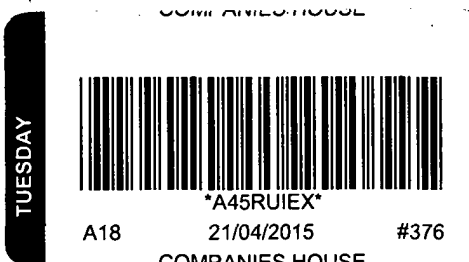


A.S. Creation (UK) Limited

Report and Financial Statements

31 December 2014



Directors

J Kamper
S D Wilson

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Registered Office

Mayflower House
67 Liverpool Road
Formby
Merseyside L37 6BU

Registered number 03339492

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2014.

Principal activity and review of the business

The principal activity of the company during the year was that of the import and wholesale distribution of wallcoverings.

The difficult economic environment has resulted in the UK wallcoverings market continuing to decline during 2014.

As a result, A.S. Creation (UK) Ltd experienced a fall in turnover of 6.2% in 2014 from £2,173,387 to £2,038,654.

Gross profit margin declined during the year from 28.3% to 28.1%, but lower costs resulted in net profit falling only slightly to £177,210 in 2014 from £180,227 in 2013.

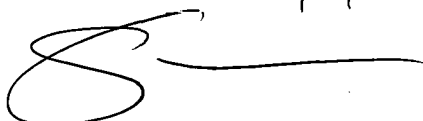
In the light of the overall market performance, the directors are satisfied with the result for the year and the financial position of the company at the year end as disclosed in the financial statements.

The company's net assets at 31 December 2014 were £355,792 (2013 – £428,582) which means that we continue to be in a strong financial position with good liquidity, enabling the company to meet any working capital requirements for the foreseeable future.

Principal risks and uncertainties

The risk factor evaluation shows that we are not substantially exposed to any significant business risks as we have a large span of customers all involved in different market segments. In addition our largest customer does not account for more than 4.6% (2013 – 6.3%) of our total sales.

Approved by the Board on 2/3/15 and signed on its behalf by:



S D Wilson

Director

Registered No. 03339492

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £177,210 (2013 – £180,227). A dividend of £250,000 has been paid in the current year (2013 – £150,000).

Directors

The directors who served the company during the year were as follows:

J Kamper
S D Wilson

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

KPMG LLP resigned as auditors on 16 May 2014 and Ernst & Young LLP were appointed in their place.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



S D Wilson
Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent auditors' report

to the members of A.S. Creation (UK) Limited

We have audited the financial statements of A.S. Creation (UK) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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

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. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

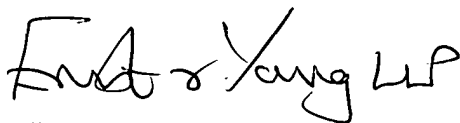
Independent auditors' report (continued)

to the members of A.S. Creation (UK) 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.



Julian Yates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

23 March 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover		2,038,654	2,173,387
Cost of sales		(1,464,977)	(1,557,419)
Gross Profit		573,677	615,968
Distribution costs		(18,607)	(20,624)
Administrative expenses		(496,557)	(527,195)
Other operating income	2	164,839	170,347
Operating profit	3	223,352	238,496
Profit on disposal of fixed assets		4,050	–
		227,402	238,496
Interest receivable and similar income	6	601	1,084
Interest payable and similar charges		–	(36)
Profit on ordinary activities before taxation		228,003	239,544
Tax	7	(50,793)	(59,317)
Profit for the financial year		177,210	180,227

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £177,210 in the year ended 31 December 2014 (2013 – profit of £180,227).

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	8	24,801	29,402
Current assets			
Stocks		–	1,488
Debtors	9	368,296	338,461
Cash at bank and in hand		225,011	270,677
		<u>593,307</u>	<u>610,626</u>
Creditors: amounts falling due within one year	10	<u>(262,316)</u>	<u>(211,446)</u>
Net current assets		<u>330,991</u>	<u>399,180</u>
Total assets less current liabilities		<u>355,792</u>	<u>428,582</u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account	12	<u>255,792</u>	<u>328,582</u>
Shareholders' funds		<u>355,792</u>	<u>428,582</u>

The notes on pages 9 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 2/3/15 and were signed on its behalf by:



S D Wilson
Director

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company's business activities and financial performance are set out in the Strategic report and Directors' report on pages 2 and 3. The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Statement of cash flows

The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a statement of cash flows on the grounds that it is included in the group financial statements of its ultimate parent undertaking, Piolax Inc., which are available to the public.

Tangible fixed assets

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:

Motor vehicles	–	33% per annum of cost
Office equipment	–	50% per annum of cost
Fixtures and fittings	–	50% per annum of cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Related party transactions

As the company is a wholly owned subsidiary of A.S. Création Tapeten AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The group financial statements of A.S. Création Tapeten AG, within which this company is included, can be obtained from the address given in note 14.

Notes to the financial statements

at 31 December 2014

2. Other operating income

Other operating income totals £164,839 (2013 – £170,347) which includes £164,705 representing income earned for services provided to group undertakings (2013 – £169,033).

