

Company Registration No. 05892338 (England and Wales)

**AXALTA COATING SYSTEMS  
TEWKESBURY UK LIMITED  
(FORMERLY PERFORMANCE PAINTS  
LIMITED)**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

TUESDAY



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# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **COMPANY INFORMATION**

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<b>Directors</b>	J I Blenkinsopp M K Davis
<b>Company number</b>	05892338
<b>Registered office</b>	Units D1 - D4 Northway Trading Estate Ashchurch TEWKESBURY GL20 8JH
<b>Auditor</b>	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL

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# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

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# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements of Axalta Coating Systems Tewkesbury UK Limited ("the company") for the 15 month period ended 31 December 2017.

On 1 June 2017 the company's parent company, Spencer Coatings Group Limited, was wholly acquired by Axalta Coating Systems UK Holding Limited and became part of the Axalta Coating Systems Limited group from that date. Subsequently after the acquisition, the company changed its accounting year end to December, in order to align itself with the financial year end of the Axalta Coating Systems Limited group. As such the current period financials represent a 15 month period compared with the comparative which was a 12 month period.

On 3 April 2018 the company changed its name from Performance Paints Limited to Axalta Coating Systems Tewkesbury UK Limited.

### **Principal activities**

The principal activity of the company continued to be that of the manufacture of paints, varnishes and similar coatings, mastics and sealants.

### **Directors**

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

P A Buck	(Resigned 1 June 2017)
S A Cullen	(Resigned 1 June 2017)
G C Stronach	(Resigned 1 June 2017)
J I Blenkinsopp	(Appointed 1 June 2017)
M K Davis	(Appointed 1 June 2017)

### **Auditor**

Johnston Carmichael LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



J I Blenkinsopp

Director

30 April 2018

# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017**

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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 judgements and accounting estimates that are reasonable and prudent;
- 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.

# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

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#### **Opinion**

We have audited the financial statements of Axalta Coating Systems Tewkesbury UK Limited (formerly Performance Paints Limited) (the 'company') for the period ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the 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 period 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Johnston Carmichael LLP*

**Stephen McIlwaine (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP**

*02 May 2018*

**Chartered Accountants  
Statutory Auditor**

Bishop's Court  
29 Albyn Place  
ABERDEEN  
AB10 1YL



**AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY  
PERFORMANCE PAINTS LIMITED)**

**PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

		15 month period ended 31 December 2017 £	Year ended 30 September 2016 £
<b>Turnover</b>		2,703,163	2,444,825
Cost of sales		(1,566,447)	(1,405,701)
<b>Gross profit</b>		1,136,716	1,039,124
Administrative expenses		(506,219)	(322,316)
<b>Operating profit</b>	<b>2</b>	630,497	716,808
Interest receivable and similar income		-	22
<b>Profit before taxation</b>		630,497	716,830
Taxation		(112,890)	(133,230)
<b>Profit and total comprehensive income for the financial period / year</b>	<b>10</b>	<u>517,607</u>	<u>583,600</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses in the current or prior period other than as is included in the profit and loss account. Accordingly, no statement of comprehensive income is presented.

The profit and comprehensive income for the period is solely attributable to the shareholder of the company's immediate parent.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

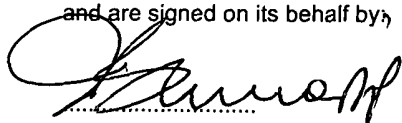
## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	4		23,662		12,423
Tangible assets	5		120,838		152,387
			<u>144,500</u>		<u>164,810</u>
<b>Current assets</b>					
Stocks		441,347		317,828	
Debtors	6	788,807		928,699	
Cash at bank and in hand		118,848		19,446	
		<u>1,349,002</u>		<u>1,265,973</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(269,806)</u>		<u>(484,018)</u>	
<b>Net current assets</b>			<u>1,079,196</u>		<u>781,955</u>
<b>Total assets less current liabilities</b>			<u>1,223,696</u>		<u>946,765</u>
<b>Provisions for liabilities</b>	8		<u>(16,936)</u>		<u>(22,612)</u>
<b>Net assets</b>			<u><u>1,206,760</u></u>		<u><u>924,153</u></u>
<b>Capital and reserves</b>					
Called up share capital	9		100		100
Profit and loss reserves	10		1,206,660		924,053
<b>Total equity</b>			<u><u>1,206,760</u></u>		<u><u>924,153</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30 April 2018 and are signed on its behalf by,



J I Blenkinsopp  
Director

Company Registration No. 05892338

**AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY  
PERFORMANCE PAINTS LIMITED)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2015</b>		100	1,382,564	1,382,664
<b>Period ended 30 September 2016:</b>				
Profit and total comprehensive income for the period		-	583,600	583,600
Dividends		-	(1,042,111)	(1,042,111)
<b>Balance at 30 September 2016</b>		100	924,053	924,153
<b>Period ended 31 December 2017:</b>				
Profit and total comprehensive income for the period		-	517,607	517,607
Dividends		-	(235,000)	(235,000)
<b>Balance at 31 December 2017</b>		100	1,206,660	1,206,760

