PILKINGTON GROUP LIMITED

(Company Registration Number: 00041495)

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2015

PILKINGTON GROUP LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

The directors of Pilkington Group Limited present their strategic report for the company for the year ended 31 March 2015.

Results and dividend

The loss for the year on ordinary activities before taxation amounted to £123m (2014 profit: £147m), taxation thereon amounted to a charge of £1m (2014: charge £1m), leaving a loss after taxation amounting to £124m (2014 profit: £146m). The directors do not propose payment of a dividend. The resulting loss of £124m 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 2015, the valuation of these investments has been reviewed and an impairment of £231m (2014: reversal of impairment £176m) 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
Director

23 September 2015

PILKINGTON GROUP LIMITED

REPORT OF DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report for the year ended 31 March 2015.

Directors

The following were directors of the company during or after the year:

Mr I M Smith
Ms J A Massa
Mr R G Hales (Resigned 29/05/15)
Mr N A L Shore
Mr T P Bolas
Mr P J Ravenscroft
Mr M J Lyons
Mr K Hiyoshi
Mr I Matsumura (Appointed 29/05/15)

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 2015 (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 £131,000 (2014: £114,000).

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.

PILKINGTON GROUP LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2015 (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
Director

23 September 2015

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 2015 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 23. 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 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 company's affairs as at 31 March 2015 and of its loss 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

25 September 2015

PILKINGTON GROUP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015 £m**	2014 £m
Continuing operations			
Turnover		**3**	9
Cost of sales		**(3)**	(9)
Gross profit		**-**	-
Administrative expenses		**(20)**	(21)
Operating loss		**(20)**	(21)
Exceptional items			
- Impairment of investments	10	**(231)**	176
Investment income	4	**139**	4
Net interest payable	5	**(10)**	(11)
Unwinding of discount on provision	17	**(1)**	(1)
(Loss)/profit on ordinary activities before taxation	3	**(123)**	147
Taxation charge on (loss)/profit on ordinary activities	8	**(1)**	(1)
(Loss)/profit for the year	21	**(124)**	146

PILKINGTON GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2015

		2015 £m	2014 £m
(Loss)/profit for the year		**(124)**	146
Actuarial (loss)/gain on retirement benefit scheme	18	**(3)**	5
Increase in fair value of available-for-sale investments	21	**1**	-
Fair value on disposal of available-for-sale investments		-	(2)
Deferred tax re actuarial (loss)/gain on retirement benefit scheme		-	(1)
Total recognised (losses)/gains for the year		**(126)**	148
Total (losses)/gains recognised since last annual report		**(126)**	148

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2015

		2015 £m	2014 £m
(Loss)/profit for the year		**(124)**	146
Other recognised (losses)/gains	21	**(2)**	2
Capital contribution		-	3
Net (decrease)/increase in shareholders' funds for the year		**(126)**	151
Shareholders' funds at beginning of year		**1,281**	1,130
Shareholders' funds at end of year		**1,155**	1,281

PILKINGTON GROUP LIMITED

BALANCE SHEET AS AT 31 MARCH 2015
(Company Registration Number: 00041495)

	Note	2015 £m	2014 £m
Fixed assets			
Tangible assets	9	**1**	1
Total fixed assets		**1**	1
Investments			
Investments – Subsidiary undertakings	10	**1,816**	1,965
Investments – Associated undertakings	11	**46**	46
Financial assets – Available-for-sale investments	12	**22**	21
Total investments		**1,884**	2,032
Current assets			
Debtors	13	**12**	113
Cash at bank and in hand		**15**	16
Total current assets		**27**	129
Creditors - amounts falling due within one year	14	**(717)**	(442)
Provision for liabilities	17	**(5)**	(5)
Net current liabilities		**(695)**	(318)
Total assets less current liabilities		**1,190**	1,715
Creditors - amounts falling due after more than one year	15	**-**	400
Provision for liabilities	17	**10**	12
Retirement benefit obligations	18	**25**	22
Capital and reserves			
Called up share capital	20	**676**	676
Preference shares	20	**1,307**	1,307
Share premium account	21	**113**	113
Capital reserve	21	**5**	5
Fair value reserve	21	**7**	6
Profit and loss account	21	**(953)**	(826)
Total shareholders' funds		**1,155**	1,281
		1,190	1,715

The accounts on pages 7 to 31 were approved by the Board of Directors on 23 September 2015 and were signed on its behalf by:

J A Massa

J A Massa
Director

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

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

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 1.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have made enquiries of the directors of Nippon Sheet Glass Co., Limited (the ultimate parent of the NSG Group) 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 for the foreseeable future. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. 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.

