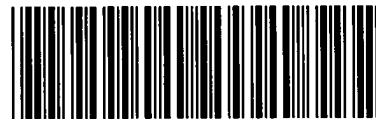


**COMPANY NUMBER 00893081**

**SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# **Sherwin –Williams Protective & Marine Coatings**

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# **Sherwin –Williams Protective & Marine Coatings**

## **COMPANY INFORMATION**

Mr J Miklich  
Mr M Palmer  
Mr I Walker  
Mr J Donchess  
Mr D Karnstein

### **Registered office**

Tower Works  
Kestor Street  
Bolton  
BL2 2AL

### **Auditors**

Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

### **Bankers**

J P Morgan  
01 Floor  
Chaseside  
Bournemouth  
BH7 7DA

### **Solicitors**

Eversheds LLP  
115 Colmore Row  
Birmingham  
B3 3AL

# **Sherwin-Williams Protective & Marine Coatings**

## **Strategic report**

### **Principal activity**

Sherwin Williams Protective & Marine Coatings (the “company”) principal activity comprises of the manufacture, marketing and selling of protective and marine coatings, offering a complete line of high performance coatings technologies to combat erosion. The directors are not aware, at the date of this report, of any likely major changes in the company’s activity in the next year.

### **Business review**

During the year, the company has continued to manufacture specialist industrial and fire protection coatings, including intumescent paint. The company is one of the UK’s leading manufacturers in this area and provides its products to a wide range of customers operating within the steel, marine, oil, gas, chemical, and transport markets. The risks inherent within this sphere of activity are the continuation of raw material availability and price pressures.

The performance in the year was broadly in line with the expectations of the directors. The increase in turnover and margins was due to achieving price increases to cover last years raw material cost increases.

Net Assets have increased due to an increase in the surplus value of the net pension asset to £10,612,000 (2018: £6,518,000) and the increase in the profit for the year to £6,178,332 (2018: loss of £6,619,613).

During the year, we have continued to redevelop our site in Bolton improving the production capabilities and expanding the research and development capacity. This is an on-going project which will ensure our facility continues to comply with current environmental legislation, can meet increased demands and provide an efficient and cost-effective production facility for the future. The directors have recognised the need to minimise the environmental and social impact of the business in the atmosphere and surrounding area.

The directors consider that the growth in sales, the on-going investment in the company’s site and the continued investment in research and development indicate that the state of the business is satisfactory. The strength of the balance sheet provides a firm basis for plans to continue successful trading into the foreseeable future.

### **Key performance indicators**

The company measures its performance on a number of key performance indicators, including;

- increasing revenue 2019: £71,560,516 (2018: £65,935,696);
- controlling costs;
- accurate monthly accounts closed by day 2 of month end;
- balance sheet accounts reconciled by end of the following month;
- 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’s principal financial instruments comprised trade debtors, trade creditors and loans from group companies. The main purpose of these is to hold funds for, and record, the company’s operations. Due to the nature of the financial instruments there is no exposure to price risk. As the company currently has adequate funds and facilities available to meet its operating requirements, there is also little liquidity risk. Any excess funds are deposited on term deposits with the aim of spreading the maturity of these across varying time periods. Deposits are placed with suitably assessed and approved financial institutions.

# Sherwin-Williams Protective & Marine Coatings

## Strategic report

### Principal risks and uncertainties (continued)

Trade debtors are managed in respect of credit and cash flow risk by controls over the credit offered to customers and the regular monitoring of amounts outstanding against both time and value limits. Trade creditor's liquidity risk is managed by ensuring that there are sufficient funds available to meet amounts due. In respect of the liquidity risk attached to finance lease agreements, the company manages this risk by ensuring there are sufficient funds to meet the fixed monthly repayments.

The exchange rate risk inherent in international trading is managed by offsetting foreign currency incomes against foreign currency outgoings where possible.

### Future developments

The directors expect the general level of activity for the Protective and Marine business to remain consistent with current year.

Future expected performance is a result of continued robust demand in the domestic market, as well as uncertain geopolitical, regulatory and economic conditions in the export segment.

### Section 172 (1) Statement

The Directors fulfil their duty by ensuring that there is a strong governance structure and process running through all aspects of the Group's operations. The Group's strategy and business model are underpinned by the employees and all members of the Board undertake regular site visits to deliver key engagement and development programmes. The Group engages with its key stakeholders in a variety of ways, explained in more detail in the Strategic Report (page 2) and the Directors' responsibilities statement on page 6. The Board is kept informed of all relevant issues by means of a number of written reports against agreed KPIs.

