

SOUDAL (UK) LIMITED
Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2015

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SOUDAL (UK) LIMITED

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SOUDAL (UK) LIMITED

**Company Information
for the Year Ended 31 December 2015**

DIRECTORS:

D.A. Coorevits
E. Vloeberghen

SECRETARY:

J Boiy

REGISTERED OFFICE:

Unit A
Tame Park
Vanguard
Tamworth
Staffordshire
B77 5DY

REGISTERED NUMBER:

03295054

AUDITORS:

Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

SOUDAL (UK) LIMITED

Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS

Principal activity

The principal activity of the company continued to be the distribution in the UK and Ireland to both professional and retail markets of sealants, PU foams and adhesives manufactured by Soudal NV.

Overview

We aim to present a brief but comprehensive review of the performance of our business. Our review is consistent with the size and nature of our business.

Growth of our sales turnover in the professional windows and fixings market continued apace, as a result of the successful implementation of a new price list, introduction of our new catalogue including new and innovative products such as Silirub LM, Fix ALL Xtreme and the continued introduction of Genius Gun PU foams, expansion of our purchased products range, deeper penetration with existing customers and opening of new accounts. One new Area Sales Manager was added to the team and two Area Sales Managers were promoted to National Business Development Managers with the goal of developing new markets in construction and industry.

The increase in the value of the GBP by 11% was partly used to set up longer term contracts with our major distributors. The quality and width of our range, the support provided to our distributors by our sales team in the field and the increased recognition of our brand stood us in good stead.

In the retail market, progress was similar although results against our budget was slightly lower this was due to a higher budget. One Retail Account Manager was added to the team. We participated in the first exhibition in years, which showed that we are getting more recognition in retail. A brand new DIY range - Soudal Express - was added to our portfolio, opening new doors in the wholesale market.

PRINCIPAL RISKS AND UNCERTAINTIES

Large accounts may be tempted to look for better pricing elsewhere but our pricing remains competitive as long as the GBP/Euro exchange rate does not drastically change. Competition between distributors for end users could lead to some of them looking for differentiation by moving supply but on the whole, our position was strengthened due to longer term contracts. Brexit is a major risk but will affect whole market including our competitors.

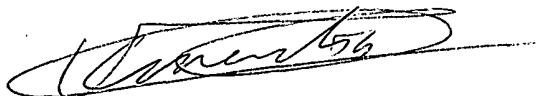
FINANCIAL KEY PERFORMANCE INDICATORS

The directors of the company monitor key performance indicators on an ongoing basis, particularly in relation to sales growth while maintaining or increasing margins.

SUMMARY

2015 was a good year with 7% sales growth. The revaluation of the GBP allowed for transfer prices to be reviewed, providing more room for future growth. Resources, especially people with an additional three sales managers employed and systems with the introduction of CRM, Qlikview and VIM, were strengthened to enable sustainable growth.

ON BEHALF OF THE BOARD:



D.A. Coorevits - Director

16 May 2016

SOUDAL (UK) LIMITED

Report of the Directors for the Year Ended 31 December 2015

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

D.A. Coorevits
E. Vloeberghen

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

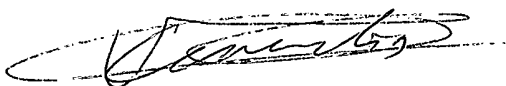
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haslehursts Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



D.A. Coorevits - Director

16 May 2016

Report of the Independent Auditors to the Members of Soudal (UK) Limited

We have audited the financial statements of Soudal (UK) Limited for the year ended 31 December 2015 on pages six to seventeen. 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), including Financial Reporting Standard 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Strategic Report and the Report of the Directors 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 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Soudal (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.

S P Penfold

S P Penfold (Senior Statutory Auditor)
for and on behalf of Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

16 May 2016

SOUDAL (UK) LIMITED**Income Statement
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
TURNOVER	2	35,403,101	33,076,936
Cost of sales		(31,888,544)	(29,947,387)
GROSS PROFIT		3,514,557	3,129,549
Administrative expenses		(2,591,868)	(2,268,225)
		922,689	861,324
Other operating income		613	-
OPERATING PROFIT	4	923,302	861,324
Interest receivable and similar income		-	107
		923,302	861,431
Interest payable and similar charges	5	(3,260)	(1,984)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		920,042	859,447
Tax on profit on ordinary activities	6	(188,361)	(186,623)
PROFIT FOR THE FINANCIAL YEAR		731,681	672,824

SOUDAL (UK) LIMITED

Other Comprehensive Income for the Year Ended 31 December 2015

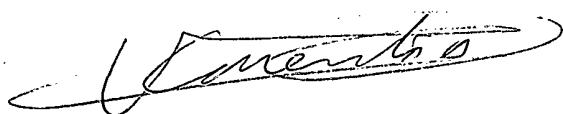
	Notes	2015 £	2014 £
PROFIT FOR THE YEAR		731,681	672,824
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>731,681</u>	<u>672,824</u>

The notes form part of these financial statements

SOUDAL (UK) LIMITED (REGISTERED NUMBER: 03295054)**Balance Sheet
31 December 2015**

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	7	13,859	23,681
CURRENT ASSETS			
Stocks	8	2,111,035	1,302,640
Debtors	9	7,172,131	6,236,489
Cash in hand		230	38
		<u>9,283,396</u>	<u>7,539,167</u>
CREDITORS			
Amounts falling due within one year	10	(6,612,935)	(5,606,327)
NET CURRENT ASSETS		<u>2,670,461</u>	<u>1,932,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,684,320</u>	<u>1,956,521</u>
CREDITORS			
Amounts falling due after more than one year	11	-	(2,043)
PROVISIONS FOR LIABILITIES	14	(785)	(2,624)
NET ASSETS		<u>2,683,535</u>	<u>1,951,854</u>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Retained earnings	16	2,683,533	1,951,852
SHAREHOLDERS' FUNDS		<u>2,683,535</u>	<u>1,951,854</u>

The financial statements were approved by the Board of Directors on 16 May 2016 and were signed on its behalf by:



D.A. Coorevits - Director

SOUDAL (UK) LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	2	1,279,028	1,279,030
Changes in equity			
Total comprehensive income	-	672,824	672,824
Balance at 31 December 2014	2	1,951,852	1,951,854
Changes in equity			
Total comprehensive income	-	731,681	731,681
Balance at 31 December 2015	2	2,683,533	2,683,535

SOUDAL (UK) LIMITED

Cash Flow Statement for the Year Ended 31 December 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	227,706	267,646
Interest paid		(2,295)	(1,019)
Interest element of hire purchase payments paid		(965)	(965)
Tax paid		(220,167)	(249,495)
Net cash from operating activities		4,279	16,167
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(12,372)
Sale of tangible fixed assets		-	200
Interest received		-	107
Net cash from investing activities		-	(12,065)
Cash flows from financing activities			
Capital repayments in year		(4,087)	(4,086)
Net cash from financing activities		(4,087)	(4,086)
Increase in cash and cash equivalents		192	16
Cash and cash equivalents at beginning of year	2	38	22
Cash and cash equivalents at end of year	2	230	38

The notes form part of these financial statements

SOUDAL (UK) LIMITED

Notes to the Cash Flow Statement for the Year Ended 31 December 2015

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2015 £	2014 £
Profit before taxation	920,042	859,447
Depreciation charges	9,821	15,009
Profit on disposal of fixed assets	-	(200)
Finance costs	3,260	1,984
Finance income	-	(107)
	<u>933,123</u>	<u>876,133</u>
(Increase)/decrease in stocks	(808,395)	356,013
Increase in trade and other debtors	(935,642)	(387,457)
Increase/(decrease) in trade and other creditors	<u>1,038,620</u>	<u>(577,043)</u>
Cash generated from operations	<u><u>227,706</u></u>	<u><u>267,646</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31/12/15 £	1/1/15 £
Cash and cash equivalents	<u><u>230</u></u>	<u><u>38</u></u>

Year ended 31 December 2014

	31/12/14 £	1/1/14 £
Cash and cash equivalents	<u><u>38</u></u>	<u><u>22</u></u>

SOULDAL (UK) LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold land and buildings	- depreciated over the term of the lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Stocks

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

Cost is calculated using the first in, first out formula.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

SOUDAL (UK) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2015

2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2015 £	2014 £
United Kingdom	34,318,896	32,155,701
Europe	1,084,205	921,235
	<u>35,403,101</u>	<u>33,076,936</u>

3. STAFF COSTS

	2015 £	2014 £
Wages and salaries	1,274,798	1,139,450
Other pension costs	32,671	44,040
	<u>1,307,469</u>	<u>1,183,490</u>

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

	2015	2014
Warehouse	8	6
Administration	27	25
	<u>35</u>	<u>31</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Hire of plant and machinery	5,231	5,231
Depreciation - owned assets	5,735	10,923
Depreciation - assets on hire purchase contracts	4,087	4,086
Profit on disposal of fixed assets	-	(200)
Auditors' remuneration	6,950	6,750
Foreign exchange differences	104,621	62,578
	<u>126,624</u>	<u>89,368</u>
Directors' remuneration	-	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank interest	-	98
Interest due on overdue tax	2,295	921
Hire purchase interest	965	965
	<u>3,260</u>	<u>1,984</u>

SOUDAL (UK) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2015

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2015 £	2014 £
Current tax:		
UK corporation tax	191,160	186,885
Prior year adjustment	(960)	(3)
Total current tax	190,200	186,882
Deferred tax	(1,839)	(259)
Tax on profit on ordinary activities	188,361	186,623

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	920,042	859,447
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.246% (2014 - 21.500%)	186,272	184,781
Effects of:		
Expenses not deductible for tax purposes	3,115	1,835
Depreciation in excess of capital allowances	1,773	266
Adjustments to tax charge in respect of previous periods	(960)	-
Deferred tax movement	(1,839)	(259)
Total tax charge	188,361	186,623

7. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2015 and 31 December 2015	2,150	69,125	29,859
DEPRECIATION			
At 1 January 2015	807	53,908	28,338
Charge for year	269	6,562	191
At 31 December 2015	1,076	60,470	28,529
NET BOOK VALUE			
At 31 December 2015	1,074	8,655	1,330
At 31 December 2014	1,343	15,217	1,521

SOUDAL (UK) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2015

7. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2015 and 31 December 2015	11,200	15,072	127,406
DEPRECIATION			
At 1 January 2015	5,600	15,072	103,725
Charge for year	2,800	-	9,822
At 31 December 2015	8,400	15,072	113,547
NET BOOK VALUE			
At 31 December 2015	2,800	-	13,859
At 31 December 2014	5,600	-	23,681

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 January 2015 and 31 December 2015	20,432
DEPRECIATION	
At 1 January 2015	16,344
Charge for year	4,087
At 31 December 2015	20,431
NET BOOK VALUE	
At 31 December 2015	1
At 31 December 2014	4,088

8. STOCKS

	2015 £	2014 £
Finished goods	2,111,035	1,302,640

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	7,080,268	6,192,611
Other debtors	704	865
Prepayments and accrued income	91,159	43,013
	7,172,131	6,236,489

SOUDAL (UK) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Hire purchase contracts (see note 12)	2,043	4,087
Trade creditors	206,389	95,789
Amounts owed to group undertakings	4,489,094	3,516,204
Corporation tax	77,760	107,727
Social security and other taxes	32,532	28,246
VAT	881,200	964,305
Other creditors	816,390	746,142
Accrued expenses	107,527	143,827
	<u>6,612,935</u>	<u>5,606,327</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£	£
Hire purchase contracts (see note 12)	-	2,043
	<u>-</u>	<u>2,043</u>

12. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	2015	2014
	£	£
Net obligations repayable:		
Within one year	2,043	4,087
Between one and five years	-	2,043
	<u>2,043</u>	<u>6,130</u>

Non-cancellable operating leases

	2015	2014
	£	£
Within one year	31,249	8,102
Between one and five years	236,588	454,452
	<u>267,837</u>	<u>462,554</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	2015	2014
	£	£
Hire purchase contracts	<u>2,043</u>	<u>6,130</u>

14. PROVISIONS FOR LIABILITIES

	2015	2014
	£	£
Deferred tax		
Accelerated capital allowances	<u>785</u>	<u>2,624</u>

SOUDAL (UK) LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2015

14. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2015	2,624
Accelerated capital allowances	(1,839)
	<u>785</u>
Balance at 31 December 2015	<u>785</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2015 £	2014 £
2	Ordinary	£1.00	<u>2</u>	<u>2</u>

16. RESERVES

	Retained earnings £
At 1 January 2015	1,951,852
Profit for the year	731,681
	<u>2,683,533</u>
At 31 December 2015	<u>2,683,533</u>

17. ULTIMATE PARENT COMPANY

Jonelinvest NV, a Belgian resident company, is the ultimate parent company.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standard No.8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company. The group financial statements are available from Soudal Holding NV registered office which is Everdongenlaan 18-20, B-2300 Turnhout, Belgium.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr V Swerts.