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 2015

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 2015

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 2015

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.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

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 2015

3. (Loss)/profit on ordinary activities before taxation

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

	2015	2014
	£000	£000
Depreciation of tangible fixed assets – owned	**380**	403
Impairment of investments (exceptional)	**230,852**	(175,905)
Operating lease costs – land and buildings	**1,427**	977
– plant and machinery	**16**	7
Release of provisions	**-**	(3,087)
Restructuring costs	**670**	199
Profit on disposal of available for sale investments	**-**	(1,672)
Profit on disposal of tangible fixed assets	**(2)**	(7)
Auditors' remuneration - audit of financial statements	**83**	23
- other assurance	**109**	105
- other services (consultancy)	**-**	(5)
Amounts paid to other audit firms		
- other services (consultancy)	**8**	1,612
- taxation services	**367**	528
Management charge to Group undertakings	**(58,425)**	(56,252)
Exchange (gains)/losses	**(272)**	450

The company bore the audit fees for the audit of financial statements of fellow subsidiary companies amounting to £nil (2014: £1,093).

4. Investment income

	2015	2014
	£m	£m
Dividends from available-for-sale investments	**1**	1
Dividends received from subsidiary undertakings	**138**	3
	139	4

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

5. Net interest payable and similar charges

	2015	2014
	£m	£m
Interest receivable from Group undertakings	**(3)**	(6)
Interest payable to Group undertakings	**12**	16
Interest payable on retirement benefit obligations (note 19)	**1**	1
Net interest payable	**10**	11

6. Employee pay and numbers (including executive directors)

	2015	2014
	£m	£m
Employment costs:		
Wages and salaries	**15**	14
Redundancy and termination benefits	**1**	-
Social security costs	**2**	1
Other pension costs	**27**	25
	45	40

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

There were no share-based payments in 2015 (2014: none). See note 20.

Included in other pension costs are £nil (2014: £nil) in respect of the defined benefit scheme and £27,278,000 (2014: £25,109,000) in respect of the defined contribution scheme. Of the £27,278,000 in respect of defined contribution schemes in the year, £25,167,000 (2014: £23,000,000) are additional deficit funding contributions paid into the PSS scheme as detailed in note 18.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

7. Directors' emoluments

	2015	2014
	£000	£000
Aggregate directors' emoluments	**2,145**	2,587
Amounts receivable under long-term incentive plans	**173**	-
Company pension contributions to defined contribution schemes	**211**	208
	2,529	2,795
Less amounts borne by parent or subsidiary undertakings	**(1,238)**	(545)
	1,291	2,250

Of the amounts borne by parent or subsidiary undertakings, £1,198,000 (2014: £545,000) relates to aggregate emoluments and benefits, and £40,000 (2014: £nil) relates to contributions to pension schemes. 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.

	2015	2014
Number of directors accruing benefits under the defined benefit scheme	**-**	-
Number of directors accruing benefits under defined contribution schemes	**7**	6

Highest paid director	**2015**	2014
	£000	£000
Aggregate emoluments and benefits	**819**	1,011
	819	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 2015

8. Taxation

	2015 £m	2014 £m
Current taxation		
Payment for Group relief	**(1)**	(1)
Overseas taxation	**1**	-
Total current tax charge/(credit)	**-**	(1)
Deferred taxation		
Origination and reversal of timing differences	**-**	1
Movement on deferred tax not recognised	**1**	-
Charge arising from change in UK corporation tax rate	**-**	1
Total deferred tax charge	**1**	2
Total tax charge on (loss)/profit on ordinary activities	**1**	1

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below:

	2015 £m	2014 £m
(Loss)/profit on ordinary activities before taxation	**(123)**	147
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	**(26)**	34
Effects of:		
Income/expenses not deductible for tax purposes	**21**	(40)
Losses surrendered by way of group relief for which no payment will be received	**-**	5
Current year losses on which no deferred tax is recognised	**4**	-
Overseas taxation	**1**	-
Current tax charge/(credit)for the year	**-**	(1)

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

9. Tangible fixed assets

	Land and buildings	Plant, machinery and vehicles	Total
	£m	£m	£m
At cost or valuation			
At 1 April 2014	2	6	8
At 31 March 2015	**2**	**6**	**8**
Accumulated depreciation			
At 1 April 2014	1	6	7
Charge for the year	-	-	-
At 31 March 2015	**1**	**6**	**7**
Net book value at 31 March 2015	**1**	**-**	**1**
Net book value at 31 March 2014	1	-	1

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 (2014: £nil).

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

10. Investments – subsidiary undertakings

	Total £m
Cost	
At 1 April 2014	2,920
Additions	
- Pilkington Italia SpA	79
- Pilkington Chile Holdings Limitada	2
- Pilkington Austria Gmbh	1
At 31 March 2015	**3,002**
Provision for impairment in value	
At 1 April 2014	(955)
Impairment in the year	(231)
At 31 March 2015	**(1,186)**
Net book value at 31 March 2015	**1,816**
Net book value at 31 March 2014	1,965

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

Investments – subsidiary undertakings (continued)

At 31 March 2015 Pilkington Group Limited held investments in the following subsidiaries:

Name of Company	% equity and voting rights held	Principal activity	Country of registration
Pilkington Automotive Limited	100	Automotive glass manufacture	United Kingdom
Pilkington China Holdings Company Limited	100	Investment Holding	Hong Kong
Pilkington Floatglas AB	100	Glass distribution and processing	Sweden
Pilkington Holywell Limited	100	Investment Holding	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 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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

11. Investments – associated undertakings

	Joint Ventures £m	Associates £m	Total
Cost			
At 1 April 2014	-	46	46
At 31 March 2015	**-**	**46**	**46**
Adjustment to carrying value			
At 1 April 2014	-	-	-
At 31 March 2015	**-**	**-**	**-**
Net book value at 31 March 2015	**-**	**46**	**46**
Net book value at 31 March 2014	-	46	46

Details of associates are as follows:

Name of company	% Share capital held	Principal activity	JV or Associate
China Glass Holdings Limited	21.55%	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.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

12. Financial assets – available-for-sale investments

	2015	2014
	£m	£m
At 1 April	**21**	25
Disposals in the year	**-**	(4)
Increase in fair value taken to fair value reserve	**1**	-
At 31 March	**22**	21

Available-for-sale financial assets include the following:

	2015	2014
	£m	£m
Government gilts – UK	**22**	21

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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13. Debtors

	2015	2014
	£m	£m
Amounts falling due within one year:		
Amounts owed by Group undertakings	**4**	5
Loans to Group undertakings	**-**	98
Other debtors	**8**	9
	12	112
Amounts falling due after more than one year:		
Deferred tax recoverable	**-**	1
	12	113

The prior year deferred tax recoverable relates to accelerated capital allowances and other short term timing differences.

The company has losses to carry forward of £19m on which no deferred tax is recognised.

At the balance sheet date, legislation had been enacted which would reduce the main rate of UK corporation tax 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 2015.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

14. Creditors – amounts falling due within one year

	2015	2014
	£m	£m
Trade creditors	**7**	6
Amounts owed to Group undertakings	**5**	8
Loans from Group undertakings	**703**	425
Accruals	**2**	3
	717	442

Amounts owed to Group undertakings consist of trading balances of £5m (2014: £8m).

Loans from Group undertakings are unsecured loans maturing March 2016 and carry interest at between 0% and LIBOR plus 5%. Amounts owed to Group undertakings relates to interest payable in respect of these loans.

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

	2015	2014
	£m	£m
Loans from Group undertakings	**-**	400
	-	400

16. Analysis of operating leases

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

	2015	2014
	£m	£m
Operating leases which expire in more than five years	**1**	1

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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17. Provision for liabilities

	Other £m	Total £m
At 1 April 2014	17	**17**
Charge to profit and loss account		
- change in provision	2	**2**
- effect of discounting	1	**1**
Utilised during year	(5)	**(5)**
At 31 March 2015	**15**	**15**

	Other £m	Total £m
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	2	**2**
	15	**15**

Other provisions relate principally to a provision of £9m in respect of an onerous property lease, £2m in respect of bonuses, and £2m in respect of insurance provisions.

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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18. 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 $1/60^{th}$ basis, and 12.5 per cent for active members accruing on a $1/80^{th}$ 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.

  The scheme recorded an asset on an IAS19 basis at 31 March 2015 of £55m (2014 restated: £27m). The NSG Group has re-assessed its policy towards the recognition of retirement benefit scheme assets and liabilities in light of ongoing debate by the IFRS foundation in respect of IFRIC 14 and IAS 19. The Group has previously had a policy of imposing a nil-value asset ceiling on the recognition of pension assets arising at its main UK pension scheme on the basis that the trustee has the discretionary ability to take actions that could reduce or extinguish the surplus. The Group has also then had a policy of recognizing a further liability with respect to the funding requirements of this scheme. Consistent with the latest proposals made by the IFRS foundation, the Group has revised its policy with respect to the application of an asset ceiling. The Group has an unconditional right to a refund of surplus, as defined under IFRIC 14 and considers that the possibility that a surplus could be reduced or extinguished by discretionary actions by the trustee does not affect the existence of the asset at the end of the reporting period. Given these circumstances, a nil-value asset ceiling is no longer applied by the Group. Consequently the Group now recognizes a pension asset with respect to this scheme and no longer recognizes an additional liability with respect to further funding contributions. The accounting impact of this change has been applied retrospectively in accordance with IAS8. The Group has therefore restated its comparative balance as at 31 March 2014.

  The company's contribution to the PSS in 2015 amounted to £25m (2014: £25m). Of these contributions, £23m (2014: £23m) related to additional funding contributions as set out above.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

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 2015, there are no active members of the PUTS scheme.

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

	2015	2014	2013
	%	%	%
Rate of increase in pensionable salaries	-	-	-
Rate of increase in pensions in payment and deferred pensions	**2.0**	2.4	2.4
Discount rate	**3.1**	4.2	4.2
Inflation assumption	**2.0**	3.4	3.4

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

	2015	2014
	£m	£m
Interest on scheme liabilities	**1**	1
Total	**1**	1

Analysis of balance sheet liability:

	2015	2014
	£m	£m
Present value of scheme liabilities	**31**	28
Related deferred tax asset	**(6)**	(6)
Net deficit	**25**	22

PILKINGTON GROUP LIMITED

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Defined Benefit Obligations (continued)

Reconciliation of present value of scheme liabilities:

	2015	2014
	£m	£m
At 1 April	**28**	33
Amount charged to finance costs	**1**	1
Amount utilised	**(1)**	(1)
Actuarial loss/(gain) in the statement of recognised gains and losses	**3**	(5)
At 31 March	**31**	28

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

	2015	2014
	£m	£m
Changes in the assumptions underlying the present value of the scheme's liabilities	**3**	(5)
Actuarial loss/(gain) recognised in the statement of total recognised gains and losses	**3**	(5)

	2015	2014	2013
	£m	£m	£m
Total amount recognised in the statement of total recognised gains and losses	**3**	(5)	3
Percentage of the present value of the scheme's liabilities	**10**	(18)	9

19. 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 Long Term Investment Plan (LTIP) scheme was amended to incorporate a cash-settled share-based element to the calculation of payments.

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NOTES TO THE ACCOUNTS
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20. Called up share capital

Issued and fully paid	2015 Number of shares 000	2015 £m	2014 Number of shares 000	2014 £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.

21. 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 2014	113	5	6	(826)	(702)
Loss for the year	-	-	-	(124)	(124)
Fair value in the year	-	-	1	-	1
Actuarial gain on defined benefit schemes (note 18)	-	-	-	(3)	(3)
At 31 March 2015	**113**	**5**	**7**	**(953)**	**(828)**

PILKINGTON GROUP LIMITED

NOTES TO THE ACCOUNTS
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22. 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.

23. 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 2015, 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.