Financial Statements
Arno GB Limited

For the year ended 31 December 2011

Registered number: 01385669

Company Information

Directors	M J Aspin G T Palmer S B Rothmeier M Smith (appointed 4 April 2011)
Company secretary	G T Palmer
Company number	01385669
Registered office	Victorian House Coronation Road Bristol BS3 1AA
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Bankers	National Westminster Bank 4th Floor Castlegate House Tower Hill Bristol BS2 0JA
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS

Contents

Arno GB Limited

Directors' report
For the year ended 31 December 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities

The principal activity of the company during the year was the design and management of retail display and merchandising projects

Business review

The directors are pleased to report that 2011 has seen continued progress in both sales and profitability following the positive results in 2010 With overhead costs being tightly controlled and an ongoing improvement in the company's purchase supply chain, ARNO GB has generated a very healthy operating profit Much of the ongoing progress is based on selling to international markets to service leading retail global brands In 2012, the directors will continue with this strategy whilst also turning their attention to the UK market which offers great potential and the business anticipates a profitable 2012 trading year

Results

The profit for the year, after taxation, amounted to £913,085 (2010 - £395,768)

Directors

The directors who served during the year were

M J Aspin
G T Palmer
S B Rothmeier
M Smith (appointed 4 April 2011)

Principal risks and uncertainties

Financial risk management objectives and policies
The company uses financial instruments comprising borrowings, some cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to assist in financing the company's operations

The company also has a bank facility denominated in euros The purpose of this facility is to manage the currency risk arising from the company's operations

The main risks arising from the company's financial instruments are foreign currency risk and interest rate risk

Currency risk
The company is exposed to transaction foreign exchange risk The company seeks to hedge its exposure using a bank facility denominated in euros, with the objective of minimising the effects of fluctuations in exchange rates on future transactions and cash flows

Interest rate risk
The company finances its operations through a mixture of retained profits and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

Directors' report

For the year ended 31 December 2011

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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

Provision of information to auditor

The directors confirm that

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

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 19 September 2012 and signed on its behalf

G T Palmer
Secretary

Grant Thornton

Independent auditor's report to the member of Arno GB Limited

We have audited the financial statements of Arno GB Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes 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)

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

Respective responsibilities of directors and auditor
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

GrantThornton

Independent auditor's report to the member of Arno GB Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Grant Thornton UK LLP

Mark L Aldridge (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Bristol

19 September 2012

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1,2	**10,223,209**	6,147,992
Cost of sales		**(6,712,143)**	(3,534,452)
Gross profit		**3,511,066**	2,613,540
Administrative expenses		**(2,201,537)**	(2,025,691)
Operating profit	3	**1,309,529**	587,849
Interest receivable and similar income	6	**117**	81
Interest payable and similar charges	7	**(98,670)**	(115,599)
Profit on ordinary activities before taxation		**1,210,976**	472,331
Tax on profit on ordinary activities	8	**(297,891)**	(76,563)
Profit for the financial year	17	**913,085**	395,768

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 19 form part of these financial statements

Arno GB Limited
Registered number: 01385669

Balance sheet
As at 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	9		**2,155,827**		2,197,123
Investments	10		**300**		300
			2,156,127		2,197,423
Current assets					
Stocks	11	**324,151**		710,516	
Debtors	12	**3,183,853**		1,703,560	
Cash at bank and in hand		**893,352**		429,639	
		4,401,356		2,843,715	
Creditors: amounts falling due within one year	13	**(3,295,158)**		(1,921,310)	
Net current assets			**1,106,198**		922,405
Total assets less current liabilities			**3,262,325**		3,119,828
Creditors: amounts falling due after more than one year	14		**(1,062,500)**		(1,832,072)
Provisions for liabilities					
Deferred tax	15		**(21,288)**		(22,304)
Net assets			**2,178,537**		1,265,452
Capital and reserves					
Called up share capital	16		**80,000**		80,000
Share premium account	17		**2,506**		2,506
Capital redemption reserve	17		**12,049**		12,049
Profit and loss account	17		**2,083,982**		1,170,897
Shareholders' funds	18		**2,178,537**		1,265,452

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2012

G T Palmer

The notes on pages 8 to 19 form part of these financial statements

Cash flow statement

For the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	19	**1,242,883**	(91,945)
Returns on investments and servicing of finance	20	**(98,553)**	(115,518)
Taxation		**(161,127)**	161,025
Capital expenditure and financial investment	20	**(43,215)**	(30,680)
Cash inflow/(outflow) before financing		**939,988**	(77,118)
Financing	20	**(476,275)**	114,586
Increase in cash in the year		**463,713**	37,468

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 31 December 2011

	2011 £	2010 £
Increase in cash in the year	**463,713**	37,468
Cash outflow from decrease in debt and lease financing	**476,275**	(114,586)
Movement in net debt in the year	**939,988**	(77,118)
Net debt at 1 January 2011	**(1,572,433)**	(1,495,315)
Net debt at 31 December 2011	**(632,445)**	(1,572,433)

The notes on pages 8 to 19 form part of these financial statements

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

1.2 Turnover

Turnover is the total amount receivable by the company for goods and services provided, excluding VAT and trade discounts

Sales of goods are recognised on delivery to the customer and service sales are recognised on completion of the agreed work

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	-	2% straight line
Fixtures & fittings	-	10% to 25% straight line
Computer equipment	-	25% straight line

1.4 Investments

Investments are stated at cost less amounts written off

1.5 Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies (continued)

1 7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

1.8 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All exchange differences are dealt with through the profit and loss account

1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

1.10 Retirement benefits

The company operates a defined contribution pension scheme for the benefit of its employees and directors

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Notes to the financial statements

For the year ended 31 December 2011

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	2011	2010
	£	£
United Kingdom	1,098,602	512,368
Rest of European Union	5,158,522	3,239,851
Rest of world	3,966,085	2,395,773
	10,223,209	6,147,992

3. Operating profit

The operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	84,511	71,433
Operating lease rentals		
- plant and machinery	1,358	10,558
- other operating leases	54,454	33,451
Difference on foreign exchange	(208,026)	(5,490)
Auditor's remuneration	14,000	13,550
Auditor's remuneration - taxation	3,100	2,250
Auditor's remuneration - other	14,250	-

Notes to the financial statements

For the year ended 31 December 2011

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	**1,509,600**	1,162,985
Social security costs	**162,747**	121,535
Other pension costs	**37,035**	37,645
	1,709,382	1,322,165

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

	2011 No	2010 No
Client services (production)	**12**	14
Office administration and sales	**12**	10
Art studio	**10**	8
	34	32

5. Directors' remuneration

	2011 £	2010 £
Emoluments	**356,774**	291,717
Company pension contributions to defined contribution pension schemes	**15,392**	14,934

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes
The highest paid director received remuneration of £129,286 (2010 - £151,437)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,753 (2010 - £11,537)

6. Interest receivable

	2011 £	2010 £
Other interest receivable	**117**	81

Notes to the financial statements

For the year ended 31 December 2011

7. Interest payable

	2011	2010
	£	£
Interest payable on bank borrowing	**92,452**	103,843
On other loans	**6,218**	11,756
	98,670	115,599

8. Taxation

	2011	2010
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	**298,907**	54,259
Deferred tax		
Origination and reversal of timing differences	**31,373**	-
Effect of increased tax rate on opening liability	**3,506**	-
Capital allowances	-	22,304
Adjustments in respect of prior periods	**(35,895)**	-
Total deferred tax (see note 15)	**(1,016)**	22,304
Tax on profit on ordinary activities	**297,891**	76,563

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26 5% (2010 - 28%) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	**1,210,976**	472,331
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 - 28%)	**320,825**	132,252
Effects of:		
Expenses not deductible for tax purposes	**14,952**	52,538
Capital allowances for year in excess of depreciation	**(9,708)**	(12,771)
Utilisation of tax losses	-	(110,700)
Adjustments to tax charge in respect of prior periods	**(974)**	-
Other timing differences leading to a decrease in taxation	**(26,188)**	(7,060)
Current tax charge for the year (see note above)	**298,907**	54,259

