability insurance for its directors and officers. By virtue of the articles of association, the company has also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through various briefing groups.

Policy and practice on payment of creditors

The company supports the CBI's Prompt Payment Code, and endeavours to ensure all payments are made within agreed credit terms.

Political and charitable donations

The company made no political donations or UK charity donations during the year (2012: £nil).

Black Cat Fireworks Limited

Directors' report for the year ended 31 December 2013 (Continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

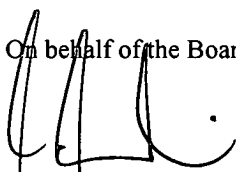
Disclosure of information to auditors

In so far as each director is aware, there is no relevant audit information of which the company's auditors, PricewaterhouseCoopers LLP, are unaware and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

On behalf of the Board



Ulf Brettschneider
Director

22 September 2014

Black Cat Fireworks Limited

Independent auditors' report to the members of Black Cat Fireworks Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Black Cat Fireworks Limited, comprise:

- the Balance sheet as at 31 December 2013;
- the Profit and loss account and Statement of total recognised gains and losses for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 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.

In addition, we read all the financial and non-financial information in the Annual report and financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Black Cat Fireworks Limited

Independent auditors' report to the members of Black Cat Fireworks Limited (continued)

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, 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 7, 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 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.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

22 September 2014

Black Cat Fireworks Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	7,124	5,152
Cost of sales		(3,048)	(2,092)
Gross profit		4,076	3,060
Distribution costs		(2,996)	(1,764)
Administrative expenses		(1,286)	(1,356)
Other operating income		67	250
Operating (loss)/profit		(139)	190
Interest receivable and similar income	6	342	331
Interest payable and similar charges	5	(384)	(408)
Loss/(profit) on ordinary activities before taxation	7	(181)	113
Taxation on (loss)/profit on ordinary activities	8	99	(4)
(Loss)/profit for the financial year	16	(82)	109

All activities are in respect of continuing operations.

There is no difference between the (losses)/profits on ordinary activities before taxation and the (loss)/profit for the financial years stated above, and their historical cost equivalents.

Black Cat Fireworks Limited

Statement of total recognised gains and losses for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<hr/>			
(Loss)/profit for the financial year		(82)	109
Actuarial loss on pension scheme for the year	20	(60)	(202)
<hr/>			
Total recognised gains and losses relating to the year		(142)	(93)
<hr/>			

Black Cat Fireworks Limited

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	9	656	685
Investments	10	1,035	1,035
		1,691	1,720
Current assets			
Stocks	11	1,566	1,506
Debtors	12	558	649
Cash at bank and in hand		3,314	2,361
		5,438	4,516
Creditors: amounts falling due within one year	13	(1,799)	(699)
Net current assets		3,639	3,817
Total assets less current liabilities		5,330	5,537
Net assets excluding pension deficit		5,330	5,537
Pension deficit	20	(1,702)	(1,767)
Net assets including pension deficit		3,628	3,770
Capital and reserves			
Called up share capital	15	15,500	15,500
Profit and loss account	16	(11,872)	(11,730)
Total shareholders' funds	17	3,628	3,770

These financial statements were approved by the Board of directors on 22 September 2014 and were signed on its behalf by:


 Ulf Bretschneider
 Director
 Black Cat Fireworks Limited

Registered number 1900841

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Group financial statements

The financial statements contain information about Black Cat Fireworks Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 (for non-EEA parents) of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its parent, Li & Fung Limited, a company incorporated in Bermuda.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Golden Horn NV and is included in the consolidated financial statements of Li & Fung Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash flow statements'. The company is also exempt under the terms of FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Li & Fung Limited group or investees of Li & Fung Limited group.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures, fittings and office equipment	15 – 33.3
Plant and machinery	10 – 50
Motor vehicles	20

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average price method. Provision is made where necessary for obsolete, slow moving and defective stocks.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

1 Principal accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transactions. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover, which excludes Value Added Tax and trade discounts, represents the invoiced value of goods and services supplied, recognised under a sale or return agreement.

Other operating income

Other operating income represents rental income for storage cabinets and on site properties and is recognised in the period in which the income is earned.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 21 represents contributions payable by the company to the fund.

The company operates a defined benefit pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Fixed asset investments

Fixed asset investments are included at cost less any provision for impairment.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

2 Turnover

The turnover for the year is generated entirely from the company's principal activity and arises from sales made in the United Kingdom.

3 Directors' emoluments

Directors' emoluments are paid by another group company which makes no recharge to the company. Directors hold office for a number of group companies and it is not possible to make accurate apportionments of emoluments in respect of each company.

Accordingly, total emoluments for directors are included in the financial statements of LF Europe Limited and Li & Fung Limited.

