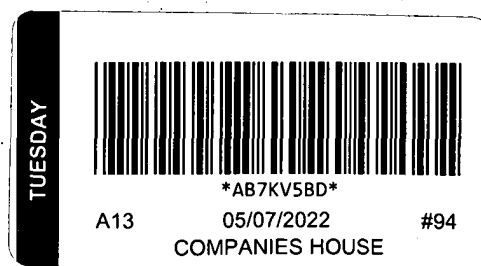


U-POL Acquisition Limited
Directors' report, Strategic report and
financial statements
Registered number 05569424
For the year ended 31 December 2021



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Strategic report

The Directors present the strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the company in the year under review was that of an intermediate holding company. There have been no transactions in the current or prior year and consequently no profit and loss account is presented.

The profit after taxation for the financial year amounted to £nil (2020: £nil).

Principal risks and uncertainties

Risks are identified and formally reviewed by management and appropriate processes are in place to monitor and mitigate them.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company is part of the U-POL Holdings Limited group (the "Group"). The Company is an intermediary holding company and there have been no transactions during the current and prior year.

The Company has net assets of £4.6 million (2020: 4.6 million) and net current assets of £4.3 million (2020: £4.3 million). The Company's ability to continue to operate as a going concern is directly linked to the Group position as the Company does not trade and does not cash reserves of its own.

The Board of the Group undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period up to 31 July 2023. The Group's assessment was made available to the Directors of the Company. The Directors did not consider that this assessment indicated the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group have provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

On behalf of the board



James Ian Blenkinsopp
Director

U-POL Tech Centre,
Denington Road,
Wellingborough,
Northamptonshire,
NN8 2QH

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2021.

Dividend

The directors do not recommend the payment of a final dividend (2020: £nil). Dividends declared during the year amounted to £nil (2020: £nil).

Directors

The directors who held office during the year were as follows:

James Ian Blenkinsopp (appointed, 15 September 2021)

Farrell Dolan (appointed, 15 September 2021)

Michael John Coombes (resigned, 15 September 2021)

Guy Hampton Williams (resigned, 15 September 2021)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



James Ian Blenkinsopp

Director

Date: 23 June 2022

U-POL Tech Centre,

Denington Road

Wellingborough,

Northamptonshire,

NN8 2QH

Registered number 05569424

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.'*

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of U-POL Acquisition Limited

Opinion

We have audited the financial statements of U-POL Acquisition Limited ("the company") for the year ended 31 December 2021 which comprise the balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the U-POL Holding Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of U-POL Acquisition Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of U-POL Acquisition Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

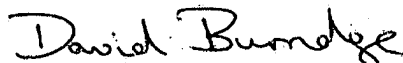
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58, Clarendon Road
Watford
WD17 1DE


Date: 23 June 2022

Balance sheet
at 31 December 2021

	<i>Note</i>	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed asset					
Investments	4		240		240
Current assets					
Debtors	5	4,332		4,332	
Net current assets			4,332		4,332
Total assets less current liabilities			4,572		4,572
Net assets			4,572		4,572
Capital and reserves					
Called up share capital	6		173		173
Share premium account			827		827
Profit and loss account			3,572		3,572
Shareholders' funds			4,572		4,572

The notes on pages 8 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on 23 June 2022, and were signed on its behalf by:


James Ian Blenkinsopp
 Director

Registered number 05569424

Notes

(Forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis unless otherwise indicated. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- Cash Flow Statement and related notes; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The details of the ultimate parent undertaking in which the Company is consolidated are provided in note 7.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company is part of the U-POL Holdings Limited group (the "Group"). The Company is an intermediary holding company and there have been no transactions during the current and prior year.

The Company has net assets of £4.6 million (2020: 4.6 million) and net current assets of £4.3 million (2020: £4.3 million). The Company's ability to continue to operate as a going concern is directly linked to the Group position as the Company does not trade and does not cash reserves of its own.

The Board of the Group undertook an assessment of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period up to 31 July 2023. The Group's assessment was made available to the Directors of the Company. The Directors did not consider that this assessment indicated the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group have provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Investments

Investments are shown at cost. Any permanent diminution in value is written off directly to the profit and loss account as incurred.

Notes

(Forming part of the financial statements)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

2 Auditor's remuneration

The company's auditor's remuneration of £1,000 (2020: £1,000) was borne by the indirect subsidiary company, U-POL Limited.

3 Directors' remuneration

Directors' emoluments in relation to the directors with respect of their services to the company were borne by other group companies, the notional allocation of their cost to the company was negligible.

4 Fixed asset investments

	Shares in subsidiary undertakings £'000
<i>Cost</i>	
At beginning and end of year	240

The company's wholly owned subsidiaries are:

	Country of incorporation	Principal activity	Class and Percentage of Company Shares
<i>Indirect subsidiary undertakings</i>			
U-POL Mezzanine Limited	Great Britain	Intermediate Holding Company	100% ordinary shares
U-POL Products Limited	Great Britain	Intermediate Holding Company	100% ordinary shares
U-POL Limited	Great Britain	Manufacture and distribution of automotive refinish products	100% ordinary shares
U-POL Russia	Russia	Distribution of automotive refinish products	100% ordinary shares
U-POL Coatings (Shanghai) Co., Ltd	China	Distribution of automotive refinish products	100% ordinary shares
U-POL Canada Ltd	Canada	Distribution of automotive refinish products	100% ordinary shares
U-POL Netherlands	Netherlands	Distribution of automotive refinish products	100% ordinary shares
<i>Direct subsidiary undertakings</i>			
U-POL Bond Limited	Great Britain	Intermediate Holding Company	100% ordinary shares

Notes (continued)

4 Fixed asset investments (continued)

The registered office for all of the UK subsidiaries is the address disclosed in strategic report. The registered office for U-POL Russia is 14, Nizhnyay Street, Moscow, 125040. The registered office for U-POL US Corporation is 711 Centerville Road Suite 400, Wilmington, Delaware 19804, USA. The registered office for U-POL Coatings (Shanghai) Co., Ltd is Room 313-18, Building No.1, 38 Debao Road, Shanghai Pilot Free Trade Zone, China. The registered office for U POL Canada Ltd is 1212-1175 Douglas Street, Victoria, BC, V8W 2E1, Canada. The registered office of U-POL Netherlands B.V. is Hoogoorddreef 15, 1101BA Amsterdam, Netherlands

5 Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	4,332	4,332

Subsequent to the year end, Axalta Coating Systems UK Holding Limited has provided a guarantee against the assets of the company in relation to financing from Barclays Bank PLC.

6 Share capital

	2021 £	2020 £	Allotted, called up and fully paid 2021 £	2020 £
165,000 ordinary shares of £1 each	165,000	165,000	165,000	165,000
710,139 A Cumulative Participative shares of £0.01	7,101	7,101	7,101	7,101
124,861 B Cumulative Participative shares of £0.01	1,249	1,249	1,249	1,249
	<u>173,350</u>	<u>173,350</u>	<u>173,350</u>	<u>173,350</u>

The ordinary shares and the 'A' and 'B' Ordinary Shares rank pari passu in all respects except on a return of assets on liquidation, reduction of capital or otherwise. The holders of the 'A' and 'B' Ordinary Shares are to be paid out of the surplus assets of the company remaining after payment of its liabilities an amount equal to all arrears and accruals of Participating Dividends thereon and an amount equal to the subscription price for the 'A' or 'B' Ordinary Shares (inclusive of any premium) paid for such shares; thereafter the 'A' and 'B' Ordinary Shares shall rank pari passu in all respects with the Ordinary Shares after the holders of the Ordinary Shares have received the subscription price (inclusive of any premium) paid for such shares.

7 Controlling and ultimate party

On 15th September 2021, 100% of the Share Capital of the U-POL Group ("Group") was acquired by Axalta Coating Systems UK Holding Limited.

The company is a wholly owned subsidiary of U-POL Bond Limited, a company registered in England.

The ultimate parent undertaking and controlling party is Axalta Coating Systems Limited, incorporated in Bermuda, which is the parent undertaking of the largest and smallest group to consolidate these financial statements.

Copies of these group financial statements can be obtained from C/O Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.