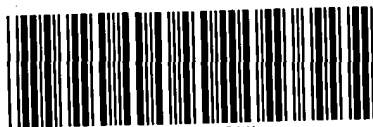


Axalta Powder Coating Systems UK Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number 1074133

THURSDAY



A56UVEC

A19

12/05/2016

#327

COMPANIES HOUSE

Axalta Powder Coating Systems UK Limited
Annual report and financial statements
for the year ended 31 December 2015
Contents

Directors and advisers	1
Strategic report for the year ended 31 December 2015	2
Directors' report for the year ended 31 December 2015	4
Independent auditors' report to the members of Axalta Powder Coating Systems UK Limited	6
Profit and loss account for the year ended 31 December 2015	9
Statement of comprehensive income for the year ended 31 December 2015	10
Balance sheet as at 31 December 2015	11
Statement of changes in equity for the year ended 31 December 2015	12
Statement of accounting policies	13
Notes to the financial statements	17

Axalta Powder Coating Systems UK Limited

Directors and advisers

Directors

J Ridgeway
J Blenkinsopp

Company secretary

J Blenkinsopp

Registered office

Axalta Powder Coating Systems UK limited
Unit 1 Quadrant Park
Mundells
Welwyn Garden City
Hertfordshire
AL7 1FS

Independent auditors

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

Bank of America
2 King Edward Street
London
EC1A 1HQ

Axalta Powder Coating Systems UK Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activities

The company's principal activity consists of the manufacture and distribution of thermosetting powder coatings, which is intended to continue in the future.

Review of the business and future developments

Turnover increased in 2015 by 18.4% compared to 2014, this continued the growth strategy reflected in 2014, however business margin was slightly below prior year due to higher transport costs to support the growth strategy as well as product mix, business support costs also reflected the full year impact of the recruitment drive commenced during 2014.

Axalta Powder Coating Systems UK Limited made a loss of £152,000 (2014: profit £908,000) in the year

In 2016 the business focus will be to continue the strategy employed over the previous 2 years, key market segment growth along with cost control supported by efficiency gains and improvements.

Supplier payment policy

The company recognises the importance of the development of mutually beneficial relationships with its suppliers. It is the company's policy to settle all debts with suppliers on a timely basis, taking account of the credit period given by each supplier.

Cash pooling arrangement

Axalta EMEA has organised a cash pooling arrangement which the company is party to, this is a banking mechanism whereby the balances in our local legal entity accounts with Bank of America sweep into the cash pooling header account within the legal entity on a daily basis. EUR and USD funds are then lent to or borrowed from the main Cash Pool header entity in Luxembourg based upon the funding needs of the local legal entity for the day. All legal entity pool balances are borrowed from or lent to the Cash Pool header entity at a studied interest rate, with accrued interest is settled between the legal entities monthly. At December 31, 2015 the cash position borrowed from Axalta Coating Systems Finance 3 Sarl amounts to £415,893 of Euro and the cash position borrowed from Axalta Coating Systems Finance 2 Sarl amounts to £3,916 of USD.

Safety and the environment

Company policy requires that all operations fully meet or exceed legal and regulatory requirements and staff are continually assessed to maintain the highest standards for the safe operation of facilities and the protection of the environment, the employees and customers, and the people of the community in which the business is conducted.

Financial risk management

In the ordinary course of business, the company is exposed to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The policies and procedures in relation to the monitoring of these risks are undertaken in conjunction with the ultimate parent undertaking, Axalta Coating Systems Bermuda Company Limited, which includes entering into contractual arrangements in order to limit the adverse effects on the company's financial performance.

Axalta Powder Coating Systems UK Limited

Strategic report for the year ended 31 December 2015 (continued)

Business risks and key performance indicators

The company's is supported on a global basis across geographical regions rather than via an individual legal entity, the directors consider that a discussion of the main business risks and analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business.

On behalf of the board



J Blenkinsopp

Director

27 April 2016

Axalta Powder Coating Systems UK Limited

Directors' report for the year ended 31 December 2015

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Review of the business and future developments

Please refer to Strategic report on page 2 for further disclosure on the business and future developments.

Results and dividend

The company made a loss for the financial year of £152,000 (2014: profit £908,000), which has been deducted from reserves.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: £nil).

Directors

The directors of the company during the year, and up to the date of signing of the financial statements, were:

J Blenkinsopp

J Ridgeway

Safety and the environment

Company policy requires that all operations fully meet or exceed legal and regulatory requirements and staff are continually assessed to maintain the highest standards for the safe operation of facilities and the protection of the environment, the employees and customers, and the people of the community in which the business is conducted.

Employment of disabled persons

It is company policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of staff who become disabled, and to provide opportunities for the training and career development of disabled employees.

Employee consultation

Considerable importance is placed on the involvement of employees. The management of the company continues to keep staff informed on matters affecting them as employees and on the operating performance of the company. This is done through formal and informal meetings and in-house publications.

Financial risk management

Please refer to Strategic report on page 2 for further disclosure of financial risk management.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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

Axalta Powder Coating Systems UK Limited

Directors' report for the year ended 31 December 2015 (continued)

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Going Concern

The company foresees significant growth potential in the coming period for the legal entity and continues to expand its workforce to support this upside potential; forecasts continue to reflect positive trends in earnings with the UK being identified as a key contributor to achieving the overall Powder groups' growth target.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements, a letter of support is also provided by Axalta Coating Systems UK Limited to further enforce this opinion.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

- (a) So far as the director is aware there is no relevant audit information of which the company's auditors are unaware; and
- (b) He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J Blenkinsopp

Director

27 April 2016

Axalta Powder Coating Systems UK Limited

Independent auditors' report to the members of Axalta Powder Coating Systems UK Limited

Report on the financial statements

Our opinion

In our opinion, Axalta Powder Coating Systems UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Axalta Powder Coating Systems UK Limited

Independent auditors' report to the members of Axalta Powder Coating Systems UK Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

Axalta Powder Coating Systems UK Limited

Independent auditors' report to the members of Axalta Powder Coating Systems UK Limited (continued)

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
27 April 2016

Axalta Powder Coating Systems UK Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	1	17,542	14,813
Cost of sales		(13,699)	(11,424)
Gross profit		3,843	3,389
Distribution costs		(1,165)	(868)
Extraordinary income pension curtailment	15	-	858
Administration expenses		(2,713)	(2,242)
Total administration expenses		(2,713)	(1,384)
Operating (loss)/profit	2	(35)	1,137
Interest receivable and similar income	5	1	1
Interest payable and similar charges	6	(67)	(72)
Other finance costs	15	(52)	(104)
(Loss)/profit on ordinary activities before taxation		(153)	962
Tax on (loss)/profit on ordinary activities	7	1	(54)
(Loss)/profit for the financial year		(152)	908

All of the company's activities are continuing.

Axalta Powder Coating Systems UK Limited

Statement of comprehensive income for the year ended 31 December 2015

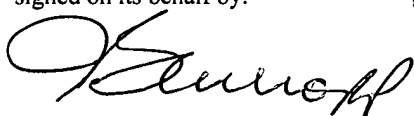
	Note	2015 £'000	2014 £'000
(Loss)/profit for the financial year		(152)	908
Remeasurement gain/(loss) recognised on defined benefit pension scheme	15	31	(606)
Current tax deductions allocated to actuarial (gain)/loss		(6)	130
Movement on deferred tax relating to pension deficit	13	(192)	(187)
Other comprehensive expense		(167)	(663)
Total comprehensive (expense)/income for the year		(319)	245

Axalta Powder Coating Systems UK Limited

Balance sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	8	2,628	2,273
		2,628	2,273
Current Assets			
Stocks	9	2,437	2,125
Debtors	10	2,295	2,448
Cash at bank and in hand		974	64
		5,706	4,637
Creditors: amounts falling due within one year	11	(3,845)	(2,468)
Net current assets		1,861	2,169
Total assets less current liabilities		4,489	4,442
Creditors amounts falling due after more than one year	12	(6,180)	(5,180)
Provisions for liabilities	13	(40)	(34)
Net liabilities excluding pension		(1,731)	(772)
Net pension scheme deficit	15	(1,045)	(1,685)
Net liabilities including pension		(2,776)	(2,457)
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account		(3,776)	(3,457)
Total equity		(2,776)	(2,457)

The financial statements on pages 9 to 30 were approved by the board of directors on 27 April 2016 and were signed on its behalf by:



J Blenkinsopp
Company Director

Axalta Powder Coating Systems UK Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 1 January 2014	1,000	(3,702)	(2,702)
Profit for the financial year	-	908	908
Other comprehensive expense	-	(663)	(663)
At 31 December 2014	1,000	(3,457)	(2,457)
Profit for the financial year	-	(152)	(152)
Other comprehensive expense	-	(167)	(167)
At 31 December 2015	1,000	(3,776)	(2,776)

Axalta Powder Coating Systems UK Limited

Statement of accounting policies

Company information

Axalta Powder Coating Systems UK Limited is a limited company incorporated in England. The addresses of its registered office and principal place of business are disclosed in the listing of Directors and advisers on page 1. The company's principal activity is disclosed in the Strategic report on page 2.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006. The financial statements have been prepared on the historical cost basis as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 20 for an explanation of the transition.

The financial statements are presented in Sterling (£), which is also the functional currency of the company.

The company has adopted the following disclosure exemptions, by virtue of being a qualifying entity in accordance with FRS 102:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including categories of financial instruments, income, expense, gains or losses relating to financial instruments, and exposure to and management of financial risks
- the requirement to disclose key management personnel compensation.

Details of the parent undertaking of the group in which the company is consolidated are provided in Note 19.

Going concern

The company foresees significant growth potential in the coming period for the legal entity and continues to expand its workforce to support this upside potential; forecasts continue to reflect positive trends in earnings with the UK being identified as a key contributor to achieving the overall Powder groups' growth target.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements, a letter of support is also provided by Axalta Coating Systems UK Limited to further enforce this opinion.

Significant judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments have had the most significant effect on amounts recognised in the financial statements:

Stocks and work in progress

Stocks and work in progress are measured at the lower of cost and net realisable value, including, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgments to be made, which include forecast customer demand, the promotional, competitive and economic environment and historic stock loss trends.

Axalta Powder Coating Systems UK Limited

Statement of accounting policies (continued)

Significant judgments and key sources of estimation uncertainty (continued)

The following are the company's key sources of estimation uncertainty:

Pension costs

The cost of the company's defined benefit pension plan is determined using actuarial valuations. Each actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high-quality sterling-denominated corporate bonds at the balance sheet date, and takes into account the term structure of these corporate bond yields relative to the term structure of the scheme's projected liabilities. The mortality rate is based on publicly available mortality tables for the UK. Future pension increases are based on expected future inflation rates for the UK. Further details are given in Note 15.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the original purchase price of the asset together with costs attributable in making the asset ready for operational use.

Depreciation is provided on a straight-line basis at rates calculated to write off the cost of tangible fixed assets less estimated residual value over their expected useful economic lives which are:

Freehold buildings	25 years
Plant and machinery, fixtures, fittings and equipment	3 – 15 years

No depreciation is provided for freehold land or assets in the course of construction.

At each reporting date tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If any impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Repairs and renewals

Repairs and renewals are charged against income as they are incurred.

Stocks and work in progress

Stocks are measured at the lower of cost and net realisable value. In general, cost is determined on a weighted average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and attributable production overheads based on a normal level of activity. Net realisable value is based on the estimated selling price less any estimated completion or selling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Axalta Powder Coating Systems UK Limited

Statement of accounting policies (continued)

Debtors

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts.

Creditors

Short term debtors are measured at the transaction price. Other financial liabilities, including loans to group undertakings, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is usually either on shipment, or on receipt and acceptance of goods, dependent upon the terms of contract.

Foreign currencies

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling using the rates of exchange prevailing at the dates of those transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All profits or losses arising on retranslation are taken to the profit and loss account in the year in which they arise.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Taxation

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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.

Deferred tax is calculated on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of expenditure required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is

Axalta Powder Coating Systems UK Limited

Statement of accounting policies (continued)

Provisions for liabilities (continued)

material, the provision is measured at present value using a pre-tax discount rate. The unwinding of the discount is recognised as interest expense in profit or loss in the period it arises.

Equity

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

Pension costs

Contributions in respect of the defined contribution pension scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The company participates in the HPG Pension scheme, which was a group defined benefit scheme operated by Axalta Coating Systems UK Limited. The scheme was closed to new contributions from 1 April 2014. The financial statements recognise the company's share of the net defined benefit liability of the group scheme and associated net defined benefit cost in the year.

The cost of providing benefits under the defined benefit scheme is determined using the project unit credit method and is based on actuarial advice. When a settlement or curtailment occur, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in profit or loss during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance income or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015

1 Turnover

The analysis of turnover by geographical destination for the one major class of business, all of which relates to the sale of goods, is set out below:

	2015	2014
	£'000	£'000
United Kingdom	8,610	7,436
Rest of Europe	8,815	7,263
Rest of the World	117	114
	17,542	14,813

2 Operating (loss)/profit

	2015	2014
	£'000	£'000
Operating Profit/(loss) is stated after charging/(crediting) the following amounts:		
Depreciation on tangible fixed assets	257	279
Curtailment benefit relating to DB pension scheme	-	(858)
Hire of plant and machinery – operating leases	74	54
Hire of other assets – operating leases	49	32
Foreign currency exchange loss	65	11
Exceptional administration costs – restructuring costs	90	-
Services provided by the company's auditors:		
Fees payable for the audit	15	12

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Staff numbers and costs

The average monthly number of persons employed during the year can be analysed as follows:

	2015 Number	2014 Number
By function:		
Production	37	36
Administration	9	9
Sales	16	16
	62	61
	£'000	£'000
Staff costs:		
Wages and salaries	2,353	2,095
Social security costs	263	205
Other pension costs (see note 15)	279	364
	2,895	2,664

4 Information regarding directors and employees

	2015 £'000	2014 £'000
Emoluments of directors		
As executives	156	150
Payments to defined contribution and benefit pension schemes	13	10
Total aggregate emoluments	169	160

Only two directors received emoluments including payments to the defined contribution scheme in 2015 and to both the defined benefit and defined contribution pension schemes in 2014 from the company in respect of their services to the company. The above emoluments represent the total emoluments of the directors of the company. There were no sums receivable under long-term incentive schemes neither any sums paid to third parties for directors' services.

During the year retirement benefits were accruing to two directors (2014: two) in respect of a defined benefit pension scheme.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Interest receivable and similar income

	2015	2014
	£'000	£'000
Bank interest receivable	1	1

6 Interest payable and similar charges

	2015	2014
	£'000	£'000
Bank borrowings	4	3
Interest payable to group undertakings	63	69
	67	72

7 Tax on (loss)/profit on ordinary activities

a) Analysis of tax in the year

	2015	2014
	£'000	£'000
UK corporation tax on (loss)/profit for the year		
Current year	(6)	130
Total current tax	(6)	130
Deferred tax: origination and reversal of timing differences	9	(76)
Deferred tax : change in tax rates	(4)	-
Total tax on (loss)/profit on ordinary activities	(1)	54

The tax assessed for the year ended 31 December 2015 is higher (2014: lower) than the effective rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The effective rate for 2015 was calculated using a rate of 21% until 31 March 2015 and 20% from 1 April 2015.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Tax on (loss)/profit on ordinary activities (continued)

b) Tax (income)/expense included in other comprehensive income

	2015	2014
	£'000	£'000
Current tax	6	(130)
Deferred tax origination and reversal of timing differences	192	187
Total tax expense included in other comprehensive income	198	57

c) Reconciliation of tax charge

	2015	2014
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(153)	962
Tax on (loss)/profit on ordinary activities at effective United Kingdom corporation tax rate of 20.25% (2014: 21.5%)	(31)	207
Effects of:		
Re-measurement of deferred tax – change in UK tax rate	(4)	-
Accelerated capital allowances and other timing differences	(107)	(217)
Losses not recognised (group relief arrangement)	141	64
Total tax charge for the year	(1)	54

Tax assessed for the period is higher (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5%). The difference are explained above

d) Factors affecting current and future tax charges

During the year as a result of the changes in the UK corporation tax rate to 20% from 1 April 2015 and to 18% from 1 April 2020, which were substantially enacted on 2 July 2013 and 26 October 2015, the relevant deferred tax balances have been re-measured.

At 31 December 2015 the Company had trading losses of approximately £694,703 (2014: £301,103) which have been fully transferred within the UK Group Relief arrangement as such the company has not recognized a deferred tax asset of £140,677.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Tangible assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2015	4,468	1,665	3,039	175	9,347
Additions	-	-	-	612	613
Disposals	-	(3)	(32)	-	(35)
Reclassifications	-	1	183	(184)	-
At 31 December 2015	4,468	1,663	3,190	603	9,924
Accumulated depreciation					
At 1 January 2015	3,560	1,527	1,987	-	7,074
Charge for the year	117	27	113	-	257
Disposals	-	(3)	(32)	-	(35)
At 31 December 2015	3,677	1,551	2,068	-	7,296
Net book value					
At 31 December 2015	791	112	1,123	603	2,628
At 31 December 2014	908	138	1,052	175	2,273

Depreciation has not been charged on freehold land, which is stated at its cost of £192,247.

9 Stocks

	2015 £'000	2014 £'000
Raw materials and consumables	1,152	1,290
Finished goods	1,285	835
	2,437	2,125

Stock recognised in cost of sales during the year as an expense was £13,699,116 (2014: £11,423,952).

No impairment loss (2014: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,681	1,719
Amounts owed by group undertakings	578	629
Other debtors	2	10
Prepayments and accrued income	34	90
	2,295	2,448

An impairment loss £117,065 (2014: £67,841) was recognised against trade debtors.

11 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	1,642	1,061
Amounts owed to group undertakings	1,651	969
Taxation and social security	290	290
Accruals and deferred income	262	148
	3,845	2,468

12 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Loan owed to group undertaking	6,180	5,180

There is one loan owed to a group undertaking, the loan is unsecured, the loan for £6,180,000 bears fixed interest at 1.04% and is repayable on demand, the lender has indicated their intention not to call the loan for repayment within one year of the balance sheet date.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Provisions for liabilities

At 31 December 2015 the asset for deferred taxation at 18% (2014: 20%) comprises:

	2015	2014
	£'000	£'000
Accelerated capital allowances	40	34
Liability for deferred tax excluding that relating to pension liability	40	34
Deferred tax asset on pension liability (note 15)	(229)	(421)
Total deferred tax asset	(189)	(387)
Asset at beginning of the year	(387)	(498)
Deferred tax credited in the profit and loss account for the year (note 7)	6	(76)
Deferred tax debited to other comprehensive income	192	187
Asset at the end of the year	(189)	(387)

Of the deferred tax asset of £189,000 (2014: £387,000) the deferred tax asset on the pension liability of £229,000 (2014: £421,000) has been deducted in arriving at the net pension liability on the balance sheet.

14 Called up share capital

	2015	2014
	£'000	£'000
Authorised:		
1,000,000 (2014: 1,000,000) ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000,000 (2014: 1,000,000) ordinary shares of £1 each	1,000	1,000

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Pension costs

The company participates in the HPG Pension scheme, which was a group defined benefit scheme operated by Axalta Coating Systems UK Limited.

On the 1 April 2014 the HPG defined benefit scheme was closed to new contributions.

The assets of the scheme are held separately from those of the member companies and the latest formal triennial valuation of the Fund was carried out at 5 April 2014. The valuation was carried out by a qualified Actuary in accordance with legislative and professional requirements.

With effect from 1 July 2011, the scheme was also closed to new entrants and replaced with a defined contribution scheme at a current contribution rate of 4% employee and 10% employer on pensionable pay, following the closure of the HPG scheme on the 31 March 2014 all employees were offered membership in the defined contribution scheme. The pension cost charged in the profit and loss account of £174,551 (2014: £129,585) represents contributions payable by the company to the scheme during the year and there were no prepayments or outstanding contributions at 31 December 2015 (2014: £nil).

Following a review of the membership records, the company has adopted FRS 102 in these financial statements to account for the current deficit of the scheme within the individual member companies rather than within the group financial statements of the parent company, Axalta Coating Systems UK Holding Limited.

The actuarial valuation carried out at 31 December 2015 for the purposes of complying with FRS 102 disclosed a deficit for the scheme of £4,018,000 after tax, of which the company has been allocated 26% based on total membership records for the scheme.

Contributions paid during the year amounted to £956,804 (2014: £1,022,000), the contribution rates for the company remained at 25.2% of pensionable salaries until the 31 March 2014 when the scheme was closed to further contributions, this payment represents additional annual contribution which is paid over at an increasing rate of 3.7% per annum which will continue until the deficit is cleared.

The curtailment gain in 2014 was derived due to the difference between the liability calculated as active members (which assumes salary increases to accrued benefits) and as deferred pensioners (which assumes deferred pension revaluation) following the closure of the HPG pension scheme to new contributions.

Expected future benefit payments and contributions for the year ended 31 December 2016 are £1,118,000 and £988,000 respectively.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Pension costs (continued)

	2015	2014
Financial assumptions	%	%
Inflation	3.40	3.30
Long term rate of return on assets (No longer applicable for FRS102)	-	4.80
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment	3.10	3.00
Rate of increase for deferred pensioners	2.40	2.30
Discount rate	3.80	3.70

The discount rate has been based on high-quality sterling-denominated corporate bonds as at 31 December 2015 and takes into account the term structure of these corporate bond yields relative to the term structure of the Scheme's projected liabilities.

The life expectancies based on an assumed retirement age of 65 are as follows:

	2015	2014
	Years	Years
Retiring today:		
Males	23.5	23.4
Females	25.9	25.7
Retiring in 15 years' time:		
Males	25.5	25.4
Females	28.0	27.8

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Pension costs (continued)

	2015	2014
	£'000	£'000
Fair value of assets and reconciliation to the balance sheet		
Equity Securities	11,700	14,274
Debt Securities	15,600	14,508
Real estate/property	1,430	-
Other	156	78
Total market value of assets	28,886	28,860
Actuarial value of scheme liabilities	(30,160)	(30,966)
Deficit in the scheme	(1,274)	(2,106)
Related deferred tax asset at 18% (2014: 20%)	229	421
Net pension deficit	(1,045)	(1,685)

	2015	2014
	£'000	£'000
Analysis of movements in deficit during the year		
Deficit at 1 January	(2,106)	(3,042)
Contributions paid	957	1,022
Current service cost	(104)	(234)
Curtailment	-	858
Net interest income/(cost)	(52)	(104)
Remeasurement gain/(loss)	31	(606)
Deficit at 31 December	(1,274)	(2,106)

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Pension costs (continued)

	2015	2014
	£'000	£'000
Analysis of amounts charged/(credited) to operating profit		
Current service cost	104	234
Extraordinary income – pension curtailment	-	(858)
Net charge/(credit) to operating profit	104	(624)
Analysis of the amount charged to other finance income/(costs)		
Net interest on net defined benefit liability	52	104
Total profit and loss charge/(credit) before deduction for tax	156	(520)
	2015	2014
	£'000	£'000
Analysis of the amounts recognised in comprehensive income		
Actuarial (gain)/loss on assets	(676)	2,470
Return on plan assets less/(greater) than discount rate	645	(1,864)
Remeasurement (gain)/loss	(31)	606
Total defined benefit cost before deduction for tax	125	86

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Pension costs (continued)

	2015	2014
	£'000	£'000
Movements in scheme assets		
Fair value of assets brought forward	28,860	25,948
Interest income on plan assets	1,066	1,144
Return on plan assets (greater)/less than discount rate	(645)	1,864
Contributions paid	957	1,022
Administration Expenses	(104)	(130)
Participants' contributions	-	26
Benefits paid	(1,248)	(1,014)
Fair value of assets carried forward	28,886	28,860

The actual return on scheme assets during the year was £416,000 (2014: £3,016,000).

	2015	2014
	£'000	£'000
Movement in scheme liabilities		
Scheme liabilities brought forward	30,966	28,990
Current service cost	-	104
Interest on pension scheme liabilities	1,118	1,248
Participants' contributions	-	26
Actuarial (gain)/loss on assets	(676)	2,470
Curtailment	-	(858)
Benefits paid	(1,248)	(1,014)
Scheme liabilities carried forward	30,160	30,966

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Financial commitments

At 31 December 2015 the company had annual commitments under non-cancellable operating leases for assets other than those for Land and Buildings as follows:

	2015	2014
	£'000	£'000
Expiring within one year	33	9
Expiring between two and five years inclusive	226	53
Expiring in more than five years	-	-
	259	62

17 Guarantees and contingent liabilities

At 31 December 2015 the company had provided a specific counter indemnity of £50,000 (2014: £50,000) in respect of an insurance bond given on its behalf to HM Revenue and Customs. The company has insurance arrangements to mitigate costs which may arise from the HM Revenue and Customs indemnity.

The company's controlling partner Axalta Coating Systems UK Holding Limited has provided a guarantee against the assets of the company in relation to financing from Barclays Bank PLC and Wilmington Trust National Association.

18 Related party transactions

The company has taken advantage of the exemption under FRS 102 not to disclose transactions and balances with fellow subsidiary undertakings which are wholly held within the group, and which are included in the published financial statements of Axalta Coating Systems Bermuda Company Limited, the ultimate parent undertaking.

Axalta Powder Coating Systems UK Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

19 Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Axalta Coating Systems UK Holding Limited and remains so through to the end of the year covered by these financial statements', both companies being registered in England.

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

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

20 Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative prior year amounts. The impact from the transition to FRS 102 is as follows:

Reconciliation of profit and loss for the year ended 31 December 2014

	31 December 2014
	£'000
Profit for the year reported under previous UK GAAP	1,132
Adjustment to net interest on defined benefit pension liability	(286)
Adjustment to tax computation	62
Restated profit for the financial year	908

The following were changes in accounting policies arising from the transition to FRS 102:

Adjustment to net interest on defined benefit pension liability

There is a presentation change under FRS 102 whereby net interest on the defined benefit pension liability is presented in the profit and loss account using the liability discount rate. Under previous UK GAAP the interest on the expected return on net assets was calculated using an expected asset return discount rate. This had no impact on shareholders equity on transition but affects the allocation of interest between the profit and loss account and other comprehensive income. As such there was a decrease in profit arising from this adjustment which was offset by a corresponding increase in other comprehensive income.