Company Registration No. 00041495 (England and Wales)

PILKINGTON GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

PILKINGTON GROUP LIMITED

COMPANY INFORMATION

Directors	Mr I M Smith Mr P J Ravenscroft Ms J A Massa Mr K Hiyoshi Mr T P Bolas Mr N A L Shore Mr R J Mercer Mr Jukichi Kuboi (Appointed 8 January 2018)
Secretary	Mr I M Smith
Company number	00041495
Registered office	European Technical Centre Hall Lane Lathom Nr Ormskirk Lancashire England L40 5UF
Auditor	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

PILKINGTON GROUP LIMITED

CONTENTS

PILKINGTON GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report and financial statements for the year ended 31 March 2018.

Principal activities

The company is part of the Nippon Sheet Glass (NSG) Group of companies. The principal activity of the company is to carry out the business of management service provider to other NSG Group companies. Turnover also arises on long-term engineering projects.

Review of the business

The profit for the year on ordinary activities before taxation amounted to £225,822 k (2017 profit: £402,723 k), taxation thereon amounted to a credit of £104 k (2017 credit: £122 k), leaving a profit after taxation of £225,926 k (2017 profit: £402,845 k).

No engineering projects were undertaken during the year to 31 March 2018 (2017: none).

Income is also generated from dividends received from subsidiary companies.

Principal 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.

Factors affecting the performance and financial position of the company

The company revalues its investments with movements in value being reported through other gains and losses in the income statement. This means that the income statement is subject to volatility depending on both the performance of its subsidiaries affecting their valuation, and the effect of exchange based on the underlying currency of the subsidiaries. The effect of exchange is mitigated to a degree by loans which hedge the underlying investments.

The directors recognise that the retained earnings reserve includes both realised and unrealised gains and losses and that any dividend payment is only payable from net realised gains.

The directors are satisfied with the performance of the business which will continue with its principal activity for the foreseeable future.

On behalf of the board

Mr I M Smith
Director
8 August 2018

PILKINGTON GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their financial statements for the year ended 31 March 2018.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr I M Smith	
Mr P J Ravenscroft	
Ms J A Massa	
Mr K Hiyoshi	
Mr T P Bolas	
Mr I Matsumura	(Resigned 8 January 2018)
Mr N A L Shore	
Mr R J Mercer	
Mr Jukichi Kuboi	(Appointed 8 January 2018)

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.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Supplier payment policy

The company's policy in relation to the payments of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed on the company's purchase orders. It is company practice to abide by the agreed terms of payments.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

Post reporting date events
No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor
The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board

Mr I M Smith
Director
8 August 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PILKINGTON GROUP LIMITED

Opinion

We have audited the financial statements of Pilkington Group Limited for the year ended 31 March 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PILKINGTON GROUP LIMITED

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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 auditors' 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.

Ernst + Young LLP

Mark Morritt (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP

15 August 2018

Statutory Auditor

2 St Peter's Square
Manchester
M2 3EY

PILKINGTON GROUP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £000	2017 £000
Revenue	**4**	73,205	84,602
Cost of sales		(78,439)	(98,409)
Gross loss		(5,234)	(13,807)
Administrative expenses		(592)	(5,515)
Exceptional items	**5**	(94)	732
Operating loss	**6**	(5,920)	(18,590)
Other gains and losses	**12**	49,630	355,685
Income from shares in group undertakings	**10**	195,215	77,563
Other investment income	**10**	508	1,869
Interest payable to group undertakings	**11**	(17,083)	(17,400)
Other finance costs	**11**	3,472	3,596
Profit before taxation		225,822	402,723
Tax on profit	**13**	104	122
Profit for the financial year		225,926	402,845

The income statement has been prepared on the basis that all operations are continuing operations.

PILKINGTON GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

		2018 £000		2017 £000
Profit for the year		225,926		402,845
Other comprehensive income/(expenditure):				
Items that will not be reclassified to profit or loss				
Actuarial gain/(loss) on defined benefit pension schemes		15,093		(13,834)
Contributions to RBO from other participating employers		20,920		40,737
Total items that will not be reclassified to profit or loss		36,013		26,903
Items that may be reclassified to profit or loss				
Assets held at fair value through other comprehensive income:				
(Losses)/gains arising during the year	(2,851)		835	
Reclassification adjustment for realised gain recognised in income statement	(1,595)		(518)	
		(4,446)		317
Total items that may be reclassified to profit or loss		(4,446)		317
Total other comprehensive income for the year		31,567		27,220
Total comprehensive income for the year		257,493		430,065

