

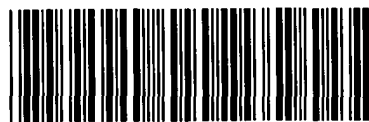
**Crown Paints Group Limited**

Annual report and financial statements

Registered number 06624555

31 December 2019

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## Directors' report

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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

### Principal activities

The principal activity of the company is to act as a holding company.

### Business review

During the year the company made a profit for the financial year amounting to £10,500,000 (2018: £10,500,000) from the receipt of a dividend from Crown Paints Holdings Limited. The company had net assets of £1,067,000 as at 31 December 2019 (2018: £1,067,000).

### Dividend

The directors do not recommend the payment of a final dividend (2018: *£Nil*). Interim dividend payments totalling £10,500,000 (2018: £10,500,000) were also paid during the year (Note 12).

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Joseph Devitt  
Philip James McDonald  
Henrik Andersen  
Graham John Haworth  
(Resigned 29 July 2019)  
(Resigned 20 May 2019)  
Lars Johan Petersson  
Philip Carmello Cefai  
(Appointed 20 May 2019)  
Craig Andrew Ballantyne  
(Appointed 20 May 2019)

### Principal risks and uncertainties

Brexit and Covid-19 have a general level of uncertainty although this did not have trading impact in the year due to the holding company nature of the company. The principal risk to the company is the diminishment in value of its investments beyond their book value and the recoverability of the intercompany debtor.

### Post balance sheet events

The COVID-19 pandemic is regarded as a non-adjusting balance sheet event. Nevertheless, it hasn't negatively impacted the trade of the company or relevant group undertakings for which turnover has increased particularly during the main COVID-19 impacted months.

### Going Concern

The directors have considered the going concern status of the company. Following a review of the company balance sheet and the profit and loss account, all transactions relate to intercompany balances, intercompany dividend income/payments or non cash items such as investments in subsidiaries. There are no external cash flows made in this entity. Given this is a non trading intermediate holding company and all transactions in the past have been intercompany/non cash in nature and it is the intent of this to continue into future financial years, the directors therefore find it appropriate to continue to adopt the going concern basis when preparing these financial statements.

### Political and charitable contributions

The Company made no political or charitable donations in the year (2018: *£nil*).

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

### **Statement of disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

### **Independent auditors**

As a result of a re-tender process by Crown Paints Limited with the support and approval by Hempel A/S, it was proposed that RSM UK Audit LLP will replace PricewaterhouseCoopers LLP as the independent auditors of the Crown Paints UK subsidiaries for the year ended 31 December 2020. This will be approved by the board of directors.

On behalf of the board



**Philip Cefai**  
*Director*  
9 December 2020

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



**Philip Cefai**  
*Director*  
9 December 2020

## ***Independent auditors' report to the members of Crown Paints Group Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Crown Paints Group Limited's financial statements:

- 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## ***Independent auditors' report to the members of Crown Paints Group Limited (continued)***

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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 auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

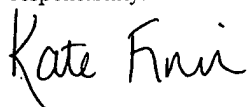
We have no exceptions to report arising from this responsibility.

## ***Independent auditors' report to the members of Crown Paints Group Limited (continued)***

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kate Finn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
9 December 2020



**Profit and loss account**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>Year ended 31 December 2019 £000</b>	<b>Year ended 31 December 2018 £000</b>
Income from shares in group undertakings	8	10,500	-
<b>Profit before taxation</b>		<b>10,500</b>	<b>10,500</b>
Tax on profit	9	-	-
<b>Profit for the financial year</b>		<b>10,500</b>	<b>10,500</b>

All activities derive from continuing operations.

No other comprehensive income has been recognised in the year (2018: £nil).

## Balance sheet

As at 31 December 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Investments	8	1,000		1,000	
			1,000		1,000
<b>Current assets</b>					
Trade receivables	10	67		67	
<b>Net current assets</b>			67		67
<b>Total assets</b>			1,067		1,067
<b>Net assets</b>			1,067		1,067
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Share premium account			900		900
Profit and loss account			67		67
<b>Total equity</b>			1,067		1,067

The financial statements on pages 9 to 17 were approved by the board of directors on 9 December 2020 and were signed on its behalf by:



Craig Ballantyne  
Director

Registered number 06624555

**Statement of changes in equity**  
*For the year ended 31 December 2019*

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018	100	900	67	1,067
Profit for the financial year	-	-	10,500	10,500
Transactions with shareholders recorded directly in equity				
Dividends (Note 12)	-	-	(10,500)	(10,500)
Balance at 31 December 2018	<u>100</u>	<u>900</u>	<u>67</u>	<u>1,067</u>
	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	100	900	67	1,067
Profit for the financial year	-	-	10,500	10,500
Transactions with shareholders recorded directly in equity				
Dividends (Note 12)	-	-	(10,500)	(10,500)
Balance at 31 December 2019	<u>100</u>	<u>900</u>	<u>67</u>	<u>1,067</u>

## Notes to the financial statements

### 1 General Information

Crown Paints Group Limited ('the company') is a holding company.

The company is incorporated and domiciled in the UK. The address of its registered office is Crown House, Hollins Road, Darwen, Lancashire, BB3 0BG.

### 2 Statement of compliance

The individual financial statements of Crown Paints Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. ("FRS102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### *Going Concern*

The directors have considered the going concern status of the company. Following a review of the company balance sheet and the profit and loss account, all transactions relate to intercompany balances, intercompany dividend income/payments or non cash items such as investments in subsidiaries. There are no external cash flows made in this entity. Given this is a non trading intermediate holding company and all transactions in the past have been intercompany/non cash in nature and it is the intent of this to continue into future financial years, the directors therefore find it appropriate to continue to adopt the going concern basis when preparing these financial statements.

