Varnish Midco Limited

Annual report and financial statements

Registered number 08960498

29 February 2016

Contents

Company information

Directors	MC Walker MJ Janzarik A Capo	 (appointed 23 November 2015)
Company number	08960498	
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 29 February 2016.

Principal activity

The company is a holding company of a group whose principle activity is the supply bathroom products and other homeware to consumers via the internet.

Business Review

On 24th April 2014 TPG Capital acquired a controlling interest in Victoria Plum Limited and M.F.I Direct Limited from the Walker family via the Group with the ultimate investment vehicle being Varnish Topco Limited.

This company is a non trading entity within the Varnish Topco Limited group of companies. A more detailed review of the business of that group is provided in the strategic report of Varnish Topco Limited.

Principal risks and uncertainties

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

M Janzarik

MJ Janzarik
Director

Directors' report

The directors present their report and financial statements for the year ended 29th February 2016.

Directors

The directors who held office during the year were as follows:

MC Walker

MJ Janzarik

A Capo (appointed 23 November 2015)

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 that 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 2nd December 2016 and signed on its behalf by:

M Janzarik

MJ Janzarik
Director

Jack Brignall House
Bridgehead Business Park
Hessle
East Yorkshire
HU13 0DG

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 Varnish Midco Limited

We have audited the financial statements of Varnish Midco Limited for the year ended 29 February 2016 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 29 February 2016 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 matters 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 Varnish Midco 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

Ch. Heal.

Chris Hearld (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

5 December 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 29 February 2016

	Note	2016	341 day period ended 28 February 2015
		£000	£000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		**(1)**	-
Operating profit		**(1)**	-
Interest payable	*2*	**(21,294)**	(16,123)
Interest receivable	*3*	**21,294**	16,123
Loss on ordinary activities before taxation		**(1)**	-
Tax on loss on ordinary activities	*4*	-	-
Loss for the financial year/period		**(1)**	-

The profit and loss account has been prepared on the basis that all losses are generated from continuing operations.

The company has recognised no other comprehensive income in the current or previous financial period.

The notes on pages 10 to 15 form an integral part of these financial statements

Balance Sheet
at 29 February 2016

	Note	**2016 £000**	**£000**	2015 £000	£000
Fixed assets					
Investments	5		**1,883**		1,883
Current assets					
Debtors (including due after more than one year £183 (*2014: £183)*)	6	**210,283**		173,990	
		210,283		173,990	
Creditors: amounts falling due within one year	7	**(1)**		-	
Net current assets			**210,282**		173,990
Total assets less current liabilities			**212,165**		175,873
Creditors: amounts falling due after more than one year	8		**(209,498)**		(173,424)
Net assets			**2,667**		2,449
Capital and reserves					
Called up share capital	9		**234**		15
Share premium account	9		**2,051**		2,051
Capital Contribution			**383**		383
Profit and loss account			**(1)**		-
Shareholders' funds			**2,667**		2449

These financial statements were approved by the board of directors on 2nd December 2016 and were signed on its behalf by:

M Janzarik

MJ Janzarik
Director

Company registered number: 08960498

The notes on pages 10 to 15 form an integral part of these financial statements

Statement of Changes in Equity

	Called up Share capital £000	Share premium account £000	Capital Contribution £000	Profit and loss account £000	Total equity £000
Balance at 1 March 2015	15	2,051	383	-	2,449
Total comprehensive income for the period					
Profit or loss	-	-	-	(1)	(1)
Total comprehensive income for the period	-	-	-	(1)	(1)
Transactions with owners, recorded directly in equity					
Issue of shares	219	-	-	-	219
Total contributions by and distributions to owners	219	-	-	-	219
Balance at 29 February 2016	**234**	**2,051**	**383**	**(1)**	**2,667**

	Called up Share capital £000	Share premium account £000	Capital Contributio n £000	Profit and loss account £000	Total equity £000
Balance at incorporation	15	2,051	-	-	2,066
Total comprehensive income for the period					
Profit or loss	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-
Transactions with owners recorded directly in equity					
Capital Contribution from loan note holders	-	-	383	-	383
Total contributions by and distributions to owners	-	-	383	-	383
Balance at 28 February 2015	**15**	**2,051**	**383**	-	**2,449**

The notes on pages 10 to 15 form an integral part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

Varnish Midco Limited (the "Company") is a company incorporated and domiciled in the UK.

These are the Company's first financial statements prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 12.

The Company's ultimate parent undertaking, Varnish Topco Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Varnish Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Varnish Topco Limited, Jack Brignall House, Bridgehead Business Park, Hessle, East Yorkshire, HU13 0DG.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

In determining whether the Company's accounts can be prepared on a going concern basis, the directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Strategic Report.

After making appropriate enquiries, the directors have 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 preparation of the annual report and accounts.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Non-derivative financial instruments

Non-derivative financial instruments comprise other debtors and other creditors.

Debtors and creditors that are classified as receivable or payable within one year with no stated interest rate are initially recognised at the undiscounted amount of cash or consideration expected to be received or paid. Any losses arises from impairment are recognised in the profit and loss account.

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

2 Interest receivable and similar income

	2016	341 day period ended 28 February 2015
	£000	£000
Loan interest	**21,294**	16,123

3 Interest payable and similar charges

	2016	341 day period ended 28 February 2015
	£000	£000
Investor loans	**21,294**	16,123

4 Taxation

Recognised in the profit and loss account

	2016	2015
	£000	£000
Tax on loss on ordinary activities	-	-

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Loss for the year/period	**(1)**	-
Total tax expense	-	-
Loss excluding taxation	**(1)**	-
Tax using the UK corporation tax rate of 20% (2015: 21%)	-	-
Non-deductible expenses	**4,259**	1,958
Tax exempt revenues	**(4,259)**	(1,958)
Total tax expense	-	-

Notes *(continued)*

5 Fixed Asset Investments

	Shares in group undertakings £000	Total £000
Cost		
On incorporation	-	-
Additions	1,883	1,883
At 28 February 2015 and 29 February 2016	**1,883**	**1,883**
Net book value		
At 28 February 2015 and 29 February 2016	**1,883**	**1,883**

	Country of Incorporation	Class of shares held	Ownership 2016	2015
Varnish Bidco Limited	England & Wales	Ordinary	**100%**	100%
Victoria Plum Limited*	England & Wales	Ordinary	**100%**	100%
M.F.I. Direct Limited*	England & Wales	Ordinary	**100%**	100%

Items marked with * are indirectly held through a subsidiary entity.

6 Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	**210,283**	173,990
Due within one year	**210,100**	173,807
Due after more than one year	**183**	183
	210,283	**173,990**

Debtors due within one year are receivable on demand. All debtors greater than one year are due for receipt on 24 April 2024.

7 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	**1**	-
	1	-

Amounts owed to group undertakings are repayable on demand.

Notes *(continued)*

8 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Preferred Finance Securities	**209,315**	173,241
Vendor loan notes	**183**	183
	209,498	173,424

The preferred Finance Securities have a coupon rate of 12% and mature on 24 April 2024.

9 Capital and reserves

Share capital

	Ordinary shares 2016
On issue at 1 March 2015	1,500,002
Issued for cash	21,958,900
On issue at 29 February 2016 – fully paid	23,458,902

	2016 £000
Allotted, called up and fully paid	
23,458,900 Ordinary shares of £0.01 each	234
Shares classified in shareholders' funds	234

In the prior year 1,500,000 £0.01 ordinary shares were issued at a price of £1 each and 2 £0.01 ordinary shares were issued for non-cash consideration amounting to £565,572.

In the current year 21,958,900 £0.01 ordinary shares were issued at par.

10 Related parties

The Company has taken advantage of the exemptions available within FRS 101 to not disclose transactions with other members of the Varnish Topco Limited group. Amounts due from and to other members of the Varnish Topco Limited group are disclosed in note 6 and note 7.

11 Ultimate parent company and parent company of larger group

The ultimate parent company is Varnish Topco Limited and the ultimate controlling party is TPG Capital.

The smallest group in which results of the Company are consolidated is that headed by Varnish Midco Limited, a company incorporated in England and Wales. The largest group in which they are consolidated is that headed by Varnish Topco Limited, a company incorporated in England and Wales.

Notes *(continued)*

12 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 29 February 2016 and the comparative information presented in these financial statements for the 340 period ended 28 February 2015.

The transition from UK GAAP to FRS 101 did not result in any adjustments.