

**Akzo Nobel Aerospace Coatings Limited**

**Annual Report and Financial Statements**

**Registered number 00938151**

**31 December 2021**

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## **Strategic Report**

*for the year ended 31 December 2021*

The directors present their Strategic Report for the year ended 31 December 2021.

### **Principal activities**

The principal activity of the Company is the sale and distribution of coatings to the aerospace industry.

### **Business review**

The Company's business is part of the AkzoNobel Performance Coatings Business Unit of the group headed by Akzo Nobel N.V. Full information on the strategy of the Business Unit can be found in the Annual Report and Financial Statements 2021, pages 20 – 21, of the ultimate parent company; Akzo Nobel N.V. Copies are available as indicated in note 22 of the financial statements.

During the year, the business experienced extremely volatile market conditions due to a number of factors: Major suppliers had raised prices mid-year again, which had significantly impacted margins; VAT custom duties, REACH regulations and other administrative matters resulting from Brexit had led to customers using other AkzoNobel companies for supply.

### **Strategic developments**

Despite the COVID-19 crisis severely impacting our performance, our strategy remains unchanged: we continue to develop our business segments with the aim of growing above the market.

### **Operational performance**

In 2021 both volume and turnover remained in line with 2020 due to the continued impact of COVID19 on the aerospace industry globally.

### **Impact of COVID-19 on our business**

The onset of COVID-19 has had a huge global impact, the repercussions of which will be felt for generations to come. The first national lockdown on 26 March 2020, led to closure of all non-essential stores in the UK. The UK government advised people to 'stay at home' which included working from home if possible.

The UK subsequently entered into a second national lockdown on 22nd September 2020, which encouraged a return to working at home, and a third national lockdown took place on 6 January 2021. For further details on the Company's response to COVID-19 during the height of the pandemic, please refer to the 2020 Annual Report.

During this ongoing period of uncertainty, the Board of Directors supported plans and activities to keep our colleagues safe whilst following UK government guidance. Operations staff continued working on site and office based staff attended site on a rotational basis to provide a 'skeleton' attendance.

On 19 July 2021, the UK government removed the vast majority of the restrictions in so far as they related to the Company. The Company via senior management issued communications to colleagues, outlining steps for a phased return to the office environment over the second half of the year.

Plans were monitored regularly and using feedback from colleagues, adapted to suit their needs with health & safety and wellbeing at the forefront of the transition to returning to work in an office environment.

The Board of Directors reviews the long-term progress of activities at quarterly board meetings to ensure that the health and safety of our colleagues is at the heart of our business.

**Strategic Report (continued)**  
*for the year ended 31 December 2021*

**Key performance indicators**

The Company assesses business performance over many indicators; both stand alone and also as a key part of the Speciality Coatings Sub Business Unit. Full analysis of this business area is provided in the annual report, pages 20-21, of Akzo Nobel N.V. as indicated above. The standalone indicators are presented in the below table.

Indicator	2021	2020 (restated)	Delta
Turnover from sale of product	£7,842,000	£7,868,000	(£26,000)
Pre-tax profit margin (profit before taxation divided by turnover)	20.62%	19.90%	0.72%

Turnover includes both third parties and intercompany sales.

**Research and development**

R&D is performed at central level in the Netherlands.

**Future developments**

The business continued to adapt to additional Brexit impacts throughout 2021. From an operations and administration perspective additional documentation is required for imports/exports and delivery delays as a result of import/export clearance are now more frequent. This was more so the case early in the year, but stakeholders involved in the process became more familiar with the new requirements if not the actual workload involved with meeting them. The business also made some strategic decisions to relocate some of the product lines originally made in Leicester to the Sassenheim organisation in order to try and minimise some of the Brexit impacts noted above.

**Principal risks and uncertainties**

**Economy**

The Company recognises that the possible risks to its operations are unfavourable exchange rates and its exposure to credit risks, which are managed through reducing the Company's exposure to foreign currency and strict adherence to the Group's credit policy.