# **AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

#### **Company information**

Axalta Coating Systems Tewkesbury UK Limited (formerly Performance Paints Limited) ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Units D1 - D4, Northway Trading Estate, Ashchurch, Tewkesbury, GL20 8JH. The company's registered number is 05892338. The company's trading address is that of the registered office. The principal activities of the company and the nature of the operations are set out in the Director's Report on page 1.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Reporting period**

During the current year, the company changed its accounting year from September to December, in order to align itself with the financial year end of the Axalta Coating Systems Limited group. As such the current period financials represent a 15 month period compared to the comparative which was a 12 month period.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents

No amortisation charged until patents in use

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% straight line
Plant and equipment	10% straight line
Fixtures and fittings	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the investment to the net carrying amount on initial recognition. Financial assets classified as receivable within one year are not amortised.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and amounts due to fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Basic financial instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.16 Comparative balance sheet reclassification

During the current period, the directors reviewed the classification of an intercompany loan, which had historically been allocated to non-current debtors. Upon further review, the directors consider this loan to be repayable on demand and have reallocated to current debtors. For consistency, the intercompany loan of £350,000 has been reallocated from non-current debtors to current debtors in the prior year comparative.

### 2 Operating profit

	2017	2016
	£	£
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	7,000

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the period was 10 (2016 - 10).

### 4 Intangible fixed assets

	Other £
<b>Cost</b>	
At 1 October 2016	12,423
Additions	11,239
At 31 December 2017	23,662
<b>Amortisation and impairment</b>	
At 1 October 2016 and 31 December 2017	-
<b>Carrying amount</b>	
At 31 December 2017	23,662
At 30 September 2016	12,423



# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

### 5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 October 2016	4,018	314,835	318,853
Additions	-	9,146	9,146
At 31 December 2017	4,018	323,981	327,999
<b>Depreciation and impairment</b>			
At 1 October 2016	4,018	162,448	166,466
Depreciation charged in the period	-	40,695	40,695
At 31 December 2017	4,018	203,143	207,161
<b>Carrying amount</b>			
At 31 December 2017	-	120,838	120,838
At 30 September 2016	-	152,387	152,387

### 6 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	424,865	418,774
Amounts due from group undertakings	326,391	481,125
Other debtors	37,551	28,800
	788,807	928,699

Amounts due from group undertakings have no fixed repayments terms and are interest free.

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

### 7 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	-	218,723
Trade creditors	136,442	106,145
Amounts due to group undertakings	-	27,360
Corporation tax	118,635	110,618
Other taxation and social security	5,435	8,210
Other creditors	9,294	12,962
	<u>269,806</u>	<u>484,018</u>

Amounts due to group undertakings are interest free and repayable on demand.

### 8 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	<u>16,936</u>	<u>22,612</u>
<b>Movements in the period:</b>		2017 £
Liability at 1 October 2016		22,612
Credit to profit or loss		(5,676)
Liability at 31 December 2017		<u>16,936</u>

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

### 9 Called up share capital

	2017 £	2016 £
<b>Ordinary share capital Issued and fully paid</b>		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>

# AXALTA COATING SYSTEMS TEWKESBURY UK LIMITED (FORMERLY PERFORMANCE PAINTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

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### 10 Profit and loss reserves

The profit and loss account represents cumulative realisable profits and losses.

### 11 Financial commitments, guarantees and contingent liabilities

In the comparative period, the company was party to a cross guarantee together with other subsidiaries within the Spencer Coatings Group Limited group. As part of Axalta Coating Systems Ltd group's acquisition of the business, all external debt was cleared along with any security, during the current period.

The company is party to a cross charge security in respect of facilities held by Axalta Coating Systems UK Holding Limited, together with The Independent Coatings Group Limited and Axalta Coating Systems West Bromwich UK Limited, which are fellow group undertakings.

### 12 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017	2016
£	£
237,500	23,750
<u>237,500</u>	<u>23,750</u>

### 13 Related party transactions

The company has taken advantage of the exemption available in accordance with section 33 of FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

### 14 Parent company

The company is a wholly owned subsidiary of Spencer Coatings Group Limited, a company registered in Scotland. Its ultimate parent company is Axalta Coating Systems Ltd, a company incorporated in Bermuda, which the directors consider to be the controlling party. Axalta Coating Systems Ltd represent the largest and smallest group which prepares consolidated financial statements. A copy of the Axalta Coating Systems Ltd group financial statements are available from the group's website ([www.axaltacs.com](http://www.axaltacs.com)).