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2013 Number	2012 Number
Selling and distribution	19	19
Administration	4	5
	23	24

The aggregate payroll costs for those persons were as follows:	2013 £'000	2012 £'000
Wages and salaries	890	820
Social security costs	69	73
Other pension costs (see note 20)	14	14
	973	907

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Interest payable and similar charges

	2013	2012
	£'000	£'000
On bank overdrafts	16	18
Net interest costs relating to pensions (note 20)	368	390
	384	408

6 Interest receivable and similar income

	2013	2012
	£'000	£'000
Expected returns related to pensions (note 20)	342	331

7 (Loss)/profit on ordinary activities before taxation

	2013	2012
	£'000	£'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 10)	281	279
Auditors' remuneration:		
Audit services	25	25
Non audit services	9	7
Operating lease charges:		
- plant and machinery	29	34
- other	120	120

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tax on (loss)/profit on ordinary activities

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax on (loss)/profit of the year at 23.25% (2012: 24.5%)	(99)	4
Adjustments in respect of previous years	-	-
Total current tax	(99)	4
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax (note 14)	-	-
Total tax on profit on ordinary activities	(99)	4

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(181)	113
(Loss)/profit on ordinary activities multiplied by standard rate in the UK of 23.25% (2012: 24.5%)	(42)	28
Effects of:		
Expenses not deductible for tax purposes	11	12
Accelerated capital allowances	(39)	55
Losses utilised	-	(69)
Other timing differences	(29)	(22)
Total current tax (credit)/charge	(99)	4

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

9 Tax on (loss)/profit on ordinary activities (continued)

The company has unrecognised tax losses amounting to approximately £7,542,000 (2012: £7,542,000) to carry forward against future taxable profits from the same trade (note 14).

10 Tangible fixed assets

	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost				
At 1 January 2013	1,461	19	189	1,669
Additions	242	3	7	252
Disposals	(315)	(7)	(36)	(358)
At 31 December 2013	1,388	15	160	1,563
Accumulated Depreciation				
At 1 January 2013	839	17	128	984
Charge for the year	252	1	28	281
Disposals	(315)	(7)	(36)	(358)
At 31 December 2013	776	11	120	907
Net book value				
At 31 December 2013	612	4	40	656
At 31 December 2012	622	2	61	685

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Fixed asset investments

	£'000
Cost and net book value at 1 January 2013 and 31 December 2013	1,035

The investment relates to 100% of the issued ordinary share capital of Comet Fireworks GmbH, a company incorporated in Germany. Their principal activity is the distribution of pyrotechnics. Black Cat Fireworks Limited is not actively involved in or influential over the management and direction of Comet Fireworks GmbH.

The directors believe that the carrying value of the investment is supported by their underlying assets.

12 Stocks

	2013 £'000	2012 £'000
Finished goods and goods for resale	1,566	1,506

13 Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	-	77
Prepayments and accrued income	558	572
	558	649

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

14 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	712	68
Other creditors	338	-
Taxation and social security costs	392	392
Group relief payable/(receivable)	(99)	4
Accruals and deferred income	456	235
	1,799	699

There is a guarantee in favour of HMRC for £240,000 as security over the VAT liability.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

15 Deferred tax

The company has not recognised a deferred tax asset (2012: £nil) as there are significant doubts as to whether the company is able to utilise deferred tax of £2,085,000 (2012: £2,451,000) in future years. The deferred taxation asset position is analysed as follows:

	Amount unrecognised		Amount recognised	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	(236)	(309)	-	-
Unutilised losses carried forward	(1,508)	(1,735)	-	-
Asset relating to pension liability	(341)	(407)	-	-
	(2,085)	(2,451)	-	-

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

16 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
15,500 (2012: 15,500) ordinary shares of £1 each	15,500	15,500

17 Profit and loss account

	£'000
At 1 January 2013	(11,730)
Actuarial loss in respect of pension scheme	(60)
Loss for the financial year	(82)
At 31 December 2013	(11,872)

18 Reconciliation of movements in total shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	3,770	3,863
(Loss)/profit for the financial year	(82)	109
Actuarial loss on pension scheme	(60)	(202)
Closing total shareholders' funds	3,628	3,770

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

19 Capital and other commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases, expiring as follows:

	Other		Land and buildings	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Within two to five years	29	34	120	120
	29	34	120	120

The company had no capital commitments contracted but not provided for as at 31 December 2013 (2012: £nil).

20 Contingent liabilities

The company is party to a group overdraft arrangement and the maximum liability relating to this is the company's cash holding within the pool overdraft. At 31 December 2013 the contingent liability amounted to £nil (2012: £nil).

Black Cat Fireworks Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

21 Pension commitments

Defined contribution scheme

The company made contributions amounting to £13,736 (2012: £13,851) to a defined contribution scheme in the year. At the year end a pension creditor existed amounting to £2,153 (2012: £1,999).

Defined benefit scheme

The company makes deficit contributions to the Standard Fireworks 1992 Pension Scheme which is a defined benefit scheme and which is closed to future accruals.

The total net pension costs of the Standard Fireworks 1992 defined benefit scheme was £nil (2012: £nil). The cost is assessed in accordance with the advice of Barnett Waddingham LLP, consulting actuaries.

The latest actuarial valuation of the scheme was performed as at 31 March 2010 using the projected unit method. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 6.5% per annum to retirement and 5.1% per annum thereafter, the rate of RPI increase would be 3.5% per annum and the rate of pension increase would be 3.4%.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £6,760,000 and the actuarial value of these assets was sufficient to cover 86% of the benefits that had accrued to members. The company is making deficit contributions to the Scheme under an agreed recovery plan.

An amount of £nil (2012: £nil) is included in creditors which represents the excess of the accumulated pension costs over the payment of contributions to the scheme.

The company accounts for its pension scheme in accordance with FRS 17 Retirement Benefits.

The pension liability detailed below is calculated using the value of the scheme assets as at 31 December 2011 and using scheme liabilities that have been updated from those at 31 March 2010 by a qualified actuary using the projected unit method.

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following adoption of the amendment to FRS17 'Retirement benefits'. Previously these were valued at mid price. The effect of this change on the value of assets at 31 December 2007 was immaterial and therefore asset values were not restated.

Notes to the financial statements for the year ended 31 December 2013 (continued)

Assumptions used for the valuation	2013	2012
Discount rate: pre retirement	4.40%	4.10%
post retirement	4.40%	4.10%
Inflation assumption	3.50%	2.90%
Rate of increase of salaries	n/a	n/a
Rate of increase of pensions in payment	3.30%	2.80%

	2013	2012
	Years	Years
Longevity at age 65 for current pensioners		
- Men	21	20
- Women	23	22
Longevity at age 65 for future pensioners		
- Men	23	22
- Women	25	24

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Notes to the financial statements for the year ended 31 December 2013 (continued)

21. Pension commitments (continued)

The assets in the scheme and their expected rates of return were:

	Long-term rate of return expected at 31 December 2013	Value at 31 December 2013	Long-term rate of return expected at 31 December 2012	Value at 31 December 2012
		£'000		£'000
Equities	6.6%	4,554	6.0%	3,776
Bonds	3.8%	3,268	3.4%	3,449
Other	0.5%	22	0.5%	175
Total market value of assets		7,844		7,400
Present value of scheme liabilities		(9,546)		(9,167)
Net pension deficit		(1,702)		(1,767)

No related deferred tax asset has been recognised given the uncertainty over its realisation, in accordance with the company accounting policy (note 14).

Reconciliation of fair value of scheme assets

	2013	2012
	£'000	£'000
1 January	7,400	7,027
Expected return on scheme assets	342	331
Actuarial gain on assets	351	314
Contributions paid by employer	151	147
Benefits paid	(400)	(419)
31 December	7,844	7,400

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Notes to the financial statements for the year ended 31 December 2013 (continued)

21. Pension commitments (continued)

The actual return on scheme assets was a gain of £693,000 (2012: £645,000).

Reconciliation of present value of scheme liabilities

	2013	2012
	£'000	£'000
1 January	(9,167)	(8,679)
Interest cost	(368)	(390)
Benefits paid from plan assets	400	419
Actuarial loss on liabilities	(411)	(517)
31 December	(9,546)	(9,167)

Analysis of the amount charged to profit and loss is as follows:

	2013	2012
	£'000	£'000
Profit and loss account		
Other finance income/(expenditure)		
Expected return on pension scheme assets (note 7)	342	331
Interest on pension scheme liabilities (note 6)	(368)	(390)
Total	(26)	(59)

Actuarial gains and losses

The cumulative amount of actuarial gains recognised in the statement of recognised gains and losses is £824,000 loss (2012: £764,000 loss).

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Notes to the financial statements for the year ended 31 December 2013 (continued)

21. Pension commitments (continued)

Amounts for current and previous years:

	2013	2012	2011	2010	2009
Experience adjustments on plan assets:					
Amount (£'000)	351	315	(112)	840	317
Percentage of Scheme assets	4.5%	4.3%	1.6%	12.1%	5.4%
Experience adjustments on plan liabilities:					
Amount (£'000)	(274)	0	272	(528)	34
Percentage of the present value of the Scheme liabilities	2.9%	0%	3.1%	6.7%	0.4%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(60)	(202)	(927)	1,133	(747)
Percentage of the present value of the Scheme liabilities	(0.6%)	(2.2%)	(10.7%)	14.5%	(9.3%)

22 Ultimate parent undertakings and controlling party

The directors regard Golden Horn NV, a company incorporated in the Netherlands Antilles, as the company's immediate parent company and Li & Fung Limited, a company incorporated in Bermuda, as the ultimate parent company and controlling party. Li & Fung Limited is registered on the Hong Kong stock exchange and copies of the financial statements may be obtained from its website (www.lifunggroup.com) or from the principal place of business, 11th floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. Li & Fung Limited heads the smallest and largest group to consolidate these financial statements.