3. Operating profit

This is stated after charging/ (crediting):

	2014 £	2013 £
Auditors' remuneration – audit of these financial statements	7,650	9,000
– other services	-	1,000
	<u>22,335</u>	<u>23,002</u>
Depreciation of owned fixed assets		
	<u>22,335</u>	<u>23,002</u>
Operating lease rentals – land and buildings	16,680	16,680
Profit on disposal of fixed assets	(4,050)	-
	<u>(4,050)</u>	<u>-</u>

4. Directors' remuneration

	2014 £	2013 £
Directors' remuneration	<u>84,524</u>	<u>84,444</u>

5. Staff costs

	2014 £	2013 £
Wages and salaries	339,400	342,137
Social security costs	32,028	37,713
	<u>371,428</u>	<u>379,850</u>

The average monthly number of employees (including directors) during the year was made up as follows:

	2014 No.	2013 No.
Administrative	6	6
Sales	5	5
	<u>11</u>	<u>11</u>

6. Interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>601</u>	<u>1,084</u>

Notes to the financial statements

at 31 December 2014

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £	2013 £
Current tax:		
UK corporation tax on the profit for the year	52,303	59,511
Deferred tax:		
Origination and reversal of timing differences	(1,510)	(1,407)
Effect of change in tax rates	-	1,213
Total current tax	<u>50,793</u>	<u>59,317</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2013 – 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>228,003</u>	<u>239,544</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2013 – 23%)	49,005	55,694
Effects of:		
Expenses not deductible for tax purposes	1,675	2,190
Depreciation in excess of capital allowances	2,171	2,448
Other timing differences	(548)	(821)
Current tax for the year (note 7(a))	<u>52,303</u>	<u>59,511</u>

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(c) Deferred tax

- Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	<i>Provided</i>	<i>Provided</i>	<i>Unprovided</i>	<i>Unprovided</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Depreciation in advance of capital allowances	6,579	5,369	–	–
Other timing differences	2,400	2,100	–	–
	<u>8,979</u>	<u>7,469</u>	<u>–</u>	<u>–</u>
				£
At 1 January 2014				7,469
Current year movement				<u>1,510</u>
At 31 December 2014				<u>8,979</u>

(d) Factors that may affect future tax

In his budget of 20 March 2013, the Chancellor of the Exchequer announced Budget tax changes, which have an effect on the company's future tax position. The UK corporation tax rate was reduced to 23% on 1 April 2013. The Chancellor of the Exchequer also announced that the main rate of corporation tax will be further reduced from 21%, as previously announced, to 20% in April 2015. These proposed rate changes had been substantively enacted at the balance sheet date and as such, in accordance with accounting standards, these changes have been reflected in the company's financial statements as at 31 December 2014. These rate changes will also impact the amount of the future cash tax payments to be made by the company.

Notes to the financial statements

at 31 December 2014

8. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost or valuation:				
At 1 January 2014	11,926	15,837	81,562	109,325
Additions	-	346	17,388	17,734
Disposals	-	-	(14,947)	(14,947)
At 31 December 2014	11,926	16,183	84,003	112,112
Depreciation:				
At 1 January 2014	11,026	15,563	53,334	79,923
Charge for year	660	358	21,317	22,335
Disposals	-	-	(14,947)	(14,947)
At 31 December 2014	11,686	15,921	59,704	87,311
Net book value:				
At 1 January 2014	900	274	28,228	29,402
At 31 December 2014	240	262	24,299	24,801

9. Debtors

	2014	2013
	£	£
Trade debtors	349,750	329,466
Other debtors	8,031	40
Prepayments and accrued income	1,536	1,486
Deferred taxation	8,979	7,469
	<u>368,296</u>	<u>338,461</u>

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	14,539	5,210
Amounts owed to group undertakings	78,957	37,595
Social security and other taxes	101,740	95,878
Accruals and deferred income	45,777	44,252
Corporation tax	21,303	28,511
	<u>262,316</u>	<u>211,446</u>

Notes to the financial statements

at 31 December 2014

11. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2014</i>	<i>No.</i>	<i>2013</i>
		£		£
Ordinary shares of £1 each	100,000	<u>100,000</u>	100,000	<u>100,000</u>

12. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	£	£	£
At 1 January 2013	100,000	298,355	398,355
Dividends paid	-	(150,000)	(150,000)
Profit for the year	-	180,227	180,227
At 1 January 2014	<u>100,000</u>	<u>328,582</u>	<u>428,582</u>
Dividends paid	-	(250,000)	(250,000)
Profit for the year	-	177,210	177,210
At 31 December 2014	<u>100,000</u>	<u>255,792</u>	<u>355,792</u>

13. Other financial commitments

At 31 December 2014, the Company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>	<i>Other</i>	<i>Total</i>
	£	£	£
Operating leases which expire:			
Within one year	1,390	-	1,390
Within two to five years	-	-	-
After five years	-	-	-
	<u>1,390</u>	<u>-</u>	<u>1,390</u>

Notes to the financial statements

at 31 December 2014

14. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of A.S. Création Tapeten AG which is the ultimate parent undertaking incorporated in Germany.

The largest and smallest group in which the results of the company are consolidated is that headed by A.S. Création Tapeten AG, incorporated in Germany. No other group financial statements include the results of the company. The group financial statements of this group are available to the public and may be obtained from: Suedstrasse 47, D-51645 Gummersbach-Derschlag.