

Resinous Chemicals Limited

Annual Report and Financial Statements

Registered number 00973607

31 December 2022

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Directors' Report

for the year ended 31 December 2022

The directors present the Directors' Report and the audited Financial Statements for the year ended 31 December 2022.

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 £129,000 during the financial year (2021: £140,000) and had net assets of £517,000 as at 31 December 2022 (2021: £388,000).

The Company previously owned an investment property, relating to the Company's 7.3-acre former manufacturing site in Dunston.

On 23rd July 2021, the Company sold 1.9 acres of freehold land at Dunston for £360,000, with net book value of £154,000 and selling costs of £11,000. On 31st August 2022, the Company sold 5.4 acres of freehold land at Dunston for £700,000, with a net book value of £437,000 and selling costs of £20,000.

Strategic Report

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is exempt from preparing a Strategic Report.

Dividends

The directors did not pay an interim dividend during the year (2021: *£nil*) nor do the directors recommend the payment of a final dividend (2021: *£nil*).

Going concern

The directors have assessed the cash flow requirements for at least twelve months from date of approval of the financial statements which show that the company can pay its liabilities as they fall due. All liabilities relate to group relief and other taxation payable. Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating its intention that it shall continue to provide financial and other support to the Company for the foreseeable future for a period of at least twelve months from the date of approval of these financial statements to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources, including the existing cash pooling arrangement 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.

Directors

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

Mrs. L.M. Dinnage (resigned 21 March 2022)

Mr. B. Williams (appointed 21 March 2022)

Mr. M. Smalley

Political Contributions

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

Directors' Report (continued)
for the year ended 31 December 2022

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 2022, pages 134 to 137 and may be obtained from Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.

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

It is anticipated that the company will be put forward as a candidate for voluntary liquidation in the future, however the Directors have not reached any final decisions over liquidating the company.

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 regulations.

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;
- 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.

Directors' confirmations

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.

Directors' Report *(continued)*
for the year ended 31 December 2022

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the Board



M. Smalley
Director

The AkzoNobel Building
Wexham Road
Slough
United Kingdom
SL2 5DS

27 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESINOUS CHEMICALS LIMITED

Opinion on the 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 2022 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.

We have audited the financial statements of Resinous Chemicals Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 Auditor's 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESINOUS CHEMICALS LIMITED *(continued)*

Other information *(continued)*

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESINOUS CHEMICALS LIMITED *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the UK Companies Act, United Kingdom Accounting Standards, including Financial Reporting Standard 101, and relevant tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and employment law.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls specifically in relation to the financial data and inappropriate use of estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, by testing the recoverability of amounts due from group undertakings.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESINOUS CHEMICALS LIMITED *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

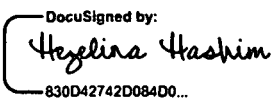
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 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.

DocuSigned by:

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Hazelina Hashim (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
27 October 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Other operating income	6	243	210
Operating profit		243	210
Interest payable and similar expenses	7	-	(4)
Interest receivable and similar income	8	8	-
Profit before taxation		251	206
Tax on profit	9	(122)	(66)
Profit for the financial year		129	140
Total comprehensive income for the financial year		129	140

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

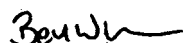
The notes on pages 11 to 18 are an integral part of these financial statements.

Balance Sheet
as at 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Current assets			
Debtors	<i>10</i>	914	102
Investment Property classified as held for sale	<i>11</i>	-	437
Total current assets		914	539
Creditors: amounts falling due within one year	<i>12</i>	(397)	(151)
Net current assets		517	388
Total assets less current liabilities		517	388
Net assets		517	388
Capital and reserves			
Called up share capital	<i>13</i>	1,200	1,200
Accumulated losses		(683)	(812)
Total shareholders' funds		517	388

The notes on pages 11 to 18 are an integral part of these financial statements.

These financial statements on pages 8 to 18 were approved by the board of directors on 27 October 2023 and were signed on behalf by:



B. Williams
Director

Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £000	Accumulated losses £000	Total shareholders' funds £000
Balance at 1 January 2021	1,200	(952)	248
Profit for the financial year	-	140	140
Total comprehensive income for the year	-	140	140
Balance at 31 December 2021	1,200	(812)	388

	Called up share capital £000	Accumulated losses £000	Total shareholders' funds £000
Balance at 1 January 2022	1,200	(812)	388
Profit for the financial year	-	129	129
Total comprehensive income for the year	-	129	129
Balance at 31 December 2022	1,200	(683)	517

The notes on pages 11 to 18 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2022

1 General information

Resinous Chemicals Limited (the "Company") is a private company limited by shares in the England. 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 principal 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 pounds sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards and in accordance with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.

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 wholly owned 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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2 Accounting policies (continued)

2.2 Going concern

The directors have assessed the cash flow requirements for at least twelve months from date of approval of the financial statements which show that the company can pay its liabilities as they fall due. All liabilities relate to group relief and other taxation payable. Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating its intention that it shall continue to provide financial and other support to the Company for the foreseeable future for a period of at least twelve months from the date of approval of these financial statements to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources, including the existing cash pooling arrangement 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.

2.3 New standards, amendments and IFRIC interpretations

The following amendments are effective for the period beginning 1 January 2022:

- Onerous contracts - Costs of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

None of these amendments has an impact on the company.

2.4 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.

2.5 Asset held for Sale

Non-current assets are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the Company's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

Notes to the Financial Statements (*continued*)

for the year ended 31 December 2022

2 Accounting policies (*continued*)

2.6 Debtors

Amounts receivable are amounts due from group companies for services performed in the ordinary course of business but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2.7 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.

2.8 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.

2.9 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.

Notes to the Financial Statements (*continued*)

for the year ended 31 December 2022

2 Accounting policies (*continued*)

2.9 Current and deferred tax (*continued*)

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 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

2.11 Other operating income

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

2.12 Other operating expenses

Other operating expenses represent administrative costs associated with the company's investment property.

2.13 Borrowings costs

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

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 investment property

Investment properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

(b) Impairment of debtors

The Company makes an estimate of the recoverable value of amounts receivable from group undertakings. When assessing impairment of amounts receivable, management considers factors including a forward-looking position of the borrower's financial position and group level discussion on the loan portfolio.

Notes to the Financial Statements (continued)
for the year ended 31 December 2022

4 Auditors remuneration

There is no charge for the remuneration of auditors in the financial statements of the Company as the auditors' fee of £14,600 (2021: £6,800) in relation to the audit of this Company was borne by another group company and is not recharged.

5 Directors and employees

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.

No individuals were employed by the Company during the current or previous year.

6 Other operating income

	2022 £000	2021 £000
Land rental income	-	15
Profit on disposal of land	243	195
	<u>243</u>	<u>210</u>

Profit on disposal of land from the sale of the 1.9 acres of land at the Company's former site in Dunston was finalised in July 2021. The land at Dunston had a net book value of £154,000. The actual proceeds from the sale were £360,000 with selling costs of £11,000.

Profit on disposal of land from the sale of the 5.4 acres of land at the Company's former site in Dunston was finalised in August 2022. The land at Dunston had a net book value of £437,000. The actual proceeds from the sale were £700,000 with selling costs of £20,000.

7 Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable to group undertakings	-	4
	<u>-</u>	<u>4</u>

8 Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group undertakings	8	-
	<u>8</u>	<u>-</u>

Notes to the Financial Statements (continued)
for the year ended 31 December 2022

9 Tax on profit

Recognized in the statement of comprehensive income

	2022	2021
	£000	£000
<i>UK corporation tax</i>		
Current tax charge on income for the year	122	66
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is equal to the standard rate of corporation tax in the UK 19.00% (2021: 19%)

	2022	2021
	£000	£000
<i>Current tax reconciliation</i>		
Profit before taxation	251	206
Current tax at 19% (2021: 19%)	48	39
Adjustment to current tax charge in respect of gain on sale of land	74	27
Total tax charge	<hr/> 122 <hr/>	<hr/> 66 <hr/>

Factors that may affect future current and total tax charges

In the Budget Statement of March 2021, a further change to the corporation rate tax was announced, increasing the corporation tax rate from 19% to 25%, effective 1 April 2023.

In subsequent Budget Statements of October 2021, September, October and November 2022 and March 2023, the corporation tax rate has not been amended. Although the so-called mini-Budget reversed the planned increase of corporation tax from 19% to 25%, this mini-Budget was itself subsequently reversed, meaning that the planned increase in the corporation tax rate, from 19% to 25%, with effect from 1 April 2023, will proceed. This rate of corporation tax has already been substantively enacted at the balance sheet date and is therefore reflected in these financial statements.

As a result of the above, the effective current tax rate applicable for 2021 and 2022 is 19%. The rate applied to deferred tax balances is 25% as at 31 December 2021 and 31 December 2022, being the rates at which deferred tax is expected to crystallise based on the substantively enacted tax rates applicable at the relevant balance sheet dates.

Notes to the Financial Statements (continued)
for the year ended 31 December 2022

10 Debtors: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed from group undertakings	914	102

Amounts owed from group undertakings include a balance of £913,955 (2021: £101,988) that is repayable on demand. Interest is charged monthly based on 1-month SONIA plus a spread of -10/+15 basis points.

11 Investment Property classified as held for sale

The carrying value of the investment property has been classified as asset held for sale.

	2022 £000	2021 £000
Land 5.4 acres of Dunston site	-	437

As a former manufacturer of resins, the Company operated a site in Dunston from 1970 until its closure in 2004. The site, consisted of 7.3 acres of land, split into two sections of 5.4 acres and 1.9 acres, has been closed and vacant since 2005 and was retained by the Company as a legacy asset.

The Company sold 1.9 acres of freehold land in Dunston for £360,000, with selling costs of £11,000 in 2021. The payment on sale of land was received in August 2021.

The remaining 5.4 acres was reclassified as held for sale during the 2021 financial as it met the recognition criteria. The Company's management was committed to completing the sale of this land with an active programme to locate a buyer in place. In May 2022, the Company entered negotiations to sell the land, which finalised in September 2022 resulting in a sale at £700,000, with selling costs of £20,000 (Net book value: £437,000).

12 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Group relief	187	66
Other taxation payable	210	74
Accruals	-	11
	397	151

Equivalent consideration will be paid to fellow group companies to settle group relief balances.

Notes to the Financial Statements (continued)
for the year ended 31 December 2022

13 Called up share capital

	2022 £000	2021 £000
<i>Authorised, allotted, called up and fully paid</i>		
1,200,000 (2021: 1,200,000) ordinary shares of £1 each	1,200	1,200

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 Reserves

The following describes the nature and purposes of each reserve within equity:

Reserve	Description and purpose
Called up Share capital	Nominal value of share capital subscribed for.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

15 Ultimate parent company and parent undertaking of large group of which the company is a member

The Company is a subsidiary undertaking of Akzo Nobel UK Ltd, 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. Annual Report and Financial Statements are available to the public and may be obtained from Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.