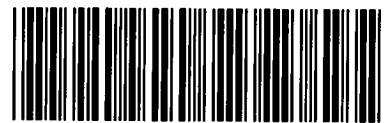


Company Registration No. 01417048 (England and Wales)

PILKINGTON UNITED KINGDOM LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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COMPANIES HOUSE

PILKINGTON UNITED KINGDOM LIMITED

COMPANY INFORMATION

Directors

Mr M A Buckley
Mr G Charlton
Mr A D McDowell
Mr I M Smith
Mr P J Ravenscroft (Appointed 30 September 2016)
Mr M J Farrow (Appointed 27 June 2017)
Mrs E L Ballantyne (Appointed 27 June 2017)

Secretary

Mr I M Smith

Company number

01417048

Registered office

European Technical Centre
Hall Lane
Lathom
Nr Ormskirk
Lancashire
England
L40 5UF

Auditor

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

PILKINGTON UNITED KINGDOM LIMITED

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PILKINGTON UNITED KINGDOM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company is the manufacture and supply of glass to the building and automotive trades.

The company is a member of the Nippon Sheet Glass (NSG) Group of companies.

Review of the business

The operations of the company expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, energy prices, liquidity and interest rates. The company complies with the appropriate risk management policies employed by the ultimate parent company and has in place a risk management programme that seeks to limit the effects on the financial performance of the company by using foreign currency financial instruments, including debt and other instruments to fix interest rates.

To manage the foreign exchange risks arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts, transacted with the Group Treasury function.

The company consumes significant amounts of energy and is exposed to energy price risk arising from this consumption, principally of oil and gas. This risk is mitigated through forward contracts placed with and arranged by the Group Treasury function.

The directors consider that the cash flow and liquidity risks that may face the company from time to time will be met either by the company's own resources or with the assistance of another company in the NSG Group if required.

The company has its main manufacturing facilities at two locations in St. Helens. These and other assets are subject to normal business risks in the event of property damage or business interruption, etc. These are protected by insurance policies but in certain cases, a deductible of not more than £1,000,000 will apply.

The key financial KPI's for the company are turnover and gross profit to sales ratio. Turnover from operations decreased by 0.2% to £146,975 k, principally due to the competitive nature of the market. The demand from the UK and Ireland market continued at low levels with prices remaining under pressure. The gross profit to sales ratio increased from 26.8% to 27.1%

The company incurred exceptional costs of £64,607 k (2016 cost - £8,233 k). This was principally due to the impairment of its subsidiary investments in the Nordic region. There were also exceptional redundancy and restructuring costs offset by an exceptional credit relating to profit on disposal of operations.

As a result of these exceptional costs incurred during the year, the company's net asset position became negative as at the year-end date. In order to correct this position, the directors have agreed that the company will issue £75,000 k of new equity to the parent company, Pilkington Group Limited, during the financial year ending 31 March 2018.

The outlook for 2018 is stable, both from a sales and operations viewpoint, and the company intends to maximise its production capability whilst looking to introduce additional value added products to the market place.

PILKINGTON UNITED KINGDOM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Pilkington United Kingdom Limited is fully committed to a Group-wide initiative aimed at improving health and safety across all sites. A number of non-financial key performance indicators are quoted as part of this focus, with the primary measures being the Significant Injury Rate and the number of Significant Injuries underlying this figure.

The company achieved a significant injury (any injury requiring off-site medical attention) rate of 0.68 (2016: 0.98). Upstream manufacturing sites saw a twelve month Significant Injury Rate of 0.86 (2016: 1.13) against a target of 1.02. This equates to 3 Significant Injuries (2016: 4) during the year. Downstream branches saw a Significant Injury Rate of 0.53 (2016: 0.82) against a target of 0.74. The corresponding number of Significant Injuries was 4 (2016: 6).

We continually seek to improve against our targets, and on our reporting methods and initiatives, which demonstrates our commitment to the safety of our employees.

