

# **The Valspar (UK) Holding Corporation Limited**

## **Report and Financial Statements**

**30 September 2015**

**Company Registration Number: 03171339**



## **The Valspar (UK) Holding Corporation Limited**

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### **Directors**

R Engh

T Treat

### **Secretary**

T Beastron

### **Auditors**

Ernst & Young LLP

Apex Plaza

Forbury Road

Reading

Berkshire RG1 1YE

### **Bankers**

Deutsche Bank AG

Winchester House

1 Great Winchester Street

London

EC2N 2DB

### **Solicitors**

Eversheds

10 Newhall Street

Birmingham B3 3LX

### **Registered Office**

Avenue One

Station Lane

Witney

Oxfordshire OX28 4XR

## The Valspar (UK) Holding Corporation Limited

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Registered No. 3171339

### Strategic Report

As required by the amendments to the Companies Act 2006, the directors of the Valspar (UK) Holding Corporation Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended 30 September 2015.

#### Principal activities

The principal activity of the Company is to act as a holding company. The Company's subsidiary undertakings activities are the consumer business, manufacturing and distribution of coatings and ink to the metal packaging industry.

#### General business review – profit and loss account

The (Loss) for the year, after taxation, amounted to £ (3,427, 000) (2014: £ (919,000)). No dividend (2014: £18,111,000) was received for the period which has resulted in the loss position.

#### General business review – balance sheet

The directors re-assessed the holding value of the individual investments in subsidiary undertakings and concluded that no additional impairment provision should be made. The (loss) on ordinary activities before tax of £ (3,427,000) was incurred.

In 2015, the company invested £736,790 (€1.0M) in its subsidiary The Valspar (Finland) Corporation Oy.

The Company measures its performance on a number of key performance indicators, including:

- accurate monthly accounts closed by day 3 of month end;
- balance sheet accounts reconciled by end of the following month;
- annual impairment reviews made on investments;
- loans rolled over and sufficient funding available for acquisitions, with minimal interest expense
- statutory accounts filed on time and no penalties incurred;
- tax returns filed on time and no penalties incurred and
- clean audit reports, both internal and external as evidenced by no material misstatements or audit qualifications

#### Principal risks and uncertainties

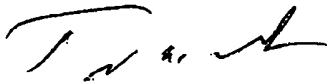
The Company has investments in companies based overseas. The Company is therefore exposed to foreign exchange risk.

The Company has loans and borrowings, which are subject to floating interest rates. The Company is therefore exposed to interest rate risk.

The Company holds a number of investments. These companies operate in competitive environments. This competition could lead to decreased performance of the Company's investment and therefore lead to risk of impairment for the Company.

**Strategic Report (continued)**

Signed on behalf of the board of directors

A handwritten signature in black ink, appearing to read 'T Treat', is positioned above the printed name.

**T Treat**  
Executive Vice President.

## **Directors' Report**

### **Directors**

The directors of the company during the year were as follows:

R Engh  
T Treat

### **Directors' liabilities**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **Dividends**

The directors did not recommend a dividend payment in 2015.

### **Future Developments**

The principal activity of the Company is to act as a holding Company. The Company's subsidiary undertakings activities are the manufacturing and distribution of coatings and ink to the metal packaging industry along with the manufacture and supply of paints in the consumer business. The Company will continue to hold existing and future investments in companies acquired by the Valspar Corporation.

### **Events since the balance sheet date**

There have been no post balance sheet events.

### **Financial Instruments**

The Company's financial risk management objectives and policies, including the exposure to market risk, credit risk and liquidity risk are set out below.

The Company has implemented a co-ordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk.

### **Going Concern**

The financial statements have been prepared on a going concern basis as The Valspar Corporation, the ultimate parent undertaking, has agreed to provide adequate support to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Disclosure of information to the auditors**

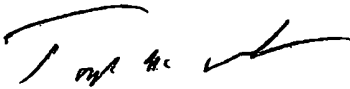
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's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

## **Directors' Report (Continued)**

### **Re-appointment of auditors**

In accordance with S.485 of the Companies Act 2006, 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



T Treat  
Director

Date

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual 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

The directors are responsible for keeping proper 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 Auditor's Report**

**To the members of The Valspar (UK) Holding Corporation Limited**

We have audited the financial statements of The Valspar (UK) Holding Corporation Limited for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. 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 6, 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 financial statements 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 30th September 2015 and of its loss 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 Auditor's Report (continued)