PILKINGTON GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Intangible assets	**14**	678	544
Property, plant and equipment	**15**	463	491
Investments	**16**	2,619,881	2,507,575
Retirement benefit surplus	**23**	178,425	137,865
		2,799,447	2,646,475
Current assets			
Trade and other receivables	**19**	35,275	37,752
Cash at bank and in hand		25,765	20,100
		61,040	57,852
Creditors: amounts falling due within one year			
Borrowings	**20**	97,228	543,279
Trade creditors and other payables	**21**	29,420	35,916
		126,648	579,195
Net current liabilities		(65,608)	(521,343)
Total assets less current liabilities		2,733,839	2,125,132
Creditors: amounts falling due after more than one year			
Borrowings	**20**	854,002	506,504
Provisions for liabilities			
Retirement benefit obligations	**23**	31,566	35,277
Other provisions	**22**	4,475	4,695
		36,041	39,972
Net assets		1,843,796	1,578,656

PILKINGTON GROUP LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2018

Capital and reserves			
Called up share capital	**24**	1,983,926	1,983,926
Share premium account		119,516	113,185
Fair value reserve		5,370	7,282
Capital reserve		11,593	10,277
Profit and loss account		(276,609)	(536,014)
Total equity		1,843,796	1,578,656

The financial statements were approved by the Board of directors and authorised for issue on 8 August 2018
Signed on its behalf by:

JAMasse

Ms J A Massa
Director

Company Registration No. 00041495

PILKINGTON GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £000	Share premium account £000	Fair value reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2016		1,983,926	113,185	6,965	7,254	(965,762)	1,145,568
Year ended 31 March 2017:							
Profit for the year		-	-	-	-	402,845	402,845
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	(13,834)	(13,834)
Contributions to RBO from other participating employers		-	-	-	-	40,737	40,737
Adjustments to fair value of financial assets		-	-	835	-	-	835
Fair value adjustments reclassified to profit or loss		-	-	(518)	-	-	(518)
Total comprehensive income for the year		-	-	317	-	429,748	430,065
Capital contribution		-	-	-	3,023	-	3,023
Balance at 31 March 2017		1,983,926	113,185	7,282	10,277	(536,014)	1,578,656

PILKINGTON GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £000	Share premium account £000	Fair value reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Year ended 31 March 2018:							
Profit for the year		-	-	-	-	225,926	225,926
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	15,093	15,093
Contributions to RBO from other participating employers		-	-	-	-	20,920	20,920
Adjustments to fair value of financial assets		-	-	(2,851)	-	-	(2,851)
Fair value adjustments reclassified to profit or loss		-	-	(1,595)	-	-	(1,595)
Total comprehensive income for the year		-	-	(4,446)	-	261,939	257,493
Issue of share capital	**24**	-	6,331	-	-	-	6,331
Capital contribution	**24**	-	-	-	1,316	-	1,316
Transfers		-	-	2,534	-	(2,534)	-
Balance at 31 March 2018		1,983,926	119,516	5,370	11,593	(276,609)	1,843,796

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.

The directors consider the retained earnings reserve to include both realised and unrealised profits and losses.

During the year, the company sold its remaining 12.91% shareholding in China Glass Holdings Limited. During the prior year, following a partial disposal of shareholding, this investment was reclassified as an investment measured at fair value through other comprehensive income. As such, the changes in fair value until the date of disposal were recognised through other comprehensive income. On disposal, fair value gains on the investment have been transferred from the revaluation reserve, to retained earnings as a reserve transfer included above.

1 Accounting policies

Company information

Pilkington Group Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is European Technical Centre, Hall Lane, Lathom, Nr Ormskirk, Lancashire, England, L40 5UF.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In line with NSG Group policy, the company has early-adopted IFRS9 Financial Instruments since FY17.

The financial statements have been prepared on the historical cost basis, except for the revaluation of . The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Nippon Sheet Glass Company, Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Nippon Sheet Glass Company, Limited. The group accounts of Nippon Sheet Glass Company, Limited are available to the public and can be obtained as set out in note 28.

1 Accounting policies **(Continued)**

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

1.3 Revenue

Revenue is recognised on the provision of services to other NSG Group entities under the terms of Support Cost Allocation Agreement contracts. These services include but are not limited to Information systems, procurement, finance and human resources. Under the terms of these contracts, services are invoiced in the year to which they relate, based on forecast costs plus a mark-up. When costs are finalised a true-up invoice or credit note is raised, in the year after that to which the costs relate. Revenue is recognised in line with the timing of invoicing.

Cost of sales are those costs incurred in providing services. Cost of sales includes costs which cannot be recharged, either because a contract does not exist with the recipient, or due to restrictions in the recipient jurisdiction.

1.4 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

1 Accounting policies **(Continued)**

1.5 Intangible assets other than goodwill

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful lives (five to 10 years).

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, which are seen to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 10 years).

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold buildings	2% to 5% per annum
Vehicles	20% per annum

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

1.7 Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1 Accounting policies **(Continued)**

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

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

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

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not determine when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.9 Cash and cash equivalents

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

1.10 Financial instruments

The company has adopted IFRS9 from FY17 onwards. The company classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortized cost, and financial assets held at fair value through other comprehensive income. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the company's business model rationale for holding the investments.

1 Accounting policies **(Continued)**

Financial assets and liabilities at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

The company has designated its investments in subsidiaries, joint ventures and associates as fair value through profit or loss. The investments are revalued annually on an EBITDA multiple calculation or Net Assets basis where market values do not exist. Gains and losses arising due to fair value accounting are unrealised to the extent that they would not be permanently impaired using a cost less impairment valuation.

1 Accounting policies **(Continued)**

Financial assets and liabilities at amortised cost

Assets within this category are included in the company's balance sheet as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Liabilities in this category are included in the balance sheet either as financial liabilities – borrowings, or as trade and other payables. Financial liabilities - borrowings predominantly arise from the company's lending facilities arranged with its banks, classified either as current liabilities for maturities within 12 months, or non-current for maturities later than 12 months. Liabilities in this category have fixed or determinable payments to debt holders and are not quoted in an active market. Trade and other payables arise when the company receives goods and services from its suppliers and is similarly split into current and non-current liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortized cost are carried at amortized cost using the effective interest method, unless the asset or liability arises through the normal course of business with payments terms that indicate that the group is neither granting a financing arrangement to its suppliers or receiving one from its customers. Where no financing arrangement exists then the asset, classified as a receivable or payable, is held at amortized cost.

Borrowings consist of bonds payable, loans payable, lease obligations and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognized initially at fair value then subsequently stated at amortized cost. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognized in the income statement as interest expense. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The company applies the expected credit loss method to receivables balances and also considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a portfolio of receivables using a range of forward looking scenarios. A provision for impairment of trade receivables is established with respect to an individual receivable when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss method applied to a portfolio of receivables can result in a provision being created even when on an individual basis, the company expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognized in the income statement.

Where trade receivables are sold to a financial institution through a securitization program and where the company does not retain the significant risks and rewards of these receivables, or where the company retains an element of risk and reward but no longer controls the asset, the company derecognizes the trade receivables.

1 Accounting policies (Continued)

Financial assets and liabilities at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the company is unable to exert significant influence over the investee. This category of investment could include equity investments or investments that are expected to generate fixed or determinable payments.

Financial assets at fair value through other comprehensive income are initially and subsequently at fair value. Unrealized gains and losses arising from changes in the fair value of such assets are recognized within the statement of comprehensive income and result in a movement within the fair value reserve within equity. 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. When assets that represent fixed interest investments held in this category are impaired, then the company treats this as a realized loss recognized in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income. When assets that represent equity investments held in this category are impaired, resulting in a realized loss, then that realized loss is recognized in the statement of comprehensive income.

1.11 Equity instruments

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

1.12 Taxation

Current tax

Current income taxes are measured based on the amount expected to be paid to, or recovered from, taxation authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method and without discounting, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1 Accounting policies **(Continued)**

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.14 Employee benefits

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company has both defined benefit and defined contribution plans.

Defined benefit schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The net surplus recognised in the balance sheet in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Retirement benefit assets are recognised for schemes in surplus, when the company has an unconditional right to a refund of that surplus.

Current service costs, representing the additional liability accrued as a result of employee's services undertaken during the year, are charged to operating costs within the income statement.

Past service costs are recognised immediately in the income statement.

Finance costs are calculated by applying territory specific discount rates to the net defined obligation in that region.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are taken through the statement of comprehensive income to equity in accordance with IAS 19 'Employee Benefits'.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Accounting policies **(Continued)**

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The company also provides post-retirement healthcare benefits to certain retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of comprehensive income in accordance with IAS 19. These obligations are valued annually by independent qualified actuaries.

1.16 Leases

Assets held under finance leases (in which a significant proportion of the risks and rewards of ownership are retained) are included in property, plant and equipment at cost and are depreciated over the shorter of the lease term or their useful economic life. Obligations under finance leases, net of finance charges in respect of future periods, are included as appropriate under borrowings due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligations.

Where a lease is identified as operating lease (a lease other than a finance lease), any payments made thereunder (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 April 2018, once endorsed by the EU, and are considered to be relevant and potentially material to the company's primary financial statements. In line with NSG Group policy, the company has elected not to adopt early the standards as described below:

IFRS 16 'Leases' addresses the principles for the recognition and measurement of leases, and will be effective from the NSG Group's financial period commencing 1 April 2019. This new standard will replace IAS 17 'Leases'. The company has not yet calculated the impact of the adoption of this standard.

IFRS 15 "Revenue from Contracts with Customers" addresses the recognition of revenue and will be effective from the financial period commencing 1 April 2018. This new standard will replace IAS 18 "Revenue" and IAS 11 "Construction Contracts". IFRS 15 imposes a five step model to recognizing revenue and in particular has the potential to change the timing of revenue recognition with respect to long-term contracts, where revenue is recognized across more than one financial period. Over the overall life of a particular contract, the impact of adopting this new standard is expected to be minimal. The company does not expect the financial effect of adopting IFRS 15 to be material, either for the financial year to 31 March 2019, or for the restated comparison financial statements to 31 March 2018.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Provisions

Provisions are evaluated using either the company's experience of previous provisions or, where appropriate, using the advice of professional consultants. Claims and litigation provisions are calculated based on discussions with claimants and the NSG Group's legal advisors. Bonus provisions are estimated based on the NSG Group's current and expected future performance evaluated against the terms of specific bonus schemes. Redundancy and restructuring provisions are estimated using the expected costs of restructuring programs that have been announced prior to the balance sheet date.

Post-Retirement Benefits

The company uses a variety of assumptions in the calculation of the defined benefit scheme assets and liabilities. These assumptions, set out in note 23, are subject to a degree of uncertainty and the Group takes advice from professional actuaries before approving such assumptions.

3 Critical accounting estimates and judgements (Continued)

Valuation of Investments

The company revalues its investments using an EBITDA multiple approach as the market values of its unlisted subsidiaries are not readily available (or net asset value, if the asset is not income generating). The multiple used is subjective and the directors review this for reasonableness on an annual basis.

4 Revenue

An analysis of the company's revenue is as follows:

	2018 £000	2017 £000
Operating Revenue analysed by class of business		
Support services provided to other group companies	73,205	84,602

	2018 £000	2017 £000
Operating Revenue analysed by geographical market		
UK	12,428	23,966
Rest of Europe	32,437	37,072
North America	8,352	6,980
Japan	17,836	14,260
Rest of World	2,152	2,324
	73,205	84,602

	Note	2018 £000	2017 £000
Other income			
Interest income	10	23	1,350
Dividends received	10	195,215	77,563
Interest income from investments at fair value through other comprehensive income	10	485	519

5 Exceptional items

	2018 £000	2017 £000
Redundancy and restructuring	(94)	(226)
Gain on disposal of China Glass Holdings Shares	-	958
	(94)	732

6 Operating loss

	2018 £000	2017 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(102)	(326)
Depreciation of property, plant and equipment	28	28
Amortisation of intangible assets	65	85

7 Auditors' remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£000	£000
For audit services		
Audit of the financial statements of the company	36	37
Audit of the financial statements of the company's subsidiaries	119	116
	155	153
For other services		
Other assurance	41	-

8 Employees

The average monthly number of persons employed by the company during the year was:

	2018 Number	2017 Number
United Kingdom	228	232

Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	13,615	14,216
Social security costs	1,609	1,431
Pension costs	5,327	3,816
	20,551	19,463

Redundancy payments in the year amount to £94 k (2017 - £226 k).

9 Directors' remuneration

	2018 £000	2017 £000
Remuneration for qualifying services	1,620	1,734
Amounts receivable under long term incentive schemes	129	-
Company pension contributions to defined contribution schemes	7	8
Service costs in relation to defined benefit schemes	77	296
	1,833	2,038

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).
The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2017 - 2).

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

	2018 £000	2017 £000
Remuneration for qualifying services	347	329
Long term incentive schemes	27	-
Accrued pension at the end of the year	-	44

The emoluments of Messrs Hiyoshi, Kuboi, and Matsumura are paid by the parent undertaking Nippon Sheet Glass Company, Limited. The directors do not believe that it is practicable to apportion an amount to their services as directors of this company and therefore their emoluments are deemed to be wholly attributable to services to the parent company.

10 Investment income

	2018 £000	2017 £000
Other interest income	23	1,350
Interest income from investments at fair value through other comprehensive income	485	519
Other interest receivable and similar income	508	1,869
Dividend income from investments in group undertakings	195,215	77,563
Total income	195,723	79,432

10 Investment income (Continued)

Investment income earned on financial assets, analysed by category of asset, is as follows:

	2018 £000	2017 £000
Financial assets fair value through other comprehensive income	485	519
Financial assets fair value to income statement	195,215	77,563
	195,700	78,082

11 Finance costs

	2018 £000	2017 £000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	17,083	17,400
Interest on other loans	1,725	2,257
	18,808	19,657
Other finance costs:		
Unwinding of discount on net retirement benefit surplus	(5,197)	(5,853)
Total finance costs	13,611	13,804

12 Other gains and losses

	2018 £000	2017 £000
Gain on disposal of investments at fair value through other comprehensive income recycled through income statement	1,595	518
Bad debt written off	(1,441)	-
Exchange gains/(losses) on foreign currency loans	542	(48,913)
Change in value of investments held at fair value through profit and loss	55,265	404,080
Amounts written off investments held at fair value through profit or loss	(6,331)	-
	49,630	355,685

13 Income tax expense

	2018 £000	2017 £000
Current tax		
UK corporation tax on profits for the current period	(292)	594
Adjustments in respect of prior periods	188	(716)
Total UK current tax	(104)	(122)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £000	2017 £000
Profit before taxation	225,822	402,723
Expected tax charge based on a corporation tax rate of 19.00% (2017: 20.00%)	42,906	80,545
Effect of expenses not deductible in determining taxable profit	-	9,783
Income not taxable	(47,766)	(96,462)
Change in unrecognised deferred tax assets	1,466	3,299
Adjustment in respect of prior years	188	(716)
Group relief	1,580	3,072
Other permanent differences	1,313	152
Effect of overseas tax rates	209	205
Taxation credit for the year	(104)	(122)

No deferred tax has been recognised in respect of tax losses of £37,320k on the basis that sufficient taxable profits for the company are not forecasted against which these losses may be utilised.

14 Intangible fixed assets

	Software £000
Cost	
At 31 March 2017	2,958
Additions - purchased	199
At 31 March 2018	3,157
Amortisation and impairment	
At 31 March 2017	2,414
Charge for the year	65
At 31 March 2018	2,479
Carrying amount	
At 31 March 2018	678
At 31 March 2017	544

15 Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 April 2017	1,377	2,015	3,392
Disposals	(1,377)	-	(1,377)
At 31 March 2018	-	2,015	2,015
Accumulated depreciation and impairment			
At 1 April 2017	1,377	1,524	2,901
Charge for the year	-	28	28
Eliminated on disposal	(1,377)	-	(1,377)
At 31 March 2018	-	1,552	1,552
Carrying amount			
At 31 March 2018	-	463	463
At 31 March 2017	-	491	491

The note above recognises the disposal of assets at nil net book value. These assets were disposed of as part of the disposal of Alexandra Park in prior year.

16 Investments

	Current 2018 £000	2017 £000	Non-current 2018 £000	2017 £000
Fair value through other comprehensive income				
UK Government Gilts	-	-	15,830	21,353
Listed shares	-	-	-	21,007
Fair value through income statement				
Investments in subsidiaries	-	-	2,602,623	2,463,736
Investments in associates	-	-	1,428	1,479
Other investments	-	-	-	-
	-	-	2,619,881	2,507,575

Movements in non-current investments

	Shares £000
Valuation	
At 1 April 2017	2,507,575
Additions	89,904
Valuation changes	55,265
Valuation changes to OCI	(2,851)
Impairment losses	(6,331)
Disposals	(23,681)
At 31 March 2018	2,619,881

Additions in the year represent capital injections into the following companies; Pilkington Brasil Limitada (£2,435 k), Pilkington United Kingdom Limited (£75,000 k), Pilkington Automotive Romania SA(£587 k), Pilkington Austria GmbH (£1,316 k), Pilkington Automotive Argentina SA (£4,235 k) and Pilkington Holywell Limited (£6,331 k).

The investment in Pilkington Holywell, funded by a capital injection from NSG UK Enterprises Limited, was subsequently impaired.

Disposals in the year relate to the sale of shares in China Glass Holdings Limited (CGH). The company sold its remaining 12.91% shareholding in CGH.

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Pilkington Automotive Limited	UK	100.00	100.00	Automotive glass manufacture
Pilkington China Holdings Company Limited	Hong Kong	100.00	100.00	Investment holding
Pilkington Floatlgas AB	Sweden	100.00	100.00	Glass distribution and processing
Pilkington Holywell Limited	UK	100.00	100.00	Holding company
Pilkington Italia SpA	Italy	100.00	100.00	Glass manufacturing
Pilkington Technology Management Limited	UK	100.00	100.00	Technology management
Glass Master SA de CV	Mexico	100.00	100.00	Automotive glass distribution
Pilkington United Kingdom Limited	UK	100.00	100.00	Glass manufacturing and processing
Pilkington Holding GmbH	Germany	100.00	100.00	Investment holding
Vidrieria Argentina SA	Argentina	51.00	51.00	Glass manufacturing
Pilkington Automotive Argentina SA	Argentina	100.00	100.00	Automotive glass manufcture
Pilkington AGR Austria GmbH	Austria	100.00	100.00	Automotive glass distribution
LOF Canada Holdings Limited	Canada	100.00	100.00	Investment holding
Clapola Limited	Cyprus	100.00	100.00	Investment holding
Pilkington AGR Czech spol.S.r.o.	Czech Republic	100.00	100.00	Automotive glass distribution
Pilkington Holdings SA	France	100.00	100.00	Investment holding
Nippon Sheet Glass Ireland Limited	Ireland	100.00	100.00	Automotive glass distribution
Pilkington AGR Hungary Kft	Hungary	100.00	100.00	Automotive glass distribution
Pilkington Benelux AGR BV	Netherlands	100.00	100.00	Automotive glass distribution
Pilkington Chile Holdings Limitada	Chile	100.00	100.00	Investment holding
Inversiones Float Chile Limitada	Chile	51.00	51.00	Investment holding
Pilkington Automotive Poland Sp.z.o.o	Poland	100.00	100.00	Automotive glass manufacture
Pilkington IGP Sp.z.o.o.	Poland	100.00	100.00	Glass manufacturing and processing
Pilkington Polska Sp.z.o.o.	Poland	100.00	100.00	Glass manufacturing
Pilkington Austria GmbH	Austria	99.00	99.00	Glass processing
Pilkington Danmark A/S	Denmark	100.00	100.00	Automotive glass processing and distribution

17 Subsidiaries (Continued)

Pilkington Brasil Limitada	Brazil	100.00	100.00	Glass manufacturing

The ownership and voting power percentages includes both direct and indirect shareholdings.

During the year, Pilkington Czech spol. S.R.O was merged with Pilkington AGR Czech spol. S.R.O.

18 Associates

Details of the company's associates at 31 March 2018 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Lochaline Quartz Sand Limited	UK	49.00	49.00	Trading company

19 Trade and other receivables

	2018 £000	2017 £000
Corporation tax receivable	584	209
Other receivables	537	548
Amounts due from related parties	31,953	36,498
Prepayments	2,201	497
	35,275	37,752

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

20 Borrowings

	2018 £000	2017 £000
Unsecured borrowings at amortised cost		
Bank overdrafts	12	1
Loans from related parties	951,218	1,049,782
	951,230	1,049,783

20 Borrowings (Continued)

Analysis of borrowings
Borrowings are classified based on the amounts that fall due within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018 £000	2017 £000
Current liabilities	97,228	543,279
Non-current liabilities	854,002	506,504
	951,230	1,049,783

Current liabilities include multi-currency loans and deposits to other Group companies with a maturity date of less than 12 months from the reporting date. The substantial part of the outstanding borrowings (£459,802 k) is covered by a multi-currency facility agreement which is repayable on or before 31 March 2023. The specified interest rate is set at a margin of 2.35% per annum above the London Inter Bank offer rate for the relevant currency. A facility for £97,215 k is repayable on or before 31 August 2018. The specified interest rate is set at a margin of 0.25% per annum below the London Inter Bank offer rate for the relevant currency. In the event that the rate becomes zero or below zero, the rate of interest will be nil. Directors of the company are expected to renegotiate the terms of any outstanding borrowings as appropriate before the maturity date therefore it is not expected that these loans will be repaid on maturity.

Non-current liabilities include multi-currency loans and deposits to other Group companies with a maturity date of more than 12 months from the reporting date. Non-current liabilities include an interest free facility with a discounted balance of £394,201 k, which is due to mature on 31 March 2020. Directors of the company are expected to renegotiate the terms of any outstanding borrowings as appropriate before the maturity date.

21 Trade and other payables

	2018 £000	2017 £000
Trade payables	67	94
Amounts due to related parties	25,235	30,765
Accruals	904	1,172
Other payables	3,214	3,885
	29,420	35,916

22 Provisions for liabilities

	2018 £000	2017 £000
Redundancy and restructuring	-	210
Claims and litigation	1,653	2,226
Other	2,822	2,259
	4,475	4,695

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018 £000	2017 £000
Current liabilities	2,793	4,217
Non-current liabilities	1,682	478
	4,475	4,695

	Redundancy and restructuring £000	Claims and litigation £000	Other £000	Total £000
At 1 April 2017	210	2,226	2,259	4,695
Additional provisions in the year	94	-	2,372	2,466
Reversal of provision	-	(573)	(75)	(648)
Utilisation of provision	(304)	-	(1,734)	(2,038)
At 31 March 2018	-	1,653	2,822	4,475

Other provisions include onerous lease provision £373 k (2017: £373 k), cumulative leave provision of £147 k (2017: £130 k), bonus provision of £2,302 k (2017: £1,998 K) and an immaterial pension asset of nil (2017: £242 K)

23 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of retirement benefit plans is £1,100 k (2017 - £687 k).

23 Retirement benefit schemes (Continued)

Defined benefit scheme

The company operates defined benefit pension arrangements, together with related arrangements, which are required to be disclosed as post-employment or other long-term benefits under IAS 19.

The largest pension scheme is the Pilkington Superannuation Scheme (PSS) which covers 777 employees, 2,784 deferred members and 9,984 pensioners as at 31 March 2018. This scheme was closed to new members with effect from 30 September 2008. This scheme is subject to applicable UK employment laws and is governed by a Board of Trustees. The Board of Trustees consists of seven member-nominated trustees and seven employer-nominated trustees. Of the employer-nominated trustees, two are independent and five are current or former employees of the NSG Group. The Board of Trustees is responsible for the overall governance of the scheme and the management of its assets.

Prior to 1 January 2009, employer contributions under the PSS's governing trust deed were fixed at 10.5 percent of pensionable salary for active members. However, with effect from that date, employer contributions are now levied at 16 percent of pensionable salary for active members accruing on a 1/60th basis, and 12.5 percent for active members accruing on a 1/80th basis.

From 30 April 2013, the definition of pensionable salary in the PSS has been 'frozen' so that benefits no longer increase in line with salary increases.

Valuation

A formal funding valuation of the scheme's liabilities is carried out using a prudent basis, as agreed between the Trustee and the company, every three years. If the funding valuation reveals a deficit, the Trustee agrees with the company a plan for recovering that deficit. Following the actuarial valuation as at 31 December 2014, the company has agreed a funding plan which requires annual deficit contributions of £25 million payable up to and including 2018. For the financial years FY2020 to FY2022 the company has agreed with the Trustee to set up and contribute to an escrow account in favour of the scheme. This will provide further security to the scheme should it be required in the future in order to meet the scheme's funding targets or in the unlikely event of a company insolvency. The contributions to the escrow account will be not more than £12 million per year.

Under previously extant UK GAAP, the company enacted the multi-employer exemption and accounted for the PSS as if a defined contribution scheme. Under FRS101, such exemptions have been removed and therefore as the lead employer of the PSS, Pilkington Group Limited now recognises the asset on its balance sheet. The company 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.

The investment objectives and asset allocation policy adopted by the Trustee are defined in the scheme's Statement of Investment Principles and associated documentation. The Company and Trustee continue to investigate jointly any potential opportunities to de-risk the PSS including but not limited to the composition of the investment portfolio and further use of buy-in policies when this becomes financially attractive.

The company also operates post-retirement healthcare benefits for retirees. The method of accounting, assumptions and the frequency of actuarial valuations are similar to those used for defined benefit pension schemes.

23 Retirement benefit schemes **(Continued)**

Risks

Through its defined benefit pension schemes, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets under perform this yield, this will create a deficit. All funded schemes hold a significant proportion of growth assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored regularly to ensure it remains appropriate and in line with the group's long term strategy to manage the schemes.

Changes in bond yields A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk Much of the UK schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The Pilkington Superannuation Scheme (PSS) hedges 85% of liability movements against interest and inflation rate volatility.

Life expectancy The majority of the plans' obligations are to provide benefits for the life of the member (or deceased member's spouse, where applicable), so increases in life expectancy will result in an increase in the liabilities. Some of the longevity risk in the main UK plan is hedged with a longevity swap which was put in place in 2012. In August 2016 NSG entered into an agreement with the Pension Insurance Corporation (PIC) to insure pensions in payment for a group of current pensioners in the UK main plan. The plan now holds annuity contracts to cover these thereby removing all risks in respect of these pensions.

Key assumptions

	2018	2017
	%	%
Discount rate	2.6	2.6
Pension growth rate	0.9	0.8
Salary growth rate	-	-
Consumer price inflation	2.0	2.1

23 Retirement benefit schemes **(Continued)**

Mortality assumptions

The mortality assumptions used at 31 March 2016 are based on the 'SAPS' standard UK mortality tables, with an adjustment to reflect actual mortality experience of members of that scheme based on recent experience investigations carried out by the scheme's Trustees. Future improvements in mortality have been allowed for in line with the CMI 2016 Core Projections with a long-term rate of mortality improvements of 1.25 percent per annum.

The assumed life expectations on retirement at age 60 are:

	2018 Years	2017 Years
Retiring today		
- Males	26.5	26.6
- Females	28.6	28.8
Retiring in 20 years		
- Males	27.9	28.0
- Females	30.1	30.3

Amounts recognised in the income statement:

	2018 £000	2017 £000
Current service cost	9,918	9,086
Net interest on defined benefit liability/(asset)	(5,274)	(5,952)
The effect of any curtailment or settlement	566	425
	5,210	3,559

Of the total expenses for the year, £4,150 k is included in administration expenses, £94 k in exceptional expenses and £5,274 k credit in finance expenses. The remaining expenses of £6,240 k are included in the income statements of other sponsoring employers as cash contributions to pension schemes.

£77 k (2017: £99 k) is included in finance expenses in respect of the retirement benefit healthcare plan.

23 Retirement benefit schemes (Continued)

(Gains)/losses recognised in other comprehensive income in respect of defined benefit plans are as follows:

	2018 £000	2017 £000
Actuarial changes arising from changes in financial assumptions	(27,000)	205,926
Actuarial changes arising from experience adjustments	(33,356)	(20,504)
Actuarial changes related to plan assets	25,226	(182,964)
Contributions from other participating employers	(20,920)	(40,737)
Movement on tax on surplus	21,840	11,235
	(34,210)	(27,044)

A credit of £1,803 k (2017 charge: £141 k) is recognised within other comprehensive income in respect of the retirement benefit healthcare plan.

During the year, Pilkington Group Limited recharged other participating employers a proportion of the deficit contribution paid into the scheme (FY17: contributions of FY16 and FY17). The amount recharged is not a reflection of the respective proportion of the pension scheme liabilities. These recharges have been reflected as income recognised within other comprehensive income in the accounts of Pilkington Group Limited. The amount does not affect the total contributions paid into the scheme but determines the amount payable by Pilkington Group Limited versus the other participating employers.

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2018 £000	2017 £000
Present value of defined benefit obligations	1,578,999	1,692,300
Fair value of plan assets	(1,822,999)	(1,872,200)
Surplus in scheme	(244,000)	(179,900)
Taxes relating to refund of pension fund surplus	96,075	74,235
Net surplus in the statement of financial position after tax on surplus	(147,925)	(105,665)
Included in non-current assets	(178,425)	(137,865)
Included in retirement benefit obligations	30,500	32,200
Retirement healthcare asset or liability balance	1,066	3,077
Net surplus recognised in statement of financial position	(146,859)	(102,588)

23 Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations

	2018 £000	2017 £000
At 1 April 2017	1,692,300	1,526,502
Current service cost	9,918	9,086
Benefits paid	(106,098)	(79,805)
Contributions from scheme members	60	121
Actuarial gains and losses	(60,356)	185,422
Interest cost	42,609	50,549
Other	566	425
At 31 March 2018	1,578,999	1,692,300

The defined benefit obligations arise from plans funded as follows:

	2018 £000	2017 £000
Wholly unfunded obligations	30,500	32,200
Wholly or partly funded obligations	1,548,499	1,660,100
	1,578,999	1,692,300

Movements in the fair value of plan assets:

	2018 £000	2017 £000
At 1 April 2017	1,872,200	1,678,202
Interest income	47,883	56,501
Return on plan assets (excluding amounts included in net interest)	(25,226)	182,964
Benefits paid	(106,098)	(79,805)
Contributions by the employer*	34,180	34,217
Contributions by scheme members	60	121
At 31 March 2018	1,822,999	1,872,200

* Contributions by the employer includes contributions from all participating employers.

The actual return on plan assets was £22,657 k (2017 - £280,202 k).

23 Retirement benefit schemes **(Continued)**

Sensitivity to changes in assumptions

The principal assumptions used to determine the defined benefit obligation (DBO) are the discount rate, the inflation rate, and the mortality basis. These sensitivity of the DBO to changes in each of these assumptions is set out below:

	Increase in assumption	Decrease in assumption
0.5% change in discount rate	-6.6%	7.4%
0.5% change in inflation rate	3.5%	-3.1%
Increase life expectancy by 1 year	4.1%	

The fair value of plan assets at the reporting period end was as follows:

	Quoted 2018 £000	Unquoted 2018 £000	Quoted 2017 £000	Unquoted 2017 £000
Equity instruments	273,900	36,400	324,200	42,000
Debt instruments	1,329,100	-	1,232,500	-
Property	-	13,400	-	20,600
Cash	-	1,399	-	59,600
Longevity Swap	-	(27,100)	-	(18,400)
Asset Buy-in	-	195,900	-	211,700
	1,603,000	219,999	1,556,700	315,500

24 Share capital

	2018 £000	2017 £000
Ordinary share capital		
Issued and fully paid		
14,646,014,765 (2017: 14,646,014,764) Ordinary Shares of £0.04618847 each	676,477	676,477
Preference share capital		
Issued and fully paid		
1,307,448,804 Non-redeemable preference shares of £1 each	1,307,449	1,307,449

During the year the company issued 1 ordinary share at a premium of £6,331 k.

25 Other Reserves

The analysis of movements in reserves is now included within the Statement of Changes in Equity.

26 Operating lease commitments

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018	2017
	£000	£000
Minimum lease payments under operating leases	502	53

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

	2018	2017
	£000	£000
Within one year	226	26
Between two and five years	226	82
In over five years	170	191
	622	299

27 Events after the reporting date

No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

28 Controlling party

The immediate parent undertaking is NSG UK Enterprises Limited, registered in England and Wales. This company has not prepared consolidated financial statements as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Company, Limited, a company registered in Japan. Nippon Sheet Glass Company, Limited has prepared consolidated financial statements for the year to 31 March 2018, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Company, Limited, West Wing, 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.