

Company Registration No. 01074133 (England and Wales)

**AXALTA POWDER COATING SYSTEMS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J I Blenkinsopp J Ridgeway
<b>Secretary</b>	J I Blenkinsopp
<b>Company number</b>	01074133
<b>Registered office</b>	Unit 1 Quadrant Park Mundells Welwyn Garden City Hertfordshire United Kingdom AL7 1FS
<b>Auditor</b>	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL

# AXALTA POWDER COATING SYSTEMS UK LIMITED

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# AXALTA POWDER COATING SYSTEMS UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their strategic report and the audited financial statements of the company for the year ended 31 December 2022.

#### Fair review of the business

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

The company's key financial performance indicators for the year were:

	2022	2021	Change
	£'000	£'000	%
Turnover	25,048	21,496	16.5
Gross profit	5,158	5,590	-7.7
EBITDA	413	2,654	-84.4

In 2022 turnover grew by 16.5% over the previous year, with selling price increases to compensate for raw material and other inflationary increases along with some customer gains in the UK market. This, alongside increased intercompany sales with our sister facilities mainly in the EMEA region, are the main drivers for the improvement in turnover year on year.

Axalta Powder Coating Systems UK Limited made a profit for the financial year of £190k (2021: £2,585k) with net assets at the period end of £53,870k (2021: £53,680k). The reduction in both profit and EBITDA in the current year is driven by high raw material and cost inflation, mitigated to a degree by selling price increases and cost saving projects rolled out in the entity, however other significant cost increases in respect of intercompany charges contributed to the overall reduction in the year.

Net asset position remains strong and aligned with prior year result.

In 2023 the business focus will be to continue to drive profitable growth in all business segments supported by the company.

#### 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 which is computed using an arms-length OECD review protocol supported by transfer pricing documentation, accrued interest is settled between the legal entities monthly. At 31 December 2022 the cash position loaned to Axalta Coating Systems Finance 2 S.a.r.l. amounts to £22,198k (2021: £17,346k) and the cash position borrowed from Axalta Coating Systems Finance 3 S.a.r.l. amounts to £25,658k (2021: £13,370k).

# **AXALTA POWDER COATING SYSTEMS UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **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 Limited incorporated in Bermuda, which includes entering into contractual arrangements in order to limit the adverse effects on the company's financial performance.

In relation to foreign exchange management, the parent company makes use of financial derivatives as appropriate, and these transactions are not passed down to the subsidiary companies. Financial risk management is not considered material for an assessment of the company's assets, liabilities, financial position and profit at 31 December 2022.

### **Principal risks and uncertainties**

The company operates within the sale of surface coatings to the OEM, plastic and refinish markets within the automotive industry. Quality and reliability of product and brand reputation is critical within this sector and the company has in place a robust process to mitigate this risk by ensuring high quality standards are maintained.

The company's management recognises that there are several risk factors beyond their control, which could have an impact on the annual results. These include, but are not limited to, global economic conditions, exchange rates, volume and timing of customer orders, increasing competition in a global marketplace, retaining existing customers and changes in the cost and availability of raw materials. The directors and senior management will seek to mitigate these risks as far as possible by staying close to the current and forecast prospects for the economy and industry, coupled with maintaining strong relationships with customers and the supply chain alike. The retention of the customer base is a risk which is mitigated by offering a comprehensive and thoroughly tested approach in this market from initial order to aftermarket services.

Approved and signed on behalf of the board.

J I Blenkinsopp  
**Director**

29 September 2023

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their annual report and audited financial statements for the year ended 31 December 2022.

### Review of the business and future developments

Please refer to strategic report on pages 1-2 for further disclosure on the future developments and financial risk management.

### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2021: £85,000k). The directors do not recommend payment of a final dividend (2021: nil).

### 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

J Ridgeway

### Research and development

During the year, the company continues to look at new products and production processes. Costs expensed to the profit and loss account during the year amounted to £19k (2021: nil)

### 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 became 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.

### Fostering business relationships

The company aims to be the first choice for customers' needs, enabling them to enjoy the full value of their relations with the business. The company builds long term customer relationships by providing unrivalled levels of service and an offering which is unmatched in its flexibility.

These relationships contribute to the company's competitive advantage. They not only enable us to execute our strategy efficiently, but also help suppliers plan their business, managing cash flow and production.

The company also engages actively with suppliers to make sure they fully comply with our code of conduct for suppliers and partners, which includes provision on human rights and environmental standards.

### Qualifying third party indemnity provisions

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.

### Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Energy and carbon report

We confirm that the company's energy consumption was less than 40,000 kWh in the year. As such, we have chosen not to disclose the company's energy and carbon information in the annual report.

### Statement of directors' responsibilities

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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.

### Statement of disclosure to auditor

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 is 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 auditor is aware of that information.

### Going concern

The directors have considered the expected future cash flows for the business, taking into account potential risks. They expect to continue to have access to sufficient funding through the group's cash pooling arrangements as discussed in the strategic report. As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

On behalf of the board

J I Blenkinsopp  
**Director**

29 September 2023

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AXALTA POWDER COATING SYSTEMS UK LIMITED

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#### Opinion

We have audited the financial statements of Axalta Powder Coating Systems UK Limited ('the company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2022 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 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- The information given in the 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 POWDER COATING SYSTEMS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AXALTA POWDER COATING SYSTEMS UK LIMITED

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available. All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- Health and safety and environmental protection legislation;
- UK Tax legislation; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AXALTA POWDER COATING SYSTEMS UK LIMITED

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*Extent the audit was considered capable of detecting irregularities, including fraud (continued)*

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Performing audit work procedures confirming the completeness of revenue recognised within the financial statements, including a reconciliation of sales orders to the sales ledger by value, tracing a sample of sales from the point of initiation through to the sales ledger ensuring sales have been accurately recorded, and performing appropriate cut-off procedures at the year end;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Reviewing records of any health and safety or environmental protection incidents including management's assessment of their potential impact on the company;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

#### **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.

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

29 September 2023

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

Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Turnover</b>	<b>3</b>	25,048	21,496
Cost of sales		(19,890)	(15,906)
<b>Gross profit</b>		5,158	5,590
Distribution costs		(3,167)	(1,070)
Administrative expenses		(1,820)	(2,120)
<b>Operating profit</b>	<b>4</b>	171	2,400
Interest receivable and similar income	<b>8</b>	502	463
Interest payable and similar expenses	<b>9</b>	(433)	(220)
<b>Profit before taxation</b>		240	2,643
Tax on profit	<b>10</b>	(50)	(58)
<b>Profit for the financial year</b>		190	2,585

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

## AXALTA POWDER COATING SYSTEMS UK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Profit for the year	190	2,585
Other comprehensive income		
Actuarial gain on defined benefit pension schemes	-	100
Tax relating to other comprehensive income	-	(25)
Other comprehensive income for the year	-	75
Total comprehensive income for the year	190	2,660

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		2,158		2,215
Investments	13		47,339		47,339
			<u>49,497</u>		<u>49,554</u>
<b>Current assets</b>					
Stocks	15	5,306		3,666	
Debtors	16	29,175		23,431	
Cash at bank and in hand		2,490		3,686	
		<u>36,971</u>		<u>30,783</u>	
<b>Creditors: amounts falling due within one year</b>	17	(32,291)		(26,400)	
<b>Net current assets</b>			<u>4,680</u>		<u>4,383</u>
<b>Total assets less current liabilities</b>			<u>54,177</u>		<u>53,937</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	18	307	(307)	257	(257)
<b>Net assets excluding pension liability</b>			<u>53,870</u>		<u>53,680</u>
<b>Defined benefit pension liability</b>	19		-		-
<b>Net assets</b>			<u><u>53,870</u></u>		<u><u>53,680</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		1,000		1,000
Profit and loss reserves	21		52,870		52,680
<b>Total equity</b>			<u><u>53,870</u></u>		<u><u>53,680</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

J I Blenkinsopp  
Director

Company Registration No. 01074133

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>		1,000	135,020	136,020
<b>Year ended 31 December 2021:</b>				
Profit for the year		-	2,585	2,585
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	100	100
Tax relating to other comprehensive income		-	(25)	(25)
Total comprehensive income for the year		-	2,660	2,660
Dividends	11	-	(85,000)	(85,000)
<b>Balance at 31 December 2021</b>		1,000	52,680	53,680
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the year		-	190	190
<b>Balance at 31 December 2022</b>		1,000	52,870	53,870

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Axalta Powder Coating Systems UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 Quadrant Park, Mundells, Welwyn Garden City, Hertfordshire, United Kingdom, AL7 1FS. The company's principal activity is disclosed 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 presented in Sterling (£), which is also the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000. 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, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, income, expense, gains or losses relating to financial instruments, and exposure to and management of financial risks; and
- 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 24. The financial statements contain information about Axalta Powder Coating Systems UK Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statement of its ultimate parent Axalta Coating Systems Ltd.

#### 1.2 Going concern

The directors have considered the expected future cash flows for the business, taking into account potential risks. They expect to continue to have access to sufficient funding through the group's cash pooling arrangements as discussed in the strategic report. As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

#### 1.3 Turnover

Turnover, which excludes value added tax, 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.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

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.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

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	3-15 years
Fixtures and 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.

#### 1.6 Fixed asset investments

Investments in subsidiary and associated undertakings are accounted for at cost less impairment. Any impairment in value is written off immediately to profit and loss.

#### 1.7 Stocks

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.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company is applying sections 11 and 12 of FRS 102. Basic financial assets and liabilities, which include loans receivable and payable from group undertakings, are initially recorded at the present value of future payments discounted at a market rate of interest. Subsequently they are measured at amortised cost using the effective interest method, less any impairment.

##### Debtors

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

##### Creditors

Short term creditors 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.



# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.10 Equity instruments

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. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

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

##### *Current tax*

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*

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.

#### 1.12 Employee benefits

The cost of short-term employment 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.

Under FRS 102 the amount of any surplus should be restricted so that it is no more than the economic benefits that could be realised by the company, either in the form of future refunds or reductions in future contributions.

#### 1.13 Pension costs

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

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 19.

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.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

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 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. Where the pension scheme is in surplus, no asset is recorded in the balance sheet.

#### 1.14 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.

#### 1.15 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.

#### 1.16 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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.

#### Critical judgements

##### *Recognition of pension surplus*

Certain assumptions have been adopted for factors that determine the company's liability for pension obligations at the year end and of future returns on pension scheme assets and charges to the income statement. Under FRS 102 the amount of any pension surplus should be restricted so that it is no more than the economic benefits that could be realised by the company, either in the form of future refunds or reductions in future contributions. The company does not choose to recognise a surplus on the basis that the company is unable to realise any future economic benefit from the pension scheme asset. This judgement is based upon a number of assumptions including actuarial advice.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### *Pension assumptions*

Changes in assumptions made in valuing the defined benefit pension deficit could have a significant effect on profit for the year, other comprehensive income and the financial position. These assumptions are reviewed on an annual basis and the most appropriate assumptions selected based on actuarial advice. The assumptions used at the year-end are disclosed in note 19.

### 3 Turnover and other revenue

	2022	2021
	£'000	£'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	10,718	9,860
Rest of Europe	13,522	11,373
Rest of the world	808	263
	<u>25,048</u>	<u>21,496</u>

### 4 Operating profit

	2022	2021
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(973)	(753)
Research and development costs	19	-
Depreciation of owned tangible fixed assets	242	255
Operating lease charges	123	126
	<u></u>	<u></u>

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 5 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	26	25
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	3	3
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2022 Number	2021 Number
Production	56	39
Administration	5	5
Sales	4	13
	<u>          </u>	<u>          </u>
Total	65	57
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	2,738	2,437
Social security costs	308	273
Pension costs	215	313
	<u>          </u>	<u>          </u>
	3,261	3,023
	<u>          </u>	<u>          </u>

### 7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	102	117
Company pension contributions to defined contribution schemes	9	9
	<u>          </u>	<u>          </u>
	111	126
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under both the defined contribution and benefit schemes amounted to 1 (2021: 1).

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Directors' remuneration

(Continued)

In addition to the above which represents emoluments for one director (2021: one), emoluments in respect of the other director of this entity is borne by a fellow group entity Axalta Coating Systems UK Limited who makes no recharge to the company. The director is a director of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries.

### 8 Interest receivable and similar income

	2022 £'000	2021 £'000
<b>Interest income</b>		
Interest on bank deposits	-	7
Interest on the net defined benefit asset	-	25
Interest receivable from group companies	502	431
	<u>502</u>	<u>431</u>
Total income	<u>502</u>	<u>463</u>

### 9 Interest payable and similar expenses

	2022	2021
Interest payable to group undertakings	433	220
	<u>433</u>	<u>220</u>

### 10 Taxation

	2022 £'000	2021 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(8)
	<u>-</u>	<u>(8)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	41	(26)
Changes in tax rates	-	62
Adjustment in respect of prior periods	9	30
	<u>50</u>	<u>66</u>
Total deferred tax	<u>50</u>	<u>66</u>
	<u>50</u>	<u>58</u>
Total tax charge	<u>50</u>	<u>58</u>

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Taxation

(Continued)

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:

	2022 £'000	2021 £'000
Profit before taxation	240	2,643
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	46	502
Tax effect of expenses that are not deductible in determining taxable profit	-	19
Group relief claimed	(5)	(522)
Accelerated capital allowances and other timing differences	-	37
Adjustment in respect of prior years - corporation tax	-	30
Adjustment in respect of prior years - deferred tax	9	(8)
Taxation charge for the year	50	58

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

	2022 £'000	2021 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	-	25

The Finance Act 2021 was substantively enacted on the 24 May 2021, this set the main rate of corporation tax from the 1st April 2023 to 25%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 11 Dividends

	2022 £'000	2021 £'000
Interim paid	-	85,000

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Tangible fixed assets

	Freehold buildings	Assets under construction	Plant and machinery	Fixtures and fittings and equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2022	4,549	14	4,646	1,393	10,602
Additions	-	195	-	-	195
Disposals	(14)	-	(16)	(70)	(100)
Transfers	52	(134)	82	-	-
	<u>4,587</u>	<u>75</u>	<u>4,712</u>	<u>1,323</u>	<u>10,697</u>
<b>Depreciation and impairment</b>					
At 1 January 2022	4,241	-	2,790	1,356	8,387
Depreciation charged in the year	214	-	22	6	242
Eliminated in respect of disposals	(14)	-	(6)	(70)	(90)
	<u>4,441</u>	<u>-</u>	<u>2,806</u>	<u>1,292</u>	<u>8,539</u>
<b>Carrying amount</b>					
At 31 December 2022	<u>146</u>	<u>75</u>	<u>1,906</u>	<u>31</u>	<u>2,158</u>
At 31 December 2021	<u>308</u>	<u>14</u>	<u>1,856</u>	<u>37</u>	<u>2,215</u>

Depreciation has not been charged on freehold land, which is stated at its cost of £192k (2021: £192k).

### 13 Fixed asset investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	14	<u>47,339</u>	<u>47,339</u>

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Axalta Coating Systems USA Holdings, Inc.	2001 Market street, Suite 3600, Philadelphia, PA 19103, USA	Holding Company	Ordinary	100.00	-
Dura Coat Products Inc.	5361 Via Ricardo, Riverside, CA 92509, USA	Manufacturer and seller of industrial coatings	Ordinary	0	100.00
Dura Coat Products of Alabama, Inc.	26655 People road, Hunstville, AL 35756, USA	Manufacturer and seller of industrial coatings	Ordinary	0	100.00

### 15 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	3,631	2,191
Finished goods and goods for resale	1,675	1,475
	<u>5,306</u>	<u>3,666</u>

### 16 Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,136	1,750
Amounts owed by group undertakings	27,039	21,646
Prepayments and accrued income	-	35
	<u>29,175</u>	<u>23,431</u>

Trade debtors is stated net of impairment loss of £156k (2021: £157k).

Amounts owed by group undertakings includes Axalta Coating Systems Finance 2 S.a.r.l. Cash Pooling £22,197,559 (2021: £17,345,818). Interest is applied at internal rates and the amount is unsecured and repayable on demand. All other amounts owed by group undertakings do not bear interest, are unsecured and are repayable upon demand.



# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	£'000	£'000
Trade creditors	3,496	3,479
Amounts owed to group undertakings	28,360	16,363
Loans due to group undertakings	-	6,180
Taxation and social security	297	202
Accruals and deferred income	138	176
	<u>32,291</u>	<u>26,400</u>

Amounts owed to group undertakings included Axalta Coating Systems Finance 3 S.a.r.l. Cash Pooling £25,657,953 (2021: £13,370,205). Interest is applied at internal rates and the amount is unsecured and repayable on demand. All other amounts owed to group undertakings do not bear interest, are unsecured and are repayable upon demand.

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2022	2021
	£'000	£'000
<b>Balances:</b>		
Accelerated capital allowances	<u>307</u>	<u>257</u>
<b>Movements in the year:</b>		<b>2022</b>
		<b>£'000</b>
Liability at 1 January 2022		257
Charge to profit or loss		<u>50</u>
Liability at 31 December 2022		<u>307</u>

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Retirement benefit schemes

#### Defined benefit schemes

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 2020. The valuation was carried out by a qualified Actuary in accordance with legislative and professional requirements.

Under FRS 102 the amount of any surplus should be restricted so that it is no more than the economic benefits that could be realised by the company, either in the form of future refunds or reductions in future contributions.

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 £150k (2021: £188k) represents contributions payable by the company to the scheme during the year.

Following a review of the membership records, and consistently with prior years, the current surplus of the scheme is accounted for in individual member companies rather than within the financial statements of the scheme operating company, Axalta Coating Systems UK Limited.

The actuarial valuation carried out at 31 December 2022 for the purposes of complying with FRS 102 disclosed a surplus for the scheme of £15,100k before tax (2021 surplus: £22,500k before tax), of which the company has been allocated 25% based on total membership records for the scheme, the surplus has been restricted by application of an asset ceiling, consequently net assets in the balance sheet are nil.

	2022	2021
	%	%
<i>Key assumptions</i>		
Discount rate	4.8	1.8
Expected rate of increase of pensions in payment	3.2	3.2
Expected rate of salary increases	N/A	N/A
Inflation rate	3.5	3.0
Rate of increase for deferred pensioners (pre 6 April 2009)	2.9	2.9
Rate of increase for deferred pensioners (post 5 April 2009)	2.5	2.5
	=====	=====
<i>Mortality assumptions</i>		
Assumed life expectations on retirement at age 65:	2022	2021
Retiring today	Years	Years
- Males	22.9	22.8
- Females	24.7	24.6
	=====	=====
Retiring in 15 years' time		
- Males	24.0	23.9
- Females	26.0	25.9
	=====	=====

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Retirement benefit schemes

(Continued)

The discount rate has been based on high-quality sterling-denominated corporate bonds as at 31 December 2022 and takes into account the term structure of these corporate bond yields relative to the term structure of the Scheme's projected liabilities.

	2022 £'000	2021 £'000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit asset	-	(25)
Current service cost	150	125
Total costs	150	100
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	12,850	(2,575)
Less: calculated interest element	600	500
Return on scheme assets excluding interest income	13,450	(2,075)
Actuarial gains	(11,500)	(2,750)
Effect of changes in the amount of surplus that is not recoverable	(1,950)	4,725
Total gain	-	(100)
<i>The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:</i>		
	2022 £'000	2021 £'000
Present value of defined benefit obligations	21,625	34,350
Fair value of plan assets	(25,300)	(39,975)
Surplus in scheme	(3,675)	(5,625)
Restriction on scheme assets	3,675	5,625
Total liability recognised	-	-

The DBO as at 31 December 2022 is less than the fair value of the scheme assets at that date, resulting in an overall surplus or net defined benefit asset. The directors of the company have concluded that the company does not have an unconditional right to 100% of the scheme surplus, therefore an asset ceiling has been applied and none of the surplus has therefore been recognised.

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Retirement benefit schemes

(Continued)

	2022	2021
<i>Movements in the present value of defined benefit obligations</i>	£'000	£'000
Liabilities at 1 January 2022	34,350	37,950
Benefits paid	(1,825)	(1,325)
Actuarial gains	(11,500)	(2,750)
Interest cost	600	475
At 31 December 2022	21,625	34,350

The defined benefit obligations arise from plans which are wholly funded.

	2022	2021
<i>Movements in the fair value of plan assets</i>	£'000	£'000
Fair value of assets at 1 January 2022	39,975	38,850
Interest income	600	500
Return on plan assets (excluding amounts included in net interest)	(13,450)	2,075
Benefits paid	(1,825)	(1,325)
Contributions by the employer	150	-
Current service cost	(150)	(125)
At 31 December 2022	25,300	39,975

The actual return on plan assets was a loss of £12,850k (2021: gain of £2,575k).

	2022	2021
<i>Fair value of plan assets at the reporting period end</i>	£'000	£'000
Equity instruments	275	7,275
Debt instruments	11,000	15,825
Property	2,500	2,400
Other	11,525	14,475
	25,300	39,975

The allocation of scheme assets and liabilities has been adjusted to reflect the current membership split between the two participating legal entities Axalta Coating Systems UK Limited and the Axalta Powder Coating Systems UK Limited, being 75:25 (2021: 75:25).

# AXALTA POWDER COATING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 20 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000,003	1,000,003	1,000	1,000

### 21 Profit and loss reserves

The profit and loss reserve includes all current and prior period retained profits and losses, net of any dividends paid.

### 22 Financial commitments, guarantees and contingent liabilities

At 31 December 2022 the company had provided a specific counter indemnity of £50k (2021: £50k) 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 party Axalta Coating Systems UK Limited has provided a guarantee against the assets of the company in relation to financing from Barclays Bank PLC.

### 23 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:

	2022 £'000	2021 £'000
Within one year	90	103
Between two and five years	39	108
	<u>129</u>	<u>211</u>

### 24 Ultimate controlling party

The immediate parent undertaking and controlling party is Axalta Coating Systems UK Limited registered at Unit 1 Quadrant Park, Mundells, Welwyn Garden City, Hertfordshire, United Kingdom, AL7 1FS.

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

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.