

Speciality Coatings Group Limited

Annual report and financial statements

for the year ended 30 June 2019

Registered number 01243319

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Company information

The board of directors	P J P V Gyllenhammar J O Hager
Company Secretary	K A Davenport
Registered office	Old Mills Drighlington Bradford West Yorkshire BD11 1BY
Independent Auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL

Strategic Report

Strategic report for the year ended 30 June 2019

The directors present the strategic report of the Company for the year ended 30 June 2019.

Review of the business

The principal activity of the Company continues to be that of holding investments.

The Company did not trade in the current year or prior year.

For the year ended 30 June 2019 the Company made a profit for the financial year of £103,000 (2018: loss of £322,000)

At 30 June 2019 the Company had net liabilities of £nil (2018: net liabilities of £103,000).

Dividends

No dividend was declared and paid during the year (2018: £nil).

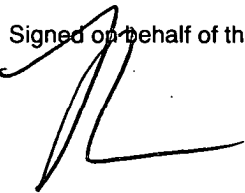
Future outlook

The Company will not trade for the foreseeable future. The investment owned by the Company entered administration during the year ended 30 June 2018. The cost of the investment has previously been fully impaired.

Principal risks and uncertainties

The Company's principal risk relates to the recoverable value of the Company's principal investments.

Signed on behalf of the board of directors



J O Hager
Director

21 October 2019

Directors' report

The directors present the annual report and the audited financial statements of the Company for the year ended 30 June 2019.

Principal activities

The principal activity of the Company continues to be that of holding investments.

Business Review

Profit for the financial year ended 30 June 2019 is £103,000 (2018: loss of (£322,000)).

Dividends

No dividend was declared and paid during the year (2018: £nil).

Future developments

The Company will not trade for the foreseeable future. The investment owned by the Company entered administration during the year ended 30 June 2018. The cost of the investment has previously been fully provided.

Principal risks and uncertainties

The Company's principal risk relates to the recoverable value of the Company's principal investments.

Directors

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

P J P V Gyllenhammar
J O Hager

None of the directors held shares in the Company. The interests of P J P V Gyllenhammar in the ordinary shares of International Fibres Group (Holdings) Limited are disclosed in the financial statements of International Fibres Group (Holdings) Limited.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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.

Directors' report (continued)

Statement of directors' responsibilities (continued)

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

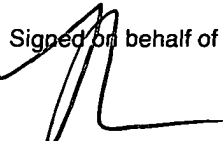
In the case of each director in office at the date the Directors' Report is approved:

- 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.

Independent Auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Signed on behalf of the board of directors



J O Hager
Director

21 October 2019

Independent auditors' report to the members of Speciality Coatings Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Speciality Coatings Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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 statement of financial position as at 30 June 2019; the income statement, 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.

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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

Independent auditors' report to the members of Speciality Coatings Group Limited (continued)

Reporting on other information (continued)

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

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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 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 Strategic Report and Directors' Report.

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 set out on pages 3-4, 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. 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.

**Independent auditors' report to the members of Speciality Coatings Group Limited
(continued)**

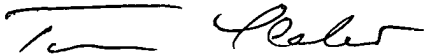
Other required reporting

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.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

21 October 2019

Income statement

for the year ended 30 June 2019

	<i>Note</i>	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Administrative expenses		—	(322)
Other operating income		103	—
Operating profit/(loss)	3	103	(322)
Profit/(loss) before taxation		103	(322)
Tax on profit/(loss)	4	—	—
Profit/(loss) for the financial year		103	(322)

There were no acquisitions or discontinued operations during either the current year or preceding year.

The notes on pages 11 to 13 form part of these financial statements.

Statement of financial position

at 30 June 2019

	Note	30 June 2019		30 June 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	5		—		—
Creditors: amounts falling due within one year	6	—		(103)	
		<u> </u>		<u> </u>	
Net current liabilities			—		(103)
			<u> </u>		<u> </u>
Total assets less current liabilities			—		(103)
			<u> </u>		<u> </u>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account			(100)		(203)
			<u> </u>		<u> </u>
Total equity			—		(103)
			<u> </u>		<u> </u>

The financial statements on pages 8 to 13 were approved by the board of directors on 21 October 2019 and were signed on its behalf by:


J O Hager
Director

The notes on pages 11 to 13 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2019

	Called up share capital £'000	Profit and Loss Account £'000	Total Equity £'000
As at 1 July 2017	100	119	219
Loss for the financial year	–	(322)	(322)
As at 30 June 2018	100	(203)	(103)
Profit for the financial year	–	103	103
As at 30 June 2019	100	(100)	–

Notes to the financial statements for the year ended 30 June 2019

1. General Information

Speciality Coatings Group Limited is an investment holding company. The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Old Mills, Drighlington, Bradford, West Yorkshire, BD11 1BY, England.