**Going concern**

The directors have assessed the cash flow requirements for at least twelve months from date of approval of the financial statements which show that the company can pay its liabilities as they fall due. Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating its intention that it shall continue to provide financial and other support to the company for the foreseeable future for a period of at least twelve months from the date of approval of these financial statements to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the company has adequate resources, including the existing cash pooling arrangement to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

As a result of the company's performance and financial position the directors do not consider there to be any material uncertainty relating to the company's ability to continue as a going concern and have prepared the financial statements on a going concern basis.

On behalf of the Board

Mark Richardson  
Mark Richardson (Jun 2, 2023 09:27 GMT+1)

**M. Richardson**  
Director

The AkzoNobel Building  
Wexham Road  
Slough  
SL2 5DS

2 June 2023

## **Directors' Report**

*for the year ended 31 December 2021*

The directors present their Directors' Report and the audited Financial Statements for the year ended 31 December 2021.

### **Results and dividends**

The results for the year ended 31 December 2021 are set out on page 9 of the financial statements. The profit for the financial year was £2,098k (2020 restated: £1,359k). The net assets at 31 December 2021 were £17,211k (2020 restated: £15,113k). The directors do not recommend the payment of a dividend (2020: £nil)

### **Post balance sheet events**

The Company entered into a new lease arrangement in January 2023 with an initial rent of £147,500 per annum.

### **Directors**

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

Mr M.J.W Dieben	Resigned 6 <sup>th</sup> June 2022
Mr M Carter	Appointed 9 <sup>th</sup> June 2022
Mr M.N Richardson	
Mrs N. Akay Kemahli	Resigned 31 <sup>st</sup> March 2022

### **Employees**

The Company's policy is to consider all job applications by disabled persons sympathetically in relation to the duties, responsibilities and physical requirements of the vacancies, the aptitudes of the applicants, including the nature of the disability, the working environment and the facilities required for the effective performance of the job by the applicant.

If any existing employee becomes disabled, the Company will examine any effects of the disability on current job performance and take all practicable steps to maintain the employees' continued employment through the provision of appropriate retraining, changes in working facilities or, with mutual agreement, the provision of alternative employment more closely related to the employees' capabilities.

The Company will continue to identify and monitor the employment of Registered Disabled persons to determine its position in relation to the current statutory requirements.

### **Employee involvement**

The policy of providing employees with information about the Company will be continued through various media used by the Company to present such information. A Works Council meets on a regular basis which enables employee representatives to discuss business issues with senior management. An annual bonus scheme is in operation which rewards employees and is linked to the performance of the Company.

### **Political contributions**

The Company did not make any political donations or incurred any political expenditure during the current or prior year.

### **Research and development and Future developments**

Reference is made to the strategic report.

### **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 Annual Report 2021, pages 126 to 129. 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.

**Directors' Report (continued)**  
**for the year ended 31 December 2021**

**Directors' indemnities**

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

**Statement of directors' responsibilities in respect of the financial statements**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent
- 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; 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.

**Directors' confirmations**

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

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

**Independent auditors**

On 31 August 2021, PricewaterhouseCoopers LLP resigned as the Company's auditor in accordance with Section 519A of the Companies Act 2006. On 8 April 2022 BDO LLP were appointed as the Company's auditors, holding office until to the end of the next period for appointing auditors in accordance with section 485(4c) of the Companies Act 2006.

On behalf of the Board

Martin Carter  
Martin Carter (Jun 2, 2023 09:28 GMT+1)

**M. Carter**  
Director

The AkzoNobel Building  
Wexham Road  
Slough  
SL2 5DS

2 June 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKZO NOBEL AEROSPACE COATINGS LIMITED**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Akzo Nobel Aerospace Coatings Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

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

### **Independence**

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.

### **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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKZO NOBEL AEROSPACE COATINGS LIMITED *(continued)***

### **Other information *(continued)***

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.

### **Other Companies Act 2006 reporting**

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.

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 Statement of directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKZO NOBEL AEROSPACE COATINGS LIMITED (continued)**

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

#### *Extent to which the audit was 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:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, through discussion with management and our knowledge of the industry. This was obtained through focusing on those laws and regulations that had a significant effect on the financial statements or that had a fundamental effect on the operations of the Company. The significant laws and regulations we considered in this context included the UK Companies Act, United Kingdom Accounting Standards, including Financial Reporting Standard 101, and relevant tax legislation;
- Discussing among the audit engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in management override of controls specifically in relation to the financial data and inappropriate use of estimates;
- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Company's year-end adjusting entries;
- Assessing whether the judgements made in significant accounting estimates were indicative of a potential bias.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations and reviewing correspondence with HMRC;
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies, performing specific procedures over the existence of revenue. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement 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 deliberate concealment by, for example, forgery, misrepresentations or through collusion. 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 are to become aware of it.

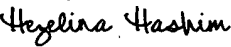
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AKZO NOBEL AEROSPACE COATINGS LIMITED (continued)**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

DocuSigned by:  
  
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Hazelina Hashim (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK  
2 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of Comprehensive Income**  
*for the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>(restated) £000</b>
Turnover	4	7,842	7,868
Cost of sales		(3,250)	(3,283)
<b>Gross profit</b>		<b>4,592</b>	<b>4,585</b>
Distribution costs		(771)	(652)
Administrative expenses		(2,192)	(2,394)
<b>Operating profit</b>	5	<b>1,629</b>	<b>1,539</b>
Interest receivable and similar income	6	-	39
Interest payable and similar expenses	7	(12)	(12)
<b>Profit before taxation</b>		<b>1,617</b>	<b>1,566</b>
Tax on profit	10	481	(207)
<b>Profit and total comprehensive income for the financial year</b>		<b>2,098</b>	<b>1,359</b>

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

All activities relate to continuing operations.

The notes on pages 12 to 27 form part of these financial statements.

**Balance sheet**  
at 31 December 2021

	Note	2021 £000	2020 (restated) £000
<b>Fixed assets</b>			
Tangible assets	11	120	130
Right-of-use assets	19	116	229
<b>Current assets</b>			
Stocks	12	239	275
Debtors (including £ 138k (2020: £104k) due after more than one year)	13	19,312	18,916
		<u>19,551</u>	<u>19,191</u>
<b>Creditors: amounts falling due within one year</b>	14	(2,276)	(4,031)
<b>Net current assets</b>		<u>17,275</u>	<u>15,160</u>
<b>Total assets less current liabilities</b>		<u>17,511</u>	<u>15,519</u>
<b>Provision for liabilities and charges</b>	15	(300)	(290)
<b>Creditors: amounts falling due after one year</b>	16	-	(116)
<b>Net assets</b>		<u>17,211</u>	<u>15,113</u>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Share premium account		350	350
Retained earnings		16,861	14,763
<b>Total shareholders' funds</b>		<u>17,211</u>	<u>15,113</u>

The notes on pages 12 to 27 form part of these financial statements.

These financial statements of Akzo Nobel Aerospace Coatings Limited (registered number 00938151) on pages 9 to 27 were approved by the board of directors on 2 June 2023 and signed on its behalf by:

Mark Richardson

Mark Richardson (Jun 2, 2023 09:27 GMT+1)

**M. Richardson**  
Director

**Statement of changes in equity**  
*for the year ended 31 December 2021*

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Retained earnings £000</b>	<b>Total shareholders' funds £000</b>
Balance at 1 January 2020 (as previously stated)	-	350	13,540	13,890
Prior period adjustment (note 21)	-	-	(136)	(136)
Balance at 1 January 2020 (restated)	-	350	13,404	13,754
Profit for the financial year	-	-	1,359	1,359
Total comprehensive income for the financial year	-	-	1,359	1,359
<b>Balance at 31 December 2020 (restated)</b>	<b>-</b>	<b>350</b>	<b>14,763</b>	<b>15,113</b>

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Retained earnings £000</b>	<b>Total shareholders' funds £000</b>
Balance at 1 January 2021	-	350	14,763	15,113
Profit for the financial year	-	-	2,098	2,098
Total comprehensive income for the financial year	-	-	2,098	2,098
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>350</b>	<b>16,861</b>	<b>17,211</b>

The notes on pages 12 to 27 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2021

### 1 General information

Akzo Nobel Aerospace Coatings Limited (the "Company") is a private Company limited by shares and is incorporated and domiciled in the UK. The Company registration number is 00938151 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, United Kingdom SL2 5DS.

### 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 pound sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards and in accordance with Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.

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

- a Statement of Compliance with IFRS;
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions entered in to by two or more members of a wholly owned group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- 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.
- Certain disclosures required by IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors.

#### 2.2 Going concern

The directors have assessed the cash flow requirements for at least twelve months from date of approval of the financial statements which show that the company can pay its liabilities as they fall due. Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating its intention that it shall continue to provide financial and other support to the Company for the foreseeable future for a period of at least twelve months from the date of approval of these financial statements to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources, including the existing cash pooling arrangement to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

As a result of the Company's performance and financial position the directors do not consider there to be any material uncertainty relating to the Company's ability to continue as a going concern and have prepared the financial statements on a going concern basis.

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**2 Accounting policies (continued)**

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

There were amendments to existing accounting standards which became effective during the year ended 31 December 2021 as below:

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

As of 31 December 2021, the company expects the affected loans to transition from LIBOR to SONIA interest rate benchmarks by the end of 2022 with no material impact on the financial statement of the company.

**2.4 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.

**2.5 Fixed assets**

All tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of tangible fixed assets. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land and buildings	10 to 15 years
Plant and machinery	5 to 10 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

**Notes to the financial statements (continued)**  
*for the year ended 31 December 2021*

**2 Accounting policies (continued)**

**2.7 Debtors**

Trade and other receivables are amounts due from external and internal customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The impairment is calculated using the simplified approach which requires recognition of lifetime expected credit loss (no tracking of changes in credit risk).

Impairment provisions for amounts receivable from group undertakings are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

**2.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.9 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

**2.10 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**2.11 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.



**Notes to the financial statements (continued)**  
*for the year ended 31 December 2021*

**2 Accounting policies (continued)**

**2.11 Current and deferred tax (continued)**

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.

**2.12 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 employee.

*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 Ltd / Imperial Chemical Industries 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.

**2.13 Turnover**

The Company's business consists of selling of paints and ancillary products to customers at contractually determined prices and conditions without any additional services. Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of and obtain the benefits from the asset and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay.

Variable considerations, including among others rebates, bonuses, discounts and payments to customers, are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that it is not subject to significant reversal. In case of expected returns, no revenue is recognized for such products, but a refund liability and an asset for the right to recover them to be returned products are recorded.

**2.14 Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**Notes to the financial statements (continued)**  
*for the year ended 31 December 2021*

**2 Accounting policies (continued)**

**2.15 Leases**

The company assesses whether a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of cars the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the present value of the lease liability. The right-of-use asset value contains lease prepayments, lease incentives received, the initial direct costs and an estimate of restoration, removal and dismantling costs.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term or shorter economic life. In addition, the right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The net present value of the lease liability is measured at the discounted value of the lease payments. The liability includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The lease payments comprise the following:

- Fixed payments (including in substance fixed payments), less any lease incentives
- Variable lease payments that depend on an index or a rate
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; and
- Amounts expected to be payable under residual value guarantees.

These lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used. Incremental borrowing rates are determined by obtaining interest rates from various external financing sources and make certain adjustments to reflect the term of the lease and type of the asset leased.

At the lease commencement dates, it is assessed whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within the company's control.

At the commencement date, it is assessed whether it is reasonably certain that:

- An option to extend is exercised; or
- An option to purchase is exercised; or
- An option to terminate the lease is not exercised

In making these assessments, all relevant facts and circumstances that create an economic incentive for us to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option are considered.

**Notes to the financial statements (*continued*)**  
***for the year ended 31 December 2021***

**2 Accounting policies (*continued*)**

**2.15 Leases (*continued*)**

**Short-term leases and leases of low-value assets**

The company elected not to recognize on the balance sheet right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2.16 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.

Provisions for dilapidation costs are recognised on a lease-by-lease basis taking into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

**2.17 Research and development expenditure**

Expenditure on research and development is charged to profit in the year in which it is incurred. If relevant criteria are met, it would be capitalised.

**2.18 Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**2.19 Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

**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.

**3.1 Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(a) Impairment of debtors**

The Company makes an estimate of the recoverable value of external trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. During this process the probability of the non-payment of the trade debtors is considered.

Impairment provisions for amounts receivable from group undertakings are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

**4 Turnover**

Analysis of turnover by geography:

	2021 £000	2020 £000
United Kingdom	6,744	6,542
Rest of Europe	555	838
Rest of World	543	488
	<u>7,842</u>	<u>7,868</u>

Analysis of turnover by category:

	2021 £000	2020 £000
Sale of goods	7,842	7,868
	<u>7,842</u>	<u>7,868</u>

**5 Operating Profit**

	2021 £000	2020 (restated) £000
Inventory recognised as an expense	3,250	3,283
Depreciation charged to the statement of comprehensive income	150	149
Forex losses on accounts receivable and payable	(11)	(1)
	<u></u>	<u></u>

There is no charge for the remuneration of auditors' in the financial statements of the Company as the auditors' fee of £25,500 (2020: £9,280) in relation to the audit of this Company was borne by another group company and is not recharged.

**6 Interest receivable and similar income**

	2021 £000	2020 £000
Interest receivable from group undertakings	<u>-</u>	<u>39</u>

**7 Interest payable and similar expenses**

	2021 £000	2020 (restated) £000
Lease interest payable	2	4
Unwind discounted provisions	10	8
	<u>12</u>	<u>12</u>

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**8 Remuneration of directors**

	2021 £000	2020 £000
Directors' emoluments	59	56
Company contributions to: Defined benefit schemes	<u>23</u>	<u>18</u>
	<u>82</u>	<u>74</u>

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under:		
Company contributions to defined benefit schemes	<u>1</u>	<u>1</u>

Directors of the Company also provide qualifying services to other Group companies. Directors' time is not apportioned, and their costs are not allocated between Group companies.

The remuneration of directors paid by other Group companies for services to the group as a whole and not recharged including a significant proportion to this Company is £nil (2020: £nil).

**9 Staff numbers and costs**

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

	2021 Number	2020 Number
<b>By activity</b>		
Distribution and sales	<u>25</u>	<u>23</u>
	<u>25</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	1,037	787
Social security costs	92	107
Other pension costs (see note 20)	<u>188</u>	<u>164</u>
	<u>1,317</u>	<u>1,058</u>

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

**10 Tax on profit**

<i>Analysis of charge in year</i>	<b>2021</b>	<b>2020</b> (restated)
	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>		
Current tax charge for the year	225	218
Adjustment in respect of prior periods	(672)	-
Total current tax	<u>(447)</u>	<u>218</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1)	(11)
Changes to tax rates	(33)	-
Total deferred tax credit	<u>(34)</u>	<u>(11)</u>
Tax (credit)/charge on profit	<u><b>(481)</b></u>	<u><b>207</b></u>

**Reconciliation of standard tax rate**

	<b>2021</b>	<b>2020</b> (restated)
	<b>£000</b>	<b>£000</b>
Profit before taxation	1,617	1,566
UK corporation tax rate 19% (2020: 19%)	307	298
Tax rate change	(33)	(11)
Expenses not deductible for tax purposes – other disallowable	8	6
UK to UK transfer pricing adjustment	(90)	(85)
Timing differences	(1)	(1)
Adjustment in respect of prior periods	(672)	-
Total tax (credit)/charge	<u><b>(481)</b></u>	<u><b>207</b></u>

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**10 Tax on profit (continued)**

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

In the Budget Statement of March 2021, a change to the corporation rate tax was announced, increasing the corporation tax rate from 19% to 25%, effective 1 April 2023. This change had been substantively enacted at the balance sheet date and is therefore reflected in these financial statements.

As a result of the above, the effective current tax rate applicable for 2020 and 2021 is 19%. The rate applied to deferred tax balances is also 19% as at 31 December 2020, and is 25% as at 31 December 2021, being the rates at which deferred tax is expected to crystallise based on the substantively enacted tax rates applicable at the relevant balance sheet dates.

*UK to UK transfer pricing adjustment*

The transfer pricing adjustment, relates to an allocation of the top up contributions to the defined benefits scheme, of which the Company is a participating entity.

*Adjustments in respect of prior periods*

Adjustments in respect of prior periods relate to group relief settlement.

**11 Tangible assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<i>Cost</i>			
At beginning of year	386	431	817
Additions	-	25	25
At end of year	386	456	842
<i>Accumulated Depreciation</i>			
At beginning of year	(323)	(364)	(687)
Charge for year	(31)	(4)	(35)
At end of year	(354)	(368)	(722)
<i>Net book value</i>			
At 31 December 2021	32	88	120
At 31 December 2020	63	67	130

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

**12 Stocks**

	2021 £000	2020 £000
Finished goods and goods purchased for resale	<u>239</u>	<u>275</u>

Raw materials, consumables, charges in finished goods and work in progress recognized in cost of sales in the year amounted to £3,120,000 (2020: £3,193,010).

**13 Debtors**

	2021 £000	2020 £000
Trade debtors	1,319	1,091
Amounts owed by group undertakings: due in less than one year	17,855	17,721
Deferred tax asset (note 17)	138	104
	<u>19,312</u>	<u>18,916</u>
Due within one year	19,174	18,812
Due after more than one year	138	104
	<u>19,312</u>	<u>18,916</u>

Amounts owed by group undertakings include a balance of £17,755k (2020: £17,560k) that is repayable on demand. Interest is charged monthly based on 1-month SONIA +15 basis points. Remaining amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included in the deferred tax asset above are amount due after more than one year of £138,000 (2020 (restated): £104,000).

**14 Creditors: amounts falling due within one year**

	2021 £000	2020 (restated) £000
Trade creditors	101	66
Amounts owed to group undertakings	1,387	1,409
Other creditors	201	338
Corporation tax	191	2,090
Accruals and deferred Income	279	13
Lease liabilities (note 19)	117	115
	<u>2,276</u>	<u>4,031</u>

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



**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**15 Provision for liabilities**

	2021	2020 (restated)
	£000	£000
Leasehold dilapidation	<u>300</u>	<u>290</u>

**16 Creditors: amounts falling due after one year**

	2021	2020
	£000	£000
Lease liabilities (note 19)	<u>=</u>	<u>116</u>

**17 Deferred tax assets**

*Recognised deferred tax assets*

Deferred tax assets are attributable to the following:

	2021	2020
	£000	£000
Deferred tax asset at the beginning of the year	104	93
Credit for the year	34	11
	<u>138</u>	<u>104</u>
Deferred tax asset at the end of the year	<u>138</u>	<u>104</u>

Deferred tax assets are attributable to the following:

	2021	2020
	£000	£000
Unutilised capital allowances	<u>138</u>	<u>104</u>

The deferred tax asset has been recognised as there is sufficient certainty that future probable taxable profits will be available against which the deferred tax asset can be utilised.

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

**18 Called up share capital**

	2021 £	2020 £
<i>Authorised, allotted, called up and fully paid</i>		
100 (2020: 100) ordinary shares of £1 each	100	100

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.

**19 Leases**

i) Amounts recognised in the balance sheet. The balance sheet shows the following amounts relating to leases:

**Right-of-Use assets**

	2021 £000	2020 (restated) £000
<i>Land and buildings</i>		
Opening balance at January 1	229	343
Depreciation	(115)	(114)
Balance at December 31	116	229

Akzo Nobel Aerospace Coatings Limited leases office space. Additions to the right-of-use assets during the 2021 financial year were £nil.

**Lease Liabilities**

	2021 £000	2020 £000
Current	117	115
Non-Current	—	116
	117	231

ii) Amounts recognised in the statement of comprehensive income.

	2021 £000	2020 £000
<i>Depreciation of right of use of asset:</i>		
Building	115	114
Interest expense on lease liability	2	4

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**20 Pension Schemes**

The Company operates both a defined contribution and a multi-employer defined benefit schemes for its employees.

**Akzo Nobel (CPS) Pension Scheme**

**Defined benefit plans**

The Company is a participant in one group wide defined benefit scheme – Akzo Nobel (CPS) Pension Scheme (“CPS”). As the legally sponsoring entity for this scheme, the financial statements of Akzo Nobel UK Limited identify and disclose the information on the plan as prescribed by IAS19, and these financial statements are available from the Company’s 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 qualified independent actuary and charged as a percentage of salary costs. The charge recognised in respect of active members in 2021 was £113,000 (2020: £102,000). The group-wide policy is that funding deficits are not charged to non-sponsoring entities.

**Defined contribution plans**

The Company operates a defined contribution plan. The total expense relating to this plan was £75,000 (2020: £62,000).

**Total Pension Contribution**

The total contribution made by the Company during the year to both defined contribution plan and to the defined benefit plan was £188,000 (2020: £164,000).

**21 Prior period adjustment**

**(a) Dilapidation provision**

Following a review of the contractual obligations associated to leased assets, it was identified that the non current liabilities were understated by £172,145, right of use assets overstated by £2,070, and current tax assets by £33,101. Correspondingly this reduced the carried forward reserves by the amount of £135,104.

The above also resulted in a post tax profit reduction of £6,010. Management considers this to be a material error in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paragraphs 41-43) and have corrected the prior period in line with the requirements of the standard.

The impact on figures originally reported in the financial statements for the year ended 31 December 2020 is shown below.

**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

**21 Prior period adjustment (continued)**

**Statement of Comprehensive Income**

	2020 As originally stated £000	Prior period adjustment (a) £000	2020 Restated £000
Turnover	7,868	-	7,868
Cost of sales	(3,283)	-	(3,283)
<b>Gross profit</b>	<b>4,585</b>	<b>-</b>	<b>4,585</b>
Distribution costs	(652)	-	(652)
Administrative expenses	(2,395)	1	(2,394)
<b>Operating profit</b>	<b>1,538</b>	<b>1</b>	<b>1,539</b>
Interest receivable and similar income	39	-	39
Interest payable and similar expenses	(4)	(8)	(12)
<b>Profit before taxation</b>	<b>1,573</b>	<b>(7)</b>	<b>1,566</b>
Tax on profit	(209)	2	(207)
<b>Profit and total comprehensive income for the financial year</b>	<b>1,364</b>	<b>(5)</b>	<b>1,359</b>

**Balance sheet**

	2020 As originally stated £000	Prior period adjustment £000	2020 Restated £000
<b>Fixed assets</b>			
Tangible assets	130	-	130
Right-of-use assets	231	(2)	229
<b>Current assets</b>			
Stocks	275	-	275
Debtors	18,916	-	18,916
	<b>19,191</b>	<b>-</b>	<b>19,191</b>
<b>Creditors: amounts falling due within one year</b>	<b>(4,064)</b>	<b>33</b>	<b>(4,031)</b>
<b>Net current assets</b>	<b>15,127</b>	<b>33</b>	<b>15,160</b>
<b>Total assets less current liabilities</b>	<b>15,488</b>	<b>31</b>	<b>15,519</b>
Provision for liabilities and charges	(118)	(172)	(290)
<b>Creditors: amounts falling due after one year</b>	<b>(116)</b>	<b>-</b>	<b>(116)</b>
<b>Net assets</b>	<b>15,254</b>	<b>(141)</b>	<b>15,113</b>
<b>Capital and reserves</b>			
Called up share capital	-	-	-
Share premium account	350	-	350
Retained earnings	14,904	(141)	14,763
<b>Total shareholders' funds</b>	<b>15,254</b>	<b>(141)</b>	<b>15,113</b>

**Notes to the financial statements (continued)**  
*for the year ended 31 December 2021*

**21 Prior period adjustment (continued)**

	2020 As originally stated £000	Prior period adjustment £000	2020 Restated £000
<b>Statement of Changes in Equity:</b>			
Called up share capital	-	-	-
Share premium account	350	-	350
Retained earnings at 1 January 2020	13,540	(136)	13,404
Profit for the financial year	1,364	(5)	1,359
Retained earnings at 31 December 2020	14,904	(141)	14,763
<b>Total shareholders funds</b>	<b>15,254</b>	<b>(141)</b>	<b>15,113</b>

**22 Ultimate parent company and parent undertaking of largest group of which the Company is a member**

The Company is a subsidiary undertaking of Akzo Nobel Coatings International B.V., incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Akzo Nobel N.V., incorporated in the Netherlands and that company is considered to be the ultimate parent company. The smallest group in which they are consolidated is that headed by Akzo Nobel Coatings International B.V.

Copies of the Akzo Nobel N.V. Annual Report and Accounts are available to the public and may be obtained from Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.

**23 Post balance sheet events**

The Company entered into a new lease arrangement in January 2023 with an initial rent of £147,500 per annum.