

PPG PERFORMANCE COATINGS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

OFFICERS AND PROFESSIONAL ADVISERS

Directors

B B Frey
C P E Francis
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 2014

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2014.

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 £200,151 (2013: £292,888).

The directors did not pay an interim dividend during the year ended 31 December 2014 (2013: £nil).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: £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.

Directors

The directors of the company, who served for the whole of the year ended 31 December 2014 and up to the date of this report were as follows, except where stated, were as follows:

B B Frey
C P E Francis
J W Tegelaar

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Statement of disclosure of information to auditors'

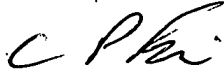
The directors of the company at the date of this report confirm that:

- 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 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

29 September 2015

PPG PERFORMANCE COATINGS UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's 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 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 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. 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, PPG Performance Coatings UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- 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 of the financial statements 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.

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.

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.

PPG PERFORMANCE COATINGS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG PERFORMANCE COATINGS 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.

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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements 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.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 September 2015

PPG PERFORMANCE COATINGS UK LIMITED

PROFIT AND LOSS ACCOUNT Year Ended 31 December 2014

	Notes	2014 £	2013 £
Turnover		1,741,864	2,130,230
Gross profit		1,741,864	2,130,230
Administrative expenses		(1,532,525)	(1,835,579)
Operating profit	3	209,339	294,651
Interest receivable and similar income	4	4,984	2,845
Interest payable and similar charges	5	(14,172)	(4,608)
Profit on ordinary activities before taxation		200,151	292,888
Tax on profit on ordinary activities	6	(4,400)	(2,517)
Profit for the financial year	12	195,751	290,371

All the above results are derived from continuing operations.

There is no significant difference between the profit on ordinary activities before taxation and the profit 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

As at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	<u>531</u>	<u>797</u>
		531	797
Current assets			
Debtors	8	4,732,062	3,888,620
Cash at bank and in hand		<u>-</u>	<u>-</u>
		4,732,593	3,888,620
Creditors: amounts falling due within one year	9	<u>(2,064,748)</u>	<u>(1,417,321)</u>
Net current assets		<u>2,667,314</u>	<u>2,471,299</u>
Net assets		<u>2,667,845</u>	<u>2,472,096</u>
Capital and reserves			
Called-up share capital	11	1	1
Profit and loss account	12	<u>2,667,844</u>	<u>2,472,095</u>
Total shareholders' funds	13	<u>2,667,845</u>	<u>2,472,096</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 29 September 2015 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 2014

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.

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 (continued) Year Ended 31 DECEMBER 2014

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 (continued)

Year Ended 31 December 2014

2. EMPLOYEES

	2014 £	2013 £
Employment cost of employees:		
Wages and salaries	1,738,225	1,729,525
Social security costs	202,380	189,111
Other pension costs (see note 10)	127,801	120,975
	<u>2,068,406</u>	<u>2,039,611</u>

No directors received any remuneration in respect of their services as a director of the company for the year ended 31 December 2014 (2013: £nil).

	2014 Number	2013 Number
The average monthly number of people employed by the company during the year was:		
Commercial and materials management	<u>34</u>	<u>36</u>

3. OPERATING PROFIT

	2014 £	2013 £
Operating profit is arrived at after charging:		
Depreciation of tangible owned fixed assets	266	265
Hire of other assets - operating leases	60,521	32,679
Hire of Vehicles – Operating leases	214,123	265,383
Net exchange gains	2,262	805
Fees payable to the company's auditor for the audit of the company's annual financial statements	15,000	15,000
No fees for taxation and actuarial services were incurred.		

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Group interest receivable	<u>4,984</u>	<u>2,845</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank interest payable	<u>14,172</u>	<u>4,608</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
<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>4,400</u>	<u>2,517</u>
Tax on profit on ordinary activities	<u>4,400</u>	<u>2,517</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

	2014 £	2013 £
Current tax reconciliation:		
Profit on ordinary activities before taxation	200,151	292,888
Current tax at 21.50% (2013: 23.25%)	43,032	68,096
<u>Effects of:</u>		
Expenses not deductible for tax purposes	5,888	3,013
Capital allowances in excess of depreciation	(4,932)	(6,507)
Group relief claimed for no payment	(43,988)	(64,602)
Total current tax	<u>-</u>	<u>-</u>

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year Ended 31 DECEMBER 2014

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The Corporate tax rate was reduced to 21% with effect from 1 April 2014, and a further rate reductions to 20% from 1 April 2015 was enacted during 2013. The current tax rate for the year ended 31 December 2014 is therefore 21.50% (2013: 23.25%).

7. TANGIBLE ASSETS

	Office Equipment, Fixtures and Fittings £
Cost	
At 1 January 2014 and 31 December 2014	120,810
Accumulated depreciation	
At 1 January 2014	120,013
Charge for the year	266
At 31 December 2014	120,279
Net book amount	
At 31 December 2014	531
At 31 December 2013	797

8. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Amounts owed by group undertakings	4,672,825	3,806,775
Other debtors	38,200	56,408
Deferred tax	21,037	25,437
	4,732,062	3,888,620

The amounts owed by group undertakings are unsecured, interest free and repayable at various dates.

Deferred tax	2014 £	2013 £
Balance at 1 January	25,437	27,954
Prior year charge to profit and loss account	188	3,240
Current year credit to profit and loss account	(4,588)	(5,757)
Balance at 31 December	21,037	25,437
The amounts provided in the financial statements are as follows:		
Capital allowances in excess of depreciation	21,037	25,437
Balance at 31 December	21,037	25,437

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loans and overdrafts	1,441,989	668,711
Amounts owed to group undertakings	364,824	472,330
Trade creditors	45,069	80,954
Accruals and deferred income	212,866	195,326
	2,064,748	1,417,321

The amounts owed to group undertakings are unsecured, interest free and repayable at various dates.

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year Ended 31 DECEMBER 2014

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 2014 were £127,801 (2013: £120,975). There are no contributions unpaid at 31 December 2014 (2013: £nil).

11. CALLED UP SHARE CAPITAL

	2014	2013
Authorised:	£	£
1,000 (2013: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
1 (2013: 1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

12. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
At 1 January	2,472,093	2,181,722
Profit for the financial year	<u>195,751</u>	<u>290,371</u>
Closing balance at 31 December	<u>2,667,844</u>	<u>2,472,093</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£	£
Profit for the financial year	195,751	290,371
Opening shareholders' funds	<u>2,472,094</u>	<u>2,181,723</u>
Closing shareholders' funds	<u>2,667,845</u>	<u>2,472,094</u>

14. COMMITMENTS

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

	2014	2013
	£'000	£'000
within 1 year	54,404	8,197
between 1 and 2 years	22,041	74,110
between 2 and 5 years	<u>56,887</u>	<u>44,298</u>
	<u>133,332</u>	<u>126,605</u>

15. ULTIMATE PARENT UNDERTAKING

The immediate parent company 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.