2. Summary of significant accounting policies

The significant 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 and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), and, consistently applied accounting policies. The significant accounting policies are set out below.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Estimates are made when valuing the recoverable assets in the investments based on forecast profits and associated cashflows and likelihood of recovery.

Cash flow statement

The Company has taken advantage of the exemption available under section 7 of FRS 102 and para 3.17 (d) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a Company within the EEA, as disclosed in Note 9.

3. Operating profit/(loss)

The directors did not receive any emoluments for services to the Company during the year (2018: £nil). There are no employees other than the directors (2018: none).

Auditors' fees of £2,500 (2018: £2,500) have been borne by the parent company, International Fibres Group (Holdings) Limited.

4. Tax on profit/(loss)

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Current tax:		
UK corporation tax on the profit for the financial year at 19% (2018: 19%)	—	—
	—	—
	—	—
	—	—

Notes to the financial statements for the year ended 30 June 2019

4. Tax on profit/(loss) (continued)

There are no deferred tax assets or liabilities in the company.

The tax on the profit/(loss) for the year is lower than from (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). A reconciliation to the standard rate of tax is shown below.

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Profit/(loss) before taxation	103	(322)
Profit/(loss) before tax multiplied by standard rate in the UK of 19% (2018: 19%)	20	(61)
Effects of: (Income)/Expenses not taxable	(20)	61
Total tax charge	—	—

5. Investments

	Speciality Coatings (Darwen) Limited £'000	Total £'000
Cost		
At 1 July 2018	322	322
At 30 June 2019	322	322
Impairment		
At 1 July 2018	(322)	(322)
At 30 June 2019	(322)	(322)
Net book value		
At 30 June 2019	—	—
At 30 June 2018	—	—

Joint venture	Principal activity	Country of Incorporation
Speciality Coatings (Darwen) Limited* (40% of ordinary issued share capital)	Manufacturer of vinyl-base and plastisols for the wallcovering industry.	Great Britain

On 7 March 2018 Speciality Coatings (Darwen) Limited entered Administration. A full provision for the value of the investment in the company was included in the financial statements at 30 June 2018.

* Registered office address: 7th Floor, Ship Canal House, 98 King Street, Manchester, M2 4WU

Notes to the financial statements for the year ended 30 June 2019

6. Creditors: amounts falling due within one year

	30 June 2019 £'000	30 June 2018 £'000
Amounts owed to group undertakings	—	103
	—	103

The amount owed to group undertakings was waived during the year to 30 June 2019.

7. Called up share capital

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
<i>Allotted, called up and fully paid</i>		
A - 80,000 (2018: 80,000) ordinary shares of £1 each	80	80
B - 20,000 (2018: 20,000) ordinary shares of £1 each	20	20
	100	100

The 'A' and 'B' ordinary shares rank equally in respect of all rights, with the exception that on a winding up, holders of 'A' ordinary shares are entitled to two thirds of the assets and the holders of 'B' ordinary shares are entitled to one third, and also that the directors have the right to declare dividends separately for each class of share such that a different amount of dividend may be declared and paid for each class of share.

8. Contingent liabilities

Under the terms of the UK banking facilities the Company has guaranteed the net indebtedness of the following Group companies: International Fibres Group (Holdings) Limited, IFG Drake Limited and International Fibres Group Limited. The net indebtedness at 30 June 2019 amounted to £nil (2018: £nil)

9. Ultimate holding company

International Fibres Group (Holdings) Limited, a company incorporated in the United Kingdom, is the immediate parent company. International Fibres Group AB, a company incorporated in Sweden (registration number: 556933-2694) is the parent company of International Fibres Group (Holdings) Limited. However, these companies have not prepared consolidated financial statements at 30 June 2019.

Duroc AB (publ), a public company incorporated in Sweden (registration number: 556446-4286) is the parent company of International Fibres Group AB and is the smallest and largest group to consolidate these financial statements. Duroc AB (publ) is listed on Nasdaq OMX Stockholm, small cap. Copies of the Group financial statements for Duroc AB (publ) may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden.

Gyllenhammar Holding AB, a company incorporated and registered in Sweden, is the ultimate holding company. Copies of consolidated financial statements for Gyllenhammar Holding AB may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden. P J P V Gyllenhammar is the ultimate controlling party of all companies noted above at the date of signing of the financial statements.

10. Related party transactions

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption, as the consolidated financial statements of Duroc AB (publ), a company within the EEA may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden.