

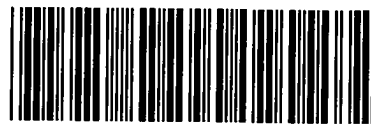
Company Registration No 05444547

PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

OFFICERS AND PROFESSIONAL ADVISERS

Directors

C P E Francis
B B Frey
J W Tegelaar

Company secretary

C P E Francis

Registered Office

Huddersfield Road
Birstall
Batley
West Yorkshire
WF17 9XA

Bankers

ABN Amro
250 Bishopsgate
London
EC2M 4AA

Solicitors

Walker Morris
Kings Court
12 King Street
Leeds LS1 2HL

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

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 commission agent for PPG Coatings BVBA/SPRL, a fellow subsidiary undertaking. The UK is an important market for the performance coatings business, and the company continues to actively expand its market share.

Results and dividends

The results of the company show a pre-tax profit of £282,723 (2012: £410,875).

The directors did not pay an interim dividend during the year ended 31 December 2013 (2012: £nil).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2013 (2012: £nil).

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that a discussion of the principal risks and uncertainties affecting the company and an analysis using Key Performance Indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

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 audit report 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.

Directors

The directors of the company, who served for the whole of the year ended 31 December 2013 and up to the date of this report were as follows, except where stated, were as follows:

C P E Francis

M M Serdijn – resigned 11 December 2013

A Prisco – resigned 11 December 2013

B B Frey – appointed 11 December 2013

J W Tegelaar – appointed 11 December 2013

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Statement of disclosure of information to auditor

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 they ought to have taken as a director in order to make themselves 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.



C P E Francis

Director

15 September 2014

PPG PERFORMANCE COATINGS UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PPG PERFORMANCE COATINGS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG PERFORMANCE COATINGS UK LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by PPG Performance Coatings Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

PPG PERFORMANCE COATINGS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG PERFORMANCE COATINGS UK LIMITED (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



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

15 September 2014

PPG PERFORMANCE COATINGS UK LIMITED

PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2013

	Notes	2013 £	2012 £
Turnover		2,130,230	1,808,075
Gross profit		2,130,230	1,808,075
Administrative expenses		(1,835,579)	(1,397,661)
Operating profit	3	294,651	410,414
Interest receivable and similar income	4	2,845	4,337
Interest payable and similar charges	5	(4,608)	(3,876)
Profit on ordinary activities before taxation		292,888	410,875
Tax on profit on ordinary activities	6	(2,517)	(6,175)
Profit for the financial year	12	290,371	404,700

All the above activities are derived from continuing operations.

There is no significant difference between the loss on ordinary activities before taxation and the loss for the financial year and their historical cost equivalents.

There were no gains and losses in the year other than those disclosed in the profit and loss account above and consequently no statement of total recognised gains and losses has been presented.

PPG PERFORMANCE COATINGS UK LIMITED

BALANCE SHEET

At 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	7	<u>797</u>	<u>1,062</u>
		797	1,062
Current assets			
Debtors	8	3,888,620	2,965,683
Cash at bank and in hand		-	-
		<u>3,888,620</u>	<u>2,965,683</u>
Creditors: amounts falling due within one year			
	9	<u>(1,417,321)</u>	<u>(785,020)</u>
Net current assets		<u>2,471,299</u>	<u>2,180,663</u>
Net assets		<u>2,472,096</u>	<u>2,181,725</u>
Capital and reserves			
Called-up share capital	11	1	1
Profit and loss account	12	<u>2,472,095</u>	<u>2,181,724</u>
Total shareholders' funds	13	<u>2,472,096</u>	<u>2,181,725</u>

The financial statements of PPG Performance Coatings UK Limited, registered number 5444547, on pages 8 to 14 were approved by the Board of Directors on 15 September 2014 and signed on its behalf by:



C P E Francis
Director

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking, PPG Industries Inc. has prepared consolidated financial statements which include the financial statements of the company for the year and which contain a consolidated cash flow statement, and which are publicly available.

As the company is a wholly owned subsidiary of PPG Industries Inc. the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with companies that form part of the group. The consolidated financial statements of PPG Industries Inc. within which this company is included, disclose this information, and can be obtained from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA.

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 audit report 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.

Turnover

Turnover, in the form of commission in respect of the company acting as agent for sales in the UK, is recognised as it is earned.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives.

The estimated useful lives of assets are as follows:

Office equipment, fixtures and fittings - 7 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2013

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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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.

Pensions and retirement indemnities

The PPG Architectural Coatings UK Group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged to the profit and loss account in the year in which they arise, and take account of the elimination of any current surplus or the funding of any current deficiency over future periods. The scheme is a funded scheme, but the employer is unable to identify its share of the underlying assets and liabilities.

Therefore, the scheme has been accounted for as a multi-employer scheme as defined by FRS 17.

The company contributes to a defined contribution pension plan for new employees. Contributions are charged to the profit and loss account as they become payable

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period of the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2013

2. EMPLOYEES

	2013 £	2012 £
Employment cost of employees:		
Wages and salaries	1,729,525	1,631,950
Social security costs	189,111	176,791
Other pension costs (see note 10)	120,975	149,045
	<u>2,039,611</u>	<u>1,957,786</u>

No directors received any remuneration in respect of their services as a director of the company for the year ended 31 December 2013 (2012: £nil).

