

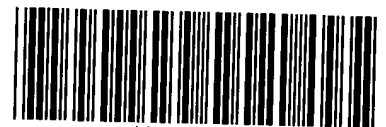
Victoria Plum Limited

**Directors' report and financial
statements**

Registered number 04177694

28 February 2015

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Company information

Director	MC Walker	(resigned 27 November 2014)
	SM Walker	
	JM Walker	
	G Lees	(resigned 23 April 2014)
	L Davies	(resigned 23 April 2014)
	MJ Janzarik	(appointed 23 April 2014)
	MS Myers	(appointed 23 April 2014)
	A Capo	(appointed 9 November 2015)
Company number	04177694	
Registered office	Jack Brignall House Bridgehead Business Park Hessle East Yorkshire HU13 0DG	
Auditors	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA	

Strategic Report

The directors present their strategic report for the year ended 28 February 2015.

Principal activity

The principal activity is the supply of bathroom products to consumers via the internet.

Business review

On 24th April 2014 TPG Capital purchased a controlling interest in Victoria Plum Limited, from the Walker family, through its ultimate investment vehicle Varnish Topco Limited. On this date TPG Capital also purchased MFI Limited from the Walker family.

During the year the business has invested to drive turnover growth and create long term value. Turnover grew by 35% to £72.3m (2014 £53.8m).

The profit for the year after taxation, amounted to £1.8m (2014 £9.3m). Particulars of dividends paid are detailed in note 9 of the financial statements.

The economic environment continued to be challenging during the year with reduced consumer spending levels driving increased promotional intensity and lower margins. Careful commercial management of retail pricing levels coupled with effective cost control have been fundamental to the business during the year and have enabled the company to grow accordingly.

A robust supply chain and investment in product development has resulted in further improvement in customer satisfaction. This supports the company's long term commitment to building brand confidence and trust.

Key performance indicators

	2015 £'m	2014 £'m	2013 £'m
Turnover	72.3	53.8	26.2
Turnover % increase	35%	105%	37%

Principal risks and uncertainties

The management of the company is subject to a number of risks and uncertainties.

The company operates in a highly competitive retail sector, particularly around price, service and availability. Failure to pay attention to these elements would result in failing to meet customer expectations, potentially reduced sales and excessive stock holdings.

To mitigate this there is a clear focus on service, monitoring of competitor prices and an enhanced attitude to meeting customer expectation.

The company monitors its performance through a company board structure at which regular forecasts and management accounts are presented. The company's cash flows are regularly monitored, and its budget and forecasts presented and approved by the company board.


To meet its obligations the company regularly monitors its liquidity, giving regard to its working capital requirements and the available banking facilities and other financing.

Strategic Report *(continued)*

Future developments

Further to the acquisition of the business by TPG Capital, the business continues to develop its product offer for consumers. To facilitate future growth the business will continue to invest in its infrastructure across the brand, IT platform, operations and people resources.

This report was approved by the Board on 27th NOVEMBER 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'JM Walker', written over a horizontal line.

JM Walker
Director

Directors' Report

The directors present their report and financial statements for the year ended 28 February 2015.

Directors

The directors who served during the year are as stated below:

MC Walker	(resigned 27 November 2014)
SM Walker	
JM Walker	
G Lees	(resigned 23 April 2014)
L Davies	(resigned 23 April 2014)
SM Myers	(appointed 23 April 2014)
M Janzarik	(appointed 23 April 2014)

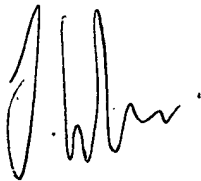
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

This report was approved by the Board on ~~27TH~~ **27TH** NOVEMBER 2015 and signed on its behalf by:



JM Walker
Director

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Victoria Plum Limited

We have audited the financial statements of Victoria Plum Limited for the year ended 28 February 2015 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Victoria Plum Limited *(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



Chris Hearld (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

30th November 2015

Profit and loss account
for the year ended 28 February 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	72,339,998	53,785,027
Cost of sales		(40,542,170)	(27,655,135)
Gross profit		31,797,828	26,129,892
Administrative expenses		(29,885,979)	(14,102,779)
Operating Profit before exceptional items		3,250,851	-
Exceptional items	4	(1,339,002)	-
Operating profit	3	1,911,849	12,027,113
Other interest receivable and similar income	5	29,507	87,748
Interest payable and similar charges	6	-	(5,752)
Profit on ordinary activities before taxation		1,941,356	12,109,109
Tax on profit on ordinary activities	8	(125,705)	(2,818,521)
Profit for the year	16	1,815,651	9,290,588
Retained profit brought forward		18,928,955	11,462,367
Dividends		(15,004,000)	(1,824,000)
Retained profit carried forward		5,740,606	18,928,955

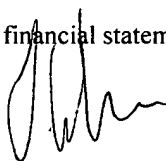
There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 10 to 17 form an integral part of these financial statements

