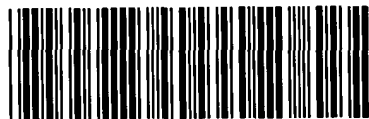


Resinous Chemicals Limited

Annual Report and Financial Statements
Registered number 00973607
31 December 2017

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Directors' Report

The directors present the Directors' Report and the audited Financial Statements for the year ended 31 December 2017.

Strategic Report

In accordance with Section 414B of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company is exempt from preparing a Strategic Report.

Principal Activities

The Company's principal activities related to the management and responsibilities associated with the Company's freehold land in Dunston.

Business Review

The Company made a profit of £6,000 during the financial year (2016: Profit £4,000) and net assets of £206,000 as at 31 December 2017 (2016: £200,000).

Dividends

The directors did not pay an interim dividend during the year (2016: £nil) nor do the directors recommend the payment of a final dividend (2016: £nil).

Post Balance Sheet Event

On 13th April 2018, the Company entered into a new agreement to lease part of its investment property in Dunston maturing in 2021

Directors

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

L. Dinnage
M. Smalley

Political Contributions

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

Financial Risk Management

Financial risk includes price risk, credit risk, liquidity risk and cash flow risk. These are addressed and managed at a group level as disclosed in the AkzoNobel Report 2017, pages 31 to 35 and may be obtained from Velperweg 76. P0 Box 9300, 6800 SB Arnhem, the Netherlands.

An overall risk management program seeks to identify, assess and if necessary, mitigate these financial risks in order to minimise potential adverse effects on financial performance.

Future Developments

The directors are of the opinion that the Company is in a position to continue its principal activities in 2018.

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as the Company's auditor, holding office until the end of the next period for appointing auditors in accordance with section 485(4c) of the Companies Act 2006.

On behalf of the board



M. Smalley
Director

The AkzoNobel Building
Wexham Road
Slough
United Kingdom
SL2 5DS

09 August 2018

Independent auditors' report to the members of Resinous Chemicals Limited

Report on the audit of the financial statements

Opinion

In our opinion, Resinous Chemicals Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Resinous Chemicals Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Resinous Chemicals Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Miles Saunders

Miles Saunders (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
13 August 2018

Statement of Comprehensive Income
For the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Other operating income	6	10	10
Other operating charges	7	(1)	(2)
Operating profit		9	8
Interest payable and similar expenses	8	(2)	(3)
Profit before taxation		7	5
Tax on profit	9	(1)	(1)
Profit for the financial year		6	4
Total comprehensive income for the financial year		6	4

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
as at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Fixed assets			
Investment Property	10	591	591
Current assets			
Trade Debtors		1	1
Creditors: amounts falling due within one year	12	(386)	(392)
Net current liabilities		(385)	(391)
Total assets less current liabilities		206	200
Net assets		206	200
Capital and reserves			
Called up share capital	13	1,200	1,200
Accumulated losses		(994)	(1,000)
Total shareholders' funds		206	200

The notes on pages 9 to 14 are an integral part of these financial statements.

These financial statements on pages 6 to 14 were authorised for issue by the board of directors on 09 August 2018 and were signed on behalf by:



M. Smalley
Director

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £000	Accumulated losses £000	Total shareholders' funds £000
Balance at 1 January 2016	1,200	(1,004)	196
Profit for the financial year	-	4	4
Total comprehensive income for the year	-	4	4
Balance at 31 December 2016	1,200	(1,000)	200

	Called up share capital £000	Accumulated losses £000	Total shareholders' funds £000
Balance at 1 January 2017	1,200	(1,000)	200
Profit for the financial year	-	6	6
Total comprehensive income for the year	-	6	6
Balance at 31 December 2017	1,200	(994)	206

Notes to the Financial Statements

1 General information

Resinous Chemicals Limited (the "Company") is a private company limited by shares in the UK. The Company's registration number is 00973607 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.

2 Accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below and have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

2.1 Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") under historical cost convention in pound sterling. The amendments to FRS 101 (2013/14 Cycle) issued in July 2015 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.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

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:

- Statement of Compliance with IFRS
- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions entered in to between two or more members of a group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs and
- 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:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.2 *Going concern*

Akzo Nobel N.V., the Company's ultimate parent undertaking, 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 the preparation of the financial statements.

2.3 *New standards, amendments and IFRIC interpretations*

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017, have had a material impact on the Company.

2.4 *Debtors*

Amounts receivable are amounts due from group companies for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.5 *Creditors*

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or group companies.

Creditors are recognised initially at fair value and subsequently measure at amortised cost using the effective interest method.

2.6 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.7 *Borrowings costs*

Borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.8 *Investment property*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Certain items of investment properties that had been revalued to fair value on or prior to 1 January 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Rental income from investment property is accounted for as described in the other operating income accounting policy

Notes to the Financial Statements *(continued)*

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise 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 or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Other Operating Income

Other operating income represents rental income derived from the Company's freehold land. Rental income from leasing the land is recognised on a straight line basis over the term of the lease.

2.11 Other Operating Charges

Other operating charges represent administrative costs associated with the companies investment property

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

Notes to the Financial Statements *(continued)*

4 Auditors' remuneration

There is no charge for the remuneration of auditors' in the financial statements of the Company as the auditors' fee of £4,000 (2016 : £4,000) in relation to the audit of this Company was borne by another group company and is not recharged

5 Remuneration of directors and employees

No individuals were employed by the Company during the current or previous year. The directors received no remuneration for their services to the Company in either year as their services to the company were incidental to their services to the group. The present directors are employed by, and receive remuneration for services from, a wholly owned subsidiary of the ultimate parent undertaking.

6 Other operating income

	2017 £000	2016 £000
Land rental income	10	10

7 Other operating charges

	2017 £000	2016 £000
Administrative expenses	(1)	(2)

8 Interest payable and similar expenses

	2017 £000	2016 £000
Payable to group undertakings	(2)	(3)

9 Tax on loss

Recognised in the statement of comprehensive income

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax charge on income for the year	(1)	(1)

Factors affecting the tax credit for the current year

The current tax charge for the year is equal to the standard rate of corporation tax in the UK 19.25% (2016: 20.00%)

	2017 £000	2016 £000
<i>Current tax reconciliation</i>		
Profit before taxation	7	5
Current tax at 19.25% (2016: 20.00%)	(1)	(1)

Notes to the Financial Statements *(continued)*

9 Tax on loss *(continued)*

Factors that may affect future current and total tax charges

In the Summer 2015 Budget Statement this rate was reduced from 20% to 19% effective 1 April 2017, with a further reduction to 18% effective 1 April 2020, and In the March 2016 Budget Statement it was announced this rate would reduce from 18% to 17% effective 1 April 2020. All of these changes have been substantively enacted at the balance sheet date.

As a result of these changes, the effective current tax rate applicable for 2016 was 20% and the rate applicable for 2017 was 19.25%. The rate applied to deferred tax balances is 17% as these balances are not expected to be utilised until after this rate takes effect

10 Investment Property

	Restated Freehold land £000
<i>Cost or valuation</i>	
At beginning and end of year	591
<i>Net book value</i>	
At beginning and end of year	591

The investment property relates to 7.3 acres of a former manufacturing site in Dunston and a portion of the site is subject to an operating lease generating a rental income as described in Note 11. The freehold land which was subject to a valuation in 1988, which following the revaluation, is valued at £591,024. This valuation is treated as deemed cost at the date of transition to FRS101.

If this portion of land had not been re-valued it would have been included at the following amounts.

	2017 £000	Restated 2016 £000
Historical cost and net book value of re-valued assets	57	57

Freehold land valued at £591,024 (2016 : £591,024) is not being depreciated.

The fair value of the investment property is likely to be between £1m and £2m based on market value.

11 Operating Lease

A portion of the land in Dunston is leased to a 3rd party commencing from January 2013 for a 5 year period. The minimum contractual lease payments amount to £10,000 per annum

A new lease agreement was entered into on 13 April 2018 for this land for a further 3 years with minimum contractual lease payments of £25,000.

Notes to the Financial Statements *(continued)*

12 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	386	392
	<u>386</u>	<u>392</u>

Amounts owed to group undertakings include a balance of £383,530 (2016: £390,144) that is repayable on demand. Interest is charged monthly based on 1 month LIBOR plus a spread of +15 basis points.

13 Called up share capital

	2017 £000	2016 £000
<i>Authorised, allotted, called up and fully paid</i> Equity: 1,200,000 (2016: 1,200,000) ordinary shares of £1 each	1,200	1,200
	<u>1,200</u>	<u>1,200</u>

All share capital is classified as shareholders' funds. There has been no movement in the number of shares in the current year.

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.

14 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 Holdings Limited, a company incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Akzo Nobel N.V., incorporated in the Netherlands. No other financial statements include the results of the Company.

Copies of Akzo Nobel N.V. Report and Financial Statements are available to the public and may be obtained from 76 Velperweg, PO Box 9300, SB 6800 Arnhem, the Netherlands.