

**AXALTA COATING SYSTEMS WEST  
BROMWICH UK LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | J I Blenkinsopp<br>R Joyce<br>F Dolan<br>(Appointed 24 June 2019)                   |
| <b>Company number</b>    | 07997189  |
| <b>Registered office</b> | Kelvin Way<br>WEST BROMWICH<br>B70 7JZ  |
| <b>Auditor</b>           | Johnston Carmichael LLP<br>Bishop's Court<br>29 Albyn Place<br>Aberdeen<br>AB10 1YL |

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# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

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# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their Strategic Report and financial statements of Axalta Coating Systems West Bromwich UK Limited ("the company") for the year ended 31 December 2019.

### **Fair review of the business**

The company manufactures surface coatings and urethane polymers for decorative and industrial applications, which are sold throughout the UK, Ireland and internationally. The company's business model is to consolidate its position within the UK and overseas with a focus of expanding its customer base and ultimately returning value to the shareholders.

The results for the company show turnover for the year of £8.6m (2018: £8.6m), with gross margin of 22.34% (2018: 26.66%) and profit before tax of £0.4m (2018: £0.6m). Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the current period before exceptional items was £0.5m (2018: £0.7m). The company's net asset position for the period end was £4.6m (2018: £4.2m).

Sales in 2019 were similar to 2018 although there were some changes in both customer and product mix. Some business was lost due to increased prices, mainly with smaller customers, and depressed sales with some other key customers, most notably Acrypol. This was largely offset with new business in the distribution segment as well as an expansion of sales with the company's ECoat technology. Additionally, work to reduce product complexity saw some further movement in mix but with only a minor impact on the sales. Raw material price increases are mainly responsible for the lower gross margin on similar turnover year on year. Administrative expenses are slightly down from prior year, primarily due to no management charges being levied to the company in the current year from the group.

The growth in net assets can be attributed to a combination of fixed asset capital investment plus improved working capital year on year. The directors consider the balance sheet at 31 December 2019 to be a strong foundation for the future growth of the business.

### **Principal risks and uncertainties**

The directors are of the opinion that the company has adopted a thorough risk management process that involves the formal review of all the risks identified below. The board monitors and reviews risks on a regular basis, in order to mitigate each risk area.

#### **Cash flow risk**

The company's activities expose it to the financial risk of changes in foreign currency exchange rates. The company may use foreign exchange forward contracts to hedge its exposure where appropriate but will also look to naturally hedge through the matching of the same foreign currency receipts and payments.

#### **Credit risk**

The company's principal financial assets are bank balances and cash, trade and other receivables and amounts due from group undertakings. Its credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk in liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit ratings agencies.

The company has no significant concentration on credit risk, with exposure spread over a large number of customers.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors the timing of cash flows and aligns this with its strategic planning. Forecasts are produced to assist management in identifying liquidity requirements and maintaining adequate resources. The company's primary source of finance is the operating cash flows it generates.

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Principal risks and uncertainties (continued)**

#### **Raw materials input costs**

The position of sterling remains weak when compared to EUR and USD, although commodity prices saw a period of relative stability. This and new price negotiations with major suppliers allowed us to keep pricing stable for 2019. We continually monitor input costs and seek to minimise the impact by forward purchasing and trading in multiple currencies. Where appropriate, we look to pass on any cost increases to our customer base.

#### **Economic downturn**

The success of the business is reliant on consumer and industrial spending. An economic downturn, resulting in reduction of consumer spending power may have a direct impact on the income achieved by the company. In response to this risk, senior management monitor the economic conditions.

#### **BREXIT**

The UK left the European Union ("EU") on 31 January 2020 and is currently in a transition period until 31 December 2020, during which the UK will continue to comply with all EU rules and laws. During the transition period, the UK government and EU are negotiating the terms of the new relationship between the UK and EU. There remains significant uncertainty over whether the UK will be able to get an agreement with the EU over matters such as potential duties and tariffs for goods crossing the border into and out of the EU, as well as the associated customs checks. There is also uncertainty about how foreign exchange markets will react and around freedom of movement of people, all which could have some impact on the company. The directors keep a watching brief on the ongoing UK/EU negotiations and await conclusion, director and guidance from the UK government on this. Currently, while this presents uncertainties and potential challenges for the business, the directors are confident these can be overcome with appropriate planning and consultation, such as not to have any significant impact on the company's future business activities.

#### **COVID-19**

The long-term impact of the COVID-19 pandemic is indeterminable at the moment, but it is known that it will have a significant influence on the economy, not only in the UK but globally, which is of great concern. In the short-term post year end, the company's turnover has dropped as a result of reduced customer demand, but the company's production site has continued to operate throughout this period, maintaining a full workforce whilst adhering to social distancing guidance. The company has focused on strict credit control to maintain the recovery of trade debtors within credit terms, albeit there is an expectation that some customers may ask for postponement of payments, which management will monitor and consider as part of its ongoing working capital management. During the COVID-19 impacted period post year end, sales activity is running below what would be considered as normal demand, but as our customers return to a level of business normality, we expect demand to increase in subsequent months. The directors continue to monitor the company's current and forecast trading and financial position on an ongoing basis, so the financial impact of COVID-19 is being continuously assessed. While this presents uncertainties in respect of future trading activity, the directors are confident in the ability of the company and its management team to navigate these, coupled with the financial strength and support that comes with the company being part of a significant, multi-national group, in Axalta Coating Systems Ltd.

#### **Key financial performance indicators**

The key financial performance indicators of the company are considered to be turnover, gross margin, profit before tax, EBITDA before exceptional items and net assets, which are monitored on a monthly basis.

On behalf of the board



J I Blenkinsopp

Director

30/07/2020

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and financial statements for the year ended 31 December 2019.

#### **Directors**

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

J I Blenkinsopp

M K Davis

R Joyce

F Dolan

(Resigned 24 June 2019)

(Appointed 24 June 2019)

#### **Results and dividends**

The results for the year are set out on page 9.

No interim dividends were paid (2018: £nil). The directors do not recommend payment of a final dividend (2018: £nil).

#### **Research and development**

The company continues to look to invest in research and development, improving its product range to support its growth objectives of developing cost effective solutions which meet legislation demands throughout its target sectors. Research and development costs of £105,460 were expensed during the period (2018: £18,744).

#### **Going concern**

The directors have, at the time of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, they have considered the potential impact on trading from the COVID-19 pandemic on the company's forecasts and have also obtained, from the company's ultimate parent company Axalta Coating Systems Ltd, formal confirmation of its ongoing financial support, for a period of at least 12 months beyond the date of signing these financial statements. As such, the directors consider that the company will continue to have access to sufficient cash resources such, as to withstand any negative effect on trading from COVID-19, for a period of at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **Future developments**

Despite the uncertainties currently facing the company as a result of the COVID-19 pandemic, the directors expect the company to continue to be cash generative. Given the developments of the business during the period and its position within the marketplace, the directors believe the company is in a strong position to further develop its business and customer base, with the support and assistance of the Axalta Coating Systems Ltd group.

The company's underlying business remains stable and work continues to increase selling prices in an effort to offset the additional raw material costs. Work is also being undertaken to increase sales growth in 2019 with several sales initiatives being rolled out. Cost controls will be maintained along with implementation of several efficiency initiatives that we believe will deliver both in gains and improvements in the manufacturing area.

#### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including cash flow, credit and liquidity risks. These specific risks, their impact on the company and how the directors mitigate this risk are dealt with as part of the Strategic Report and form part of this report through cross-reference.

#### **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.

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **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.

On behalf of the board



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J I Blenkinsopp  
**Director**

Date: 30/07/2020

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 WEST BROMWICH UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

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#### **Opinion**

We have audited the financial statements of Axalta Coating Systems West Bromwich UK Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

#### **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.

#### **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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

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

### **TO THE MEMBERS OF AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, 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.

#### **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.

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

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#### Auditor's responsibilities for the audit of the financial statements (continued)

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.

#### Use of our report

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.

*Johnston Carmichael LLP*

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

31/07/2020

**Chartered Accountants**  
**Statutory Auditor**

Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

|  |          | 2019                  | 2018                  |
|--|----------|-----------------------|-----------------------|
|  |          | £                     | As restated<br>£      |
| <b>Turnover</b>                                | <b>3</b> | 8,637,314             | 8,596,668             |
| Cost of sales                                  |          | (6,708,005)           | (6,305,130)           |
| <b>Gross profit</b>                            |          | <u>1,929,309</u>      | <u>2,291,538</u>      |
| Administrative expenses                        |          | (1,578,550)           | (1,693,502)           |
| Exceptional item                               | <b>4</b> | -                     | (7,245)               |
| <b>Profit before taxation</b>                  |          | <u>350,759</u>        | <u>590,791</u>        |
| Tax on profit                                  | <b>7</b> | (12,957)              | (1,084)               |
| <b>Profit for the financial year</b>           |          | <u>337,802</u>        | <u>589,707</u>        |
| <b>Other comprehensive income</b>              |          |                       |                       |
| Tax relating to other comprehensive income     |          | 16,729                | 17,097                |
| <b>Total comprehensive income for the year</b> |          | <u><u>354,531</u></u> | <u><u>606,804</u></u> |

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

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

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

|   | Notes | 2019<br>£          | £                | 2018<br>£          | £                |
|---|-------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>                                   |       |                    |                  |                    |                  |
| Tangible assets                                       | 8     |                    | 1,087,143        |                    | 788,811          |
| <b>Current assets</b>                                 |       |                    |                  |                    |                  |
| Stocks  | 9     | 1,394,734          |                  | 1,369,423          |                  |
| Debtors   | 10    | 2,289,486          |                  | 2,290,577          |                  |
| Cash at bank and in hand                              |       | 1,211,436          |                  | 1,100,962          |                  |
|   |       | <u>4,895,656</u>   |                  | <u>4,760,962</u>   |                  |
| <b>Creditors: amounts falling due within one year</b> | 11    | <u>(1,368,791)</u> |                  | <u>(1,289,431)</u> |                  |
| <b>Net current assets</b>                             |       |                    | 3,526,865        |                    | 3,471,531        |
| <b>Total assets less current liabilities</b>          |       |                    | <u>4,614,008</u> |                    | <u>4,260,342</u> |
| <b>Provisions for liabilities</b>                     | 12    |                    | (32,447)         |                    | (33,312)         |
| <b>Net assets</b>                                     |       |                    | <u>4,581,561</u> |                    | <u>4,227,030</u> |
| <b>Capital and reserves</b>                           |       |                    |                  |                    |                  |
| Called up share capital                               | 15    |                    | 4                |                    | 4                |
| Revaluation reserve                                   | 16    |                    | 186,330          |                    | 259,583          |
| Profit and loss reserves                              | 17    |                    | 4,395,227        |                    | 3,967,443        |
| <b>Total equity</b>                                   |       |                    | <u>4,581,561</u> |                    | <u>4,227,030</u> |

The financial statements were approved by the board of directors and authorised for issue on 30/07/2020 and are signed on its behalf by:



J I Blenkinsopp  
Director

Company Registration No. 07997189

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

|  | Share capital | Revaluation reserve | Profit and loss reserves | Total     |
|--|---------------|---------------------|--------------------------|-----------|
|  | £             | £                   | £                        | £         |
| <b>Balance at 1 January 2018</b>           | 4             | 332,468             | 3,287,754                | 3,620,226 |
| <b>Year ended 31 December 2018:</b>        |               |                     |                          |           |
| Profit for the year                        | -             | -                   | 589,707                  | 589,707   |
| Other comprehensive income:                |               |                     |                          |           |
| Tax relating to other comprehensive income | -             | 17,097              | -                        | 17,097    |
| Total comprehensive income for the year    | -             | 17,097              | 589,707                  | 606,804   |
| Transfers                                  | -             | (89,982)            | 89,982                   | -         |
| <b>Balance at 31 December 2018</b>         | 4             | 259,583             | 3,967,443                | 4,227,030 |
| <b>Year ended 31 December 2019:</b>        |               |                     |                          |           |
| Profit for the year                        | -             | -                   | 337,802                  | 337,802   |
| Other comprehensive income:                |               |                     |                          |           |
| Tax relating to other comprehensive income | -             | 16,729              | -                        | 16,729    |
| Total comprehensive income for the year    | -             | 16,729              | 337,802                  | 354,531   |
| Transfers                                  | -             | (89,982)            | 89,982                   | -         |
| <b>Balance at 31 December 2019</b>         | 4             | 186,330             | 4,395,227                | 4,581,561 |

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Axalta Coating Systems West Bromwich UK Limited ("the company") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is Kelvin Way, West Bromwich, B70 7JZ. The company's registered number is 07997189. 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 Strategic 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.

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.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the ultimate parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- The requirements of Section 7 'Statement of Cash Flows' and paragraph 3.17(d) of Section 3 'Financial Statement Presentation';
- The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c) of Section 11 'Basic Financial Instruments'; and
- The requirements of paragraph 33.7 of Section 33 'Related Party Disclosures'.

The financial statements of the company are consolidated in the financial statements of Axalta Coating Systems Ltd. These consolidated financial statements are available from the group's website ([www.axaltacs.com](http://www.axaltacs.com)).

#### **1.2 Going concern**

The directors have, at the time of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, they have considered the potential impact on trading from the COVID-19 pandemic on the company's forecasts and have also obtained, from the company's ultimate parent company Axalta Coating Systems Ltd, formal confirmation of its ongoing financial support, for a period of at least 12 months beyond the date of signing these financial statements. As such, the directors consider that the company will continue to have access to sufficient cash resources such, as to withstand any negative effect on trading from COVID-19, for a period of at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

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 Tangible fixed assets

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

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

|                       |                   |
|-----------------------|-------------------|
| Plant and equipment   | up to 20 years    |
| Fixtures and fittings | 20% straight line |

Assets under construction are not depreciated until the asset is complete and brought into operational use, at which point it will be transferred to the appropriate asset class and depreciated.

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.

#### 1.5 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) by comparing this to the assets carrying value. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtained as a result of the asset's continued use.

#### 1.6 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 direct and indirect 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.

#### 1.7 Cash at bank and in hand

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.



# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.8 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.

##### **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.

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and amounts due to fellow group companies, 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.

### 1.9 Equity instruments

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

### 1.10 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.

# **AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies**

**(Continued)**

##### **1.11 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.

##### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

##### **1.14 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.

##### **1.15 Prior year reclassification**

A reallocation has been made in the comparative statement of comprehensive income, with £630,966 of payroll costs previously shown as administrative expenses now shown as cost of sales. The directors consider the reclassification to be appropriate in understanding expense movements year on years. No changes were made to the profit reported for the year ended 31 December 2018.

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are considered to be either judgements that have had the most significant effect on the amounts recognised in the financial statements, or estimates that are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

- Allocation of overheads included in stock and stock provisions are judgements made by management (note 9). Directors assess the overheads to be included in stock and calculate these in accordance with their judgements.
- Recoverability of intercompany balances, trade debtors and associated bad debt provision are judgements made by management (note 10). The directors assess whether debtors are recoverable and provide accordingly.
- As part of the tax provisioning for the financial statements, the directors consider the recoverability of historic trading losses against trading profits, which involves judgement around the streaming of these losses (note 7). Their assessment involves appropriate external consultation as considered necessary.

The directors consider that there are no other judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### **3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Turnover analysed by class of business</b> |           |           |
| Sale of paint products                        | 8,637,314 | 8,596,668 |

The turnover shown in the profit and loss account represents amounts invoiced under the company's principal activity.

The directors consider that to disclose a geographical analysis of turnover would be seriously prejudicial to the company's interests.

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Exceptional item

|                   | 2019<br>£ | 2018<br>£ |
|-------------------|-----------|-----------|
| Exceptional costs | -         | 7,245     |

Exceptional costs above relate to redundancy payments to staff.

### 5 Operating profit

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| Operating profit for the year is stated after charging:                                   |           |           |
| Exchange losses   | 11,335    | 16,119    |
| Fees payable to the company's auditor for the audit of the company's financial statements | 19,200    | 17,750    |
| Depreciation of owned tangible fixed assets   | 166,691   | 138,685   |
| Operating lease charges   | 105,084   | 70,460    |

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                               | 2019<br>Number | 2018<br>Number |
|-------------------------------|----------------|----------------|
| Management and administration | 14             | 14             |
| Production and technical      | 40             | 34             |
| Distribution                  | 3              | 3              |
|                               | 57             | 51             |

Their aggregate remuneration comprised:

|                       | 2019<br>£ | 2018<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 1,592,867 | 1,392,046 |
| Social security costs | 151,635   | 138,404   |
| Pension costs         | 47,707    | 39,400    |
|                       | 1,792,209 | 1,569,850 |

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Taxation

|  | 2019<br>£      | 2018<br>£    |
|--|----------------|--------------|
| <b>Current tax</b>                                   |                |              |
| UK corporation tax on profits for the current period | -              | 1,085        |
| Adjustments in respect of prior periods              | (2,907)        | -            |
| Total current tax                                    | <u>(2,907)</u> | <u>1,085</u> |
| <b>Deferred tax</b>                                  |                |              |
| Origination and reversal of timing differences       | <u>15,864</u>  | <u>(1)</u>   |
| Total tax charge                                     | <u>12,957</u>  | <u>1,084</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Profit before taxation   | <u>350,759</u> | <u>590,791</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 66,644         | 112,250        |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 1,398          | 4,041          |
| Change in unrecognised deferred tax assets   | (78,693)       | (121,064)      |
| Adjustments in respect of prior years  | (2,907)        | -              |
| Group relief   | (6,180)        | -              |
| Research and development tax credit  | 2,404          | -              |
| Deferred tax adjustments in respect of prior years   | 15,864         | -              |
| Deferred tax not recognised  | (18,696)       | -              |
| Adjust deferred tax to average rate  | (7,290)        | (14,242)       |
| Fixed asset differences  | 23,684         | 20,099         |
| Deferred tax credited directly to OCI  | 16,729         | -              |
| Taxation charge for the year   | <u>12,957</u>  | <u>1,084</u>   |

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

|                          | 2019<br>£       | 2018<br>£       |
|--------------------------|-----------------|-----------------|
| Deferred tax arising on: |                 |                 |
| Revaluation of property  | <u>(16,729)</u> | <u>(17,097)</u> |

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 7 Taxation

(Continued)

At 31 December 2019 the company had existing trading losses of £6.8m (2018: £6.8m) and decelerated capital allowances available of £0.1m (2018: £0.6m). No deferred tax assets have been provided for these on the basis that the directors consider it appropriate not to do so and will relieve trading losses as the company achieves future trading taxable profits.

#### 8 Tangible fixed assets

|                                    | Assets under<br>construction<br>£ | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Total<br>£ |
|------------------------------------|-----------------------------------|-----------------------------|-------------------------------|------------|
| <b>Cost</b>                        |                                   |                             |                               |            |
| At 1 January 2019                  | 95,479                            | 1,304,469                   | 227,138                       | 1,627,086  |
| Additions                          | 4,500                             | 439,525                     | 20,998                        | 465,023    |
| Disposals                          | (95,479)                          | -                           | -                             | -          |
| Transfers                          | (95,479)                          | 95,479                      | -                             | -          |
| At 31 December 2019                | 4,500                             | 1,839,473                   | 248,136                       | 2,092,109  |
| <b>Depreciation and impairment</b> |                                   |                             |                               |            |
| At 1 January 2019                  | -                                 | 719,683                     | 118,592                       | 838,275    |
| Depreciation charged in the year   | -                                 | 132,986                     | 33,705                        | 166,691    |
| At 31 December 2019                | -                                 | 852,669                     | 152,297                       | 1,004,966  |
| <b>Carrying amount</b>             |                                   |                             |                               |            |
| At 31 December 2019                | 4,500                             | 986,804                     | 95,839                        | 1,087,143  |
| At 31 December 2018                | 95,479                            | 584,786                     | 108,546                       | 788,811    |

As permitted by section 35.10 d) of FRS 102, the company elected to use the revaluation under previous UK GAAP relating to tangible fixed assets as its deemed cost before the date of transition. Profit and loss reserves previously reported under UK GAAP remain the same under FRS 102. The revaluation surplus in relation to these assets is disclosed in the statement of changes in equity, separately accounted for as a non-distributable reserve. Deferred tax has previously been recognised on the revaluation reserve and is being released in line with the depreciation charge on the assets which the reserve represents.

#### 9 Stocks

|                                     | 2019<br>£        | 2018<br>£        |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables       | 755,268          | 628,983          |
| Work in progress                    | 41,689           | 62,822           |
| Finished goods and goods for resale | 597,777          | 677,618          |
|                                     | <u>1,394,734</u> | <u>1,369,423</u> |

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Debtors

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 1,512,430        | 1,769,092        |
| Corporation tax recoverable                 | 17,560           | 15,738           |
| Amounts owed by group undertakings          | 676,296          | 427,648          |
| Other debtors                               | 26,530           | 26,530           |
| Prepayments and accrued income              | 56,670           | 51,569           |
|   | <u>2,289,486</u> | <u>2,290,577</u> |

Amounts due from fellow group undertakings are interest free and there are no fixed repayment terms.

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

|                                    | 2019             | 2018             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade creditors                    | 1,005,525        | 1,069,256        |
| Amounts owed to group undertakings | 84,561           | -                |
| Corporation tax                    | -                | 1,085            |
| Other taxation and social security | 128,765          | 119,143          |
| Accruals and deferred income       | 149,940          | 99,947           |
|                                    | <u>1,368,791</u> | <u>1,289,431</u> |

Amounts due to group undertakings have no fixed repayment terms and were interest free.

### 12 Provisions for liabilities

|                          | Notes | 2019          | 2018          |
|--------------------------|-------|---------------|---------------|
|                          |       | £             | £             |
| Deferred tax liabilities | 13    | <u>32,447</u> | <u>33,312</u> |

### 13 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   | Liabilities   |
|-------------------------------|---------------|---------------|
|                               | 2019          | 2018          |
| Balances:                     | £             | £             |
| FRS 102 transition adjustment | <u>32,447</u> | <u>33,312</u> |



# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Deferred taxation

(Continued)

|                                      | 2019<br>£     |
|--------------------------------------|---------------|
| <b>Movements in the year:</b>        |               |
| Liability at 1 January 2019          | 33,312        |
| Charge to profit or loss             | 15,864        |
| Credit to other comprehensive income | (16,729)      |
| Liability at 31 December 2019        | <u>32,447</u> |

As permitted by section 35.10 d) of FRS 102, the company elected to use the revaluation under previous UK GAAP relating to property, plant and equipment as its deemed cost at the date of its transition to FRS 102 (1 April 2014). Under FRS 102, a deferred tax provision was required to be recognised on the revaluation reserve and will be released in line with the depreciation charge on the assets which the reserve represents.

### 14 Retirement benefit schemes

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| <b>Defined contribution schemes</b>                                 |               |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>47,707</u> | <u>39,400</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, there were accrued pension contributions of £nil (2018: £13,862) included in creditors.

### 15 Share capital

|                               | 2019<br>£ | 2018<br>£ |
|-------------------------------|-----------|-----------|
| <b>Ordinary share capital</b> |           |           |
| <b>Issued and fully paid</b>  |           |           |
| 4 Ordinary of £1 each         | <u>4</u>  | <u>4</u>  |

### 16 Revaluation reserve

The revaluation reserve represents the uplift in the value of property, plant and equipment and is released to the profit and loss reserve in line with depreciation charged. Deferred tax has been recognised on this reserve and will be released in line with the depreciation charged on the assets which the reserve represents.

### 17 Profit and loss reserves

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

# AXALTA COATING SYSTEMS WEST BROMWICH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Financial commitments, guarantees and contingent liabilities

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 Tewkesbury UK Limited, which are fellow group undertakings.

### 19 Operating lease commitments

#### Lessee

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

|                            | 2019<br>£      | 2018<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 85,239         | 81,391         |
| Between two and five years | 49,628         | 95,916         |
|                            | <u>134,867</u> | <u>177,307</u> |

### 20 Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosure' not to disclose transactions entered between two or more wholly owned members of the same group.

### 21 Ultimate controlling party

The company is a wholly owned subsidiary of The Independent Coatings Group Limited, a company registered in England and Wales. 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)).