### 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.

ERNST & YOUNG LLP

David Hales (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

Date 30 June 2016

## The Valspar (UK) Holding Corporation Limited

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### Profit and loss account

for the year ended 30 September 2015

		2015	2014
	Notes	£000	£000
Administrative expenses		(8)	(40)
<b>Operating (loss)/profit</b>	2	(8)	(40)
Impairment of investments		-	(14,918)
Income from investments		-	18,112
Other Expenditure	4	(27)	-
Interest payable and similar charges	5	(3,392)	(4,073)
<b>(Loss) on ordinary activities before taxation</b>		(3,427)	(919)
Tax	6	-	-
<b>(Loss) for the financial year</b>	11	(3,427)	(919)

All amounts relate to continuing activities.

### Statement of total recognised gains and losses

for the year ended 30 September 2015

There are no recognised gains and losses other than the (losses)/profits attributable to the shareholders of the Company of £ (3,427,000) in the year ended 30 September 2015 (2014: £ (919,000))

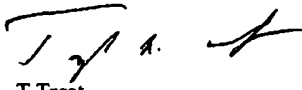
## The Valspar (UK) Holding Corporation Limited

### Balance sheet

at 30 September 2015

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments	7	173,717	173,007
<b>Current assets</b>			
Debtors	8	-	3,067
		-	3,067
<b>Creditors: amounts falling due within one year</b>	9	(132,194)	(131,124)
<b>Net current liabilities</b>		(132,194)	(128,057)
<b>Total assets less current liabilities</b>		41,523	44,950
<b>Net assets</b>		41,523	44,950
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account		41,522	44,949
<b>Shareholders' funds</b>	11	41,523	44,950

The financial statements were approved by the board of Directors and signed on its behalf by



T Treat

Director

Date 30 June 2016

## Notes to the financial statements

at 30 September 2015

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Going concern*

The financial statements have been prepared on a going concern basis as The Valspar Corporation, the ultimate parent undertaking, has agreed to provide adequate support to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

#### *Group financial statements*

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

#### *Statement of cash flows*

In accordance with FRS 1 (revised), the Company has not published a cash flow statement as its ultimate parent company, The Valspar Corporation, which is incorporated in the USA, has published consolidated financial statements in which the cash flows of the Company are included.

#### *Investments*

Investments are stated at cost less provision for any permanent diminution in value.

#### *Dividends*

Income is recognised when the Company's right to receive payment is established.

#### *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, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## Notes to the financial statements

at 30 September 2015

### 2. Operating (loss)

This is stated after charging/(crediting)

	2015 £000	2014 £000
Auditor remuneration - audit services	11	12

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### 3. Directors' remuneration

Directors' remuneration for the years ended 30 September 2015 and 30 September 2014 have been borne by The Valspar Corporation. The directors of the Company are also directors or officers of other companies within The Valspar Corporation group. The directors' services to the Company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 30 September 2015 and 30 September 2014.

### 4. Other expenditure

	2015 £000	2014 £000
Goodwill write off	27	-
	<hr/> 27	<hr/> -

## The Valspar (UK) Holding Corporation Limited

### Notes to the financial statements

at 30 September 2015

#### 5. Interest payable and similar charges

	2015	2014
	£000	£000
Bank loans and overdrafts	88	766
Interest payable to group undertakings	3,304	3,307
	<u>3,392</u>	<u>4,073</u>

#### 6. Tax

##### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	2014
	£000	£000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	-	-
Total current tax (note 6(b))	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</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 20.5% (2014 – 22%). The differences are explained below:

	2015	2014
	£000	£000
Profit/(Loss) on ordinary activities before tax	<u>(3,427)</u>	<u>(919)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 – 22%)	(702)	(202)

*Effects of:*

Tax losses carried forward	702	-
Non-deductible impairment of investment	-	3,282
Income not taxable	-	(3,985)
Group relief surrendered for nil payment	-	899
Movements in deferred tax	-	6
Total current tax for the year (note 5(a))	<u>-</u>	<u>-</u>

## Notes to the financial statements

at 30 September 2015

### 6. Tax (continued)

#### (c) Deferred tax

The deferred tax asset not recognised in the financial statements is as follows:

	2015		2014	
	Recognised	Not recognised	Recognised	Not recognised
	£000	£000	£000	£000
Tax losses	–	685	–	–
Deferred tax asset (unrecognised)	–	685	–	–