The directors are satisfied with the performance of the business which will continue with its principal activity for the foreseeable future.

On behalf of the board



Mr I M Smith

Director

28 September 2017

PILKINGTON UNITED KINGDOM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their financial statements for the year ended 31 March 2017.

Results and dividends

The loss for the year on ordinary activities before taxation amounted to £96,799 k (2016: £24,298 k), taxation thereon amounted to £nil (2016: £ nil), leaving a loss after taxation of £96,799 k (2016: £24,298 k).

The director do not recommend payment of a dividend. The remaining loss for the financial year of £96,799 k will be transferred to reserves.

Directors

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

Mrs N J Ellison	(Resigned 19 September 2016)
Mr B J Pilling	(Resigned 4 April 2017)
Mr M A Buckley	
Mr G Charlton	
Mr A D McDowell	
Mr I M Smith	
Mr P J Ravenscroft	(Appointed 30 September 2016)
Mr M J Farrow	(Appointed 27 June 2017)
Mrs E L Ballantyne	(Appointed 27 June 2017)

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Supplier payment policy

The company's policy in relation to the payments of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed on the company's purchase orders. It is company practice to abide by the agreed terms of payments.

Trade creditors of the company amounting to £19,730 k (2016, £15,587 k) reported in note 23 to the accounts, represent 24 days (2016: 20 days) of average daily purchases.

Research and development

The company pays for and receives the benefits of appropriate research and development work undertaken by or on behalf of the ultimate holding company.

Disabled persons

The company is committed to a policy of equal opportunities and to meeting its obligations to offer employment opportunities to disabled people and people becoming disabled during their employment.

PILKINGTON UNITED KINGDOM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017.

Employee involvement

The NSG Group has a long-established and well-recognised policy of encouraging employee involvement through communication and consultation on a wide range of issues. Every opportunity is taken to invite employees to participate in multi-disciplinary quality and process improvement activities. The Group also makes wide use of employee surveys.

The Group intranet provides up-to-date information on objectives, performance and activities of the Group. The Group's international magazine, MADO (Japanese for window), which communicates the results and news on Group businesses, is also available on the intranet.

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

Post reporting date events

During the preparation of these accounts, the directors have reviewed the carrying value of investments and have recognised an impairment of £66,227 k in respect of the Nordic region subsidiaries.

The company has agreed with its parent to issue new share capital of £75,000 k to strengthen the balance sheet position.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PILKINGTON UNITED KINGDOM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

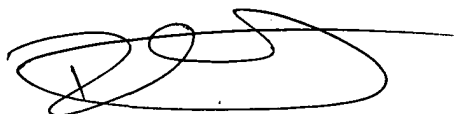
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

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

On behalf of the board



Mr I M Smith

Director

28 September 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PILKINGTON UNITED KINGDOM LIMITED

We have audited the financial statements of Pilkington United Kingdom Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditors' 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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.

Opinion on 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 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PILKINGTON UNITED KINGDOM LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or the Directors' Report.

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

Ernst & Young LLP

Mr Mark Morritt (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP

28 September 2017

Statutory Auditor

2 St Peter's Square
Manchester
M2 3EY

PILKINGTON UNITED KINGDOM LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £000	2016 £000
Revenue	4	146,975	147,318
Cost of sales		(107,094)	(107,810)
Gross profit		39,881	39,508
Distribution costs		(18,124)	(16,900)
Administrative expenses		(27,271)	(29,231)
Additional contributions to Group pension scheme	5	(23,505)	-
Exceptional items	6	(64,607)	(8,233)
Operating loss	7	(93,626)	(14,856)
Other gains and losses	13	(193)	(5,943)
Investment income	11	-	199
Interest payable to group undertakings	12	(2,563)	(3,247)
Other finance costs	12	(417)	(451)
Loss before taxation		(96,799)	(24,298)
Tax on loss	14	-	-
Loss for the financial year	29	(96,799)	(24,298)

The income statement has been prepared on the basis that all operations are continuing operations.

PILKINGTON UNITED KINGDOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 £000	2016 £000
Loss for the year	(96,799)	(24,298)
Other comprehensive income/(expenditure):		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
Gains/(losses) arising during the year	2,928	(569)
Total items that may be reclassified to profit or loss	2,928	(569)
Total comprehensive expenditure for the year	(93,871)	(24,867)

PILKINGTON UNITED KINGDOM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £000	2016 £000
Non-current assets			
Intangible assets	16	1,762	1,379
Property, plant and equipment	17	83,181	90,233
Receivables falling due after one year	21	1,110	-
Investments	18	61,647	124,600
		<u>147,700</u>	<u>216,212</u>
Current assets			
Inventories	20	31,234	34,239
Trade and other receivables	21	12,261	5,417
Cash at bank and in hand		2,995	4,197
		<u>46,490</u>	<u>43,853</u>
Current liabilities			
Borrowings	22	172,281	507
Trade creditors and other payables	23	34,240	24,563
Derivative financial instruments		1,442	4,370
Deferred income	25	391	467
		<u>208,354</u>	<u>29,907</u>
Net current (liabilities)/assets		<u>(161,864)</u>	<u>13,946</u>
Total assets less current liabilities		<u>(14,164)</u>	<u>230,158</u>
Non-current liabilities			
Borrowings	22	-	174,692
Deferred income	25	4,884	5,420
		<u>4,884</u>	<u>180,112</u>
Provisions for liabilities			
Other provisions	24	7,017	5,745
Net (liabilities)/assets		<u>(26,065)</u>	<u>44,301</u>

PILKINGTON UNITED KINGDOM LIMITED

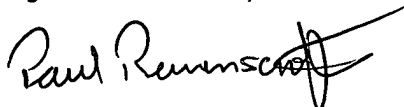
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2017

	Notes	2017 £000	2016 £000
Capital and reserves			
Called up share capital	27	253,483	229,978
Hedging reserve	28	(1,442)	(4,370)
Profit and loss account	29	(278,106)	(181,307)
Total equity		<u>(26,065)</u>	<u>44,301</u>

The financial statements were approved by the Board of directors and authorised for issue on 28 September 2017

Signed on its behalf by:



Mr P J Ravenscroft
Director

Company Registration No. 01417048

PILKINGTON UNITED KINGDOM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £000	Hedging reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2015		179,978	(3,801)	(157,009)	19,168
Year ended 31 March 2016:					
Loss for the year		-	-	(24,298)	(24,298)
Other comprehensive income		-	(569)	-	(569)
Total comprehensive income for the year		-	(569)	(24,298)	(24,867)
Issue of share capital	27	50,000	-	-	50,000
Balance at 31 March 2016		229,978	(4,370)	(181,307)	44,301
Year ended 31 March 2017:					
Loss for the year		-	-	(96,799)	(96,799)
Other comprehensive income		-	2,928	-	2,928
Total comprehensive income for the year		-	2,928	(96,799)	(93,871)
Issue of share capital	27	23,505	-	-	23,505
Balance at 31 March 2017		253,483	(1,442)	(278,106)	(26,065)

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Nippon Sheet Glass Company, Ltd in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Nippon Sheet Glass Company, Ltd. The group accounts of Nippon Sheet Glass Company, Ltd are available to the public and can be obtained as set out in note 32.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

1.3 Revenue

Revenue comprises the fair value for the sale of goods and services, net of value-added or similar sales-based taxes, rebates and discounts.

Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured.

Where product is sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount (i.e. 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 loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.4 Investments in associates and subsidiaries

Subsidiary undertakings, joint ventures and associates are carried at their original historical cost less any impairment which is charged to the profit and loss account. The directors will recognise an impairment where they consider that there is a significant and/or permanent diminution in valuation of investments.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	20 to 50 years
Leasehold buildings	Life of the lease
Float glass tanks	10 to 15 years
Glass processing plant	14 to 17 years
Glass making plant	25 years
Other plant and machinery	5 to 20 years
Vehicles	5 years
Computer Hardware	1 to 5 years

Assets in the course of construction are not depreciated.

Freehold land and assets in the course of construction are not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

1.6 Intangible assets

(a) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives (over a maximum of 20 years).

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful lives (five to 10 years).

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, which are seen to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 10 years).

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not determine when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.10 Financial instruments

The company classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortized cost, and financial assets held at fair value through other comprehensive income. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the company's business model rationale for holding the investments.

Financial assets and liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. At the balance sheet date the company does not have any assets or liabilities in this category.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Financial assets and liabilities at amortised cost

Assets within this category are included in the company's balance sheet as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Liabilities in this category are included in the balance sheet either as financial liabilities – borrowings, or as trade and other payables. Financial liabilities - borrowings predominantly arise from the company's lending facilities arranged with its banks, classified either as current liabilities for maturities within 12 months, or non-current for maturities later than 12 months. Liabilities in this category have fixed or determinable payments to debt holders and are not quoted in an active market. Trade and other payables arise when the company receives goods and services from its suppliers and is similarly split into current and non-current liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortized cost are carried at amortized cost using the effective interest method, unless the asset or liability arises through the normal course of business with payments terms that indicate that the group is neither granting a financing arrangement to its suppliers or receiving one from its customers. Where no financing arrangement exists then the asset, classified as a receivable or payable, is held at amortized cost.

Borrowings consist of bonds payable, loans payable, lease obligations and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognized initially at fair value then subsequently stated at amortized cost. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognized in the income statement as interest expense. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The company applies the expected credit loss method to receivables balances and also considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a portfolio of receivables using a range of forward looking scenarios. A provision for impairment of trade receivables is established with respect to an individual receivable when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss method applied to a portfolio of receivables can result in a provision being created even when on an individual basis, the company expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognized in the income statement.

Where trade receivables are sold to a financial institution through a securitization program and where the company does not retain the significant risks and rewards of these receivables, or where the company retains an element of risk and reward but no longer controls the asset, the company derecognizes the trade receivables.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Financial assets and liabilities at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the company is unable to exert significant influence over the investee. This category of investment could include equity investments or investments that are expected to generate fixed or determinable payments.

Financial assets at fair value through other comprehensive income are initially and subsequently recognised at fair value. Unrealised gains and losses arising from changes in the fair value of such assets are recognised within the statement of comprehensive income and result in a movement within the fair value reserve within equity. The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When assets that represent fixed interest investments held in this category are impaired, then the company treats this as a realised loss recognised in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income. When assets that represent equity investments held in this category are impaired, resulting in a realised loss, then that realised loss is recognised in the statement of comprehensive income.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.14 Employee benefits

The company operates both defined benefit and defined contribution pension schemes. The defined benefit scheme is a multi-employer scheme known as the Pilkington Superannuation Scheme (PSS). It is not possible to identify the share of underlying assets and liabilities attributable to each participating company. As such, the lead company, Pilkington Group Limited records all assets and liabilities of the scheme in its Statement of Financial Position. The contributions of this company are accounted for as a defined contribution scheme. Further information on the PSS scheme and the asset/liability at the year end date, can be found in the financial statements of the fellow group undertaking Pilkington Group Limited.

1.15 Leases

Assets held under finance leases (in which a significant proportion of the risks and rewards of ownership are retained) are included in property, plant and equipment at cost and are depreciated over the shorter of the lease term or their useful economic life. Obligations under finance leases, net of finance charges in respect of future periods, are included as appropriate under borrowings due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligations.

Where a lease is identified as operating lease (a lease other than a finance lease), any payments made thereunder (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.16 Grants

The company recognises government grants at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to property, plant and equipment, the fair value is credited to deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

1.17 Foreign exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

1.18 Exceptional Items

The company discloses certain gains and losses in the income statement as exceptional items if this is necessary to gain a fair understanding of the company's operating performance. Exceptional items would usually be material in value and/or would be of a non-recurring nature.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Adoption of new and revised standards and changes in accounting policies

In line with NSG Group policy, the company has adopted IFRS9 "Financial Instruments" from FY17.

The accounting policy for hedging instruments is amended such that for time period related hedges, the cost of hedging is now allocated to the income statement on a straight-line basis. Previously this cost of hedging was recognized over time as part of the gain or loss on the hedging instrument included in the statement of comprehensive income, and then recycled to the consolidated income statement on maturity. The impact of this amended policy on FY2016 financial statements is immaterial and therefore no restatement of the prior period has been processed in this respect.

The company now applies the expected credit loss method to receivables balances. This involves considering likely credit losses using a range of forward looking scenarios. No changes to the balances of receivables either at 1 April 2015, 31 March 2016 or at 31 March 2017 have arisen as a result of this change.

There are no other changes to the classifications of assets or liabilities on the adoption of IFRS9.

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 April 2017, once endorsed by the EU, and are considered to be relevant and potentially material to the company's primary financial statements. In line with NSG Group policy, the company has elected not to adopt early the standards as described below:

IFRS 15 'Revenue from Contracts with Customers' addresses the recognition of revenues and will be effective from the NSG Group's financial period commencing 1 April 2018. This new standard will replace IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The company has not yet calculated the impact of the adoption of this new standard.

IFRS 16 'Leases' addresses the principles for the recognition and measurement of leases, and will be effective from the NSG Group's financial period commencing 1 April 2019. This new standard will replace IAS 17 'Leases'. The company has not yet calculated the impact of the adoption of this standard.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Critical judgements

Provisions

Provisions are evaluated using either the company's experience of previous provisions or, where appropriate, using the advice of professional consultants. Claims and litigation provisions are calculated based on discussions with claimants and the NSG Group's legal advisors. Bonus provisions are estimated based on the NSG Group's current and expected future performance evaluated against the terms of specific bonus schemes. Redundancy and restructuring provisions are estimated using the expected costs of restructuring programs that have been announced prior to the balance sheet date. Warranty provisions are calculated using the company's experience of previous customer claims rates.

4 Revenue

An analysis of the company's revenue is as follows:

	2017	2016
	£000	£000
Sale of glass and glass-related products	146,975	147,318

Geographical market

	Turnover	
	2017	2016
	£000	£000
United Kingdom	129,529	130,372
Rest of Europe	6,907	6,021
North America	4,552	5,804
Rest of World	5,987	5,121
	146,975	147,318

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

5 Additional contributions to Group pension scheme

The company is a participating employer of the Pilkington Superannuation Scheme (PSS), a retirement benefit scheme. The PSS is closed to new members and pensionable salaries have been frozen. However recent funding valuations of the Pilkington Superannuation Scheme (PSS) have shown the scheme to be in a deficit situation. The most recent funding valuation took place in December 2014. As a result of these previous valuations, the NSG Group has agreed a funding plan which requires additional contributions of £25million per annum to be paid into the scheme up to and including 2018.

In FY17, the sponsoring employer, Pilkington Group Limited (PGL), recharged the contributions for 2016 and 2017 to the major participating employers in proportion to the normal contributions made. The charge, recognised on the face of the income statement, is £23,505 k.

Pilkington Group Limited is the parent company. Recognising the impact of these recharges, PGL has injected further capital into the company to ensure the company's financial position is not detrimentally affected by the recharge of these contributions.