#### *Exemptions for qualifying entities under FRS 102*

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Hempel A/s, includes the company's cash flows in its own consolidated financial statements. The company has also taken advantage of the exemptions in FRS102 from disclosing related parties transactions entered into between two or more members of the group, key management personnel compensation and financial instrument disclosures.

#### *Consolidated financial statements*

The company is a wholly owned subsidiary of Hempel Decorative Paints Limited and its ultimate parent, Hempel A/s. It is included in the consolidated financial statements of Hempel A/s which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The financial statements are the company's separate financial statements.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

## Notes to the financial statements *(continued)*

### 3 Summary of significant accounting policies *(continued)*

#### *Dividend income*

Dividend income is recognised when the right to receive payment is established.

#### *Dividend distribution*

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

#### *Trade receivables*

Trade receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Trade receivable only include amounts due from group undertakings.

#### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are stated at their cost to the Company less provisions to reflect any diminution of value, which the directors consider to be of a permanent nature.

#### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 4 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. No judgements (apart from those involving estimates outlined below) have had the most significant effect on amounts recognised in these financial statements.

#### *Investments in subsidiary undertakings*

The carrying value of investments in subsidiaries are assessed annually for impairment indicators and impaired where management believe the carrying value is no longer supported by the underlying net assets or future estimates for value in use.

## Notes to the financial statements *(continued)*

### 5 Auditors' remuneration

For the year ended 31 December 2019 the auditors' remuneration has been borne by Crown Paints Limited this totals £500 (2018: £500).

### 6 Remuneration of directors

None of the directors received any remuneration for their work as directors of the company (2018: £nil).

### 7 Staff numbers and costs

Other than the named directors, the company has no employees (2018: £nil).

### 8 Investments

Shares in subsidiary undertakings at the year end consist of:

	2019 £000	2018 £000
Shares at cost	1,000	1,000
Net book value	1,000	1,000

The principal subsidiary undertakings, in which the company's interest is 100% of the entire share capital, are:

	Country of incorporation	Principal activity	Class and Percentage of Shares held
<b>Direct holdings</b>			
Crown Paints Holdings Limited	England	Holding Company	100% Ordinary
<b>Indirect holdings</b>			
Crown Brands Limited	England	Holding Company	100% Ordinary
Crown Paints Ireland Limited	ROI	Distributor	100% Ordinary
Crown Paints Limited	England	Manufacturer and Distributor	100% Ordinary
Reebor Limited	England	Dormant	50% Ordinary

The registered office for the above companies incorporated in England is Crown House, Hollins Road, Darwen, Lancashire, BB3 0BG.

The registered office for Crown Paints Ireland is 15 Lower Mount Street, Dublin 2.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Dividends received from investments in subsidiary undertakings in the year amounted to £10,500,000 (2018: £10,500,000).

## Notes to the financial statements *(continued)*

### 9 Tax on profit

The tax charge for the year is lower (2018: *lower*) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Profit before taxation	10,500	10,500
Profit multiplied by standard rate of UK Corporation tax at 19 % (2018: 19%)	1,995	1,995
<i>Effects of:</i> Non-taxable income	(1,995)	(1,995)
Total tax charge	-	-

Factors that may affect future tax charges:

Legislation to reduce the standard rate of corporation tax to 17% from 1 April 2020 was included in Finance Act 2016 and was enacted in a previous period. The March 2020 Budget cancelled the planned reduction to 17% so the UK statutory tax rate will remain at 19% from 1 April 2020. The legislation was not enacted during the year so deferred tax has been provided using the 17% rate. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 10 Trade receivables

	2019 £000	2018 £000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	67	67

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. There are no external cash flows made in this entity, the receivable due from group undertakings is recoverable through other non cash intercompany settlements and transactions such as intercompany dividend income/payments.

## Notes to the financial statements *(continued)*

### 11 Called up share capital

	2019 £000	2018 £000
<i>Authorised</i>		
830,000 (2018: 830,000) A Ordinary shares of £0.10 each	83	83
170,000 (2018: 170,000) Ordinary shares of £0.10 each	17	17
	<hr/> 100	<hr/> 100
<i>Allotted, called up and fully paid</i>		
829,990 (2018: 829,990) A Ordinary shares of £0.10 each	83	83
170,000 (2018: 170,000) Ordinary shares of £0.10 each	17	17
	<hr/> 100	<hr/> 100

All shares have the same rights.

### 12 Dividends

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
<b>Equity - Ordinary</b>		
Interim paid £10.50 (2018: £10.50) per one A Ordinary £0.10 share	10,500	10,500
	<hr/> 10,500	<hr/> 10,500

### 13 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Hempel Decorative Paints Limited.

The ultimate parent undertaking and controlling party is Hempel A/S, a company incorporated in Denmark.

Hempel A/S is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Hempel A/S are available from Hempel A/S Lundtoftevej 91, DK-2800 kgs, Lyngby Denmark.

Hempel A/S is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Hempel A/S can be obtained from Hempel A/S Lundtoftevej 91, DK-2800 kgs, Lyngby Denmark.

The ultimate controlling party is the Hempel Foundation.

### 14 Related party disclosures

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group. This is permissible as per Section 33, paragraph 33.7 of FRS 102.



## Notes to the financial statements *(continued)*

### **15 Post balance sheet events**

The COVID-19 pandemic is regarded as a non-adjusting balance sheet event. Nevertheless, it hasn't negatively impacted the trade of the company or relevant group undertakings for which turnover has increased particularly during the main COVID-19 impacted months.