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**MONDRIAN LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**MONDRIAN LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	L Le Gaillard J Lombrail
<b>Registered number</b>	03625200
<b>Registered office</b>	Ladbroke Hall 79 Barby Road London W10 6AZ
<b>Independent auditors</b>	Nyman Libson Paul LLP 124 Finchley Road London NW3 5JS

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**MONDRIAN LIMITED**

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## MONDRIAN LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Introduction

The Directors present the strategic report of Mondrian Limited ("the company") for the year ended 31 December 2021.

#### Principle activities

The Company operates as an art dealer specialising in contemporary collectible design.

#### Business review

As with many businesses in the UK, the COVID-19 pandemic has presented the Company with significant challenges. The Company has been a successful business for many years primarily operating from its Mayfair Gallery and specialist art fairs, catering to a niche client base with additional ecommerce sales.

The business maintained its sales performance from 2020 in what was a challenging trading environment leveraging key relationships with clients and interior designers.

The Company took the decision to close its Mayfair Gallery during the period in response to the COVID-19 pandemic and has invested in a new Gallery space, in Notting Hill which is due to open in spring 2023.

#### Financial key performance indicators

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	23,018,736	15,615,113
Gross profit/(loss)	5,932,896	5,650,059
Operating profit/(loss)	1,908,849	1,589,863
EBITDA*	950,120	1,698,587

Revenue increased by 41% to £23.0m due to £6.4m of artwork sold to a fellow group company.

Gross profit increased by 5% to £5.9m. Despite the challenging trading condition following the COVID-19 pandemic, the business maintained its gross margin on the sale of key pieces from popular artists.

Operating profit rose by 20% to an operating profit of £1.9m as the business stabilised its operating cost base from the prior period.

EBITDA fell 44% as a result of unfavourable foreign exchange movements on euro loan balances in addition to stock impairments.

\*Operating profit before interest, tax, depreciation, and amortisation.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to several risks. The key business risks and uncertainties affecting the Company as set out below are considered by Senior Management with appropriate procedures and mitigating actions implemented to control them.

***Suppliers, input products and supply chain***

Carpenters Workshop Gallery products have a high reputation for style and quality that are dependent upon reputable designers and artists as well as the raw materials used in each design. The Company could be adversely affected by a fall in the production capacity of these artists, increases in raw material costs or logistics delays resulting from the exit of Britain from the European Union. The Company sources products from various artists and suppliers who can match the Company's standards. The Company is not dependent upon one single artist and each is subject to at least an annual review of their products and the price paid for them. Where products are sourced in a currency other than UK £ then the Company will consider the impact of currency movements and determine whether any simple hedging of currency exposure or locking in of contracts/prices is warranted.

***Employees***

The Company's employees deliver the service our clients expect from the sales process through to delivery and installation. A material decline in customer service standards could adversely affect the Company and its ability to grow sales. The Company has invested in training processes and management disciplines to maintain the expected service levels. In light of the current environment the company is doing its utmost best to retain and incentivise its employees.

***Product availability***

The Company's operations are reliant on key relationships with artists and designers who create the products it sells. The Company could be adversely affected by these artists and designers being unable to manufacture products in a timely manner. The Company has contingent solutions in place for all key products.

***Market conditions & competition***

The Company operates within a niche market with new competitors entering the market as the demand for collectible design has grown considerably in recent years. The Company regularly reviews its products to ensure that innovation and design continues to attract clients and to secure our position as market leaders.

***Brexit considerations***

Britain and the European Union have agreed and signed a Trade and Cooperation Agreement ("the agreement"). The agreement between Britain and the European Union contains no tariffs or quotas. Under the agreement, all imports of supplies from the EU must be declared to HMRC. We believe that this controlled departure from the EU will not have a direct impact on our supply chains. We are continually alert to the risk of significant declines in Sterling in recent years and leverage our trading partners within the Carpenters Group to hedge this risk.

***Currency risk***

The Company is exposed to translation and transaction foreign exchange risk due to trading in sterling, euro and US dollars. To mitigate this risk, the company buys and sells currencies when rates are deemed favourable.

***Liquidity risk***

The Group seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely

and profitably.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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***Interest rate risk***

The Company finances its operations through a mix of retained profits and bank facilities in place. The company does not ordinarily enter into derivative transactions to hedge interest rates.

The Company's business model is regularly assessed by the Board of Directors in order to implement any strategic changes as necessary.

This report was approved by the board on 9 December 2022 and signed on its behalf.

**L Le Gaillard**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

**Results and dividends**

The profit for the year, after taxation, amounted to £282,311 (2020 - £1,770,815).

Aggregate dividends of £317,021 and £346,650 were paid respectively during the current and preceding financial reporting period.

**Directors**

The directors who served during the year were:

L Le Gaillard  
J Lombrail

**Future developments**

The Company is focused on providing unique contemporary functional art to our clients. We are evolving our business to ensure a seamless client experience from order to delivery and are investing significantly in our logistics capabilities and the technology that underpins our processes.

Further details into the Company's future plans are discussed in the strategic report.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.



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**MONDRIAN LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Nyman Libson Paul LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 December 2022 and signed on its behalf.

**L Le Gaillard**  
Director

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDRIAN LIMITED

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**Opinion**

We have audited the financial statements of Mondrian Limited (the 'Company') for the year ended 31 December 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDRIAN LIMITED (CONTINUED)

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We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDRIAN LIMITED (CONTINUED)

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We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of our report**

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

Paul Taiano (senior statutory auditor)

for and on behalf of

**Nyman Libson Paul LLP**

124 Finchley Road

London

NW3 5JS

9 December 2022

MONDRIAN LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	23,018,736	15,615,113
Cost of sales		(17,085,840)	(9,965,054)
<b>Gross profit</b>		<u>5,932,896</u>	<u>5,650,059</u>
Administrative expenses		(4,028,071)	(4,081,503)
Other operating income	5	4,024	21,307
<b>Operating profit</b>	6	<u>1,908,849</u>	<u>1,589,863</u>
Interest receivable and similar income	10	117	1,828
Interest payable and similar expenses	11	(453,897)	(71,899)
Other finance income/(cost)		(1,069,957)	-
<b>Profit before tax</b>		<u>385,112</u>	<u>1,519,792</u>
Tax on profit	12	(102,801)	251,023
<b>Profit for the financial year</b>		<u><u>282,311</u></u>	<u><u>1,770,815</u></u>

The notes on pages 12 to 28 form part of these financial statements.

**MONDRIAN LIMITED**  
**REGISTERED NUMBER: 03625200**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	As restated 2020 £
<b>Fixed assets</b>			
Intangible assets	14	131,231	-
Tangible fixed assets	15	2,738,501	246,198
Fixed asset investments	16	469,879	469,879
		<u>3,339,611</u>	<u>716,077</u>
<b>Current assets</b>			
Stocks	17	25,161,070	29,217,330
Debtors: amounts falling due within one year	18	26,427,808	12,617,728
Cash at bank and in hand	19	1,979,972	11,199,918
		<u>53,568,850</u>	<u>53,034,976</u>
Creditors: amounts falling due within one year	20	(37,009,765)	(30,402,798)
<b>Net current assets</b>		<u>16,559,085</u>	<u>22,632,178</u>
<b>Total assets less current liabilities</b>		<u>19,898,696</u>	<u>23,348,255</u>
Creditors: amounts falling due after more than one year	21	(9,776,500)	(13,276,777)
<b>Provisions for liabilities</b>			
Deferred tax	23	(128,996)	(43,568)
<b>Net assets</b>		<u><u>9,993,200</u></u>	<u><u>10,027,910</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	300	300
Profit and loss account	25	9,992,900	10,027,610
		<u><u>9,993,200</u></u>	<u><u>10,027,910</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2022.

**L Le Gaillard**  
Director

The notes on pages 12 to 28 form part of these financial statements.

MONDRIAN LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2020 (as previously stated)</b>	300	11,662,731	11,663,031
Prior year adjustment - change in accounting policy	-	(3,059,286)	(3,059,286)
<b>At 1 January 2020 (as restated)</b>	300	8,603,445	8,603,745
Profit for the year	-	1,770,815	1,770,815
Dividends: Equity capital	-	(346,650)	(346,650)
<b>At 1 January 2021</b>	300	10,027,610	10,027,910
Profit for the year	-	282,311	282,311
Dividends: Equity capital	-	(317,021)	(317,021)
<b>At 31 December 2021</b>	300	9,992,900	9,993,200

The notes on pages 12 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

Mondrian Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office and principal place of business is Ladbroke Hall, 79 Barlby Road, London, United Kingdom, W10 6AZ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Carpenters Group Limited as at 31 December 2021 and these financial statements may be obtained from Ladbroke Hall, 79 Barlby Road, London W10 6AZ.

**2.3 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2.4 Going concern**

The Company has adapted to the COVID-19 pandemic and has put in place, measures to allow for operations to continue during these times of uncertainty. In addition, there has been a smooth transition since Brexit with no material changes to business activities required. The Directors have prepared cashflow projections for the Company covering a period of at least 12 months from the date of approval of these financial statements and the Directors consider the Company will be able to operate within its available facilities. Therefore, the financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.6 Revenue**

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer. The criteria are that the piece that has been sold is delivered and the company has no other obligations to the client.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

**2.9 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.14 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. Intangible assets are amortised over their useful life of three years.

**2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Long-term leasehold property	-	over the term of the lease
Plant and machinery	-	over 5 years
Fixtures and fittings	-	20% reducing balance
Office equipment	-	20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.16 Valuation of investments**

Fixed asset investments comprise the following:

**Holdings in unlisted company shares of subsidiary undertakings**

Such holdings are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at cost less provision for impairment at the reporting date.

**Holdings in unlisted company shares of associated undertakings**

Such holdings are a form of financial instrument. The Company accounts for its interests in associated undertakings using the equity method. Under this method, the Company recognises its investment in the associated undertaking at cost and subsequently adjusts this for its share of profits or losses, recognised in profit or loss within non-operating items, and accumulated provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.17 Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.

**2.18 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of design and production of the stock item and work in progress includes cost of design and production of stock item incurred up to the reporting date.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.19 Debtors**

Short-term debtors are measured at transaction price, less any impairment.

**2.20 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.21 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2.23 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.23 Financial instruments (continued)**

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the statement of comprehensive income if the shares are publicly traded or their fair value, if can otherwise be measured reliably;
- at cost less impairment for all other investments.

**2.24 Dividends**

Equity dividends are recognised when they become legally payable.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Significant judgements**

The group did not make any significant judgements (apart from those involving estimations which are detailed below) that have a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

The management makes an estimate of recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

There were no other key sources of estimation uncertainty.

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MONDRIAN LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales	<u>23,018,736</u>	<u>15,615,113</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	724,299	2,007,783
Rest of the world	22,294,437	13,607,330
	<u>23,018,736</u>	<u>15,615,113</u>

**5. Other operating income**

	2021 £	2020 £
Other operating income	4,024	13,200
Government grants receivable	<u>-</u>	<u>8,107</u>

**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Foreign exchange rate differences	(461,566)	78,872
Other operating lease rentals	<u>1,502,332</u>	<u>1,312,393</u>

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**MONDRIAN LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**7. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors:

	2021 £	2020 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	28,645	22,500

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	746,287	407,098
Social security costs	114,695	33,725
Cost of defined contribution scheme	17,802	4,353
	<u>878,784</u>	<u>445,176</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Employees	<u>19</u>	<u>9</u>

**Key management personnel**

The directors of the Company are recognised as being the key management personnel of the Company. It is these individuals who together hold joint responsibility for planning, directing and controlling the activities of the company.

