

Akzo Nobel Decorative Coatings Limited

Annual Report and Financial Statements

31 December 2019

Registered number 139914

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Directors' Report

The directors present their **Directors' Report and** audited Financial Statements for the year ended 31 December 2019.

Principal Activities and Business Review

Following the sale of its trade and operating business assets in 2008, the Company continues to manage the legacy affairs of its former trading activities including a legacy portfolio of retained leasehold interests. These residual interests are expected to continue until at least December 2021.

The Company made a loss after tax of £97,000 (2018: £243,000) during the financial year and has net assets of £10,794,000 (2018: £10,891,000) as at 31 December 2019.

Strategic Report

This **directors'** report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the company is also exempt from preparing a Strategic Report.

Dividend

The directors do not recommend the payment of a dividend (2018: *£Nil*).

Directors

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

M. Smalley
M. Trueblood

Political contributions

The Company and its subsidiaries made no political contributions during the current or previous year.

Financial Risk Management

Financial risk includes price risk, credit risk, liquidity risk and cash flow risk. These are addressed and managed at a group level as disclosed in the AkzoNobel Report 2019, pages 107 to 110. An overall risk management program seeks to identify, assess and if necessary, mitigate these financial risks in order to minimise potential adverse effects on financial performance. Copies of the Akzo Nobel N.V. Annual Report and Accounts may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.

Future developments

The directors are of the opinion that the Company is in a position to continue its principal activities during 2020.

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as the Company's auditors, holding office until to the end of the next period for appointing auditors in accordance with section 485(4c) of the Companies Act 2006.

By order of the Board



M. Smalley
Director

The AkzoNobel Building
Wexham Road
Slough
United Kingdom
SL2 5DS
2nd March 2021

Independent auditors' report to the members of Akzo Nobel Decorative Coatings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Akzo Nobel Decorative Coatings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Akzo Nobel Decorative Coatings Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Miles Saunders (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
2 March 2021

Statement of Comprehensive Income

for the year ended 31 December 2019

| | <i>Note</i> | 2019 £000 | 2018 £000 |
|--|-------------|----------------------------|--------------|
| Administrative expenses | 4 | - | (1) |
| Other operating income | 7 | 42 | 115 |
| Operating profit | | 42 | 114 |
| Interest receivable and similar income | 8 | 188 | 186 |
| Profit before taxation | 4 | 230 | 300 |
| Tax on profit | 9 | (327) | (57) |
| (Loss)/profit for the financial year | | (97) | 243 |
| Total comprehensive expense/income for the year | | (97) | 243 |

There are no items of other comprehensive income in either year.

Balance Sheet
at 31 December 2019

| | <i>Note</i> | 2019 £000 | 2018 £000 |
|--|-------------|----------------------------|----------------------------|
| Fixed assets | | | |
| Investments | 10 | 21,901 | 21,901 |
| Current assets | | | |
| Debtors (including £10,868,000 (2018: £10,965,000) due after more than one year) | 11 | 11,418 | 11,520 |
| Creditors: amounts falling due within one year | 13 | (22,494) | (22,449) |
| Net current liabilities | | (11,076) | (10,929) |
| Provisions for liabilities | 14 | (31) | (81) |
| Net assets | | 10,794 | 10,891 |
| Capital and reserves | | | |
| Called up share capital | 15 | 1,630 | 1,630 |
| Share premium account | | 108,172 | 108,172 |
| Accumulated loss | | (99,008) | (98,911) |
| Total Shareholders' funds | | 10,794 | 10,891 |

The notes on pages 8 to 16 form part of these financial statements.

These financial statements on pages 5 to 16 were approved by the board of directors on 2nd March 2021 and were signed on its behalf by:



M Smalley
Director

Statement of Changes in Equity
for the year ended 31 December 2019

| | Called up share capital £000 | Share premium account £000 | Accumulated losses £000 | Total Shareholders' funds £000 |
|--|---|---|--|---|
| Balance at 1 January 2018 | 1,630 | 108,172 | (99,154) | 10,648 |
| Profit for the financial year | - | - | 243 | 243 |
| Total comprehensive income for the year | - | - | 243 | 243 |
| Balance at 31 December 2018 | 1,630 | 108,172 | (98,911) | 10,891 |

| | Called up share capital £000 | Share premium account £000 | Accumulated losses £000 | Total Shareholders' funds £000 |
|---|---|---|--|---|
| Balance at 1 January 2019 | 1,630 | 108,172 | (98,911) | 10,891 |
| Loss for the financial year | - | - | (97) | (97) |
| Total comprehensive expense for the year | - | - | (97) | (97) |
| Balance at 31 December 2019 | 1,630 | 108,172 | (99,008) | 10,794 |

Notes to Financial Statements

1 General Information

Akzo Nobel Decorative Coatings Limited (the “**Company**”) is a private company limited by shares, incorporated and domiciled in England, UK. The **Company’s registration** number is 139914 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

2.1 Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (“**FRS 101**”) under **historical cost convention in pounds sterling**. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure **requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”)** but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared on the historical cost basis.

The Company’s ultimate parent undertaking, Akzo Nobel N.V includes the Company in its consolidated financial statements. The consolidated financial statements of Akzo Nobel N.V are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Compliance with IFRS
- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions entered in to between two or more wholly owned members of a group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Akzo Nobel N.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

In accordance with Section 414B of The Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013, the Company is exempt from preparing a Strategic Report.

Notes to Financial Statements (*continued*)

2 Accounting policies (*continued*)

2.2 Going concern

The directors have made the necessary enquiries and assessed the Company's **financial position** and have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. The directors therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 New standards, amendments and IFRIC interpretations

In 2019 the most significant change in accounting policies adopted by the AkzoNobel Group relate to adoption of **IFRS 16 "Leases"**. **IFRS 16 replaces the previous standard on lessee** accounting for leases. It requires lessees to bring most leases on balance sheet in a single lease accounting model, recognizing a right-of-use asset and a lease liability. The implementation of IFRS 16 has not led to a recognition of right-of-use assets and a lease liability as at 1 January 2019.

2.4 Fixed asset investments

Investments in subsidiaries are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the **Company operates ('the functional currency')**. The financial statements are presented in '**Pounds Sterling**' (£), which is also the **Company's functional currency**.

(b) Transactions and balances

Transactions in foreign currencies are translated **to the Company's functional currency** at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income

2.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

Some of the Company's employees are members of group wide defined benefit pension plans. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the legally sponsoring employer, which is Akzo Nobel UK Limited. The Company then recognises a cost equal to its contribution payable for the period. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by a qualified independent actuary and charged as a percentage of salary costs.

Notes to Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.8 Expenses

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the statement of comprehensive income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currencies accounting policy).

Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or **directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.**

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to Financial Statements (*continued*)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The principle estimates are:

(a) Impairment of debtors

The Company makes an estimate of the recoverable value of amounts receivable. When assessing impairment of amounts receivable, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

4 Profit before taxation

| | 2019 £000 | 2018 £000 |
|---|-------------------|-------------------|
| <i>Profit before taxation is stated after charging:</i> | | |
| Exchange loss | - | (1) |
| | <u> </u> | <u> </u> |

There is no charge for the remuneration of auditors' in the financial statements of the Company as the auditors' fee of £13,895 (2018: £12,518) in relation to the audit of this Company was borne by another group company and is not recharged.

5 Staff numbers

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

| | Number of employees | |
|----------------|---------------------|-------------------|
| | 2019 | 2018 |
| Administration | 2 | 2 |
| | <u> </u> | <u> </u> |

6 Remuneration of directors

The directors received no remuneration for their services to the Company in either year as their services to the Company are incidental to their services to the group. The present directors are employed by, and receive remuneration for services from, a wholly owned subsidiary of the ultimate parent company.

7 Other operating income

| | 2019 £000 | 2018 £000 |
|------------------------------|-------------------|-------------------|
| Release of unused provisions | 42 | 115 |
| | <u> </u> | <u> </u> |

Notes to Financial Statements (continued)

8 Interest receivable and similar income

| | 2019 £000 | 2018 £000 |
|------------------------------------|--------------|--------------|
| Receivable from group undertakings | 188 | 186 |

9 Tax on profit

Recognised in the statement of comprehensive income

Analysis of charge in year

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax on profit for the financial year | (44) | (57) |
| <i>Deferred tax</i> | | |
| Derecognition of tax losses | (283) | - |
| Total tax charge | (327) | (57) |

Reconciliation of effective tax rate

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Profit before taxation | 230 | 300 |
| Tax using the UK corporation tax rate of 19% (2018: 19%) | (44) | (57) |
| Derecognition of tax losses | (283) | - |
| Total tax charge | (327) | (57) |

Factors that may affect future current and total tax charges

In the Summer 2015 Budget Statement this rate was reduced from 20% to 19% effective 1 April 2017, with a further reduction to 18% effective 1 April 2020, and In the March 2016 Budget Statement it was announced this rate would reduce from 18% to 17% effective 1 April 2020. All of these changes have been substantively enacted at the balance sheet date.

As a result of these changes, the effective current tax rate applicable for 2017 was 19.25% and the rate applicable for 2018 and 2019 was 19%. The rate applied to deferred tax balances is 17% as these balances are not expected to be utilised until after this rate takes effect.

In the Budget Statement on March 2020 the corporation rate tax was confirmed as 19% and the previously substantively enacted rate change to 17% from April 2020 was over written with this 19% tax rate. This change had not been substantively enacted as per these financial statements balance sheet date and has no impact on these financial statements.

Notes to Financial Statements *(continued)*

10 Investments

| Cost | Shares in group undertakings £000 |
|------------------------------|--------------------------------------|
| At beginning and end of year | 23,400 |
| Provisions for impairment | |
| At beginning and end of year | 1,499 |
| Net book value | |
| At 31 December 2019 | 21,901 |
| At 31 December 2018 | 21,901 |

The Company, which is incorporated in England and Wales, in which the Company's interest at the year-end is 20% or more is as follows:

| Subsidiary undertakings | Nature of business/Principal activity | Percentage and class of shares held |
|-------------------------------|---------------------------------------|-------------------------------------|
| Akzo Nobel Properties Limited | Dormant | 100% Ordinary |

| Registered Office Address | Limited by shares or guarantee | Registration number | Public or private |
|---|--------------------------------|---------------------|-------------------|
| The Akzo Nobel Building Wexham Road Slough United Kingdom SL2 5DS | Shares | 62178 | Private |

11 Debtors

| | 2019 £000 | 2018 £000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 11,400 | 11,218 |
| Deferred tax | - | 283 |
| Other debtors | 18 | 19 |
| | 11,418 | 11,520 |
| Due within one year | 550 | 555 |
| Due after more than one year | 10,868 | 10,965 |
| | 11,418 | 11,520 |

Amounts owed by group undertakings include an intercompany loan of £10,868,000 (2018: £10,682,000). Interest is fixed at 1.74% and the loan is classified as debtor amounts falling due after one year.

Amounts owed by group undertakings also include a balance of £429,000 (2018: £434,000) that is repayable on demand. Interest is charged monthly based on 1-month LIBOR plus a spread of + 15 basis points.

The remaining amounts owed by/to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to Financial Statements (continued)

12 Deferred tax

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

| | 2019 £000 | 2018 £000 |
|-------------------------------------|--------------|--------------|
| Tax value of losses carried forward | - | 283 |

Movement in deferred tax during the year

| | 1 January 2019 £000 | Tax losses not recognised £000 | 31 December 2019 £000 |
|------------|---------------------------|--------------------------------------|-----------------------------|
| Tax assets | 283 | -283 | - |

Movement in deferred tax during the prior year

| | 1 January 2018 £000 | Tax losses not recognised £000 | 31 December 2018 £000 |
|------------|---------------------------|--------------------------------------|-----------------------------|
| Tax assets | 283 | - | 283 |

Deferred tax assets are only recognised on losses to the extent that future probable taxable profits will be available against which the deferred tax asset can be utilised. Based upon future taxable profit forecasts of the Company, cumulative tax losses of £1,667,000 (2018: £1,667,000) which have an equivalent deferred tax asset value of £283,000 (2018: £283,000) was unrecognised.

13 Creditors: amounts falling due within one year

| | 2019 £000 | 2018 £000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 22,314 | 22,313 |
| Group relief | 166 | 122 |
| Accruals and deferred income | 14 | 14 |
| | 22,494 | 22,449 |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Group relief will be provided to fellow group companies for equivalent consideration.

Notes to Financial Statements *(continued)*

14 Provisions for liabilities

| | 2019 £000 | 2018 £000 |
|-----------------------------------|--------------|--------------|
| At January | 81 | 199 |
| Statement of comprehensive income | (42) | (115) |
| Utilised during year | (8) | (3) |
| | <hr/> | <hr/> |
| At 31 December | 31 | 81 |
| | <hr/> | <hr/> |

Insurance

This provision of £31,000 relates to both public liability and uninsured employee liability claims made by former employees of the Company or employees of former subsidiaries of the Company and is expected to be fully utilised by the end of 2020.

The provisions as at 31 December 2019 represent the directors' current best estimate of the expected future liabilities.

15 Called up share capital

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| <i>Allotted, called up and fully paid</i> | | |
| 1,630,334 (2018: 1,630,334) ordinary shares of £1 each | 1,630 | 1,630 |
| | <hr/> | <hr/> |

All **share capital is classified as shareholders' funds**. There has been no movement in the number of shares in the current year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Post-retirement benefit provisions

Defined benefit plans

The company is a participant in two group wide defined benefit schemes – Akzo Nobel (CPS) Pension Scheme (“CPS”) and ICI Specialty Chemicals Pension Fund (“the ISCPF”). As the legally sponsoring entities for these schemes, the financial statements of Akzo Nobel UK Limited and Imperial Chemical Industries Limited respectively identify and disclose the information on the plans as prescribed by IAS19, and these financial statements are **available from the companies' registered office** at The AkzoNobel Building, Wexham Road, Slough, SL2 5DS or from Companies House. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by a qualified independent actuary and charged as a percentage of salary costs. The group-wide policy is that funding deficits are not charged to non-sponsoring entities.

17 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly owned subsidiary undertaking of Akzo Nobel Coatings (BLD) Limited, a company registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by the ultimate parent company, Akzo Nobel N.V., incorporated in the Netherlands.

Copies of the Akzo Nobel N.V. Annual Report and financial statements are available to the public and may be obtained from Velperweg 76, PO Box 9300, 6800 SB, Arnhem, The Netherlands.

Notes to Financial Statements *(continued)*

18 Post balance sheet events

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility and there are significant consequences for the global economy from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global economy and the sectors in which the Company and its fellow group companies operate is uncertain at this time.

As of the signing date of these financial statements management was not aware of any material adverse effects on the financial statements for the year ended December 31, 2019 as a result of COVID-19. Management will continue to monitor the situation and the impact on the Company.