

Akzo Nobel Aerospace Coatings Limited

Annual Report and Financial Statements

Registered number 00938151

For the year ended 31 December 2015



Contents

Strategic Report	1
Directors' Report	2
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	3
Independent auditor's report to the members of Akzo Nobel Aerospace Coatings Limited	4
Profit and loss account	5
Balance sheet	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is the distribution and sale of coatings to the aerospace industry.

Business review and results

The directors consider that the business performance was acceptable in a challenging market and despite a decrease in revenue, the Company saw a significant increase in operating profit during the year.

The overall revenue for 2015 had declined by £1 million compared to the prior year, due to the downturn in demand for the structural business (the sales of interior performance coatings products) and the discontinuation of the Company's interests in the Land Defence segment. As a result, the Company's gross margin for the year increased from 57.2% to 62.4%.

One of the key performance indicators for the Company is operating profit which increased by £1,292,000 during the year.

The selling and administration costs were carefully managed through additional cost savings and the reorganisation of the management teams within the organisation structure.

The group headed by Akzo Nobel N.V., the Company's ultimate parent undertaking, has close involvement in the management of the Company and uses a range of key performance indicators. These are discussed in the Group's annual report and financial statements, which does not form part of this report, and is available from the address in note 16.

The results for the year ended 31 December 2015 are set out on page 5 of the Financial Statements.

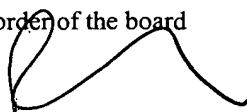
Going Concern

Akzo Nobel N.V. has provided written notification that it shall continue to provide financial and other support to the Company for a period of at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

Principal Risk and Uncertainties

The Company recognises that the possible risks to its operations are unfavourable exchange rates and its exposure to credit risks, which are managed through reducing the Company's exposure to foreign currency and strict adherence to the Group's credit policy.

By order of the board



R Marston
Director

The AkzoNobel Building
Wexham Road
Slough, SL2 5DS

25 January 2017

Directors' Report

The directors present their Directors' Report and the audited Financial Statements for the year ended 31 December 2015.

Change of Registered Office

On 1 October 2016, the Company changed its registered office address from 26th Floor, Portland House, Bressenden Place, London SW1E 5BG to The AkzoNobel Building, Wexham Road, Slough, SL2 5DS.

Results and Dividend

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: Nil). The Company's results for the year are available on page 5.

Directors

The directors who held office during the year were as follows:

R Marston
G Windsor

Political contributions

The Company made no political contributions during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the Company's auditor is deemed to be reappointed and therefore, KPMG LLP will currently, continue in office.

In line with the decision of Akzo Nobel N.V. (the ultimate parent) to appoint PricewaterhouseCoopers LLP as external auditors for the group for the year ending 31 December 2016, it is expected that PricewaterhouseCoopers LLP will be appointed as the auditors for the Company for the year ending 31 December 2016.

By order of the board

O.H. SECRETARIAT LIMITED

AUTHORISED SIGNATORY

O.H. Secretariat Limited
Secretary

The AkzoNobel Building
Wexham Road
Slough
SL2 5DS

25 January 2017

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 judgments 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKZO NOBEL AEROSPACE COATINGS LIMITED

We have audited the financial statements of Akzo Nobel Aerospace Coatings Limited for the year ended 31 December 2015 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

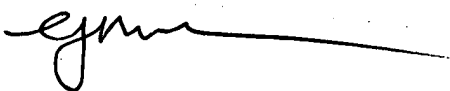
Opinion on other matter prescribed by the Companies Act 2006

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

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.



Christopher Hearn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

27 January 2017

Profit and loss account
for the year ended 31 December 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	8,715	9,740
Cost of sales		(3,275)	(4,171)
Gross profit		5,440	5,569
Distribution costs		(573)	(450)
Administrative expenses		(2,947)	(4,491)
Operating profit		1,920	628
Other operating income		200	200
Interest receivable and similar income	6	10	12
Profit on ordinary activities before taxation	3-5	2,130	840
Tax on profit on ordinary activities	7	(209)	(180)
Profit for the financial year		1,921	660

The notes on pages 8 to 17 form part of the financial statements.

The results for both the current and preceding years relate to continuing operations.

There are no items of other comprehensive income in either year.

Balance sheet
as at 31 December 2015

	<i>Note</i>	2015 £000	£000	2014 £000	£000
Fixed assets					
Tangible assets	9		43		57
Current assets					
Stocks	10	155		213	
Debtors (including £0.1 m (2014:£0.1 m) due after more than one year)	11	5,448		2,741	
		<u>5,603</u>		<u>2,954</u>	
Creditors: amounts falling due within one year	12	<u>(1,867)</u>		<u>(1,153)</u>	
Net current assets			3,736		1,801
Total assets less current liabilities			<u>3,779</u>		<u>1,858</u>
			<u>3,779</u>		<u>1,858</u>
Net assets			<u>3,779</u>		<u>1,858</u>
Capital and reserves					
Called up share capital	13	-	-	-	-
Share premium account		350	350	350	350
Profit and loss account		3,429	1,508	1,508	1,508
Equity shareholders' funds			<u>3,779</u>		<u>1,858</u>

The notes on pages 8 to 17 form part of the financial statements.

These financial statements were approved by the board of directors on 25 January 2017 and were signed on its behalf by:



R Marston
Director

Statement of Changes in Equity

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	-	350	848	1,198
Total comprehensive income for the period				
Profit for the year	-	-	660	660
Total comprehensive income for the period	-	-	660	660
Balance at 31 December 2014	-	350	1,508	1,858

	Called up share Capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	-	350	1,508	1,858
Total comprehensive income for the period				
Profit for the year	-	-	1,921	1,921
Total comprehensive income for the period	-	-	1,921	1,921
Balance at 31 December 2015	-	350	3,429	3,779

The notes on pages 8 to 17 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Akzo Nobel Aerospace Coatings Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006.

In these financial statements, the company has adopted FRS 101 and for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. No measurement and recognition adjustments were made on transition.

The Company’s ultimate parent undertaking, Akzo Nobel N.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Akzo Nobel N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Akzo Nobel N.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Notes (continued)

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The directors have made the necessary enquiries and assessed the Company's financial position and have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. The directors therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost net of depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	10 to 15 years
Plant and machinery	-	5 to 10 years
Computer equipment	-	2 to 3 years

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

Some of the Company's employees are members of group wide defined benefit pension plans. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the legally sponsoring employer,

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits (continued)

which is Akzo Nobel UK Ltd / Imperial Chemical Industries Limited. The Company then recognises a cost equal to its contribution payable for the period. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by a qualified independent actuary, and charged as a percentage of salary costs.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Turnover

Turnover represents the amounts (excluding value added tax) derived solely from the Company's principal activity.

2 Analysis of turnover

The geographical analysis of the sale of goods by destination is as follows:

	2015 £000	2014 £000
United Kingdom	7,681	8,552
Rest of Europe	1,009	1,188
Rest of World	25	-
	<hr/>	<hr/>
	8,715	9,740
	<hr/>	<hr/>

Notes (continued)

3 Profit on ordinary activities before taxation is stated after charging:

	2015 £000	2014 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	22	25
Hire of land and buildings - operating leases	88	86
Auditor's remuneration:		
Audit of these financial statements	14	13
	<u>14</u>	<u>13</u>

4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	204	90
Company contributions to pension scheme	49	19
	<u>204</u>	<u>90</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director in 2015 was £112,000 and Company pension contributions of £32,000 were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2015	2014
Final salary schemes	2	1
	<u>2</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Distribution and sale of paints	19	23
	<u>19</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	818	887
Social security costs	76	85
Pension costs (note 15)	125	1,125
	<u>1,019</u>	<u>2,097</u>

Included within pension costs is a top up contribution to the Akzo Nobel (CPS) Pension Scheme of £Nil (2014: £1,004,000) (see note 15).

Notes (continued)

6 Interest receivable and similar income

	2015 £000	2014 £000
Receivable from group undertakings	10	12

7 Taxation

Recognised in the profit and loss account

	2015 £000	2014 £000
UK corporation tax		
Current tax charge for the year	217	189
Adjustments in respect of prior years	-	(12)
Total current tax	217	177
Deferred Tax (see note 8)		
Origination/reversal of timing differences	(8)	(5)
Effect of decreased tax rate	-	8
Total tax expense	209	180

Reconciliation of effective tax rate

	2015 £000	2014 £000
Profit on ordinary activities before taxation	2,130	840
Current tax at 20.25% (2014: 21.5%)	431	181
Effect of:		
Difference between capital allowances for the year and depreciation	(8)	(5)
Expenses not deductible for tax purposes	5	4
Transfer Pricing adjustments	(219)	-
Total tax expense (see above)	209	180

Factors that may affect future current and total tax charges

In the autumn 2012 Budget Statement a corporation tax rate change was announced reducing the rate from 23% to 21% effective 1 April 2014 and in the Budget of March 2013 this 21% rate was further reduced to 20% effective from 1 April 2015. These changes were substantively enacted on 2 July 2013 and therefore the effective current tax rate applicable during 2015 was 20.25%.

In the summer 2015 Budget Statement a corporation tax rate change was announced reducing the rate from 20% to 19% effective 1 April 2017, with a further reduction to 18% effective 1 April 2020. Both of these changes were substantively enacted on 26 October 2015. As a result of these changes, any deferred tax asset or liability at 31 December 2015 is recognised at 18%.

In the March 2016 Budget Statement a corporation tax rate change was announced reducing the rate from 18% to 17% effective 1 April 2020. This change was not substantively enacted at the balance sheet date but will reduce the current tax charge and any deferred tax asset of the Company in the future.

Notes (continued)

8 Deferred Tax

	2015 £000	2014 £000
Deferred tax asset at the beginning of the year	88	91
Credit/(charge) for the year	8	(3)
	<hr/>	<hr/>
Deferred tax asset at the end of the year	96	88
	<hr/>	<hr/>

Deferred tax assets are attributable to the following:

	2015 £000	2014 £000
Tangible fixed assets	96	88
	<hr/>	<hr/>

9 Tangible fixed assets

	Buildings £000	Plant, machinery and computer equipment £000	Total £000
Cost			
At beginning of year	230	391	621
Additions	-	8	8
	<hr/>	<hr/>	<hr/>
At end of year	230	399	629
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
At beginning of year	230	334	564
Charge for year	-	22	22
	<hr/>	<hr/>	<hr/>
At end of year	230	356	586
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2015	-	43	43
	<hr/>	<hr/>	<hr/>
At 31 December 2014	-	57	57
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Stocks

	2015 £000	2014 £000
Finished goods and goods for resale	155	213

11 Debtors

	2015 £000	2014 £000
Trade debtors	1,507	1,295
Amounts owed by group undertakings	3,800	1,325
Prepayments and accrued income	39	33
Deferred tax asset (note 8)	96	88
Other receivables	6	-
	5,448	2,741

12 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	84	229
Amounts owed to group undertakings	688	94
Corporation tax payable	507	290
Other creditors	428	412
Accruals and deferred income	160	128
	1,867	1,153

13 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
Equity: 100 (2014: 100) Ordinary shares of £1 each	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

14 Commitments

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

	2015		2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	88	28	88	5
In the second to fifth years inclusive	352	56	352	10
Over five years	176	-	264	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Pension Schemes

The Company operates both a defined contribution and a multi-employer defined benefit schemes for its employees.

Akzo Nobel (CPS) Pension Scheme

Defined benefit plans

The Company is a participant in a group wide defined benefit scheme. As the legally sponsoring entity, the financial statements of Akzo Nobel UK Ltd / Imperial Chemical Industries Limited identify and disclose the information on the plan as prescribed by IAS19, and these financial statements are available from the Company's registered office at The AkzoNobel Building, Wexham Road, Slough, SL2 5DS or from Companies House. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by qualified independent actuary, and charged as a percentage of salary costs. The charge recognised in respect of active members in 2015 was £77,000 (2014: £69,000). In 2014 and previous years the contributions payable in respect of any funding deficit was charged to non-sponsoring entities based on a historic analysis of liabilities related to businesses that historically operated within that legal entity. The charged recognised by the Company in respect of the funding deficit in 2014 was £1,004,000. From 2015, the group-wide policy has been updated and funding deficits are not charged to non-sponsoring entities.

Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to this plan in 2015 was £48,000 (2014: £52,000)

Total Pension Contribution

The total contribution made by the Company during the year to both the defined contribution plan and to the defined benefit plan, was £125,000 (2014: £1,124,665).

Notes *(continued)*

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Akzo Nobel Coatings International B.V., incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Akzo Nobel N.V., incorporated in the Netherlands. The smallest group in which they are consolidated is that headed by Akzo Nobel Coatings International B.V. The consolidated accounts of Akzo Nobel N.V. are available from Christian Neefestraat 2, 1077 WW Amsterdam, The Netherlands.