**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	<u>16,520</u>	<u>10,000</u>

MONDRIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Interest receivable

	2021 £	2020 £
Other interest receivable	<u>117</u>	<u>1,828</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest payable	<u>453,897</u>	<u>71,899</u>

12. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	17,373	(277,382)
Adjustments in respect of previous periods	-	14,456
<b>Total current tax</b>	<u>17,373</u>	<u>(262,926)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>85,428</u>	<u>11,903</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>102,801</u>	<u>(251,023)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>385,112</u>	<u>1,519,792</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	73,171	288,760
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,328	96,512
Adjustments to tax charge in respect of prior periods	-	14,456
Short-term timing difference leading to an increase (decrease) in taxation	14,302	(11,417)
Non-taxable income	-	(639,334)
<b>Total tax charge for the year</b>	<u>102,801</u>	<u>(251,023)</u>

Factors that may affect future tax charges

On 17 November 2022, the government announced the headline rate of corporation tax will increase to 25% from April 2023 applying to profits over £250,000. Finance Act 2021 introduced a small profits rate (SPR) of 19% for companies with profits of £50,000 or less from April 2023. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

The deferred tax balance as at 31 December 2021 has been calculated based on these rates.

13. Dividends

	2021 £	2020 £
Dividends on equity shares	317,021	346,650
	<u>317,021</u>	<u>346,650</u>

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MONDRIAN LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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14. Intangible assets

	Computer software £
<b>Cost</b>	
Additions	161,149
At 31 December 2021	<u>161,149</u>
<b>Amortisation</b>	
Charge for the year on owned assets	29,918
At 31 December 2021	<u>29,918</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>131,231</u></u>
At 31 December 2020	<u><u>-</u></u>

MONDRIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2021	284,791	135,575	249,575	58,544	728,485
Additions	2,404,927	4,535	198,818	756	2,609,036
Disposals	(41,284)	(25,215)	-	-	(66,499)
At 31 December 2021	2,648,434	114,895	448,393	59,300	3,271,022
<b>Depreciation</b>					
At 1 January 2021	186,189	102,129	173,047	20,922	482,287
Charge for the year on owned assets	15,715	3,072	55,069	7,536	81,392
Disposals	(24,759)	(6,399)	-	-	(31,158)
At 31 December 2021	177,145	98,802	228,116	28,458	532,521
<b>Net book value</b>					
At 31 December 2021	2,471,289	16,093	220,277	30,842	2,738,501
<b>At 31 December 2020</b>	98,602	33,446	76,528	37,622	246,198

Included in the costs of the long-term leasehold property are total costs of £2,386,147 relating to improvement/refurbishment work being carried out at the long-term leasehold property acquired during the year. No depreciation has been charged on these costs on a basis that the work was still ongoing at the reporting date.

MONDRIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	380,393	89,486	469,879
At 31 December 2021	<u>380,393</u>	<u>89,486</u>	<u>469,879</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Carpenters Workshop Gallery LLC New York	693 5th Ave, 19th Floor, New York, USA	Ordinary	100 %

**Associates**

The following were associates of the Company:

Name	Registered office	Class of shares	Holding
Andromark	14 Rue Charles V Paris 75004, France	Ordinary	10 %
La Donnalucata Srl	Contrada Landolona snc 97018 Sicily, Italy	Ordinary	10 %

17. Stocks

	2021 £	2020 £
Work in progress and finished goods	19,921,335	29,217,330
Work in progress	5,239,735	-
	<u>25,161,070</u>	<u>29,217,330</u>

**MONDRIAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. Debtors**

	2021 £	2020 £
Trade debtors	5,704,748	6,558,811
Amounts owed by group undertakings	19,179,642	58,222
Other debtors	1,381,585	5,735,885
Prepayments and accrued income	161,833	264,810
	<u>26,427,808</u>	<u>12,617,728</u>

Amounts owed by group undertakings falling due within one year are unsecured, interest-free and repayable on demand with no fixed date for repayment.

As at 31 December 2021, trade and other debtors falling due within one year were deemed fully recoverable.

**19. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>1,979,972</u>	<u>11,199,918</u>

**20. Creditors: Amounts falling due within one year**

	2021 £	As restated 2020 £
Bank loans	749,479	695,274
Trade creditors	10,280,919	7,349,812
Amounts owed to group undertakings	14,167,860	-
Other taxation and social security	38,756	16,467
Other creditors	4,087,940	6,656,341
Accruals and deferred income	7,684,811	15,684,904
	<u>37,009,765</u>	<u>30,402,798</u>

Amounts owed by group undertakings falling due within one year are unsecured, interest-free and repayable on demand with no fixed date for repayment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**21. Creditors: Amounts falling due after more than one year**

	2021 £	As restated 2020 £
Bank loans	1,599,119	2,416,667
Amounts owed to group undertakings	8,177,381	10,860,110
	<u>9,776,500</u>	<u>13,276,777</u>

The following liabilities were secured:

	2021 £	2020 £
Bank loans	2,348,598	2,416,667
	<u>2,348,598</u>	<u>2,416,667</u>

Details of security provided:

HSBC Bank: Debenture including Fixed Charge over all present freehold and leasehold property; First Fixed Charge over the book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future.

Neuflyze OBC Bank - A joint and several guarantees for a maximum total amount of Euro 3,250,000 each from the directors, Loic Le Gaillard and Julien Lombrail.

**22. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	749,479	695,274
<b>Amounts falling due 1-2 years</b>		
Bank loans	759,481	783,813
<b>Amounts falling due 2-5 years</b>		
Bank loans	839,638	1,632,854
	<u>2,348,598</u>	<u>3,111,941</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Deferred taxation

	2021 £
At beginning of year	43,568
Charged to profit or loss	85,428
<b>At end of year</b>	<b>128,996</b>

The provision for deferred taxation is made up as follows:

	2021 £
Accelerated capital allowances	128,996

24. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100 (2020 - 100) Ordinary shares shares of £1.00 each	100	100
100 (2020 - 100) A Ordinary shares shares of £1.00 each	100	100
100 (2020 - 100) B Ordinary shares shares of £1.00 each	100	100
	<u>300</u>	<u>300</u>

25. Reserves

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and (losses).

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,802. Contributions totalling £7,310 were payable to the fund at the reporting date and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**27. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,016,989	1,636,136
Later than 1 year and not later than 5 years	3,334,619	5,805,879
Later than 5 years	2,860,000	5,857,049
	<u>7,211,608</u>	<u>13,299,064</u>

**28. Related party transactions**

**Wholly-owned group undertakings**

As the Company forms part of a group for which consolidated financial statements are prepared and the results of the company are included within as part of the consolidation, the Company has taken advantage of the exemptions provided by Section 33 of Financial Reporting Standard 102 from the requirement to disclose transactions undertaken or balances carried forward as at the reporting date between the Company and its fellow wholly-owned group undertakings. Outstanding aggregated balances with the company's fellow wholly-owned group undertakings as at the reporting date are disclosed within notes 18 and 20 of the financial statements.

**Other related parties**

At the reporting date, the Company owed a total of £218,441 (2020: £98,081) to its directors and was owed a net aggregate total of £309,324 by companies which are jointly controlled by the directors.

**29. Controlling party**

The Company's ultimate parent is Carpenters Group Limited, a company registered in England & Wales.

There is no ultimate controlling party of Carpenters Group Limited.

The ultimate parent undertaking to consolidate these financial statements is Carpenters Group Limited. Copies of the Carpenters Group Limited consolidated financial statements are available from Ladbroke Hall, 79 Barby Road, London, England, W10 6AZ.





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