	2013 Number	2012 Number
The average monthly number of people employed by the company during the year was:		
Commercial and materials management	<u>36</u>	<u>37</u>

3. OPERATING PROFIT

	2013 £	2012 £
Operating profit is arrived at after charging:		
Depreciation of tangible owned fixed assets	265	16,563
Hire of other assets - operating leases	32,679	39,445
Hire of Vehicles – Operating leases	265,383	-
Net exchange gains	805	30
Fees payable to the company's auditor for the audit of the company's annual financial statements	15,000	15,000
Total audit fees	<u>15,000</u>	<u>15,000</u>
No fees for taxation and actuarial services were incurred.		

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Group interest receivable	<u>2,845</u>	<u>4,337</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Bank interest payable	<u>4,608</u>	<u>3,876</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
<u>UK Corporation tax:</u>		
Current tax on income for the financial year	-	-
Total current tax (credit)/charge	<u>-</u>	<u>-</u>
<u>Deferred tax (see note 8):</u>		
Total deferred tax	<u>2,517</u>	<u>6,175</u>
Tax on profit on ordinary activities	<u>2,517</u>	<u>6,175</u>

The actual tax charge for the current and the previous year differs from the standard rate of Corporation tax in the UK for the reasons set out in the following reconciliation

	2013 £	2012 £
Current tax reconciliation:		
Profit on ordinary activities before taxation	292,888	410,875
Current tax at 23.25% (2012: 24.5%)	68,096	100,664
<u>Effects of:</u>		
Expenses not deductible for tax	3,013	2,940
Capital allowances in excess of depreciation	(6,507)	(6,175)
Group relief (claimed)/surrendered for no payment	(64,602)	(97,429)
Total current tax (credit) / charge	<u>-</u>	<u>-</u>

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year Ended 31 DECEMBER 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The Corporate tax rate was reduced to 23% with effect from 1 April 2013, and further rate reductions to 21% from 1 April 2014 and then 20% from 1 April 2015 were enacted during 2013. The current tax rate for the year ended 31 December 2013 is therefore 23.25%.

7. TANGIBLE FIXED ASSETS

	Office, Equipment, Fixtures and fittings £
Cost	
At 1 January 2013 and 31 December 2013	<u>120,810</u>
Accumulated depreciation	
At 1 January 2013	119,748
Charge for the year	265
At 31 December 2013	<u>120,013</u>
Net book amount	
At 31 December 2013	<u>797</u>
At 31 December 2012	<u>1,062</u>

8. DEBTORS

	2013 £	2012 £
Amounts falling due within one year:		
Amounts owed by group undertakings	3,806,775	2,893,728
Other debtors	56,408	44,001
Deferred tax	25,437	27,954
	<u>3,888,620</u>	<u>2,965,683</u>
Deferred tax		
	2013 £	2012 £
Balance at 1 January	27,954	34,129
Prior year charge to profit and loss account	3,240	629
Current year credit to profit and loss account	(5,757)	(6,804)
Balance at 31 December	<u>25,437</u>	<u>27,954</u>
The amounts provided in the financial statements are as follows:		
Capital allowances in excess of depreciation	25,437	27,954
Balance at 31 December	<u>25,437</u>	<u>27,954</u>

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Bank loans and overdrafts	668,711	269,894
Amounts owed to group undertakings	472,330	281,749
Trade creditors	80,954	478
Accruals and deferred income	195,326	232,899
	<u>1,417,321</u>	<u>785,020</u>

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2013

10. PENSION COMMITMENTS

The Company participated in a defined benefit pension scheme in the UK (the PPG Coatings (AC and PC) Pension Scheme, formerly the SigmaKalon UK Pension Fund). The scheme has now been closed.

Therefore, the scheme has been accounted for as a multi-employer scheme as defined by FRS 17. Details of the fund are contained in the financial statements of the principal employer PPG Architectural Coatings UK Limited.

The company also pays contributions to a Group Personal Pension ("GPP") in respect of certain employees. The company's contributions to the GPP in the year up to 31 December 2013 were £131,140 (2012: £81,856). There are no contributions unpaid at 31 December 2013 (2012: £nil).

11. CALLED UP SHARE CAPITAL

Authorised:

1,000 (2012: 1,000) ordinary shares of £1 each

2013

£

1,000

2012

£

1,000

Allotted, issued and fully paid:

1 (2012: 1) ordinary shares of £1 each

1

1

12. PROFIT AND LOSS ACCOUNT

At 1 January

Profit for the financial year

Closing balance at 31 December

2013

£

2,181,724

290,371

2,472,095

2012

£

1,777,024

404,700

2,181,724

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
Profit for the financial year	290,371	404,700
Opening shareholders' funds	<u>2,181,725</u>	<u>1,777,025</u>
Closing shareholders' funds	<u>2,472,096</u>	<u>2,181,725</u>

14. COMMITMENTS

The annual commitment under operating leases are analysed according to the period in which each lease expires, as follows:

	2013	2012
	£'000	£'000
within 1 year	8,197	9,226
between 1 and 2 years	74,110	82,957
between 2 and 5 years	<u>44,298</u>	<u>37,427</u>
	<u>126,605</u>	<u>129,610</u>

15. ULTIMATE PARENT UNDERTAKING

The immediate parent is SigmaKalon UK Holdings 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.