Notes to the financial statements

For the year ended 31 December 2011

9. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2011	**2,229,314**	**336,526**	**493,435**	**3,059,275**
Additions	**-**	**1,845**	**41,370**	**43,215**
Disposals	**-**	**(277,857)**	**(168,534)**	**(446,391)**
At 31 December 2011	**2,229,314**	**60,514**	**366,271**	**2,656,099**
Depreciation				
At 1 January 2011	**133,207**	**314,430**	**414,515**	**862,152**
Charge for the year	**44,586**	**8,372**	**31,553**	**84,511**
On disposals	**-**	**(277,857)**	**(168,534)**	**(446,391)**
At 31 December 2011	**177,793**	**44,945**	**277,534**	**500,272**
Net book value				
At 31 December 2011	**2,051,521**	**15,569**	**88,737**	**2,155,827**
At 31 December 2010	2,096,107	22,096	78,920	2,197,123

10. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2011 and 31 December 2011	**300**
Net book value	
At 31 December 2011	**300**
At 31 December 2010	300

Listed investments

The market value of the listed investments at 31 December 2011 was £300 (2010 - £300)

11. Stocks

	2011 £	2010 £
Finished goods and goods for resale	**324,151**	710,516

Notes to the financial statements
For the year ended 31 December 2011

12. Debtors

	2011	2010
	£	£
Trade debtors	**1,928,297**	719,050
Amounts owed by group undertakings	**748,403**	801,691
VAT recoverable	**53,620**	-
Other debtors	**380,901**	119,317
Prepayments and accrued income	**72,632**	63,502
	3,183,853	1,703,560

13. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank loans	**170,000**	170,000
Loans due to group undertakings	**293,297**	-
Trade creditors	**1,250,064**	736,077
Amounts owed to group undertakings	**239,233**	468,729
Corporation tax	**192,653**	54,874
Social security and other taxes	**64,286**	69,005
Other creditors	**116**	4,684
Accruals and deferred income	**1,085,509**	417,941
	3,295,158	1,921,310

Notes to the financial statements

For the year ended 31 December 2011

14. Creditors:
Amounts falling due after more than one year

	2011	2010
	£	£
Bank loans	1,062,500	1,232,500
Loans due to group undertakings	-	599,572
	1,062,500	1,832,072

Included within the above are amounts falling due as follows

	2011	2010
	£	£
Between one and two years		
Bank loans	170,000	170,000
Loans due to group undertakings	-	599,572
Between two and five years		
Bank loans	510,000	510,000
Over five years		
Bank loans	382,500	552,500

Creditors include amounts not wholly repayable within 5 years as follows

	2011	2010
	£	£
Repayable by instalments	382,500	552,500

The bank loan is repayable in equal quarterly instalments of £42,500 It consists of a loan and an interest rate swap Interest on the loan is paid at a floating rate of LIBOR + 1 9% As part of the swap, payment is received from a counterparty at a floating rate of LIBOR + 0 9% and payment is made to the counterparty at a fixed rate of 5 9%, giving a net fixed interest expense to the company of 6 9% The bank acting as intermediary for the swap has valued the fair value of the swap at £193,199 The loan is secured by a charge over the company's freehold property

15. Deferred taxation

	2011	2010
	£	£
At beginning of year	22,304	-
(Released during)/charge for year	(1,016)	22,304
At end of year	21,288	22,304

Notes to the financial statements
For the year ended 31 December 2011

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	31,255	22,304
Short term timing differences	(9,967)	-
	21,288	22,304

16. Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
80,000 Ordinary shares of £1 each	80,000	80,000

17. Reserves

	Share premium account	Capital redempt'n reserve	Profit and loss account
	£	£	£
At 1 January 2011	2,506	12,049	1,170,897
Profit for the year			913,085
At 31 December 2011	2,506	12,049	2,083,982

18. Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	1,265,452	869,684
Profit for the year	913,085	395,768
Closing shareholders' funds	2,178,537	1,265,452

Notes to the financial statements

For the year ended 31 December 2011

19. Net cash flow from operating activities

	2011	2010
	£	£
Operating profit	**1,309,529**	587,849
Depreciation of tangible fixed assets	**84,511**	71,433
Decrease/(increase) in stocks	**386,365**	(335,764)
Increase in debtors	**(1,480,293)**	(874,171)
Increase in creditors	**942,771**	458,708
Net cash inflow/(outflow) from operating activities	**1,242,883**	(91,945)

20. Analysis of cash flows for headings netted in cash flow statement

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	**117**	81
Interest paid	**(98,670)**	(115,599)
Net cash outflow from returns on investments and servicing of finance	**(98,553)**	(115,518)

	2011	2010
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(43,215)**	(30,680)

	2011	2010
	£	£
Financing		
Repayment of loans	**(170,000)**	(170,000)
New loans issued by group undertakings	**-**	599,572
Repayment of loans due to group undertakings	**(306,275)**	(314,986)
Net cash (outflow)/inflow from financing	**(476,275)**	114,586

Notes to the financial statements

For the year ended 31 December 2011

21. Analysis of changes in net debt

	1 January 2011	Cash flow	Transfer from non-current to current	31 December 2011
	£	£	£	£
Cash at bank and in hand	429,639	463,713	-	893,352
Debt:				
Debts due within one year	(170,000)	476,275	(769,572)	(463,297)
Debts falling due after more than one year	(1,832,072)	-	769,572	(1,062,500)
Net debt	(1,572,433)	939,988	-	(632,445)

22. Capital commitments

The company had no capital commitments at 31 December 2011 or 31 December 2010

23. Pension commitments

The company operates a defined contribution pension scheme for the benefit of the directors and the employees The assets of the scheme are administered by a fund independent from those of the company

Company contributions to the pension scheme during the year amounted to £37,035 (2010 £37,645) There were outstanding contributions at 31 December 2011 of £5,168 (2010 £5,266)

24. Operating lease commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	2011	2010
	£	£
Expiry date.		
Within 1 year	10,220	6,188
Between 2 and 5 years	59,416	45,758

25. Contingent liabilities

There were no contingent liabilities at 31 December 2011 or 31 December 2010

Notes to the financial statements

For the year ended 31 December 2011

26. Related party transactions

During the year the company traded with other members of the group

	Sales by Arno GB Limited	Purchases by Arno GB Limited	2011 Net amount due to/(owed by) Arno GB Limited	2010 Net amount due to/(owed by) Arno GB Limited
	£	£	£	£
Arno GmbH	**566,115**	**436,907**	**(72,164)**	(441,350)
Arno Interactive GmbH	-	-	-	(17,160)
OOO Arno	**2,934,369**	-	**710,045**	801,051
Arno Guangzhou Trading Co Limited	-	**860**	**(137)**	(9,579)
Arno Istanbul Srl	**362,595**	**6,632**	**38,358**	-
	3,863,079	**444,399**	**676,102**	332,962

During the year, the company repaid outstanding loans of £306,275 (2010 £314,986) and was given new loans to the value of £nil (2010 £599,572) to Arno International Holding GmbH At the year end, the amount outstanding was £293,297 (2010 £599,572) and was classified as due within one year (2010 due in more than one year) Interest is charged at 2% over the Deutsche Bundesbank base rate, and a total of £6,218 was payable in respect of the year ended 31 December 2011 (2010 £11,756)

Arno GmbH have raised a management charge of £166,932 which is included in amounts owed to group undertakings (note 13)

During 2010 sales of £1,388 and purchases of £220,986 were made to and from Arno GmbH, purchases of £17,181 were made from Arno Interactive GmbH, sales of £1,606,160 were made to OOO Arno and sales of £12,910 were made to Arno Guangzhou Trading Co Limited

27. Ultimate parent undertaking and controlling party

The ultimate parent undertaking of this company, and the largest and smallest group of undertakings for which group accounts are drawn up, is Arno Holding International GmbH (incorporated in Germany) F Arnholdt is the controlling related party by virtue of his shareholding in Arno GmbH