

Company Registration No. 00816572 (England and Wales)

**GRACO LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**29 DECEMBER 2017**

WEDNESDAY



\*A73MH5Y1\*

A11

11/04/2018

#356

COMPANIES HOUSE

# GRACO LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	K P Gallivan J Johnson
<b>Secretary</b>	J Nijssen
<b>Company number</b>	00816572
<b>Registered office</b>	Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	ING Bank N.V. 8-10 Moorgate London EC2R 6DA

---

# GRACO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 29 DECEMBER 2017

---

The directors present their annual report and financial statements for the year ended 29 December 2017.

#### Principal activities

The principal activity of the company continued to be that of acting as a sales representative, distributing liquid handling products in the UK on behalf of Graco Distribution BVBA, its Belgium sister company.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K P Gallivan  
J Johnson

#### Results and dividends

No interim ordinary dividends were paid (2016 - £Nil). The directors do not recommend payment of a final dividend (2016 - £1,735,000).

#### Auditor

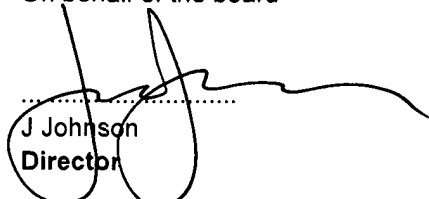
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

  
.....  
J Johnson  
Director  
.....  
27/3/18

# **GRACO LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 29 DECEMBER 2017**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRACO LIMITED

---

### Opinion

We have audited the financial statements of Graco Limited for the year ended 29 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2017 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRACO LIMITED (CONTINUED)

---

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

*RSM UK Audit LLP*

Paul Langhorn FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square  
5th Floor  
29 Wellington Street  
Leeds  
LS1 4DL

.....10/4/12.....

# GRACO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 DECEMBER 2017

		Year ended 29 December 2017 £	Year ended 30 December 2016 £
	Notes		
Turnover		1,752,429	1,451,805
Administrative expenses		(1,347,772)	(1,008,639)
Impairment of fixed asset investments		-	(69,310,212)
Amounts waived on loans from group undertakings		-	42,881,148
<b>Operating profit/(loss)</b>	<b>2</b>	<b>404,657</b>	<b>(25,985,898)</b>
Interest receivable and similar income	<b>4</b>	301	513
Interest payable and similar expenses	<b>5</b>	-	(2,250,027)
<b>Profit/(loss) before taxation</b>		<b>404,958</b>	<b>(28,235,412)</b>
Taxation	<b>6</b>	35,651	-
<b>Profit/(loss) for the financial year</b>	<b>12</b>	<b>440,609</b>	<b>(28,235,412)</b>

**GRACO LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 29 DECEMBER 2017**

		<b>29 December 2017</b>		<b>30 December 2016</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>7</b>		6,128		4,771
Investments	<b>8</b>		-		2,226,000
			<u>6,128</u>		<u>2,230,771</u>
<b>Current assets</b>					
Debtors	<b>9</b>	1,184,322		368,927	
Cash at bank and in hand		4,860		36,573	
		<u>1,189,182</u>		<u>405,500</u>	
<b>Creditors: amounts falling due within one year</b>	<b>10</b>	<u>(651,203)</u>		<u>(797,773)</u>	
Net current assets/(liabilities)			537,979		(392,273)
<b>Total assets less current liabilities</b>			<u>544,107</u>		<u>1,838,498</u>
<b>Capital and reserves</b>					
Called up share capital	<b>11</b>		100,001		100,001
Share premium account	<b>12</b>		-		18,548,588
Profit and loss reserves	<b>12</b>		444,106		(16,810,091)
<b>Total equity</b>			<u>544,107</u>		<u>1,838,498</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27/3/18 and are signed on its behalf by:

  
J Johnson  
Director



# GRACO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 26 December 2015</b>		100,001	18,548,588	11,425,321	30,073,910
<b>Year ended 30 December 2016:</b>					
Loss and total comprehensive income for the year		-	-	(28,235,412)	(28,235,412)
<b>Balance at 30 December 2016</b>		100,001	18,548,588	(16,810,091)	1,838,498
<b>Period ended 29 December 2017:</b>					
Profit and total comprehensive income for the period		-	-	440,609	440,609
Dividends		-	-	(1,735,000)	(1,735,000)
Capital reductions	12	-	(18,548,588)	18,548,588	-
<b>Balance at 29 December 2017</b>		100,001	-	444,106	544,107

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2017

---

### 1 Accounting policies

#### Company information

Graco Limited is a private company limited by shares incorporated in England and Wales. The registered office is Central Square, 5th Floor, 29 Wellington Street, Leeds, LS1 4DL.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are drawn up for the 52 weeks to 29 December 2017 ("the financial year"). Comparative figures are for the 52 weeks to 30 December 2016.

#### Going concern

The company has net current assets of £537,979 (2016: £392,273 net current liabilities). The directors, after making suitable enquiries, have reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to prepare the financial statements on a going concern basis.

#### Turnover

Turnover represents commission earned on UK sales realised in Graco Distribution BVBA, the company's Belgium sister company. Commission received is included net of value added tax, and is recognised as turnover in the accounts of the company when Graco Distribution BVBA dispatches the products to the UK customers.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Office equipment	25 - 33% straight line basis
------------------	------------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2017

---

### 1 Accounting policies (Continued)

#### **Return of capital**

Where there is a return of capital or capital reduction by a subsidiary company this is treated as a distribution and credited to profit and loss reserves when received. Consideration is given at that stage to any impairment in the value of the investment created by the return of capital and any loss recognised in line with the appropriate accounting policy.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include amounts owed by group undertakings, other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2017

---

### 1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

#### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the period is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	11,500	10,950

### 3 Employees

The average monthly number of persons employed by the company during the year was 12 (2016 - 11).

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2017

### 4 Interest receivable and similar income

	2017 £	2016 £
Interest receivable and similar income includes the following:		
Interest receivable from group companies	301	513

### 5 Interest payable and similar expenses

	2017 £	2016 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	-	2,250,027

### 6 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on (loss)/profit for the current period	-	-
Adjustments in respect of prior periods	(116,092)	-
Group tax relief	80,441	-
Total current tax	(35,651)	-

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit/(loss) before taxation	404,958	(28,235,412)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	77,941	(5,647,082)
Tax effect of expenses and income that are not deductible in determining taxable profit	3,124	5,289,492
Change in unrecognised deferred tax assets	(97,506)	326,850
Adjustments in respect of prior years	96,954	-
Effect of change in corporation tax rate	(72)	30,740
Payment for group relief in respect of previous years	(116,092)	-
Taxation for the period	(35,651)	-

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2017

### 7 Tangible fixed assets

	Office equipment £
<b>Cost</b>	
At 31 December 2016	32,709
Additions	8,608
Disposals	(3,813)
At 29 December 2017	37,504
<b>Depreciation and impairment</b>	
At 31 December 2016	27,938
Depreciation charged in the year	7,065
Eliminated in respect of disposals	(3,627)
At 29 December 2017	31,376
<b>Carrying amount</b>	
At 29 December 2017	6,128
At 30 December 2016	4,771

### 8 Fixed asset investments

	2017 £	2016 £
Investments in subsidiaries	-	2,226,000

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 31 December 2016	2,226,000
Disposals	(2,226,000)
At 29 December 2017	-
<b>Carrying amount</b>	
At 29 December 2017	-
At 30 December 2016	2,226,000

On 17 March 2017 the company sold its investment in Alco Valves Group Limited for £2,226,000 to its immediate parent company Graco BVBA.

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 DECEMBER 2017

#### 9 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,115,000	301,828
Other debtors	69,322	67,099
	<u>1,184,322</u>	<u>368,927</u>

#### 10 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	13,343	8,542
Amounts due to group undertakings	175,935	501,094
Other taxation and social security	26,931	23,375
Other creditors	434,994	264,762
	<u>651,203</u>	<u>797,773</u>

#### 11 Called up share capital

	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,001 Ordinary shares of £1 each	<u>100,001</u>	<u>100,001</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### 12 Reserves

##### Share premium

On 14 March 2017, a special resolution was passed cancelling the share premium account, resulting in a capital reduction amounting to £18,548,588.

##### Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

# GRACO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2017

---

### 13 Operating lease commitments

#### Lessee

At the reporting end date the company had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	62,351	49,876
Between one and five years	87,576	72,574
	<u>149,927</u>	<u>122,450</u>

### 14 Parent company

The immediate parent undertaking is Graco BVBA, a company incorporated in Belgium.

The ultimate parent and controlling company is Graco Inc., a company incorporated in the State of Minnesota. Graco Inc. is the only parent undertaking to produce consolidated financial statements which include Graco Limited. The group financial statements can be obtained from 88 - 11th Avenue Northeast, Minneapolis, MN 55413, USA.