

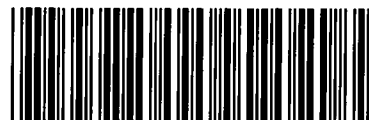
Company Registration No 04610792

SIGMAKALON (BC) UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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SigmaKalon (BC) UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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SigmaKalon (BC) UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

OFFICERS AND PROFESSIONAL ADVISERS

Directors

J Metcalf
F A Parry
S Pocock

Registered Office

Huddersfield Road
Birstall
Batley
West Yorkshire
WF17 9XA

Bankers

BNP Paribas
Fortis Bank S.A.-N.V.
10 Harewood Avenue
London
NW1 6AA

Solicitors

Walker Morris
Kings Court
12 King Street
Leeds
LS1 2HL

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

SigmaKalon (BC) UK Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2017.

This report has been prepared in accordance with the special provisions relating to the small companies within Part 15 of the Companies Act 2006. The company has also taken the small companies exemption in relation to preparing a Strategic Report.

Principal activities and business review

The principal activity of the company is that of an intermediate holding company. The company acts as the primary investment/borrowing vehicle for the Architectural division of the UK group, and as such carries various group borrowings.

The Architectural UK group is engaged in the manufacture and distribution of decorative products. A review of trading activities and performance during the year is contained in the financial statements of the principal UK trading company, PPG Architectural Coatings UK Limited. The company's key measures of effectiveness of its operations are the financial and operational performance of its trading subsidiary, with key measurements being gross profit, return on sales and return on investment capital.

Results and dividends

The profit for the financial year was £50.0m (2016: Loss £3.7m).

The directors do not propose a dividend in respect of the ordinary shares for year ended 31 December 2017 (2016: £Nil). No dividend was paid in respect of the preference shares for 2017 (2016: £Nil).

Going Concern

The financial statements are prepared on the basis that the company is a going concern, as the directors have reviewed the financial condition of the company and of the PPG group including consideration of future forecasts and uncertainties arising from the current economic environment. The company's parent has provided a letter of support for the period at least 12 months from the date of the balance sheet sign-off. Based upon this the directors have formed the view that the position of the company and the PPG group is sufficiently strong. Consequently the directors are satisfied it is reasonable to prepare the financial statements on a going concern basis.

Principal risk and uncertainties

The company's principal asset is its investment in subsidiary undertaking SigmaKalon UK Holding Limited. The value of this investment is susceptible to changes in value of the principal trading company within the UK group, PPG Architectural Coatings UK Limited.

The credit risk on financial assets and liabilities is limited because the counterparties are group companies, and the company's principal trading company continues to make a contribution to the financial results of the group.

Directors

The directors of the company, who served for the whole of the year ended 31 December 2017 and up to the date of this report were as follows:

J Metcalf
F A Parry
S Pocock

SigmaKalon (BC) UK Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Statement of disclosure of information to auditors

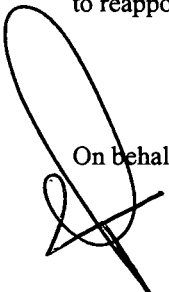
The directors of the company at the date of this report confirm that:

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

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

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



On behalf of the Board

S Pocock
Director
20 September 2018

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 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, 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 102, 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 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.

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.

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SigmaKalon (BC) UK Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAKALON (BC) UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, SigmaKalon (BC) UK 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of income and retained earnings 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAKALON (BC) UK LIMITED
(continued)**

Reporting on other information (continued)

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 6, 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.

Other required reporting

Companies Act 2006 exception reporting

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

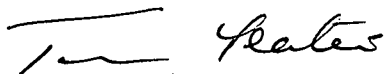
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAKALON (BC) UK LIMITED
(continued)**

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.

A handwritten signature in black ink, appearing to read 'Tom Yeates', is written over a horizontal line.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 September 2018

SigmaKalon (BC) UK Limited

STATEMENT OF INCOME AND RETAINED EARNINGS Year Ended 31 December 2017

		2017	2016
	Note	£ m	£ m
Administrative expenses		-	-
Other Operating Income	2	<u>51.8</u>	<u>-</u>
Operating result	3	51.8	-
Interest receivable and similar income	4	1.4	1.9
Interest payable and similar expenses	5	<u>(3.2)</u>	<u>(5.6)</u>
Profit/(loss) before tax		50.0	(3.7)
Tax on profit/(loss)	6	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year	12	50.0	(3.7)
Accumulated losses at 1 January		(64.8)	(61.1)
Accumulated losses at 31 December		(14.8)	(64.8)

All of the above results are derived from continuing operations.

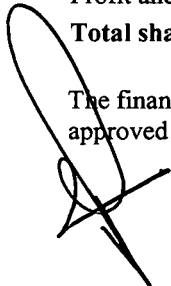
There is no difference between the profit/(loss) before tax and the loss for the financial year and their historical cost equivalents.

SigmaKalon (BC) UK Limited

STATEMENT OF FINANCIAL POSITION As at 31 December 2017

	Note	2017 £ m	2016 £ m
Fixed assets			
Investments	7	<u>135.3</u>	<u>135.3</u>
Current assets			
Debtors	8	<u>98.0</u>	<u>44.7</u>
		<u>98.0</u>	<u>44.7</u>
Creditors: amounts falling due within one year	9	<u>(153.5)</u>	<u>(47.9)</u>
Net current liabilities		<u>(55.5)</u>	<u>(3.2)</u>
Total assets less current liabilities		79.8	132.1
Creditors: amounts falling due after more than one year	10	<u>(93.3)</u>	<u>(195.6)</u>
Net liabilities		<u>(13.5)</u>	<u>(63.5)</u>
Capital and reserves			
Called up share capital	11	-	-
Currency retranslation reserve	12	1.3	1.3
Profit and loss account	12	<u>(14.8)</u>	<u>(64.8)</u>
Total shareholders' deficit		<u>(13.5)</u>	<u>(63.5)</u>

The financial statements of SigmaKalon (BC) UK Limited, registered number 04610792, on pages 10 to 17 were approved by the Board of Directors on 20 September 2018 and signed on its behalf by:


S Pocock
Director
20 September 2018

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

1. ACCOUNTING POLICIES

SigmaKalon (BC) UK Limited ("the company") is a limited company incorporated and domiciled in the United Kingdom. The address of the registered office and principal place of business are disclosed on page 3. The company is an intermediary holding company. The company acts as the primary investment/borrowing vehicle for the Architectural division of the UK group, and as such carries various group borrowings.

The individual financial statements of SigmaKalon (BC) UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Due to the straightforward nature of the business the company's directors are of the opinion that there are no areas which required management to exercise its judgement and accordingly no disclosure is made.

The following accounting policies have been applied consistently in both the current and prior year in dealing with items which are considered material in relation to the company's financial statements.

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Exemptions

The Company's shareholders have been notified of the following exemptions and no objections have been received.

The Company has taken advantage of the exemption from the obligation within Companies Act 2006 section 401 to prepare and deliver group financial statements, as it is a wholly owned subsidiary of PPG Industries, Inc., which itself prepares consolidated financial statements which include this entity and which are publicly available. The financial statements present information about the Company as an individual undertaking and not about its Group.

The company is a wholly owned subsidiary undertaking of PPG Industries, Inc., which produces a consolidated cash flow statement that is publicly available. In accordance with Financial Reporting Standard 102 (FRS102), the company has taken advantage of the exemption in FRS102 from preparing a cash flow statement.

The Company has taken advantage of the exemption afforded by FRS 102 (section 33) "Related party disclosures" not to disclose its transactions with group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

The company has exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

Going concern

The financial statements are prepared on the basis that the company is a going concern, as the directors have reviewed the financial condition of the company and of the PPG group including consideration of future forecasts and uncertainties arising from the current economic environment. The company's parent has provided a letter of support for the period at least 12 months from the date of the balance sheet sign-off. Based upon this the directors have formed the view that the position of the company and the PPG group is sufficiently strong. Consequently the directors are satisfied it is reasonable to prepare the financial statements on a going concern basis.

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) Year Ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all the evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Investments

Fixed asset investments represent the company's investment in subsidiary undertakings. Investments are stated at cost, less any permanent diminution in value.

Critical Accounting Estimates

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. The directors do not believe that there are any significant accounting estimates or judgements that impact the financial statements.

2. OTHER OPERATING INCOME

	2017	2016
	£ m	£ m
Dividends received	<u>51.8</u>	<u>-</u>

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) Year Ended 31 December 2017

3. OPERATING RESULT

The cost of the company's audit was borne by PPG Architectural Coatings UK Limited, a fellow group undertaking.

No remuneration was paid or is payable to the directors in respect of their services, in both years.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £ m	2016 £ m
Interest receivable from group undertakings	<u>1.4</u>	<u>1.9</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £ m	2016 £ m
On loans with fellow subsidiary undertakings	<u>3.2</u>	<u>5.6</u>

6. TAX ON PROFIT/(LOSS)

	2017 £ m	2016 £ m
Current year tax charge at 19.25% (2016: 20%)	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax adjustment in respect of prior year	-	-
	<u>-</u>	<u>-</u>

The actual tax charge for the current and the previous year is different to the standard rate of Corporation tax in the UK for the reasons set out in the following reconciliation;

	2017 £ m	2016 £ m
Profit/(loss) before tax	<u>50.0</u>	<u>(3.7)</u>
Current tax at 19.25% (2016: 20%)	<u>9.6</u>	<u>(0.7)</u>
<u>Effects of:</u>		
Imputed interest expense	(1.0)	(0.3)
Group relief surrendered for no payment	1.3	1.0
Income not subject to tax	<u>(9.9)</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

The Corporate tax rate was reduced to 20% with effect from 1 April 2015, and further rate reductions to 19% from 1 April 2017 and then 17% from 1 April 2020 were enacted by the balance sheet date. The current tax rate for the year ended 31 December 2017 is therefore 19.25% (2016: 20%) and deferred tax has been recognised at 17% (2016: 17%).

