PILKINGTON GROUP LIMITED

(Company Registration Number: 00041495)

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2014

PILKINGTON GROUP LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

The directors of Pilkington Group Limited present their strategic report for the company for the year ended 31 March 2014.

Results and dividend

The profit for the year on ordinary activities before taxation amounted to £147m (2013 loss: £1,134m), taxation thereon amounted to a charge of £1m (2013: charge £3m), leaving a profit after taxation amounting to £146m (2013 loss: £1,137m). The directors do not propose payment of a dividend. The resulting profit of £146m will be transferred to reserves.

Principal activities

The principal activity of the company is to carry out the business of management service provider to other NSG Group companies. Turnover arises on long-term engineering projects.

Review of business and future developments

Pilkington Group Limited reviews its investments for impairment each year. In the year to 31 March 2014, the valuation of these investments has been reviewed and a reversal of impairments of £176m (2013: impairment £1,132m) has been recognised. The directors are satisfied with the performance of the business which will continue with its principal activity for the foreseeable future.

Financial instruments, risks and uncertainties

The operations of the company expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity and interest rates. The company complies with the appropriate risk management policies employed by the ultimate parent company and has in place a risk management programme that seeks to limit the effects on the financial performance of the company by using foreign currency financial instruments, including debt and other instruments to fix interest rates.

To manage the foreign exchange risks arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts, transacted with the Group treasury function.

The directors consider that the cash flow and liquidity risks that may face the company from time to time will be met either by the company's own resources or with the assistance of another company in the NSG Group if required.

By order of the Board

I M Smith
Secretary

19 September 2014

PILKINGTON GROUP LIMITED

REPORT OF DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report for the year ended 31 March 2014.

Directors

The following were directors of the company during the year:

Mr I M Smith
Ms J A Massa
Mr R G Hales
Mr N A L Shore
Mr T P Bolas
Mr P J Ravenscroft (appointed 13.12.13)
Mr M J Lyons (appointed 13.12.13)
Mr K Hiyoshi (appointed 30.1.14)

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

Employee involvement

The company encourages employee involvement through communication and consultation on a wide range of issues. Planned regular communications take place through briefing meetings, newspapers and bulletins, which keep employees aware of the financial and economic factors affecting the NSG Group.

The company encourages participation in decision making at all levels in the business and has a comprehensive training programme for all employee sectors.

Disabled persons

The company's objective is to maintain, or exceed, in its employment, the statutory number of disabled persons under the Disabled Persons (Employment) Act. It endeavours to integrate disabled persons with other employees and their training, career development and promotion is handled under the company's general policy covering these activities.

Where an employee becomes disabled, every effort is made to ensure continuity of employment and provide appropriate training.

PILKINGTON GROUP LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Post balance sheet events

There were no post balance sheet events.

Charitable contributions

The contributions made by the company during the year for charitable purposes amounted to £114,000 (2013: £119,000).

Disclosure of information to auditors

Each director at the date of the approval of the financial statements has confirmed:

a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) they have taken steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 company and of the profit or loss for the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with part 13 of the Companies Act 2006, the company is no longer required to hold an Annual General Meeting. Ernst & Young LLP shall be deemed to be re-appointed as auditors.

By order of the Board

I M Smith
Secretary

19 September 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PILKINGTON GROUP LIMITED

We have audited the financial statements of Pilkington Group Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 24. 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).

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB'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 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 strategic report, Directors' report and financial statements 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 company's affairs as at 31 March 2014 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PILKINGTON GROUP LIMITED (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Ernst + Young LLP

Andrea Harrison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

23 September 2014

PILKINGTON GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Note	**2014 £m**	2013 £m
Continuing operations			
Turnover		**9**	18
Cost of sales		**(9)**	(6)
Gross profit		**-**	12
Administrative expenses		**(21)**	(28)
Exceptional item – Rebate of EU fine		**-**	11
Operating loss		**(21)**	(5)
Exceptional items			
- Impairment of investments	10	**176**	(1,132)
Investment income	4	**4**	21
Net interest payable	5	**(11)**	(17)
Unwinding of discount on provision	18	**(1)**	(1)
Profit/(loss) on ordinary activities before taxation	3	**147**	(1,134)
Taxation charge on profit/(loss) on ordinary activities	8	**(1)**	(3)
Profit/(loss) for the year	22	**146**	(1,137)

PILKINGTON GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2014

		2014 £m	2013 £m
Profit/(loss) for the year		**146**	(1,137)
Actuarial gain/(loss) on retirement benefit scheme	19	**5**	(3)
Increase in fair value of available-for-sale investments		**-**	1
Fair value on disposal of available-for-sale investments	22	**(2)**	-
Deferred tax re actuarial gain/(loss) on retirement benefit scheme		**(1)**	1
Total recognised gains/(losses) for the year		**148**	(1,138)
Total gains/(losses) recognised since last annual report		**148**	(1,138)

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2014

		2014 £m	2013 £m
Profit/(loss) for the year		**146**	(1,137)
Other recognised gains/(losses)	22	**2**	(1)
Capital contribution	22	**3**	2
Preference shares issued	21	**-**	22
Net increase/(decrease) in shareholders' funds for the year		**151**	(1,114)
Shareholders' funds at beginning of year		**1,130**	2,244
Shareholders' funds at end of year		**1,281**	1,130

PILKINGTON GROUP LIMITED

BALANCE SHEET AS AT 31 MARCH 2014
(Company Registration Number: 00041495)

	Note	2014 £m	2013 £m
Fixed assets			
Tangible assets	9	**1**	2
Total fixed assets		**1**	2
Investments			
Investments – Subsidiary undertakings	10	**1,965**	1,708
Investments – Associated undertakings	11	**46**	46
Financial assets – Available-for-sale investments	12	**21**	25
Total investments		**2,032**	1,779
Current assets			
Amounts receivable on long-term contracts	13	**-**	-
Debtors	14	**113**	124
Cash at bank and in hand		**16**	27
Total current assets		**129**	151
Creditors - amounts falling due within one year	15	**(442)**	(12)
Provision for liabilities	18	**(5)**	(2)
Net current (liabilities)/assets		**(318)**	137
Total assets less current liabilities		**1,715**	1,918
Creditors - amounts falling due after more than one year	16	**400**	748
Provision for liabilities	18	**12**	15
Retirement benefit obligations	19	**22**	25
Capital and reserves			
Called up share capital	21	**676**	676
Preference shares	21	**1,307**	1,307
Share premium account	22	**113**	113
Capital reserve	22	**5**	2
Fair value reserve	22	**6**	8
Profit and loss account	22	**(826)**	(976)
Total shareholders' funds		**1,281**	1,130
		1,715	1,918

The accounts on pages 7 to 32 were approved by the Board of Directors on 19 September 2014 and were signed on its behalf by:

Mark Lyon

Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

1. **Principal Accounting Policies**

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

A summary of the major accounting policies, which have been consistently applied, is set out below.

Going concern

Re-financing of the ultimate parent, Nippon Sheet Glass Co., Limited, and immediate parent, NSG UK Enterprises Ltd was completed in the year ended 31 March 2014. Further refinancing continues in respect of NSG UK Enterprises in respect of maturities falling due in the years ended 31 March 2015 and 2016, and this is expected to complete by February 2015. The directors have made enquiries of the directors of Nippon Sheet Glass Co., Limited in respect of banking arrangements and are satisfied that, notwithstanding any further re-financing, support will be available from its cash flows and existing facilities. The directors therefore have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have adopted the going concern basis in the preparation of the financial statements.

Revenue recognition

Revenue includes the proportion of the sales value of long-term contracts (principally the construction of float lines for glass manufacture) based on their state of completion.

Dividends

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

Interest

Interest income and expense is accounted for on an accruals basis.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

Principal accounting policies (continued)

Pension costs

Pension costs have been accounted for in accordance with the United Kingdom Financial Reporting Standard No 17 – Retirement Benefits.

The pension cost relates largely to defined benefit schemes. The company has applied paragraph 12 of FRS 17, and accounted for the Pilkington Superannuation Scheme (PSS) and the UK post-retirement healthcare scheme as though they were defined contribution schemes as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Consequently, this scheme is referred to for the purposes of note 6 as the defined contribution scheme.

The Pilkington Unfunded Top-up Scheme (PUTS) is accounted for as a defined benefit post retirement obligation as per FRS 17 and is referred to hereafter as the defined benefit scheme.

The Group Personal Pension Plan is in the nature of a defined contribution scheme and is accounted for in accordance with FRS 17.

Tangible assets and depreciation

Tangible fixed assets are stated at historical cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Freehold land is not depreciated. Depreciation is charged on all other categories of tangible fixed assets so as to write off the cost by equal annual instalments over the expected useful economic lives of the assets at the following rates:

• Leasehold buildings	2% to 5% per annum
• Short leasehold buildings	Over the life of the lease
• Other plant and equipment	5% to 20% per annum
• Vehicles	20% per annum

The company regularly reviews its depreciation rates and the remaining useful economic lives of its tangible assets to take account of technological changes, intensity of use over their lives and market requirements.

Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

Principal accounting policies (continued)

Foreign currencies

Monetary foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Exchange differences are taken to the profit and loss account.

Group financial statements

The company has taken advantage in Section 401 of the Companies Act 2006 under which group financial statements need not be prepared where the company is itself a wholly owned subsidiary undertaking of another company and is included in non-EEA group accounts of a larger group.

Subsidiary undertakings, joint ventures and associates

Subsidiary undertakings, joint ventures and associates are carried at their original historical cost less any impairment which is charged to the profit and loss account.
The directors will recognise an impairment where they consider that there is a significant and/or permanent dimunition in valuation of investments.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its accounting profits arising from gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to the forecasts which have been prepared and approved by the Board.

No timing differences are recognised in respect of:
- Fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset
- Gains on the sale of assets where those assets have been rolled over into replacement assets, and
- Additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued

The deferred tax assets and liabilities are not discounted.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

Principal accounting policies (continued)

Work in progress and long-term contracts

Profit on long- term contracts is recognised once the project's outcome can be assessed with reasonable certainty, usually when the project is 75% complete. The profit is calculated by applying the percentage completion at the balance sheet date to the expected contract profit. Any losses envisaged on long-term contracts are provided as soon as they are foreseen regardless of the extent of completion.

Debtors

Debtor balances arise on creation of invoices. Provisions against the non-recovery of debtors are made specifically against identified doubtful debtors.

Provisions

Provisions in respect of liabilities are made in accordance with FRS 12 and are discounted where the effect is material. Specifically:

- Where the company guarantees or warrants a product from defect at the time of sale, a warranty provision is set up to cover the likely costs of potential claims, calculated by reference to historic experience and the duration of the warranty period.
- Provisions for redundancies and restructuring costs are made once a detailed formal plan has been prepared and approved and the company is irrevocably committed to implementing the plan.

Cash flow statement

In accordance with paragraph 5(a) of FRS 1 (revised), the company is not required to publish a cash flow statement.

Related parties

As the company is a subsidiary undertaking, where 100% of its voting rights are controlled within the Nippon Sheet Glass Co., Limited (NSG) Group, it has taken advantage of the exemption permitted by FRS 8 not to disclose any transactions or balances with other wholly owned subsidiaries of the NSG Group.

Principal accounting policies (continued)

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and thereafter at fair value.

Purchases and sales of investments are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in the fair value reserve within equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost would be considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2. Changes in accounting policies

The company has not adopted any new accounting standards during the year.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

3. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2014	2013
	£000	£000
Depreciation of tangible fixed assets – owned	**403**	464
Impairment of investments (exceptional)	**(175,905)**	1,131,728
Operating lease costs – land and buildings	**977**	837
– plant and machinery	**7**	16
Onerous lease costs – land and buildings (note 18)	**1,426**	548
Release of provisions	**(3,087)**	-
Restructuring costs	**199**	1,274
Profit on disposal of available for sale investments	**(1,672)**	-
Profit on disposal of tangible fixed assets	**(7)**	(50)
Auditors' remuneration - audit of financial statements	**23**	23
- other assurance	**105**	130
- other services (consultancy)	**(5)**	920
Amounts paid to other audit firms		
- other services (consultancy)	**1,612**	-
- taxation services	**528**	360
Management charge to Group undertakings	**(56,252)**	(43,735)
Rebate re EU fine (exceptional)	**-**	(11,223)
Exchange losses	**450**	236

The company bore the audit fees for the audit of financial statements of fellow subsidiary companies amounting to £1,093 (2013: £2,000).

The rebate regarding the EU fine in the year to 31 March 2013 relates to an error in the original calculation which has now been corrected and refunded. Efforts are ongoing in respect of appeals against the original decision.

4. Investment income

	2014	2013
	£m	£m
Dividends from available-for-sale investments	**1**	1
Dividends received from subsidiary undertakings	**3**	20
	4	21

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

5. Net interest payable and similar charges

	2014 £m	2013 £m
Interest receivable from Group undertakings	**(6)**	(6)
Interest payable to Group undertakings	**16**	22
Interest payable on retirement benefit obligations (note 19)	**1**	1
Net interest payable	**11**	17

6. Employee pay and numbers (including executive directors)

	2014 £m	2013 £m
Employment costs:		
Wages and salaries	**14**	12
Redundancy and termination benefits	**-**	1
Social security costs	**1**	1
Other pension costs	**25**	25
	40	39

	Number	Number
Average number of employees	**237**	234
Number employed at 31 March	**239**	243

There were no share-based payments in 2014 (2013: none). See note 20.

Included in other pension costs are £nil (2013: £85,000) in respect of the defined benefit scheme and £25,109,000 (2013: £24,768,000) in respect of the defined contribution scheme. Of the £25,109,000 in respect of defined contribution schemes in the year, £23,000,000 (2013: £23,000,000) are additional deficit funding contributions paid into the PSS scheme as detailed in note 19.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

7. Directors' emoluments

	2014 £000	2013 £000
Aggregate directors' emoluments	**2,587**	949
Compensation for loss of office	**-**	518
Company pension contributions to defined contribution schemes	**208**	137
	2,795	1,604
Less amounts borne by parent or subsidiary undertakings	**(545)**	(1,052)
	2,250	552

Of the amounts borne by parent or subsidiary undertakings, £545,000 (2013: £492,000) relates to aggregate emoluments and benefits. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary companies and therefore their emoluments are deemed to be wholly attributable to services to the parent or subsidiary company.

The compensation for loss of office in the year to 31 March 2013 related to services to a Group subsidiary company and was not paid with respect of the loss of directorship in Pilkington Group Limited.

	2014	2013
Number of directors accruing benefits under the defined benefit scheme	**-**	-
Number of directors accruing benefits under defined contribution schemes	**6**	8

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

Directors' emoluments (continued)

Highest paid director	**2014**	2013
	£000	£000
Aggregate emoluments and benefits	**1,011**	269
Compensation for loss of office	-	518
	1,011	787
Less amounts borne by parent or subsidiary undertakings	-	(787)
	1,011	-
Accrued pension at the end of the year	-	-

The highest paid director did not exercise share options during the current or prior year.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

8. Taxation

	2014 £m	2013 £m
Current taxation		
Payment for Group relief	**(1)**	(1)
Overseas tax on profits	**-**	2
Total current tax (credit)/charge	**(1)**	1
Deferred taxation		
Origination and reversal of timing differences	**1**	2
Charge arising from change in UK corporation tax rate	**1**	-
Total deferred tax charge	**2**	2
Total tax charge on profit/(loss) on ordinary activities	**1**	3

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below:

	2014 £m	2013 £m
Profit/(loss) on ordinary activities before taxation	**147**	(1,134)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	**34**	(272)
Effects of:		
Income/expenses not deductible for tax purposes	**(40)**	266
Movement on timing differences	**-**	(2)
Losses surrendered by way of group relief for which no payment will be received	**5**	7
Overseas tax on profits	**-**	2
Current tax (credit)/charge for the year	**(1)**	1

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

9. Tangible fixed assets

	Land and buildings	Plant, machinery and vehicles	Total
	£m	£m	£m
At cost or valuation			
At 1 April 2013	2	6	8
At 31 March 2014	**2**	**6**	**8**
Accumulated depreciation			
At 1 April 2013	1	5	6
Charge for the year	-	1	1
At 31 March 2014	**1**	**6**	**7**
Net book value at 31 March 2014	**1**	**-**	**1**
Net book value at 31 March 2013	1	1	2

Land and buildings at net book value comprise:	£m
Short leasehold	-

Tangible assets include the cost of assets in the course of construction amounting to £nil (2013: £nil).

