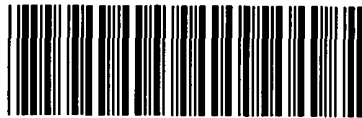


Company Registration No. 02909297 (England and Wales)

VIL HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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VIL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr A W Wallen Mrs W E Wallen Mr R W Wallen Mrs S W Richardson Mr P W Richardson Mrs S L Wallen Mr J Wallen Mrs E Wallen
Secretary	Mr P W Richardson
Company number	02909297
Registered office	Union Road Bolton
Auditor	Barlow Andrews LLP Carlisle House 78 Chorley New Road Bolton
Bankers	HSBC Bank Plc 1-3 Victoria Square Bolton
Solicitors	Fieldings Porter Silverwell House Silverwell Street Bolton

VIL HOLDINGS LIMITED

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VIL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present the strategic report for the year ended 30 September 2016.

Fair review of the business

Research and Development continues as a priority for the company with further export growth being largely driven by water based and low VOC resins coming on stream. Because the compliant resin market is developing and growing so quickly the directors are committed to putting further investment into product development.

Principal risks and uncertainties

Within the activities of the group, the directors recognise the high level of importance when it comes to health and safety. Thus, each process of the businesses will continue to carry out regular risk assessments to ensure a safe working environment and provide internal controls of each process. The group further supports its environmental responsibilities within each subsidiary and supports the key regulations that ensure our surrounding environments are maintained in their natural states.

The group operates in very competitive markets and the continued growth of each subsidiary is dependent on maintaining customer relationships and developing new products specific to each customer specific need. The group hopes to achieve these objectives by providing a first-class service and through competitive pricing policies.

The group's principal financial instruments comprise bank balances, trade creditors and currency exchanges. It is these instruments that allows the company to move forward with its operations. The group trades with some of its customers and suppliers in foreign currencies, which results in risks of currency fluctuations. The group manages the risk by using the facility of a Euro bank account and ensuring that the net effect of creditors and debtors is closely monitored.

Credit risk from trade debtors is managed by operating strict credit control procedures, including detailed credit reference checks on new customers, regular reviews of credit limits and monitoring payments received.

Within the parent company the group is exposed to investment risk as it manages its portfolios against the fluctuations of investment markets. This risk is managed by involving directors with the direct decision making of the portfolio managers who provide their professional advice and guidance.

Development and performance

The directors intend on continuing their strategy of growth through internal and external diversification. Examples of this will be to target both product developments and acquirement of new customers. The group will continue to invest in both subsidiaries to ensure that they are in the best position to maximise growth and ensure that each business has the most efficient processes. Within the holding company they will continue their management of its portfolio and investing additional monies if market conditions allow.

The group has continued in the year to develop its diversification strategy, which has included the acquisition of Melpass Limited. As a separate entity to VIL Resins Limited it is intended that the new acquisition will strengthen the Group's stable position into different markets.

Key performance indicators

The directors consider the key performance indicators to be turnover £14,663,590 (2015: £12,721,394) and gross profit margin of 37.47% (2015: 32.73%).

By order of the board



Mr P W Richardson
Secretary
20 December 2016

VIL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their annual report and financial statements for the year ended 30 September 2016.

Principal activities

The principal activities of the company are the provision of management services to its trading subsidiaries and the management of the company's other assets by monitoring performance and making appropriate investment decisions. The principal activity of the subsidiaries is the manufacture and sale of surface coating resins and the manufacture and distribution of chemicals and ancillary products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A W Wallen
Mrs W E Wallen
Mr R W Wallen
Mrs S W Richardson
Mr P W Richardson
Mrs S L Wallen
Mr J Wallen
Mrs E Wallen

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,412,000. The directors do not recommend payment of a further dividend.

Future developments

The directors intend to continue to monitor the portfolio of investments, potentially investing additional monies if market conditions allow.

Auditor

In accordance with the company's articles, a resolution proposing that Barlow Andrews LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

By order of the board



Mr P W Richardson

Secretary

20 December 2016

VIL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIL HOLDINGS LIMITED

We have audited the financial statements of VIL Holdings Limited for the year ended 30 September 2016 set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

VIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF VIL HOLDINGS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Mr Philip Riding (Senior Statutory Auditor)
for and on behalf of Barlow Andrews LLP**

20 December 2016

**Chartered Accountants
Statutory Auditor**

Carlyle House
78 Chorley New Road
Bolton

VIL HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	14,663,590	12,721,394
Cost of sales		(9,315,116)	(8,557,201)
Gross profit		5,348,474	4,164,193
Distribution costs		(670,511)	(563,391)
Administrative expenses		(1,556,626)	(1,109,966)
Other operating income		6,570	4,750
Operating profit	4	3,127,907	2,495,586
Interest receivable and similar income	8	274,154	342,446
Interest payable and similar charges	9	(145,515)	(76)
Amounts written off investments		83,670	354,601
Profit before taxation		3,340,216	3,192,557
Taxation	10	(618,661)	(552,096)
Profit for the financial year		2,721,555	2,640,461

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

There is no other comprehensive income for the year. The total comprehensive income is the profit for the financial year shown above.

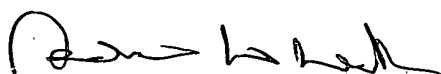
VIL HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Goodwill	12	2,624,493	-
Other intangible assets	12	12,937	-
Total intangible assets		2,637,430	-
Tangible assets	13	2,437,893	2,051,535
		5,075,323	2,051,535
Current assets			
Stocks	17	2,329,914	1,848,912
Debtors	18	3,947,761	3,115,795
Investments	19	9,337,308	13,253,716
Cash at bank and in hand		7,376,823	5,876,632
		22,991,806	24,095,055
Creditors: amounts falling due within one year	20	(4,962,770)	(3,432,028)
Net current assets		18,029,036	20,663,027
Total assets less current liabilities		23,104,359	22,714,562
Provisions for liabilities	21	(85,740)	(31,609)
Deferred income		(26,111)	-
Net assets		22,992,508	22,682,953
Capital and reserves			
Called up share capital	23	500	500
Other reserves	24	3,499,500	3,499,500
Capital redemption reserve	25	500	500
Profit and loss reserves		19,492,008	19,182,453
Total equity		22,992,508	22,682,953

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:



Mr A W Wallen
Director

VIL HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	14		3,375,267		500
Current assets					
Debtors	18	2,551,291		2,146,714	
Investments	19	9,337,308		13,253,716	
Cash at bank and in hand		4,748,385		3,644,010	
		<u>16,636,984</u>		<u>19,044,440</u>	
Creditors: amounts falling due within one year	20	<u>(2,497,526)</u>		<u>(1,499,674)</u>	
Net current assets			<u>14,139,458</u>		<u>17,544,766</u>
Total assets less current liabilities			<u>17,514,725</u>		<u>17,545,266</u>
Capital and reserves					
Called up share capital	23		500		500
Profit and loss reserves			<u>17,514,225</u>		<u>17,544,766</u>
Total equity			<u>17,514,725</u>		<u>17,545,266</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:



Mr A W Wallen
Director

Company Registration No. 02909297

VIL HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital £	Capital redemption reserve £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 October 2014		500	500	3,499,500	17,747,992	21,248,492
Year ended 30 September 2015:						
Profit and total comprehensive income for the year		-	-	-	2,640,461	2,640,461
Dividends	11	-	-	-	(1,206,000)	(1,206,000)
Balance at 30 September 2015		500	500	3,499,500	19,182,453	22,682,953
Year ended 30 September 2016:						
Profit and total comprehensive income for the year		-	-	-	2,721,555	2,721,555
Dividends	11	-	-	-	(2,412,000)	(2,412,000)
Balance at 30 September 2016		500	500	3,499,500	19,492,008	22,992,508

VIL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2014		500	16,257,415	16,257,915
Year ended 30 September 2015:				
Profit and total comprehensive income for the year		-	2,493,351	2,493,351
Dividends	11	-	(1,206,000)	(1,206,000)
Balance at 30 September 2015		500	17,544,766	17,545,266
Year ended 30 September 2016:				
Profit and total comprehensive income for the year		-	2,381,459	2,381,459
Dividends	11	-	(2,412,000)	(2,412,000)
Balance at 30 September 2016		500	17,514,225	17,514,725

VIL HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	29	4,256,888		4,108,538	
Interest paid		(145,515)		(76)	
Income taxes paid		(741,567)		(475,724)	
Net cash inflow from operating activities		3,369,806		3,632,738	
Investing activities					
Purchase of business		(3,374,767)		-	
Purchase of tangible fixed assets		(176,629)		(31,592)	
Proceeds on disposal of tangible fixed assets		8,300		6,220	
Proceeds on disposal of current asset investments		3,916,408		(730,193)	
Proceeds from other investments and loans		83,670		354,601	
Interest received		22,428		22,312	
Dividends received		251,726		320,134	
Net cash generated from/(used in) investing activities		731,136		(58,518)	
Financing activities					
Dividends paid to equity shareholders		(2,412,000)		(1,206,000)	
Net cash used in financing activities		(2,412,000)		(1,206,000)	
Net increase in cash and cash equivalents		1,688,942		2,368,220	
Cash and cash equivalents at beginning of year		5,876,632		3,508,412	
Cash acquired on acquisition of subsidiary		(188,751)		-	
Cash and cash equivalents at end of year		7,376,823		5,876,632	

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

Company information

VIL Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Union Road, Bolton.

The group consists of VIL Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 September 2016 are the first financial statements of VIL Holdings Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 October 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,381,459 (2015 - £2,493,351 profit).

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of VIL Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents the sales value, excluding value added tax, of all deliveries made during the year.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is over 10 years.

1.6 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	15% on cost
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VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	Over the term of the lease
Plant and machinery	6 2/3% straight line
Fixtures, fittings & equipment	10% straight line
Computer equipment	33% on cost
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.20 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods	14,663,590	12,721,394
Other significant revenue		
Interest income	22,428	22,312
Dividends received	251,726	320,134
Grants received	2,216	-

Turnover analysed by geographical market

In the opinion of the directors, it would be seriously prejudicial to disclose turnover by geographical location. The directors have therefore taken advantage of the exemption to omit this disclosure.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(43,125)	49,095
Government grants	(2,216)	-
Depreciation of owned tangible fixed assets	164,971	107,816
Profit on disposal of tangible fixed assets	(8,300)	(6,220)
Amortisation of intangible assets	115,046	-
Cost of stocks recognised as an expense	7,512,436	7,122,522
Operating lease charges	38,436	-
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,000	5,300
Audit of the company's subsidiaries	9,202	6,350
	<u> </u>	<u> </u>
	14,202	11,650
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Production staff	27	15
Sales and distribution staff	11	4
Administration and technical staff	16	12
	<u> </u>	<u> </u>
	54	31
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,587,376	1,027,741
Social security costs	104,702	94,754
Pension costs	246,246	208,026
	<u> </u>	<u> </u>
	1,938,324	1,330,521
	<u> </u>	<u> </u>

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	276,319	257,229
Company pension contributions to defined contribution schemes	238,229	201,819
	<u>514,548</u>	<u>459,048</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2015 - 6).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	57,156	53,728
Company pension contributions to defined contribution schemes	39,341	39,427

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	22,428	16,403
Other interest income	-	5,909
Total interest revenue	<u>22,428</u>	<u>22,312</u>
Other income from investments		
Dividends received	251,726	320,134
Total income	<u>274,154</u>	<u>342,446</u>

9 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	1,661	-
Interest on finance leases and hire purchase contracts	(941)	-
Other interest on financial liabilities	144,795	-
Other interest	-	76
Total finance costs	<u>145,515</u>	<u>76</u>

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	624,744	557,087
Adjustments in respect of prior periods	205	(331)
Total current tax	<u>624,949</u>	<u>556,756</u>
Deferred tax		
Origination and reversal of timing differences	<u>(6,288)</u>	<u>(4,660)</u>
Total tax charge	<u>618,661</u>	<u>552,096</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>3,340,216</u>	<u>3,192,557</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.50%)	668,043	654,474
Tax effect of expenses that are not deductible in determining taxable profit	100,699	20,844
Tax effect of income not taxable in determining taxable profit	(50,345)	(65,627)
Gains not taxable	(16,734)	(259)
Adjustments in respect of prior years	205	-
Permanent capital allowances in excess of depreciation	(42,630)	(16,503)
Amortisation on assets not qualifying for tax allowances	22,822	-
Research and development tax credit	(63,399)	(40,833)
Tax expense for the year	<u>618,661</u>	<u>552,096</u>

11 Dividends

	2016 £	2015 £
Interim paid	<u>2,412,000</u>	<u>1,206,000</u>

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

12 Intangible fixed assets

Group	Goodwill £	Patents £	Total £
Cost			
At 1 October 2015	-	-	-
Additions - separately acquired	2,738,601	13,875	2,752,476
At 30 September 2016	2,738,601	13,875	2,752,476
Amortisation and impairment			
At 1 October 2015	-	-	-
Amortisation charged for the year	114,108	938	115,046
At 30 September 2016	114,108	938	115,046
Carrying amount			
At 30 September 2016	2,624,493	12,937	2,637,430
At 30 September 2015	-	-	-

The company had no intangible fixed assets at 30 September 2016 or 30 September 2015.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

13 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost							
At 1 October 2015	1,879,900	-	3,590,946	336,436	-	150,076	5,957,358
Additions	-	28,188	360,272	36,834	7,267	118,768	551,329
Disposals	-	-	-	-	-	(24,827)	(24,827)
At 30 September 2016	1,879,900	28,188	3,951,218	373,270	7,267	244,017	6,483,860
Depreciation and impairment							
At 1 October 2015	148,450	-	3,353,250	313,921	-	90,202	3,905,823
Depreciation charged in the year	20,602	2,657	74,524	7,753	1,395	58,040	164,971
Eliminated in respect of disposals	-	-	-	-	-	(24,827)	(24,827)
At 30 September 2016	169,052	2,657	3,427,774	321,674	1,395	123,415	4,045,967
Carrying amount							
At 30 September 2016	1,710,848	25,531	523,444	51,596	5,872	120,602	2,437,893
At 30 September 2015	1,731,450	-	237,696	22,515	-	59,874	2,051,535