The Board of Directors of Sherwin Williams Protective & Marine Coatings Ltd consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Act) in the decisions they have taken during the year ended 31 December 2019.

In making this statement the Directors considered the longer term consideration of stakeholders and the environment and have taken into account the following:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

Approved by the Board of Directors  
and signed on behalf of the Board



J Miklich  
Director  
15 September 2020

## **Sherwin-Williams Protective & Marine Coatings**

### **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

The company is a wholly owned subsidiary of The Sherwin-Williams Company which is a surface coatings business based in North America.

### **Future developments**

An indication of future developments is given in the strategic report on page 2 and forms part of this report by cross-reference.

### **Events after the balance sheet**

The company is not aware of any post balance sheet events.

### **Research and development**

The company incurred expenditure on research and development appropriate to its trading activities (2019: £2,770,421, 2018: £2,066,731). The ongoing research and development is aimed at improving processes and expanding product ranges for the business.

### **Existence of branches outside the UK**

The company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

### **Going concern**

The company operates in a low growth market environment which is set to continue in 2020. The company continues to manage its risk by developing innovation in its product range, and maintaining a very strong brand presence through advertising and promotional literature spend. The company is financially sound and continues to have a strong customer retention from its customer base who place a value on continuity of supply.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 5 to 6. The company participates in the group's centralised treasury arrangements and shares banking arrangements with its parent and fellow subsidiaries.

The company has a reported profit of £6m in 2019. The company's net asset position at 31 December 2019 is £19m.

Annual and rolling company profit forecasts are collated on a business unit level as oppose to each individual statutory entity level.

The 2020 forecast anticipates further volume growth and improved performance for the entity reflecting the company's and Sherwin's EMEAI (Europe, the Middle East, Africa & India) strategy to grow business. The directors of the company have also taken measures to mitigate the financial risks associated with the impacts of the Covid-19. Some of the actions which the business undertook during the year have included, a freeze on headcount hire, reduction in capital spending, programmes to reduce the inventory levels (which had previously increased in preparation for Brexit), taking advantage of government programmes such as the Furlough scheme and deferred VAT payments.

The company is part of the Sherwin Williams Company, a company incorporated in the United States of America. The company is a listed fortune 500 company and provides comfort in respect of the provision of financial support to Sherwin-Williams Protective and Marine Coatings Limited to assist in meeting liabilities as and when they fall due to the extent that money is not otherwise available to meet such liabilities.

The parent company, The Sherwin Williams Company, will continue to support the company in the foreseeable future. This has been confirmed by a letter of support that covers the period of 12 months from the date of signing the financial statements.

The directors have assessed the ability of The Sherwin-Williams company to provide the level of support that might be required given the level of uncertainty associated with trading and cash forecasts and see no reason to believe that a

## **Sherwin-Williams Protective & Marine Coatings**

material uncertainty exists that may cast significant doubt about the ability of Sherwin-Williams Protective and Marine Coatings Limited to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position the Company's Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Results and dividends**

The profit for the year, after taxation, amounted to £6,178,332 (2018: loss of £6,619,613). There have been no dividends paid or proposed in the year (2018: £nil). The increase of the surplus on the pension scheme asset of £4,093,000 (2018: £1,768,000 decrease) and the recognition of the actuarial gain for the year of £4,093,000 (2018: loss of £1,711,000) in the Statement of comprehensive income has meant the level of retained profit in 2019 has moved by £9,010,344 (2018: decrease of £8,212,930).

### **Financial risk management objectives and policies**

The Company's financial risk management objectives and policies, including 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 monitor and manage its exposure to risk. Risks which the Company faces include price and product competition, integration of acquired businesses, performance risks under long term fixed price contracts, loss of supply of product components, changes in the regulatory and legal environment, and credit and interest rate risks.

Loss of supplier product is managed by procurement and credit and interest rate risks are managed by Treasury. To address the risks the Company undertakes measures such as annual strategic plans for all product lines including SWOT analysis, full competitor analysis, along with constant monitoring of the regulatory environment reacting to any changes.

Principal risks and uncertainties are set out in the strategic report on pages 2&3.

### **Directors**

The directors, who served during the year and subsequently except as noted, were as follows:

Mr I Walker  
Mr M Palmer  
Mr A Mistysyn (Appointed 8 January 2018 and Resigned 29 March 2019)  
Mr E Braggio (Appointed 8 January 2018 and Resigned 29 March 2019)  
Mr J J Miklich  
Mr J M Donchess (Appointed 29 March 2019)  
Mr D H Karnstein (Appointed 29 March 2019)

### **Employment of disabled persons**

It is the policy of the company to give full and fair consideration to the employment of disabled persons, their training and career development with every effort made to retain and assist employees who become disabled in the course of their employment.

### **Employee consultation**

Arrangements exist to inform and consult with employees' representatives on matters of concern to employees. The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting performance of the Company. This is achieved through formal and informal meetings.

## **Sherwin-Williams Protective & Marine Coatings**

### **Directors' report (continued)**

#### **Disclosure of relevant information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditors**

Deloitte 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.

Approved by the Board of Directors  
and signed on behalf of the Board



Jeff Miklich  
Director  
15 September 2020

## **Sherwin-Williams Protective & Marine Coatings**

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Sherwin-Williams Protective & Marine Coatings**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion the financial statements of Sherwin-Williams Protective & Marine Coatings (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **Sherwin-Williams Protective & Marine Coatings**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS (continued)**

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

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

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

## **Sherwin-Williams Protective & Marine Coatings**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHERWIN-WILLIAMS PROTECTIVE & MARINE COATINGS (continued)**

#### **Use of our 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.



Matthew Hughes BSc (Hons), ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, UK  
Date: 15 September 2020

## Sherwin-Williams Protective & Marine Coatings

### Profit and loss account For the year ended 31 December 2019

	Note	2019 £	2018 £
<b>Turnover</b>	3	<u>71,560,516</u>	<u>65,935,696</u>
Operating expenses:			
Changes in stock of finished goods and in work in progress		(297,499)	489,271
Raw materials and consumables		(42,061,031)	(42,987,347)
Staff costs	7	(13,307,715)	(13,430,977)
Depreciation		(874,168)	(830,837)
Other operating charges		<u>(8,703,099)</u>	<u>(15,764,161)</u>
		<u>(65,243,512)</u>	<u>(72,524,050)</u>
<b>Operating profit</b>	6	6,317,004	(6,588,354)
Interest receivable and similar income	5	189,000	213,000
Interest payable and similar expenses	4	<u>(294,759)</u>	<u>(215,759)</u>
<b>Profit on ordinary activities before taxation</b>		6,211,245	(6,591,113)
Taxation on loss on ordinary activities	9	<u>(32,913)</u>	<u>(28,500)</u>
<b>Profit for the financial year</b>		<u>6,178,332</u>	<u>(6,619,613)</u>

None of the company's activities were acquired or discontinued during the above two financial years.

The accompanying notes are an integral part of this profit and loss account.

### Statement of comprehensive income

	2019 £	2018 £
Profit/(loss) for the financial year	6,178,332	(6,619,613)
Actuarial gains/(loss) relating to pension scheme (note 18)	<u>4,093,000</u>	<u>(1,711,000)</u>
<b>Total other comprehensive income</b>	<u>4,093,000</u>	<u>(1,711,000)</u>
<b>Total comprehensive income</b>	<u>10,271,332</u>	<u>(8,330,613)</u>

## Sherwin-Williams Protective & Marine Coatings

### Balance sheet As at 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	5,913,055	6,018,378
		<u>5,913,055</u>	<u>6,018,378</u>
<b>Current assets</b>			
Stocks	11	8,747,649	8,347,678
Debtors	13	22,443,221	20,358,867
		<u>31,190,870</u>	<u>28,706,545</u>
<b>Creditors: amounts falling due within one year</b>	14	(28,923,757)	(31,461,099)
<b>Net current assets/(liabilities)</b>		<u>2,267,113</u>	<u>(2,754,554)</u>
Pension scheme asset	18	10,612,000	6,518,000
<b>Total assets less current liabilities</b>		<u>18,792,168</u>	<u>9,781,824</u>
<b>Net assets</b>		<u>18,792,168</u>	<u>9,781,824</u>
<b>Capital and reserves</b>			
Called up share capital	16	93,520	93,520
Capital redemption reserve		43,230	43,230
Share premium account		117,713	117,713
Profit and loss account		<u>18,537,705</u>	<u>9,527,361</u>
<b>Shareholders' funds</b>		<u>18,792,168</u>	<u>9,781,824</u>

These financial statements were approved by the directors and authorised for issue on 15 September 2020 and are signed on their behalf by:



J Miklich  
Director

Company Registration Number: 00893081

The accompanying notes are an integral part of this Balance Sheet.

## Sherwin-Williams Protective & Marine Coatings

### Statement of changes in equity 31 December 2019

	Called up Share Capital (note 16) £	Capital Redemption Account £	Profit and Loss Account £	Total £
<b>At 1 January 2018</b>	211,233	43,230	17,740,291	17,994,754
Loss for the financial year	-	-	(6,619,613)	(6,619,613)
Other comprehensive income	-	-	(1,711,000)	(1,711,000)
Total comprehensive income	-	-	(8,330,613)	(8,330,613)
Movements in equity associated with share based payments	-	-	117,683	117,683
<b>At 1 January 2019</b>	211,233	43,230	9,527,361	9,781,824
Profit for the financial year	-	-	6,178,332	6,178,332
Other comprehensive income	-	-	4,093,000	4,093,000
Total comprehensive income	-	-	10,271,332	10,271,332
Movements in equity associated with share based payments	-	-	(1,260,988)	(1,260,988)
<b>At 31 December 2019</b>	211,233	43,230	18,537,705	18,792,168

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

#### a. General information and basis of accounting

Sherwin-Williams Protective & Marine Coatings is a private Company incorporated in the United Kingdom (England) and limited by shares under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared in accordance with applicable accounting standards under FRS102 and the historical cost convention.

The functional currency of Sherwin-Williams Protective & Marine Coatings is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Sherwin-Williams Protective & Marine Coatings meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel. Sherwin-Williams Protective & Marine Coatings Limited is consolidated in the financial statements of its ultimate parent, The Sherwin-Williams Company, which may be obtained from the address in note 20.

#### b. Going concern

The Directors have considered the adoption of the going concern basis in preparing the financial statements given the current economic climate and have formed the conclusion that there are no material uncertainties with respect to the Company's ability to continue as a going concern for the foreseeable future. In forming this view the Directors have considered the Company's budgets and trading forecasts and the committed bank facilities available to the Company together with forecast headroom against those borrowing facilities including the impact of reasonable sensitivities.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company is dependent on financial support being made available by its ultimate parent company, The Sherwin Williams Company, to enable it to continue in operational existence and to meet its debts as they fall due. The directors confirm this support is in place and have assessed the ability of the parent company to provide this support and therefore believe that it is appropriate to prepare financial statements on a going concern basis.

#### c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal monthly instalments over the estimated useful lives of the assets. Freehold land and assets under the course of construction are not depreciated. The rates of depreciation for other assets are as follows:

Freehold Buildings	Vary from 2% to 10% per annum straight line
Plant and Machinery	Vary from 10% to 20% per annum straight line

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### d. Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### e. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### g. Turnover

Turnover represents the value of goods sold and services provided, after deduction of trade discounts rebates and value added tax. Sales revenue is recognised in the financial statements when goods are despatched.

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### h. Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits 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 in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

#### i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

#### j. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### 1. Accounting policies (continued)

#### k. Share-based payment

The Company grants to certain employees rights to equity instruments of The Sherwin Williams Company, its parent company. The required disclosures are therefore included in The Sherwin Williams Company consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements (continued)

as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

### **l. Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

### **m. Research and development expenditure**

Research and development expenditures are expensed in the year they are incurred and not capitalised. Management cannot, with an acceptable level of certainty, give an expected period of economic benefit and products are constantly refined and re-tested to ensure that they remain competitive. Additionally, projects and the research and development phases often overlap making it difficult to value specific development projects.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying the Company's accounting policies**

The directors consider there to be no critical judgements. The following are key estimations.

### **Pensions**

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds upon which the discount rate is based. Sensitivities are also considered, such as changes to the discount rate or inflation.

The mortality rate is based on publicly available mortality tables for the specific country. See note 18 for further information.