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

10. Investments – subsidiary undertakings

	Total £m
Cost	
At 1 April 2013	2,840
Additions	
- Pilkington Danmark AS	9
- Pilkington Automotive Limited	66
- Pilkington Austria GmbH	3
- Pilkington Chile Holdings Limitada	2
- Pilkington Holding GmBH (preference shares)	1
Disposals	
- Qitaihe Rijiu Glass Products Co., Ltd	(1)
At 31 March 2014	**2,920**
Provision for impairment in value	
At 1 April 2013	(1,132)
Reversal of impairment in the year (a)	176
Disposal - Qitaihe Rijiu Glass Products Co., Ltd	1
At 31 March 2014	**(955)**
Net book value at 31 March 2014	**1,965**
Net book value at 31 March 2013	1,708

a) Impairments have been reversed in the year to the latest directors' valuation based on weighted average EBITDA for current year and forecast FY15 to FY18, and net funds.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Investments – subsidiary undertakings (continued)

At 31 March 2014 Pilkington Group Limited held investments in the following subsidiaries:

Name of Company	% equity and voting rights held	Principal activity	Country of registration
Pilkington Australia Engineering Limited	100	Engineering for glass manufacturing	Australia
Pilkington Automotive Limited	100	Automotive glass manufacture	United Kingdom
Pilkington China Holdings Company Limited	100	Investment Holding	Hong Kong
Pilkington Floatglas AB	100	Glass manufacturing and processing	Sweden
Pilkington Holywell Limited	100	Non trading, receives interest	United Kingdom
Pilkington Italia SpA	100	Glass manufacturing	Italy
Pilkington Technology Management Limited	100	Technology management	United Kingdom
Glass Master SA DE CV	99	Automotive aftermarket installer	Mexico
Pilkington United Kingdom Limited	100	Glass manufacturing and processing	United Kingdom
Pilkington Holding GmbH	100	Investment Holding	Germany
Vidrieria Argentina S.A.	51	Glass manufacturing	Argentina
Pilkington Automotive Argentina S.A.	98	Automotive glass manufacture	Argentina
Pilkington AGR Austria GmbH	100	Automotive aftermarket installer	Austria
LOF Canada Holdings Limited	100	Investment Holding	Canada
Clapola Limited	100	Investment Holding	Cyprus
Pilkington Belgium S.A	100	Dormant	Belgium
Pilkington Czech spol. S.r.o	99.9	Glass processing	Czech Republic
Pilkington AGR Czech spol. S.r.o	98	Automotive aftermarket installer	Czech Republic
Pilkington Holdings SA	100	Investment Holding	France
NSG Management GmbH	100	Investment Holding	Germany
Pilkington AGR Hungary Kft	100	Automotive aftermarket installer	Hungary
Pilkington Benelux AGR B.V.	100	Automotive aftermarket installer	Netherlands
Pilkington Chile Holdings Limitada	100	Investment Holding	Chile
Inversiones Float Chile Limitada	51	Glass manufacturing	Chile
Pilkington Automotive Poland Sp.z.o.o	100	Automotive glass manufacture	Poland
Pilkington IGP Sp.z.o.o	100	Glass manufacturing and processing	Poland
Pilkington Polska Sp.z.o.o	100	Glass manufacturing	Poland
Pilkington Austria GmbH	100	Glass processing	Austria
Pilkington Danmark A/S	100	Automotive aftermarket installer and Glass processing	Denmark

PILKINGTON GROUP LIMITED

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11. Investments – associated undertakings

	Joint Ventures £m	Associates £m	Total
Cost			
At 1 April 2013	-	46	46
At 31 March 2014	**-**	**46**	**46**
Adjustment to carrying value			
At 1 April 2013	-	-	-
At 31 March 2014	**-**	**-**	**-**
Net book value at 31 March 2014	**-**	**46**	**46**
Net book value at 31 March 2013	-	46	46

Details of associates are as follows:

Name of company	% Share capital held	Principal activity	JV or Associate
China Glass Holdings Limited	25.17%	Trading company	Associate
Lochaline Quartz Sand Limited	49.0%	Trading company	Associate

China Glass Holdings Limited is registered in Bermuda and operates in China.

Lochaline Quartz Sand Limited is registered and operates in the United Kingdom.

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NOTES TO THE ACCOUNTS
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12. Financial assets – available-for-sale investments

	2014 £m	2013 £m
At 1 April	25	24
Disposals in the year	(4)	-
Increase in fair value taken to fair value reserve	-	1
At 31 March	21	25

Available-for-sale financial assets include the following:

	2014 £m	2013 £m
Government gilts – UK	21	25

13. Stock, work-in-progress and long-term contracts

	2014 £m	2013 £m
Value of work done on long term contracts	-	6
Less progress payments on long term contracts	-	(6)
At 31 March	-	-

PILKINGTON GROUP LIMITED

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14. Debtors

	2014 £m	2013 £m
Amounts falling due within one year:		
Amounts owed by Group undertakings	5	5
Loans to Group undertakings	98	-
Other debtors	9	7
	112	12
Amounts falling due after more than one year:		
Deferred tax recoverable	1	2
Amounts owed by Group undertakings	-	9
Loans to Group undertakings	-	101
	113	124

Deferred tax recoverable relates to accelerated capital allowances and other short term timing differences.