Balance sheet
at 28 February 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	10	1,101,134	610,945
Current assets			
Stocks	11	11,011,923	7,449,658
Debtors	12	2,881,273	1,129,605
Cash at bank and in hand		7,687,415	16,575,879
		<u>21,580,611</u>	<u>25,155,142</u>
Creditors: amounts falling due within one year	13	<u>(16,134,727)</u>	<u>(6,732,040)</u>
Net current assets		<u>5,445,884</u>	<u>18,423,102</u>
Total assets less current liabilities		<u>6,547,018</u>	<u>19,034,047</u>
Provisions for liabilities	14	<u>(796,042)</u>	<u>(95,092)</u>
Net assets		<u>5,750,976</u>	<u>18,938,955</u>
Capital and reserves			
Called up share capital	15	10,370	10,000
Profit and loss account	16	5,740,606	18,928,955
Shareholders' funds	17	<u>5,750,976</u>	<u>18,938,955</u>

These financial statements were approved by the board on 27TH NOVEMBER 2015 and were signed on its behalf by:



JM Walker
Director

Registration number 04177694

The notes on pages 10 to 17 form an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules.

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Varnish Topco Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Turnover is recognised in the profit and loss account at the point of despatch from the distribution centre.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	10% on cost per annum and over the term of the lease
Fixtures, fittings and equipment	Between 10% and 15% on cost per annum
Motor vehicles	15% on cost per annum

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Stock

Stock is valued at the lower of cost and net realisable value and consist of finished goods for re-sale. Where necessary, provision is made for obsolete, slow moving and defective stock

Deferred taxation

Deferred tax is provided in full on all material timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss Account.

Notes (continued)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3 Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	123,447	87,022
Net foreign exchange loss	74,589	126,274
Operating lease rentals		
- Land and buildings	429,777	41,333
- Motor vehicles	29,455	29,229
Auditors' remuneration	45,500	9,200
Auditors' remuneration from non-audit work	10,000	2,500
	<u>123,447</u>	<u>87,022</u>

4 Exceptional items

The effects of the exceptional items reported after operating profit on the amounts charged to the profit and loss account were;

	2015 £	2014 £
Legal fees	466,002	-
Logistic set up costs	250,000	-
Warehouse relocation costs	623,000	-
	<u>1,339,002</u>	<u>-</u>

Legal fees mainly relate to litigation to protect brands and trademarks.

Logistics and warehouse costs mainly reflect the decision to relocate these functions resulting in the closure of some of the Company's legacy sites (see note 14).

5 Interest receivable and similar income

	2015 £	2014 £
Bank interest	29,507	87,748
	<u>29,507</u>	<u>87,748</u>

Notes (continued)

6 Interest payable and similar charges

	2015 £	2014 £
Directors' loan account interest	-	5,752
	<u>-</u>	<u>5,752</u>
	<u>-</u>	<u>5,752</u>

7 Employees

	2015 No.	2014 No.
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
Warehouse	76	52
Sales	40	27
Office and administration	17	21
	<u>133</u>	<u>100</u>
	<u>133</u>	<u>100</u>

	2015 £	2014 £
Employments costs		
Wages and salaries	3,368,313	2,054,776
Social security costs	314,266	199,934
	<u>3,682,579</u>	<u>2,254,710</u>
	<u>3,682,579</u>	<u>2,254,710</u>

Directors' remuneration

	2015 £	2014 £
Remuneration and other emoluments	<u>339,919</u>	<u>242,691</u>
Highest paid director		
Amounts included above:		
Emoluments and other benefits	<u>163,023</u>	<u>110,297</u>
	<u>163,023</u>	<u>110,297</u>

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of charge in period

	2015 £	2014 £
<i>Current tax</i>		
UK corporation tax	47,755	2,773,300
	<hr/>	<hr/>
Total current tax charge	47,755	2,773,300
	<hr/>	<hr/>
<i>Deferred tax</i>		
Timing differences, origination and reversal	77,950	45,221
	<hr/>	<hr/>
Total deferred tax	77,950	45,221
	<hr/>	<hr/>
Tax on profit on ordinary activities	125,705	2,818,521
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (21 per cent). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before taxation	1,941,356	12,109,109
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 2015: 21% (2014: 23.08%)	407,685	2,794,782
Effects of:		
Expenses not deductible for tax purposes	674	22,155
Capital allowances for period in excess of depreciation	(85,572)	(43,637)
Group relief claimed	(275,032)	-
	<hr/>	<hr/>
Current tax charge for period	47,755	2,773,300
	<hr/> <hr/>	<hr/> <hr/>

9 Dividends

	2015 £	2014 £
Paid during the year:		
Equity dividend on ordinary shares	15,004,000	1,824,000
	<hr/> <hr/>	<hr/> <hr/>

A dividend was paid on 24 April 2014 as part settlement of the sale proceeds to the Walker family.

Notes (continued)

10 Tangible fixed assets

	Leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 28 February 2014	32,593	824,191	70,500	927,284
Additions	143,850	469,686	-	613,536
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2015	176,443	1,293,877	70,500	1,540,820
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 28 February 2014	12,998	260,810	42,531	316,339
Charge for year	7,077	105,798	10,572	123,447
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2015	20,075	366,608	53,103	439,786
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 28 February 2015	156,368	927,269	17,397	1,101,034
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2014	19,595	563,381	27,969	610,945
	<hr/>	<hr/>	<hr/>	<hr/>

11 Stocks

	2015 £	2014 £
Finished goods and goods for resale	11,011,923	7,449,658
	<hr/>	<hr/>

12 Debtors

	2015 £	2014 £
Trade debtors	56,165	45,969
Amounts owed by related companies	956,615	448,492
Prepayments and accrued income	1,649,581	635,144
Corporation tax receivable	218,912	-
	<hr/>	<hr/>
	2,881,273	1,129,605
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	12,058,560	3,262,204
Corporation tax payable	-	1,445,913
Other taxes and social security costs	1,272,328	941,972
Accruals and deferred income	2,803,839	1,081,951
	<u>16,134,727</u>	<u>6,732,040</u>

14 Provisions for liabilities

	Warehouse Relocation	Deferred taxation £	Total £
At 28 February 2014	-	95,092	95,092
Movements in the year	623,000	77,950	700,950
	<u>623,000</u>	<u>173,042</u>	<u>796,042</u>
At 28 February 2015	<u>623,000</u>	<u>173,042</u>	<u>796,042</u>

The warehouse relocation provision reflects the decision to relocate the warehouse function resulting in the closure of some of the Company's legacy sites (see note 4).

Deferred taxation has arisen as a result of accelerated capital allowances.

15 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
10,270 non-voting shares of £1 each	10,270	9,900
	<u>10,370</u>	<u>10,000</u>
<i>Equity shares</i>		
100 ordinary shares of £1 each	100	100
10,270 non-voting shares of £1 each	10,270	9,900
	<u>10,370</u>	<u>10,000</u>

The ordinary shares and non-voting shares rank pari passu in all respects save that a holder of a non-voting share shall not by reason of his holding be entitled to vote at any general meetings of the company.

Notes (continued)

16 Equity reserves

	Profit and loss account £
At 28 February 2014	18,928,955
Profit for the year	1,815,651
Equity dividends	(15,004,000)
	<hr/>
At 28 February 2015	5,740,606
	<hr/>

A dividend was paid on 24 April 2014 as part settlement of the sale proceeds to the Walker family (see note 9).

17 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the year	1,815,651	9,290,588
Dividends	(15,004,000)	(1,824,000)
New shares issued	370	-
	<hr/>	<hr/>
	(13,187,979)	7,466,588
Opening shareholders' funds	18,938,955	11,472,367
	<hr/>	<hr/>
Closing shareholders' funds	5,750,976	18,938,955
	<hr/>	<hr/>

18 Financial commitments

At 28 February 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Expiry Date				
Within one year	-	-	6,214	8,973
Between one and five years	183,000	74,499	35,359	16,297
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2015	183,000	74,499	41,573	25,270
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Contingent liabilities

At the year end the company had contingent liabilities of £1,697,594 (2014: £4,242,686) in respect of letter of credit agreements.

20 Related party transactions

- a) The following transactions took place during the year with the following companies associated with the Walker family; Aqua-Therm (Hull) Limited, Nobleoak Limited, Douglas James Limited, Walker Modular Limited, Walker Capital Limited, Walker Distribution Limited, POWWOW Limited and Nobleoak Retirement Company:

- management charge of £42,642 (2014: £269,104)
- sales of £87,865 (2014: £146,210)
- purchases of £280,111 (2014: £226,331)

The balance due from the related undertaking at 28 February 2015 was £31,259 (2014: £360,224)

The balance due to the related undertaking at 28 February 2015 was £218 (2014: £1,476)

- b) The following transactions took place during the year with the parent company Varnish Bidco Limited

- Management charge of £343,151

The balance due from the related undertaking at 28 February 2015 was £509,935

During the year the directors Mr. M.C Walker, Mr J.M. Walker and Mr S.M. Walker received dividends of £5,000,000, £5,004,000 and £5,000,000 respectively.

- c) The following transactions took place during the year with M.F.I. Direct Limited, a company controlled by the directors and the shareholders of the ultimate holding company:

- sales £76,364

The balance due from the related undertaking at 28 February 2015 was £53,467.

21 Controlling interest

The immediate holding company is Varnish Bidco Limited, a company registered in England and Wales. The smallest Group into which the results are consolidated is the report and financial statements of Varnish Bidco Limited. The largest Group into which the results are consolidated is the report and financial statements of Varnish Topco Limited, a company registered in England and Wales, which is controlled by TPG Capital.