The Finance Bill 2014 included a reduction in the UK Corporation tax rate to 20% from 1 April 2015. These rates were enacted on 17 July 2014. Blended rate of 20% used in last 3 quarters of FY2015

In his budget of 8 July 2015, the Chancellor announced reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and to 18% from 1 April 2020, both of which were not substantively enacted at the balance sheet date. Tax balances have been calculated at the rate that they are expected to unwind at using rates substantively enacted at the balance sheet date. A further reduced rate of 17% was announced in the 2016 Budget with effect from 1 April 2016 which was not substantively enacted at the balance sheet date

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been not substantively enacted at the balance sheet date and therefore these have been measured at 20%.

### 7. Investments

	Loan	Equity	Total
	£000	£000	£000
Cost:			
At 1 October 2014	5,162	208,966	214,128
Additions	–	737	737
Goodwill write off	–	(27)	(27)
At 30 September 2015	5,162	209,676	214,838
Provision:			
At 1 October 2014	–	41,121	41,121
Impairment during the year	–	–	–
At 30 September 2015	–	41,121	41,121
Net book value:			
At 1 October 2014	5,162	167,845	173,007
At 30 September 2015	5,162	168,555	173,717

## The Valspar (UK) Holding Corporation Limited

### Notes to the financial statements

at 30 September 2015

#### 7. Investments (continued)

Details of the investments in which the Company (unless indicated) hold 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration or incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
Subsidiary undertakings:			
The Valspar (UK) Corporation Limited	England and Wales	Ordinary shares	100%
The Valspar (France) Corporation S.A.	France	Ordinary shares	100%
The Valspar (Germany) GmbH	Germany	Ordinary shares	100%
The Valspar (Spain) Corporation S.R.L.	Spain	Ordinary shares	100%
The Valspar (Italy) Corporation S.R.L.	Italy	Ordinary shares	98%
The Valspar (Switzerland) Holding Corporation	Switzerland	Ordinary shares	100%
The Valspar (France) Corporation SARL	France	Ordinary shares	100%
The Valspar (Vernicolor) Corporation AG	Switzerland	Ordinary shares	100%
The Valspar Powder Coatings Limited	England and Wales	Ordinary shares	100%
The Valspar (Finland) Corporation Oy	Finland	Ordinary shares	100%
Powderstore Limited	England and Wales	Ordinary shares	100%
Investment:			
Verniplast SA*(held by a subsidiary undertaking)	Switzerland	Ordinary shares	35%
Inver Holding Srl *(held by a subsidiary undertaking)	Italy	Ordinary shares	100%
* Non-trading			

All of the subsidiaries are unlisted and have accounting periods coterminous to The Valspar (UK) Holding Corporation Limited.

All of the trading subsidiaries are involved in the manufacture and supply of coatings and inks to the metal packaging industry.

In the opinion of the directors, the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

#### 8. Debtors

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Amounts due from other group undertakings	-	3,067
	-	3,067



## The Valspar (UK) Holding Corporation Limited

### Notes to the financial statements

at 30 September 2015

#### 9. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Bank overdraft	737	67,801
Amounts due to other group undertakings	131,434	62,942
Accruals and deferred income	23	381
	<u>132,194</u>	<u>131,124</u>

Valspar Corporation provides a guarantee on the bank overdraft which operates on a cash pooling arrangement.

#### 10. Issued share capital

	2015	2014
	No. £000	No. £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000 <u>1</u>	1,000 <u>1</u>

#### 11. Reconciliation of shareholders' funds and movements on reserves

	2015	2014
	£ 000	£000
Share Capital	<u>1</u>	<u>1</u>
Retained Earnings	44,949	45,868
Profit/(Loss) for the Financial Year	(3,427)	(919)
Profit and (Loss) Account	41,522	44,949
Total Shareholders' Funds	<u>41,523</u>	<u>44,950</u>

#### 12. Related party transaction

The Company has taken advantage of the exemption in paragraph 3 of FRS 8 from disclosing transactions with related parties that are wholly owned subsidiaries of The Valspar Corporation Group or investees of the group.

#### 13. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is The Valspar Corporation, which is incorporated in the USA. Copies of its group financial statements, which include the Company are available from 901 Third Avenue South, Minneapolis, Minnesota 55402, USA.