At the balance sheet date, legislation had been enacted which would reduce the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. This reduction is reflected in the company's deferred tax balances for the period to 31 March 2014.

Loans to Group undertakings consisted of an unsecured loan carrying interest at a rate of 5.705% with a maturity date of 20 October 2014.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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15. Creditors – amounts falling due within one year

	2014	2013
	£m	£m
Trade creditors	**6**	7
Amounts owed to Group undertakings	**8**	1
Loans from Group undertakings	**425**	-
Accruals	**3**	4
	442	12

Amounts owed to Group undertakings consist of trading balances of £8m (2013: £1m). Of the amounts due to Group undertakings less than one year, agreements have been created since the year end, extending £327 million of these loans to more than one year.

16. Creditors – amounts falling due after more than one year

	2014	2013
	£m	£m
Amounts owed to Group undertakings	**-**	7
Loans from Group undertakings	**400**	741
	400	748

Loans from Group undertakings are unsecured loans maturing March 2016 and carry interest at between 0% and LIBOR plus 2%. Amounts owed to Group undertakings relates to interest payable in respect of these loans.

17. Analysis of operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2014	2013
	£m	£m
Operating leases which expire in more than five years	**1**	1

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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18. Provision for liabilities

	Other £m	Total £m
At 1 April 2013	17	17
Charge to profit and loss account		
- change in provision	1	1
- effect of discounting	1	1
Utilised during year	(2)	(2)
At 31 March 2014	**17**	**17**

Maturity profile of provisions		
Within 1 year	5	5
Between 1 and 2 years	2	2
Between 2 and 5 years	6	6
Over 5 years	4	4
	17	**17**

Other provisions relate principally to a provision of £10m in respect of an onerous property lease, £2m in respect of bonuses, and £3m in respect of insurance provisions.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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19. Defined Benefit Obligations

Pilkington Group Limited participates in three defined benefit arrangements, one of which is accounted for as a defined benefit scheme and two as defined contribution schemes, as defined by FRS 17 as follows:

- **Pilkington Superannuation Scheme (PSS)**, a pension scheme for UK employees where benefits are determined by reference to final salary. The scheme is closed to new members.

  This scheme is different from typical UK defined benefit pension schemes in that, under the scheme's governing trust deed the employer's contributions are fixed. Prior to 1 January 2009, employer contributions under the scheme's governing trust deed were fixed at 10.5 per cent of pensionable salary for active members. However with effect from that date, employer contributions are now levied at 16 per cent of pensionable salary for active members accruing on a 1/60th basis, and 12.5 per cent for active members accruing on a 1/80th basis.

  In February 2013, the Group communicated to active employees participating in the PSS that the salary used in the calculation of their pension benefits would be frozen from 30 April 2013. This change to the terms and conditions of participation in the scheme was accepted by the active employees in March 2013.

  Under the trust deed, the Group has no right of access to any investment surpluses but equally cannot be required to increase contributions to finance any deficits. However, under a separate agreement with the trustee of the PSS drawn up at the time of the acquisition of Pilkington Group Limited by NSG UK Enterprises Limited, the Group is required to fund any deficit arising on an IAS 19 accounting basis in equal instalments over seven years. In addition, the Group has subsequently agreed a funding plan to cover the funding deficit arising on the actuarial valuation as at 31 December 2008 over a period of 10 years, with amounts paid under this second agreement satisfying the company's obligations under the first agreement. According to the statement of funding principles, deficit contributions are required until such time as the plan is no longer in deficit. The Group cannot gain any economic benefits from these contributions by means of a refund or reduction in future contributions.

  The scheme recorded a deficit on an IAS19 and IFRIC14 basis at 31 March 2014 of £105m (2013: £124m)

  The company's contribution to the PSS in 2014 amounted to £25m (2013: £25m). Of these contributions, £23m (2013: £23m) related to additional funding contributions as set out above.

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Defined Benefit Obligations (continued)

Pilkington Group Limited is one of a number of UK companies in the NSG UK Enterprises Group and is unable to identify its share of the underlying assets and liabilities in the scheme. Under FRS17, this scheme is treated as a defined contribution scheme.

- The **UK post-retirement healthcare scheme**, which provides post-retirement healthcare benefits to certain retired UK Pilkington employees. The scheme was closed in 1997. The company is unable to identify its share of the liabilities in the scheme, and accordingly it is treated as a defined contribution scheme under FRS 17.

- The **Pilkington Unfunded Top-up Scheme (PUTS)** for certain senior executives is an unfunded unapproved retirement benefit arrangement providing defined benefits to members, whose earnings exceed the Inland Revenue's cap on pensionable salary. An actuarial valuation of this scheme was performed at 31 March 2011. At 31 March 2014, there are no active members of the PUTS scheme.

The principal assumptions in respect of the PUTS were as follows:

	2014	2013	2012
	%	%	%
Rate of increase in pensionable salaries	**-**	-	5.1
Rate of increase in pensions in payment and deferred pensions	**2.4**	2.4	3.2/2.3
Discount rate	**4.2**	4.2	4.7
Inflation assumption	**3.4**	3.4	3.3

Analysis of amounts charged to profit and loss is as follows:

	2014	2013
	£m	£m
Interest on scheme liabilities	**1**	1
Total	**1**	1

Analysis of balance sheet liability:

	2014	2013
	£m	£m
Present value of scheme liabilities	**28**	33
Related deferred tax asset	**(6)**	(8)
Net deficit	**22**	25

Defined Benefit Obligations (continued)

Reconciliation of present value of scheme liabilities:

	2014	2013
	£m	£m
At 1 April	33	30
Amount charged to finance costs	1	1
Amount utilised	(1)	(1)
Actuarial (gain)/loss in the statement of recognised gains and losses	(5)	3
At 31 March	**28**	33

Analysis of the amounts recognised in the statement of total recognised gains and losses:

	2014	2013
	£m	£m
Changes in the assumptions underlying the present value of the scheme's liabilities	(5)	4
Experience gains arising on scheme liabilities during the year	-	(1)
Actuarial (gain)/loss recognised in the statement of total recognised gains and losses	(5)	3

	2014	2013	2012
	£m	£m	£m
Total amount recognised in the statement of total recognised gains and losses	(5)	3	5
Percentage of the present value of the scheme's liabilities	(18)	9	18

20. Share-based payments

On the acquisition of Pilkington by Nippon Sheet Glass Co., Limited in June 2006, all share-based payment plans ceased.

From the year ended 31 March 2010 the LTIP scheme was amended to incorporate a cash-settled share-based element to the calculation of payments.

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21. Called up share capital

Issued and fully paid	2014 Number of shares 000	2014 £m	2013 Number of shares 000	2013 £m
Ordinary shares of 4.618847p each	**14,646,015**	**676**	14,646,015	676
Non-redeemable Preference shares of £1 each	**1,307,449**	**1,307**	1,307,449	1,307

These £1 non-redeemable preference shares carry no voting rights and the cumulative 4.5% dividend is payable at the directors' discretion.

22. Movements in share premium account and other reserves

	Share premium account £m	Capital reserve £m	Fair value reserve £m	Profit and loss account £m	**Total £m**
At 1 April 2013	113	2	8	(976)	**(853)**
Profit for the year	-	-	-	146	**146**
Capital contribution	-	3	-	-	**3**
Fair value on disposal in the year	-	-	(2)	-	**(2)**
Actuarial gain on defined benefit schemes (note 19)	-	-	-	5	**5**
Deferred tax on actuarial gain	-	-	-	(1)	**(1)**
At 31 March 2014	**113**	**5**	**6**	**(826)**	**(702)**

The capital reserve relates to amounts invested in Pilkington Austria GmbH funded by a capital injection by NSG UK Enterprises Limited. The capital reserve forms part of distributable profits.

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23. Contingent Liabilities

As part of cash management arrangements with its UK clearing bank, cash held in the company's current account can, at any time, be applied by the bank to offset the overdrafts of other group companies. The contingent liability is limited to the cash balance held.

24. Ultimate and immediate parent undertakings

The immediate parent undertaking is NSG UK Enterprises Limited, registered in England and Wales. This company has not prepared consolidated accounts as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Co., Limited, a company registered in Japan. Nippon Sheet Glass Co., Limited has prepared consolidated accounts for the year to 31 March 2014, a copy of which can be obtained from the company Secretary, Nippon Sheet Glass Co., Limited, Sumitomo Fudosan Mita Twin Building, West Wing 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.