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 3. Turnover

An analysis of the Company's turnover (relating entirely to its principal activity) by geographical market is set out below:

		2019 £	2018 £
With third parties	- Great Britain	49,003,777	42,994,627
	- Other	14,442,734	16,455,988
With fellow subsidiaries -	- USA	308,981	972,816
	- Europe	3,614,257	1,057,896
	- Rest of World	4,190,767	4,454,369
		<u>71,560,516</u>	<u>65,935,696</u>

#### 4. Interest payable and similar expenses

	2019 £	2018 £
Interest payable to group companies	<u>294,759</u>	<u>215,759</u>

#### 5. Interest receivable and similar income

	2019 £	2018 £
Interest income in respect of defined benefit pension scheme	189,000	213,000
	<u>189,000</u>	<u>213,000</u>

#### 6. Profit on ordinary activities before taxation

	2019 £	2018 £
<b>Operating profit is after charging/ (crediting):</b>		
Depreciation of tangible fixed assets	874,168	830,837
Operating lease rentals	410,000	324,514
Research and development costs	2,770,421	2,066,731
Foreign exchange loss/(gain)	28,147	(298,514)
Impairment of investment (see note 12)	-	170,917
	<u></u>	<u></u>

The analysis of auditor's remuneration is as follows:

	2019 £	2018 £
Fees payable to company's auditor for the audit of the company's financial statements	56,577	53,883
Tax compliance services	<u>14,200</u>	<u>13,200</u>

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 7. Staff costs

The average monthly number of employees (including directors) was:

Average number of persons employed	2019 Number	2018 Number
Production	149	144
Sales and distribution	78	84
Administration	35	35
	<u>262</u>	<u>263</u>
Their aggregate remuneration comprised:	£	£
Wages and salaries	11,709,926	11,988,631
Social security costs	1,272,561	1,129,096
Pension costs	325,228	313,249
	<u>13,307,715</u>	<u>13,430,977</u>

#### 8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>329,015</u>	<u>352,132</u>
The number of directors who:		
	Number	Number
Are members of the defined benefit pension scheme	<u>1</u>	<u>1</u>
Remuneration of the highest paid director:		
Emoluments	231,720	215,738
Company contributions to money purchase schemes	-	15,029
	<u>231,720</u>	<u>230,767</u>

The number of directors that are remunerated through this company is two. All other directors are remunerated through other group companies as their costs are incidental and so it is not practical to recharge their costs to the company.

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 9. Tax on profit/(loss) on ordinary activities

The tax charge comprises:

	2019 £	2018 £
<b>Current tax on profit/(loss) on ordinary activities</b>		
UK corporation tax	-	-
	<hr/>	<hr/>
Adjustments in respect of prior years		
UK corporation tax	-	-
Foreign tax	-	-
	<hr/>	<hr/>
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,400	28,500
Adjustment in respect of prior year	2,513	-
	<hr/>	<hr/>
<b>Total deferred tax (see note 15)</b>	32,913	28,500
	<hr/>	<hr/>
<b>Total tax on profit/(loss) on ordinary activities</b>	32,913	28,500
	<hr/>	<hr/>

The Finance Act 2015 included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 included provisions to further reduce the rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly 17% has been applied when calculating deferred tax assets and liabilities as at 31 December 2019.

There is no expiry date on timing differences, unused tax losses or tax credits.

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements (continued)

### 9. Tax on profit/(loss) on ordinary activities (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £	2018 £
<b>Profit/(loss) on ordinary activities before tax</b>	<b>6,211,245</b>	<b>(6,591,113)</b>
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19 per cent (2018: 19 per cent)	1,213,050	(1,252,311)
Effects of:		
- Expenses not deductible for tax purposes	63,986	65,360
- Differences in taxation rates		-
- Group relief	(1,378,210)	-
- Items not recognised in deferred tax	101,174	1,186,951
- Items written off	32,913	28,500
<b>Total tax charge for period</b>	<b>32,913</b>	<b>28,500</b>

### 10. Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2019	3,615,733	12,897,892	16,513,625
Additions	13,081	764,905	777,986
Disposals	-	(10,561)	(10,561)
At 31 December 2019	3,628,814	13,652,236	17,281,050
<b>Accumulated depreciation</b>			
At 1 January 2019	1,688,202	8,807,045	10,495,247
Charge for the year	155,077	719,091	874,168
Disposals	-	(1,420)	(1,420)
At 31 December 2019	1,843,279	9,524,716	11,367,995
<b>Net book value</b>			
At 31 December 2019	1,785,535	4,127,520	5,913,055
At 31 December 2018	1,927,531	4,090,847	6,018,378

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 11. Stocks

	2019 £	2018 £
Raw materials and consumables	4,092,748	3,990,276
Work in progress	234,917	250,704
Finished goods and goods for resale	4,419,984	4,106,698
	<u>8,747,649</u>	<u>8,347,678</u>

The replacement cost of stocks is not materially different from the amounts included in the balance sheet.

#### 12. Investments

	£
<b>Cost</b>	
At 1 January 2019	170,917
Additions	-
At 31 December 2019	<u>170,917</u>
<b>Provision for Impairment</b>	
At 1 January 2019	(170,917)
Impairment charge	-
At 31 December 2019	<u>(170,917)</u>
<b>Net book value</b>	
At 1 January 2019 and 31 December 2019	<u>-</u>

On 26th January 2018, Sherwin-Williams Protective & Marine Coatings purchased 100% of the issued share capital of Phoenix Fire Protection (Asia) Limited with registered office address East Asia Chambers, P.O. Box 901, Road Town, Tortola, British Virgin Islands and Phoenix Fire Technologies (UK) Limited with registered office address Wye Lodge, 66 High Street, Old Stevenage, Hertfordshire, SG1 3EA for consideration of £170,917. The company is engaged in trading in intumescent coatings. The investments were fully impaired in the year due to negative net worth at present and will continue to do so over the forecasted period.

#### 13. Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	14,151,494	11,926,489
Prepayments and accrued income	312,200	91,664
Corporation tax to be repaid	381,293	240,980
Amounts owed by group companies	7,598,234	8,099,734
	<u>22,443,221</u>	<u>20,358,867</u>

Amounts owed by group companies are unsecured, held at amortised cost and are repayable on demand.

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

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

	2019	2018
	£	£
Trade creditors	8,941,349	7,677,797
Other taxes and social security	353,252	752,013
Accruals	6,465,079	3,466,096
Amount owed to group companies	13,164,077	19,565,193
	<u>28,923,757</u>	<u>31,461,099</u>

Amounts owed to group companies are unsecured, interest free and are repayable on demand.

#### 15. Deferred taxation

	Recognised		Unrecognised	
	2019	2018	2019	2018
	£	£	£	£
<b>Deferred tax provided (2019: 17% 2018: 17%)</b>				
Accelerated capital allowances	-	-	200,139	114,015
Liability re Pension scheme asset	-	-	(1,804,040)	(1,108,060)
Asset attributable to taxable losses	-	-	49,378	961,312
Other short term timing differences	-	-	710,089	663,697
	<u>-</u>	<u>-</u>	<u>(844,434)</u>	<u>630,964</u>

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 16. Called up share capital

	2019 £	2018 £
<b>Called-up, allotted, and fully paid</b>		
62,500 10% preference shares of 1p	625	625
84,450 6% second preference shares of £1	84,450	84,450
84,450 10% third preference shares of 5p	4,222	4,222
84,450 New ordinary shares of 5p	4,223	4,223
	<u>93,520</u>	<u>93,520</u>

#### Rights attaining to share capital:

- (1) 10% Preference shares  
These shares carry full voting rights and on a winding-up, surplus assets are to be distributed to an amount equal to the capital paid up in priority to all other classes of shares in issue. Dividends to be paid on these shares from distributable profits must be from profits only of that year.
- (2) 6% Second Preference shares  
These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed to an amount equal to the capital paid up after distribution to Preference shareholders but in priority to Third Preference shareholders and Ordinary shareholders. Dividends to be paid on these shares from distributable profits must be from profits only of that year after paying dividends to Preference shareholders but in priority to Third Preference and Ordinary shareholders.
- (3) 10% Third Preference shares  
These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed to an amount equal to the capital paid up after distribution to Preference and Second Preference shareholders but in priority to Ordinary shareholders. Dividends to be paid on these shares from distributable profits must be from profits only of that year after paying dividends to Preference and Second Preference shareholders but in priority to Ordinary shares.
- (4) Ordinary shares  
These shares carry no voting rights except upon a resolution for modifying rights currently attached to them. On a winding-up surplus assets are to be distributed, only after repayment of the capital paid up on the Preference, Second Preference and Third Preference shares, to the Ordinary shareholders in proportion to the capital paid up. Dividends to be paid on these shares from distributable profits are after paying dividends to Preference, Second Preference and Third Preference shareholders.

The capital redemption reserve is a non-distributable reserve which arose from the purchase of company shares back from shareholders.

The profit & loss reserve represents cumulative profits or losses, net of dividends and other adjustments.

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 17. Financial commitments

	2019 £	2018 £
<b>Capital commitments</b>		
Contracted for but not provided	<u>448,802</u>	<u>233,086</u>

#### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
<b>Company</b>		
- within one year	483,110	205,242
- between one and five years	<u>1,285,592</u>	<u>410,701</u>
	<u>1,768,702</u>	<u>615,943</u>

#### 18. Employee benefits

##### Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2019 was £325,228 (2018: £313,249).

##### Defined benefit schemes

The Scheme is a funded scheme of the defined benefit type, providing retirement benefits based on members' career averaged earnings. The Scheme has assets held in a separately administered fund managed by a Board of Trustees.

The Company and the Trustee have agreed a funding plan to ensure the Scheme is sufficiently funded to meet current and future obligations. A formal schedule of contributions was drawn up on 5 June 2014 whereby the company will pay 6.0% of salary up to the upper accrual point and 9.3% of salary above the upper accrual point, to cover accrual of benefits for future service.

The latest funding valuation for the scheme was completed as at 5 April 2019 and the valuation below has been based on this assessment. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	Valuation at	
	2019	2018
Key assumptions used:		
Discount rate	1.9%	2.8%
Future pension increases – Post April 2006 accrual	2.1%	2.2%
Future pension increases – April 1997 to April 2006	3%	3.2%
Salary increase	4.05%	4.25%
Inflation – RPI	3.15%	3.35%
Inflation – CPI	2.25%	2.35%
Mortality assumptions:		

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include

# Sherwin-Williams Protective & Marine Coatings

## Notes to the financial statements (continued)

### 18. Employee benefits (continued)

sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2019	2018
	years	years
Retiring today:		
Males	87	87
Females	88	89
Retiring in 20 years:		
Males	88	89
Females	90	91

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2019	2018
	£'000	£'000
Current service cost	578	566
Net interest income	(189)	(213)
Total cost relating to defined benefit scheme	389	353

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2019	2018
	£'000	£'000
Present value of defined benefit obligations	(42,895)	(39,753)
Fair value of scheme assets	53,507	46,271
Net pension asset	10,612	6,518

Movements in the present value of defined benefit obligations were as follows:

	2019	2018
	£'000	£'000
At 1 January	39,753	41,289
Service cost	478	566
Interest cost	1,091	1,012
Contributions by scheme participants	186	189
Actuarial gains and losses in respect of assumptions	4,049	(1,755)
Actuarial gains and losses in respect of experience	(1,359)	33
Net benefits paid out	(1,303)	(1,581)
At 31 December	42,895	39,753

## Sherwin-Williams Protective & Marine Coatings

### Notes to the financial statements (continued)

#### 18. Employee benefits (continued)

Movements in the fair value of scheme assets were as follows:

	2019 £'000	2018 £'000
At 1 January	46,271	49,575
Interest income on scheme assets	1,280	1,226
Actuarial gains and losses	6,783	(3,433)
Contributions from the employer	290	295
Contributions from scheme participants	186	189
Benefits paid	(1,303)	(1,581)
At 31 December	53,507	46,271

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2019 £'000	2018 £'000
Equity instruments	24,420	21,294
Gilts	14,381	12,311
Corporate bonds	14,443	12,477
Other assets	263	189
	53,507	46,271

#### 19. Related party transactions

The company is a wholly owned subsidiary within the group, and utilises the exemption contained in FRS 102 section 33 2.2, "Related Party Disclosures", not to disclose any transactions with entities that are part of the group.

#### 20. Ultimate parent company and controlling party

The immediate parent company is Sherwin-Williams UK Holding Limited, Thorncliffe Park, Chapelton, Sheffield, S35 2YP. The ultimate parent company and controlling party is The Sherwin-Williams Company, a company incorporated in the United States of America. The address from which financial statements of the group can be obtained is The Sherwin-Williams Company, 101 Prospect Avenue, N.W, Cleveland, Ohio, 44115-1075. The Sherwin-Williams Company heads the largest and smallest group for which consolidated financial statements are prepared and of which the company is a member.

#### 21. Post Balance Sheet event

The directors have considered the Covid-19 pandemic and the impact on the year-end financial statements for 31 December 2019. It is anticipated that there is a possibility the movement in the pension scheme assets and liabilities is material. However, given this is a non-adjusting post balance sheet event, the directors have noted it is impractical to accurately quantify this movement value.