



Grafton Group (UK) plc Tax Strategy



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Scope

This strategy applies to the group of companies headed by Grafton Group (UK) plc in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016. A list of the active entities to which it applies is set out below. In this strategy, references to 'Grafton Group' or 'the Group' are to these entities.

References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

Grafton Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The Group's tax affairs are managed in a way which takes into account the Group's wider corporate reputation in line with the Group's overall high standards of governance.

The Group takes its corporate responsibilities seriously and recognises the need to make its required tax contribution in the various territories in which it operates as well as being responsible for the deduction and payment of various fiduciary taxes, such as but not limited to, VAT, PAYE and Social Security.

Governance in relation to UK taxation

- Ultimate responsibility for the Group's tax strategy and compliance rests with the Board of Grafton Group plc;
- The responsibilities of the Audit & Risk Committee of Grafton Group plc to monitor the integrity of Grafton Group's financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;
- The Chief Financial Officer ('CFO') of Grafton Group plc is the Board member with executive responsibility for tax and advises the Board of all tax compliance and reporting matters;
- The CFO works with Group Finance and the finance teams in the UK businesses to manage UK companies tax risks.

Risk Management

- The Group takes a conservative approach to tax risk;
- Grafton seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate individuals, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate. External tax advisers are used for tax compliance matters. The Group also uses external advisers to assist in determining the tax consequences of significant transactions.

Attitude towards tax planning and level of risk

Grafton Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.



It is the Group policy that tax planning is underpinned by commercial substance. The Group recognises its responsibility to optimise overall returns to shareholders in its recommendation of the manner in which commercial or business opportunities should be implemented.

The level of risk which Grafton Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. At all times Grafton Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board and management is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question. External advisors are used to assist in determining the tax consequences of significant transactions.

Relationship with HMRC

As the Group is a large business, a HMRC Customer Relationship Manager (CRM) co-ordinates HMRC's relationship with the Group. The Group is in contact periodically with the CRM and the team that HMRC has appointed with specialists in corporate tax, employee taxes and VAT. HMRC is periodically updated on developments in the UK business and supplied with any information required on a timely basis.

List of entities covered by this Tax Strategy

(The list below excludes dormant companies).

SL No	Company name	Tax reference number
1	Allsard Supplies Limited	16425 37013
2	AVC (Stairbox) Limited	68780 56766500
3	Bathroom Distribution Group UK Limited	70950 95048
4	Beaumont Forest Holdings Limited	23592 06233
5	Beaumont Forest Products Limited	63400 20848
6	Buildbase Limited	40230 02105
7	Carlton Manufacturing Limited	98219 25078
8	CPI Mortars (North) Limited	94528 58849
9	CPI Mortars Limited	14742 00666
10	Crescent Building Supplies (Ruislip) Limited	54390 21687
11	Eastaff Estates Limited	90530 05793
12	Edward Dock Limited	22040 51304
13	Frontline Bathrooms Limited	12390 06125
14	GDC Paints Limited	52950 03830
15	Grafton Group (UK) plc	83745 15322
16	Grafton Merchanting GB Limited	66309 20068
17	Grafton UK Finance Limited	-
18	Grafton UK Leasing Company Limited	70459 05213
19	Harvey Steel Lintels Limited	11910 08783
20	Heiton Holdings UK Limited	25600 01062
21	Jackson Building Centres Limited	33730 06763
22	L & G Forest Products Limited	46746 06369
23	LSDM Limited	14399 06033
24	MacNaughton Blair Limited	59340 11624
25	MFP Sales Limited (Belfast branch)	29320 10545
26	Panelling Centre Limited (Ireland) - (UK Branch)	88342 17968
27	Parke Services Limited	10330 04693
28	Pulsar Direct (UK) Limited	12040 69016
29	Rock Heights UK Investments Unlimited	67643 11541
30	Round Spinney Limited	12010 08056
31	Selco Trade Centres Limited	52040 64752
32	T G Lynes Limited	66340 03367
33	The Timber Group Limited (previously T Brewer & Co)	12240 12965
34	Wollens Limited	47550 07660
35	Zene Finance Limited	14682 25999