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) Year Ended 31 December 2017

7. INVESTMENTS

INVESTMENTS

At 1 January and 31 December 2017

Shares
£ m
135.3

Country of incorporation and operation	Proportion of issued & voting rights of the share capital		
	Direct control	Indirect control	
Principal operating company			
PPG Architectural Coatings UK Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	-	100%
Other companies:			
Kalon Investment Company Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	-	100%
Johnstone’s Paints Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	-	100%
PPG Performance Coatings UK Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	-	100%
Hawthorndale Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	-	100%
PPG Coatings (AC and PC) Pension Trustee Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	100%	-
SigmaKalon UK Holding Limited Address: Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	UK	100%	-

PPG Architectural Coatings UK Limited manufacture, process and market decorative paints, decorative sundries and building products. SigmaKalon UK Holding Limited and Kalon Investment Company Limited act as intermediate holding companies. Johnstone's Paints Limited and Hawthorndale Limited enter into property leases on behalf of PPG Architectural Coatings Limited. PPG Coatings (AC and PC) Pension Trustee Limited is a dormant companies. PPG Performance Coatings UK Limited market protective and marine coatings products.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

8. DEBTORS

	2017 £ m	2016 £ m
Amounts falling due within one year:		
Amounts owed by group undertakings	97.7	44.7
Accrued interest receivables	0.3	-
	<u>98.0</u>	<u>44.7</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) Year Ended 31 December 2017

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£ m	£ m
Bank overdraft	-	-
Amounts owed to group undertakings	153.5	47.9
	<u>153.5</u>	<u>47.9</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£ m	£ m
Amounts owed to group undertakings	29.1	131.4
Preference shares of €0.70 each	64.2	64.2
	<u>93.3</u>	<u>195.6</u>

The amounts owed to group undertakings are unsecured and bear interest at an average rate of 4.03% for 2017.

The preference shares can be analysed as follows:

	2017	2016
	£ m	£ m
Authorised:		
200,000,000 (2016: 200,000,000) Preference shares of €0.70 each	102.7	102.7
	<u>102.7</u>	<u>102.7</u>
Issued, called up and fully paid:		
125,000,000 (2016: 125,000,000) Preference shares of €0.70 each	64.2	64.2
	<u>64.2</u>	<u>64.2</u>

The following rights are attached to each class of shares:

Dividends

In the event of the company proposing to pay a dividend, written notice is provided to the holders of the Preference Shares who have 20 days to elect to receive either a Preferred Dividend or an Ordinary Dividend. If no election is received, an Ordinary Dividend will be paid.

Subject to payment of all Preferred Dividends declared and unpaid from previous years, the Preferred Dividend to be paid can be calculated as being any amount up to a maximum of 10% of the total issue price of the Preference Share. The Total Issue Price equates to the nominal value and any premium on issue of the Preference Shares. The holders of the majority of the Preference Shares can elect to either receive the Preferred Dividend in cash or in the form of a bonus issue of Preference Shares.

Winding-up

In the event of the company being wound-up, and after payment of all other debts and liabilities, the remaining assets of the company shall be applied in the following manner and priority:

- Firstly to pay any outstanding Preferred Dividend which was declared but unpaid;
- Secondly in paying the holders of the Preference Shares the Total Issue Price of the shares; and
- Finally, in distributing the balance amongst the holders of the Preference Shares and Ordinary Shares pari passu.

SigmaKalon (BC) UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) Year Ended 31 December 2017

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Redemption

The company can redeem all or any of the Preference Shares at any time. In the event of a Listing or Sale, the Preference Shares will be redeemed in full. The company will pay any unpaid Preferred Dividend and the Total Issue Price of the shares.

Voting rights

The Preference Shares and Ordinary Shares rank pari passu with respect to voting rights.

11. CALLED UP SHARE CAPITAL

	2017 £ m	2016 £ m
Authorised:		
10,000,000 (2016: 10,000,000) Ordinary shares of €1 each	7.3	7.3
Issued, called up and fully paid:		
1,001 (2016: 1,001) Ordinary shares of €1 each	-	-

The rights attaching to the ordinary shares and preference shares are set out in note 10. On adoption of FRS 25 'Financial instruments: Disclosure and presentation' in 2005 the company's preference shares were reclassified as debt and have been included within creditors falling due after more than one year (see note 10).

12. RESERVES

	Currency Retranslation Reserve £ m	Profit and Loss Account £ m
At 1 January 2017	1.3	(64.8)
Profit for the financial year	-	50.0
At 31 December 2017	1.3	(14.8)

The currency retranslation reserve arises from the changing of the company's functional and reporting currency from Euro to Sterling in 2008.

13. ULTIMATE PARENT UNDERTAKING

The immediate parent company is PPG Holdings (UK) Limited, a company incorporated in the United Kingdom.

The directors regard PPG Industries Inc, a company incorporated and registered in the United States of America and listed on the New York Stock Exchange, as the ultimate parent company and ultimate controlling party by virtue of its 100% interest in the equity share capital of the company.

This is the largest and smallest company within which the Company's results are consolidated. Copies of its financial statements can be obtained from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA.