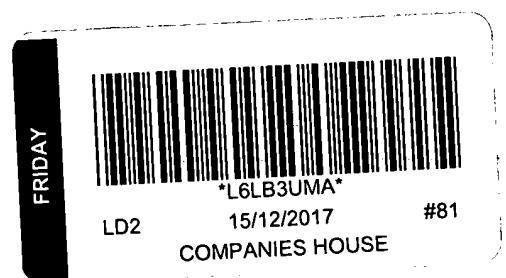


**Akzo Nobel Decorative Coatings Limited**

**Annual Report and Financial Statements**

**31 December 2016**

**Registered number 139914**



## Contents

Directors' Report	1
Independent auditors' report to the members of Akzo Nobel Decorative Coatings Limited	3
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the financial statements	8

## Directors' Report

The directors present their Directors' Report and audited Financial Statements for the year ended 31 December 2016.

### Principal Activities and Business Review

Following the sale of its trade and operating business assets in 2008, the Company continues to manage the legacy affairs of its former trading activities including a legacy portfolio of retained leasehold interests. These residual operations are expected to continue until at least 2018.

The Company made a profit after tax of £635,000 (2015: £24,000) during the financial year and has net assets of £10,122,000 (2015: 9,487,000) as at 31 December 2016.

### Change of Registered Office

On 1 October 2016, the Company changed its registered office address from 26th Floor, Portland House, Bressenden Place, London SW1E 5BG to The AkzoNobel Building, Wexham Road, Slough, United Kingdom, SL2 5DS.

### Strategic Report

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

### Dividend

The directors do not recommend the payment of a dividend (2015: £Nil).

### Directors

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

B. Kaster  
M. Smalley  
L. Dinnage (resigned 20 June 2016)

### Political contributions

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

### Financial Risk Management

Financial risk includes price risk, credit risk, liquidity risk and cash flow risk. These are addressed and managed at a group level as disclosed in the AkzoNobel Report 2016, pages 47 to 53. An overall risk management program seeks to identify, assess and if necessary, mitigate these financial risks in order to minimise potential adverse effects on financial performance. Copies of the Akzo Nobel N.V. Annual Report and Accounts may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.

### Future developments

The directors are of the opinion that the Company is in a position to continue its principal activities during 2017.

### Post balance sheet event

Amounts owed by group undertakings include an intercompany loan of £10,500,000 (2015: £10,500,000). The loan matured on 15 June 2017. Interest is fixed at 1.45%.

On 15 June 2017 the Company entered into a new loan agreement for £10,500,000 to mature on 15 June 2022. Interest is fixed at 1.74%. The new loan is classified as debtor amounts falling due after one year.

## Directors' Report (continued)

### Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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.

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.


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

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

### Independent Auditors'

On 3rd April 2017, KPMG LLP resigned as the Company's auditor, in line with the Group's planned rotation of audit firms. Pursuant to Section 485(3)(c) of the Companies Act 2006, PricewaterhouseCoopers LLP was appointed as the Company's auditor until the next period for appointing auditors.

By order of the Board



**L. Carter**  
Secretary

The AkzoNobel Building  
Wexham Road  
Slough  
United Kingdom  
SL2 5DS

12 December 2017

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

## **Report on the financial statements**

### **Our opinion**

In our opinion, Akzo Nobel Decorative Coatings 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 2016 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.

### **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 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and 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 101 "Reduced Disclosure Framework", 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.

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

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

## **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.

## 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.

## Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. 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 Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

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. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Miles Saunders (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

13 December 2017

**Statement of Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Administrative and other expenses	4	(12)	(104)
Other operating income	7	524	-
<b>Operating profit/(loss)</b>		<b>512</b>	<b>(104)</b>
Interest receivable and similar income	8	155	154
<b>Profit before taxation</b>		<b>667</b>	<b>50</b>
Tax on profit	9	(32)	(26)
<b>Profit for the financial year</b>		<b>635</b>	<b>24</b>
<b>Total comprehensive profit for the year</b>		<b>635</b>	<b>24</b>

The notes on pages 10 to 17 form part of these financial statements.

The results for both the current and preceding years relate to continuing operations.

**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Fixed assets</b>			
Investments	<i>10</i>	<b>21,901</b>	<b>21,901</b>
<b>Current assets</b>			
Debtors	<i>11</i>	<b>10,871</b>	<b>10,670</b>
<b>Creditors: amounts falling due within one year</b>	<i>12</i>	<b>(22,437)</b>	<b>(22,454)</b>
<b>Net current liabilities</b>		<b>(11,566)</b>	<b>(11,784)</b>
<b>Provisions for liabilities</b>	<i>13</i>	<b>(213)</b>	<b>(630)</b>
<b>Net assets</b>		<b>10,122</b>	<b>9,487</b>
<b>Capital and reserves</b>			
Called up share capital	<i>14</i>	<b>1,630</b>	<b>1,630</b>
Share premium account		<b>108,172</b>	<b>108,172</b>
Accumulated deficit		<b>(99,680)</b>	<b>(100,315)</b>
<b>Total Shareholders' funds</b>		<b>10,122</b>	<b>9,487</b>

The notes on pages 10 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 12 December 2017 and were signed on its behalf by:



**M Smalley**  
*Director*



**Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Accumulated deficit £000</b>	<b>Total Shareholders' funds £000</b>
Balance at 1 January 2015	1,630	108,172	(100,339)	9,463
Profit for the financial year	-	-	24	24
<b>Total comprehensive income for the year</b>	-	-	24	24
<b>Balance at 31 December 2015</b>	<b>1,630</b>	<b>108,172</b>	<b>(100,315)</b>	<b>9,487</b>

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Accumulated deficit £000</b>	<b>Total Shareholders' funds £000</b>
Balance at 1 January 2016	1,630	108,172	(100,315)	9,487
Profit for the financial year	-	-	635	635
<b>Total comprehensive income for the year</b>	-	-	635	635
<b>Balance at 31 December 2016</b>	<b>1,630</b>	<b>108,172</b>	<b>(99,680)</b>	<b>10,122</b>

The notes on pages 10 to 17 form part of these financial statements.

## Notes to Financial Statements

### 1 General Information

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

### 2 Accounting policies

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

#### 2.1 Basis of preparation

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

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

The financial statements are prepared on the historical cost basis.

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

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

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

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

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

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

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

## Notes to Financial Statements (*continued*)

### 2 Accounting policies (*continued*)

#### 2.2 *Going concern*

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

#### 2.3 *New standards, amendments and IFRIC interpretations*

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the Company.

#### 2.4 *Fixed asset investments*

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

#### 2.5 *Foreign currency translation*

##### *(a) Functional and presentation currency*

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

##### *(b) Transactions and balances*

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

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

#### 2.6 *Provisions*

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

## Notes to Financial Statements (*continued*)

### 2 Accounting policies (*continued*)

#### 2.7 Employee benefits

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

#### 2.8 Expenses

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Interest payable*

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

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

#### 2.9 Current and deferred tax

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

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

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

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

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

## Notes to Financial Statements (continued)

### 3 Critical accounting estimates and judgements

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

#### (a) Impairment of debtors

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

#### (b) Provisions

Provisions are based on estimates of future events that the Company has provided for now. This includes items such as restructuring, future plans of operations and environmental provisions. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, the geological circumstances, the necessity of employing particular methods of remediation, actions by governmental agencies or private parties, or other factors.

#### (c) Impairment of non-financial assets

When assessing impairment of non-financial assets, management considers factors including the net asset value, nature of the entity, historical experience (such as political environment) and future cash flows.

### 4 Profit before taxation

	2016 £000	2015 £000
<i>Profit before taxation is stated after (charging)/crediting:</i>		
Exchange (loss)/gains	(8)	3
Net insurance provisions (increase)	-	(81)
Administration and other costs	(4)	-
Lump sum contribution to pension scheme	-	(14)
Audit of these financial statements	-	(12)

The auditors' fee for audit of these financial statements was £12,518, was borne by another group Company, and was not recharged. In 2015, the audit fee of £12,000 was borne by the Company.

### 5 Staff numbers and costs

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

	2016	2015
Administration	10	10

All of the staff costs below are not borne by the Company but by wholly owned subsidiaries of the ultimate parent undertaking.

	2016 £000	2015 £000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	635	639
Social security costs	78	62
Pension costs	241	194
	954	895

## Notes to Financial Statements (continued)

### 6 Remuneration of directors

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

### 7 Other operating income

	2016 £000	2015 £000
Release of unused provisions	410	-
Release of accruals	100	-
Refund of contribution to pension fund	14	-
	<u>524</u>	<u>-</u>

### 8 Interest receivable and similar income

	2016 £000	2015 £000
Receivable from group undertakings	155	154
	<u>155</u>	<u>154</u>

### 9 Tax on profit

#### Recognised in the statement of comprehensive income

##### Analysis of charge in year

	2016 £000	2015 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	(32)	(26)
	<u>(32)</u>	<u>(26)</u>
Total tax expense	<u>(32)</u>	<u>(26)</u>

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit before taxation	667	50
	<u>667</u>	<u>50</u>
Tax using the UK corporation tax rate of 20% (2015: 20.25 %)	133	10
Income not deductible for tax purposes	(101)	16
	<u>32</u>	<u>26</u>
Total tax expense	<u>32</u>	<u>26</u>

Deferred tax assets are only recognised on losses to the extent that future probable taxable profits will be available against which the deferred tax asset can be utilised. Based upon future taxable profit forecasts of the Company, gross cumulative tax losses of £1,666,573 (2015: £1,666,573) with an equivalent deferred tax asset value of £283,317 (2015: £299,983) have not been recognised.

#### Factors that may affect future current and total tax charges

In the Autumn 2012 Budget Statement a corporation tax rate change was announced reducing the rate from 23% to 21% effective 1 April 2014 and in the Budget of March 2013 this 21% rate was further reduced to 20% effective

## Notes to Financial Statements (continued)

### 9 Tax on profit (continued)

from 1 April 2015. These changes were substantively enacted on 2 July 2013 and therefore the effective current tax rate applicable during 2015 was 20.25% and the rate applicable during 2016 was 20%.

In the Summer 2015 Budget Statement a corporation tax rate change was announced reducing the rate from 20% to 19% effective 1 April 2017, with a further reduction to 18% effective 1 April 2020. Both of these changes were substantively enacted on 26 October 2015.

In the March 2016 Budget Statement a corporation tax rate change was announced reducing the rate from 18% to 17% effective 1 April 2020. This change was substantively enacted at the balance sheet date and is applied to any deferred tax balances of the Company.

### 10 Investments

Cost	Shares in group undertakings £000
At beginning and end of year	23,400
<b>Provisions for impairment</b>	
At beginning and end of year	1,499
<b>Net book value</b>	
At 31 December 2016	21,901
At 31 December 2015	21,901

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

Subsidiary undertakings	Nature of business/Principal activity	Percentage and class of shares held		
Akzo Nobel Properties Limited	Dormant	100% Ordinary		
Subsidiary undertakings	Registered Office Address	Limited by shares or guarantee	Registration number	Public or private
Akzo Nobel Properties Limited	The Akzo Nobel Building Wexham Road Slough United Kingdom SL2 5DS	Shares	62178	Private

### 11 Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	10,814	10,596
Group relief receivable	38	65
Other debtors	19	9
	<b>10,871</b>	<b>10,670</b>

Amounts owed by group undertakings include an intercompany loan of £10,500,000 (2015: £10,500,000). The loan matured on 15 June 2017. Interest is fixed at 1.45%.

On 15 June 2017 the Company entered into a new loan agreement for £10,500,000 to mature on 15 June 2022. Interest is fixed at 1.74%. The new loan is classified as debtor amounts falling due after one year.

## Notes to Financial Statements (continued)

### 11 Debtors (continued)

Amounts owed by group undertakings include a balance of £231,000 (2015: £75,000) that is repayable on demand. Interest is charged monthly based on 1 month LIBOR plus a spread of -10 basis points.

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

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

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

	2016 £000	2015 £000
Amounts owed to group undertakings	22,405	22,324
Accruals and deferred income	32	130
	<u>22,437</u>	<u>22,454</u>

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

### 13 Provisions for liabilities

	Onerous lease £000	Insurance £000	Total £000
At beginning of year	78	552	630
Statement of comprehensive income	(78)	(332)	(410)
Utilised during year	-	(7)	(7)
	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	213	213

#### Insurance

This provision of £213,000 relates to both public liability and uninsured employee liability claims made by former employees of the Company or employees of former subsidiaries of the Company and is expected to be fully utilised by the end of 2017.

The provisions as at 31 December 2016 represent the directors' current best estimate of the expected future liabilities.

### 14 Called up equity share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
1,630,334 (2015: 1,630,334) ordinary shares of £1 each	1,630	1,630

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

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



## Notes to Financial Statements *(continued)*

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Less than one year	-	20
	<u>-</u>	<u>20</u>
	<u>-</u>	<u>20</u>

The Company leases land and buildings under operating leases.

### 16 Post-retirement benefit provisions

#### Defined benefit plans

The company is a participant in two group wide defined benefit schemes – Akzo Nobel (CPS) Pension Scheme (“CPS”) and ICI Specialty Chemicals Pension Fund (“the ISCPF”). As the legally sponsoring entities for these schemes, the financial statements of Akzo Nobel UK Ltd and Imperial Chemical Industries Limited respectively identify and disclose the information on the plans as prescribed by IAS19, and these financial statements are available from the companies’ registered office at The AkzoNobel Building, Wexham Road, Slough, SL2 5DS or from Companies House. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by a qualified independent actuary, and charged as a percentage of salary costs. The charge recognised by the Company in respect of active members in 2016 was £218,000 (2015: £178,000). The group-wide policy is that funding deficits are not charged to non-sponsoring entities.

#### Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to this plan in 2016 was £23,000 (2015: £2,000)

### 17 Bank facilities

The Company participated in a cash pooling arrangement with certain other group companies. This arrangement allowed the Company to draw upon or credit amounts to a separate designated facility within a cash pool account in the name of Akzo Nobel Coatings (BLD) Limited. The Company operated the facility as if it were the Company’s own bank account; however, the Company had no legal title. Accordingly the amounts have therefore been included within amounts owed to group undertakings rather than as cash at bank.

The facility closed during 2016, the overall cash pool balance at 31 December was £ nil (2015: £1,076,000 credit).

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

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

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

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