The company had no tangible fixed assets at 30 September 2016 or 30 September 2015.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	3,375,267	500

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 October 2015	500
Additions	3,374,767
At 30 September 2016	3,375,267
Carrying amount	
At 30 September 2016	3,375,267
At 30 September 2015	500

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held
				Direct Indirect
Vil Resins Limited	Great Britain	Manufacture of surface coating resins	Ordinary	100.00
Melpass Limited	Great Britain	Manufacture and distribution of chemicals and ancillary products	Ordinary	100.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Vil Resins Limited	1,941,875	5,580,062
Melpass Limited	305,850	648,496

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,748,209	3,032,671	2,547,858	2,145,800
Equity instruments measured at cost less impairment	9,337,308	13,253,716	12,712,575	13,254,216
Carrying amount of financial liabilities				
Measured at amortised cost	4,151,814	2,542,026	2,366,595	1,206,000

17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	1,346,297	804,081	-	-
Finished goods and goods for resale	983,617	1,044,831	-	-
	2,329,914	1,848,912	-	-

18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	3,714,297	3,032,421	-	-
Corporation tax recoverable	3,433	-	3,433	-
Amounts due from subsidiary undertakings	-	-	2,547,858	2,145,800
Other debtors	33,912	250	-	-
Prepayments and accrued income	196,119	83,124	-	914
	3,947,761	3,115,795	2,551,291	2,146,714

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

19 Current asset investments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Listed investments	9,337,308	12,942,964	9,337,308	12,942,964
Unlisted investments	-	310,752	-	310,752
	<u>9,337,308</u>	<u>13,253,716</u>	<u>9,337,308</u>	<u>13,253,716</u>
Listed investments included above:				
Listed investments carrying amount	<u>9,337,308</u>	<u>12,942,964</u>	<u>9,337,308</u>	<u>12,942,964</u>

20 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	1,785,219	1,336,026	-	-
Corporation tax payable	317,621	392,087	-	250,961
Other taxation and social security	368,919	197,723	123,509	34,859
Other creditors	2,366,595	1,206,000	2,366,595	1,206,000
Accruals and deferred income	124,416	300,192	7,422	7,854
	<u>4,962,770</u>	<u>3,432,028</u>	<u>2,497,526</u>	<u>1,499,674</u>

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	<u>85,740</u>	<u>31,609</u>

The company has no deferred tax assets or liabilities.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

21 Deferred taxation

(Continued)

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 October 2015	31,609	-
Charge to profit or loss	(6,288)	-
Liability at 30 September 2016	<u>25,321</u>	<u>-</u>

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>246,246</u>	<u>208,026</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company 2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

The holders of ordinary shares are entitled to full voting rights and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24 Own shares

Other reserves includes £50,000 in respect of a share buy out in previous years and £3,449,500 held as a designated reserve in respect of future projects.

25 Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the group.

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

26 Acquisitions

On 5 May 2016 the group acquired 100 percent of the issued capital of Melpass Limited.

	Book Value £	Fair Value £
Fixed assets	388,576	388,576
Stock	386,159	386,159
Debtors	826,272	826,272
Creditors	776,090	776,090
Cash and cash equivalents	188,751	188,751
		636,166
Goodwill		2,738,601
Total consideration		3,374,767
The consideration was satisfied by:		£
Cash		3,374,767
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:		£
Turnover		1,536,607
Profit after tax		12,329

The goodwill arising on the acquisition of the business is attributable to the purchase price paid on the anticipated profitability of the distribution of the company's products and the future operating synergies from the combination.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	86,600	-	-	-
Between two and five years	243,785	-	-	-
	330,385	-	-	-

VIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

28 Directors' transactions

Dividends totalling £2,412,000 (2015: £1,206,000) were paid in the year in respect of shares in which the directors had an interest.

At the year end, the group owed the directors £2,366,595 (2015: £1,206,000). During the year, interest was paid amounting to £144,795 in respect of these loans.

29 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	4,288,669	2,640,461
Adjustments for:		
Taxation charged	618,661	552,096
Finance costs	213,915	76
Investment income	(1,842,554)	(342,446)
Gain on disposal of tangible fixed assets	(8,300)	(6,220)
Amortisation and impairment of intangible assets	115,046	-
Depreciation and impairment of tangible fixed assets	164,971	107,816
Amounts written off investments	(83,670)	(354,601)
(Decrease) in deferred income	(2,216)	-
Movements in working capital:		
(Increase) in stocks	(94,843)	(99,882)
Decrease in debtors	2,143,539	123,433
(Decrease)/increase in creditors	(1,251,132)	1,487,805
Cash generated from operations	4,262,086	4,108,538