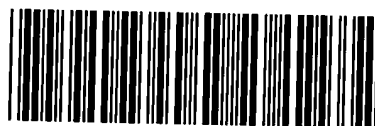


Financial Statements Arno GB Limited

For the Year Ended 31 December 2016

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COMPANIES HOUSE

Registered number: 01385669

Company Information

Directors	M J Aspin G T Palmer S B Rothmeier Prinz Philipp von Thurn und Taxis
Company secretary	M D E Jones (appointed 28 December 2016) M C W Townsend (resigned 28 December 2016)
Registered number	01385669
Registered office	Victorian House Coronation Road Bristol BS3 1AA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Bankers	National Westminster Bank Bristol City Office P O Box 238 32 Corn Street Bristol BS99 7UG
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS

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Strategic Report

For the Year Ended 31 December 2016

Introduction

The directors present their strategic report for the year ended 31 December 2016.

Business review

The directors are pleased to report that we have continued to build on our 2015 results and 2016 saw growth in revenue and profitability. A combination of overhead costs being controlled and the work completed on building a better value chain for our customers has returned an operating profit of £1,266,757 which is a 5% growth on last year. The business remains focused on attracting high-end international brand retail clients and we continue to work to hold a balanced client portfolio. A strong pipeline of business moving into 2017 permits the directors to anticipate another good result in 2017.

Principal risks and uncertainties

Financial Instrument Risks

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 bank facilities denominated in euros and US dollars. The purpose of these facilities 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 bank facilities denominated in euros and US dollars, with the objective of minimising the effects of fluctuations in exchange rates on future transactions and cash flows.

Interest rate risk

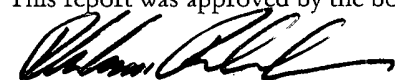
The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Financial key performance indicators

The financial performance for the year can be analysed as follows:

	2016	2015	Change	Change
	£	£	£	%
Turnover	12,717,447	10,159,226	2,558,221	25.18%
Gross Profit	4,570,813	3,957,739	613,074	15.49%
Operating Profit	1,266,757	1,202,962	63,795	5.30%

This report was approved by the board on 30 June 2017 and signed on its behalf.



Prinz Philipp von Thurn und Taxis
Director

Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £985,408 (2015 - £939,460).

Directors

The directors who served during the year were:

M J Aspin
G T Palmer
S B Rothmeier
Prinz Philipp von Thurn und Taxis

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 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 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.

Matters covered in the strategic report

Information in respect of the business review, principal risks and uncertainties of the business and future prospects are shown in the strategic report.

Directors' Report (continued)

For the Year Ended 31 December 2016

Disclosure of information to auditor

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 auditor is 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 auditor is 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 30 June 2017 and signed on its behalf.



M D E Jones (appointed 28 December 2016)
Secretary



Independent Auditor's Report to the Members of Arno GB Limited

We have audited the financial statements of Arno GB Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.



Independent Auditor's Report to the Members of Arno GB Limited (continued)

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 those financial statements; and
- the Strategic Report and the Directors' Report been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of our 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 and the Directors' Report.

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; or

A handwritten signature in black ink, appearing to read "Amrisha Shah".

Amrisha Shah FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Bristol

30 June 2017

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	12,717,447	10,159,226
Cost of sales		(8,146,634)	(6,201,487)
Gross profit		4,570,813	3,957,739
Administrative expenses		(3,304,056)	(2,760,371)
Other operating income	5	-	5,594
Operating profit	6	1,266,757	1,202,962
Interest receivable and similar income	10	141	1,209
Interest payable and expenses	11	(16,377)	(20,364)
Profit before tax		1,250,521	1,183,807
Tax on profit	12	(265,113)	(244,347)
Profit for the year		985,408	939,460
 Total comprehensive income for the year		 985,408	 939,460

The notes on pages 11 to 30 form part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	38,528	20,819
Tangible assets	15	1,952,256	1,960,274
		<u>1,990,784</u>	<u>1,981,093</u>
Current assets			
Stocks	16	118,870	99,372
Debtors: amounts falling due within one year	17	1,340,793	724,145
Cash at bank and in hand	18	1,830,674	1,279,886
		<u>3,290,337</u>	<u>2,103,403</u>
Creditors: amounts falling due within one year	19	(2,697,895)	(1,419,205)
Net current assets		<u>592,442</u>	<u>684,198</u>
Total assets less current liabilities		<u>2,583,226</u>	<u>2,665,291</u>
Creditors: amounts falling due after more than one year	20	(212,500)	(382,500)
Provisions for liabilities			
Deferred tax	23	(43,364)	(15,837)
		<u>(43,364)</u>	<u>(15,837)</u>
Net assets		<u><u>2,327,362</u></u>	<u><u>2,266,954</u></u>
Capital and reserves			
Called up share capital	24	80,000	80,000
Share premium account		2,506	2,506
Capital redemption reserve		12,049	12,049
Profit and loss account		2,232,807	2,172,399
		<u>2,327,362</u>	<u>2,266,954</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2017.

Prinz Philipp von Thurn und Taxis
Director



The notes on pages 11 to 30 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	80,000	2,506	12,049	2,172,399	2,266,954
Comprehensive income for the year					
Profit for the year	-	-	-	985,408	985,408
Total comprehensive income for the year	-	-	-	985,408	985,408
Dividends: Equity capital	-	-	-	(925,000)	(925,000)
At 31 December 2016	80,000	2,506	12,049	2,232,807	2,327,362

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	80,000	2,506	12,049	1,232,939	1,327,494
Comprehensive income for the year					
Profit for the year	-	-	-	939,460	939,460
Total comprehensive income for the year	-	-	-	939,460	939,460
At 31 December 2015	80,000	2,506	12,049	2,172,399	2,266,954

The notes on pages 11 to 30 form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	985,408	939,460
Adjustments for:		
Amortisation of intangible assets	14,049	14,636
Depreciation of tangible assets	81,974	92,113
Loss on disposal of tangible assets	-	(5,594)
Interest paid	16,377	20,364
Interest received	(141)	(1,209)
Taxation charge	265,113	244,347
(Increase)/decrease in stocks	(19,498)	915,218
(Increase)/decrease in debtors	(613,576)	524,879
(Increase)/decrease in amounts owed by groups	(3,073)	4,408
Increase/(decrease) in creditors	1,334,040	(259,662)
Increase/(decrease) in amounts owed to groups	21,663	(1,091,546)
Corporation tax (paid)/received	(314,349)	45,239
Net cash generated from operating activities	1,767,987	1,442,653
Cash flows from investing activities		
Purchase of intangible fixed assets	(31,758)	(12,360)
Purchase of tangible fixed assets	(73,956)	(49,084)
Sale of tangible fixed assets	-	7,500
Interest received	141	1,209
Net cash from investing activities	(105,573)	(52,735)

Statement of Cash Flows (continued)

For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from financing activities		
Repayment of loans	(170,000)	(170,000)
Dividends paid	(925,000)	-
Interest paid	(16,377)	(20,364)
Net cash used in financing activities	(1,111,377)	(190,364)
Net increase in cash and cash equivalents	551,037	1,199,554
Cash and cash equivalents at beginning of year	1,279,637	80,082
Cash and cash equivalents at the end of year	1,830,674	1,279,636
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,830,674	1,279,886
Bank overdrafts	-	(250)
	1,830,674	1,279,636

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

Arno GB Limited is a limited liability company incorporated in England and Wales. Its registered head office is located at Victorian House, Coronation Road, Bristol, BS3 1AA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 Going concern

The directors have considered the future profitability of the company and forecast positive cash flows for the future after taking account of reasonably possible changes in trading performance. The company has secured the continued on-going support from their parent company.

As such the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% straight line
Computer equipment	-	25% straight line

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 the Statement of Comprehensive Income.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 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 purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans from related parties.

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. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date.

2.11 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income within 'other operating income'.

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 the Statement of Comprehensive Income.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.15 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.19 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 the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting 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 Statement of Financial Position 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 reporting date.

Notes to the Financial Statements

For the Year Ended 31 December 2016

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Amortisation

The company exercises judgement to determine useful lives and residual values of intangible fixed assets. The assets are amortised down to their residual values over their estimated useful lives.

Provisions

Provisions have been made for trade debtors and inventory. These provisions are an estimate of actual costs and the timings of future cash flows is dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Stock valuation

The value of work in progress and manufactured finished goods includes an element of direct production costs and production overheads.

4. Turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	8,625,149	2,822,538
Rest of Europe	3,300,299	5,641,111
Rest of the world	791,999	1,695,577
	<u>12,717,447</u>	<u>10,159,226</u>

5. Other operating income

	2016 £	2015 £
Profit on disposal of tangible assets	-	5,594
	<u>-</u>	<u>5,594</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	81,974	92,113
Amortisation of intangible assets, including goodwill	14,049	14,636
Exchange differences	(115,887)	(81,436)
Operating lease rentals	41,723	37,063
	<u>41,723</u>	<u>37,063</u>

7. Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	19,750	16,600
Fees payable to the company's auditor and its associates in respect of non-audit services	9,315	16,995
	<u>9,315</u>	<u>16,995</u>

8. Employees

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

	2016	2015
	£	£
Wages and salaries	2,039,961	1,721,377
Social security costs	238,308	200,097
Cost of defined contribution scheme	145,448	85,192
	<u>2,423,717</u>	<u>2,006,666</u>

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

	2016	2015
	No.	No.
Client services (production)	19	11
Office administration and sales	21	16
Art studio	5	10
	<u>45</u>	<u>37</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	490,552	380,760
Company contributions to defined contribution pension schemes	26,815	19,625
	<u>517,367</u>	<u>400,385</u>

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £175,180 (2015 - £122,578).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,057 (2015 - £12,738).

The Key Management are considered to be the directors of the company.

10. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>141</u>	<u>1,209</u>

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	<u>16,377</u>	<u>20,364</u>

This includes £19,597 credit (2015: £32,457 credit) in respect of movement in the fair value of the interest rate swap.

Notes to the Financial Statements

For the Year Ended 31 December 2016

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	237,586	173,954
Total current tax	<u>237,586</u>	<u>173,954</u>
Deferred tax		
Origination and reversal of timing differences	27,527	70,393
Total deferred tax	<u>27,527</u>	<u>70,393</u>
Taxation on profit on ordinary activities	<u>265,113</u>	<u>244,347</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,250,521</u>	<u>1,183,807</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	250,104	239,680
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(2,656)	7,393
Utilisation of tax losses	-	(7,784)
Adjustments to brought forward values	9,114	-
Timing differences	(3,919)	-
Differences between standard and actual rate of tax	(4,488)	5,463
Other differences leading to an increase (decrease) in the tax charge	4,317	(405)
Deferred tax not recognised	12,641	-
Total tax charge for the year	<u>265,113</u>	<u>244,347</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

13. Dividends

	2016 £	2015 £
Dividends on ordinary equity shares	925,000	-

14. Intangible assets

	Computer Software £
Cost	
At 1 January 2016	171,696
Additions	31,758
At 31 December 2016	203,454
Amortisation	
At 1 January 2016	150,877
Charge for the year	14,049
At 31 December 2016	164,926
Net book value	
At 31 December 2016	38,528
At 31 December 2015	20,819

Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2016	2,229,314	37,530	50,399	199,532	2,516,775
Additions	-	-	48,293	25,663	73,956
At 31 December 2016	<u>2,229,314</u>	<u>37,530</u>	<u>98,692</u>	<u>225,195</u>	<u>2,590,731</u>
Depreciation					
At 1 January 2016	356,425	9,922	43,639	146,515	556,501
Charge for the period on owned assets	<u>44,586</u>	<u>9,383</u>	<u>3,559</u>	<u>24,446</u>	<u>81,974</u>
At 31 December 2016	<u>401,011</u>	<u>19,305</u>	<u>47,198</u>	<u>170,961</u>	<u>638,475</u>
Net book value					
At 31 December 2016	<u>1,828,303</u>	<u>18,225</u>	<u>51,494</u>	<u>54,234</u>	<u>1,952,256</u>
At 31 December 2015	<u>1,872,889</u>	<u>27,608</u>	<u>6,760</u>	<u>53,017</u>	<u>1,960,274</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

16. Stocks

	2016 £	2015 £
Finished goods and goods for resale	118,870	99,372

17. Debtors

	2016 £	2015 £
Trade debtors	774,712	637,008
Amounts owed by group undertakings	3,073	-
Other debtors	23,195	3,247
VAT recoverable	40,011	18,407
Prepayments and accrued income	499,802	65,483
	1,340,793	724,145

18. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,830,674	1,279,886
Less: bank overdrafts	-	(250)
	1,830,674	1,279,636

Notes to the Financial Statements

For the Year Ended 31 December 2016

19. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	-	250
Bank loans	170,000	170,000
Trade creditors	864,661	426,621
Amounts owed to group undertakings	70,178	48,515
Corporation tax	97,191	173,954
Other taxation and social security	86,462	71,759
Other creditors	404,632	55,693
Accruals and deferred income	978,799	426,844
Financial instruments (see note 22)	25,972	45,569
	<u>2,697,895</u>	<u>1,419,205</u>

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

	2016 £	2015 £
Bank loans	<u>212,500</u>	<u>382,500</u>

Secured loans

The bank loan is secured by a charge over the company's freehold property.

Notes to the Financial Statements

For the Year Ended 31 December 2016

21. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	170,000	170,000
	<u>170,000</u>	<u>170,000</u>
Amounts falling due 1-2 years		
Bank loans	170,000	170,000
	<u>170,000</u>	<u>170,000</u>
Amounts falling due 2-5 years		
Bank loans	42,500	212,500
	<u>42,500</u>	<u>212,500</u>

The bank loan is repayable in equal quarterly instalments of £42,500. It consists of a loan and 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 £25,972 in favour of the bank.

Notes to the Financial Statements

For the Year Ended 31 December 2016

22. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	861,083	640,255
	<u>861,083</u>	<u>640,255</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(25,972)	(45,569)
Financial liabilities measured at amortised cost	(2,095,033)	(1,127,923)
	<u>(2,121,005)</u>	<u>(1,173,492)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Derivative financial instruments measured at fair value through profit or loss comprise interest rate swap.

23. Deferred taxation

	2016 £
At beginning of year	(15,837)
Charged to profit or loss	(27,527)
At end of year	<u>(43,364)</u>

The provision for deferred taxation is made up as follows:

	2016 £
Accelerated capital allowances	(40,094)
Short term timing differences	(3,270)
	<u>(43,364)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

24. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
80,000 Ordinary shares of £1 each	80,000	80,000

25. Pension commitments

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 represents contributions payable by the Company to the fund and amounted to £145,448 (2015 - £85,192). Contributions totalling £11,395 (2015 - £11,307) were payable to the fund at 31 December 2016 and are included in creditors.

26. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	13,037	28,111
Later than 1 year and not later than 5 years	9,196	22,816
	22,233	50,927

Notes to the Financial Statements

For the Year Ended 31 December 2016

27. Related party transactions

	2016 £	2015 £
Sales by Arno GB Limited		
Arno GmbH	97	2,568
Arno OOO	227,565	328,123
Management charges and fees		
Arno GmbH	56,564	26,226
Purchases by Arno GB Limited		
Arno GmbH	256,877	434,116
Arno Istanbul.Sri	14,539	5,200
Interest		
Arno GmbH	2,157	-
Net amount due to/(owed by) Arno GB Limited		
Arno GmbH	(59,747)	(47,994)
Arno OOO	(7,819)	-
Arno Istanbul.Sri	461	(521)
	<u>(67,105)</u>	<u>(48,515)</u>

28. 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 GmbH (incorporated in Germany). There is no one controlling party.