6 Exceptional items	2017 £000	2016 £000
Redundancy and Restructuring	(4,629)	(1,347)
Impairment of fixed assets	(780)	(6,886)
Write down of current assets	(693)	-
Profit on disposal of operations	7,722	-
Impairment of Investments	(66,227)	-
	<u>(64,607)</u>	<u>(8,233)</u>

The categories of Redundancy and Restructuring, Impairment of fixed assets and Write down of current assets were all incurred as part of a project at the company's site at Cowley Hill in St Helens. The project relates to transforming the business for the future and as such these costs are not directly related to current operations and therefore are disclosed as exceptional items.

Profit on disposal of operations

On 31st March 2017 the company completed the sale of two sites at Cumbernauld and Barnsley. Profits on disposal of operations are classified as exceptional on the basis that they arise from transactions to dispose of assets other than at the end of their usual expected lives or at values significantly different to their previously assessed residual. As such, the amounts earned in any given year are not indicative of a trend in financial performance.

Impairment of investments

The directors have reviewed the valuation of the company's investments in subsidiaries and consider that these are materially lower than cost and represent a longer-term reduction in value. As such, these accounts recognise an impairment to directors valuation based on an EBITDA multiple calculation.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

7 Operating loss

	2017 £000	2016 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(80)	238
License and technical fees	1,712	1,642
Depreciation of property, plant and equipment	8,394	8,528
Loss on disposal of property, plant and equipment	28	2
Amortisation of intangible assets	208	552
Cost of inventories recognised as an expense	87,707	84,029
Write downs of inventories recognised as an expense	45	563
	<u> </u>	<u> </u>

8 Auditors' remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	99	112
	<u> </u>	<u> </u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of its ultimate parent Nippon Sheet Glass Co., Ltd.

9 Employees

The average monthly number of persons employed by the company during the year was:

	2017 Number	2016 Number
United Kingdom	1,095	1,144
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	37,733	35,487
Social security costs	3,551	3,046
Pension costs	4,464	4,444
	<u> </u>	<u> </u>
	45,748	42,977
	<u> </u>	<u> </u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Directors' remuneration

	2017 £000	2016 £000
Remuneration for qualifying services	394	303
Amounts receivable under long term incentive schemes	-	8
Company pension contributions to defined contribution schemes	87	80
	<u>481</u>	<u>391</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2016 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	158	122
Company pension contributions to defined contribution schemes	<u>32</u>	<u>30</u>

The emoluments of Messrs Pilling, Smith and Ravenscroft are paid by the immediate parent company Pilkington Group Limited. The directors do not believe that it is practicable to apportion an amount to their services as directors of the company. Therefore their emoluments are considered to be wholly attributable to services to the parent company.

11 Investment income

	2017 £000	2016 £000
Interest income		
Other interest income	-	199
	<u>-</u>	<u>199</u>

12 Finance costs

	2017 £000	2016 £000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	2,563	3,247
Interest on other loans	417	451
	<u>2,980</u>	<u>3,698</u>
Total finance costs	<u>2,980</u>	<u>3,698</u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

13 Other gains and losses

	2017 £000	2016 £000
Amounts written off investments	(222)	(5,943)
Amounts written back to financial liabilities	29	-
	<u>(193)</u>	<u>(5,943)</u>

14 Income tax expense

	Continuing operations	
	2017 £000	2016 £000
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2017 £000	2016 £000
Loss before taxation	<u>(96,799)</u>	<u>(24,298)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2016 - 20.00%)	(19,360)	(4,860)
Income not taxable	(116)	-
Depreciation on assets not qualifying for tax allowances	293	446
Effect of revaluations of investments	13,290	1,189
Other permanent differences	2,332	9
Movement in deferred tax unrecognised	1,562	2,740
Loss on which no deferred tax recognised	<u>1,999</u>	<u>476</u>
Tax charge for the year	<u>-</u>	<u>-</u>

The company has tax losses of £140,030 k (2016: £ 117,553 k) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over their recoverability.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

15 Impairments

Impairment tests have been carried out where appropriate and the following impairment (gains)/losses have been recognised in profit or loss:

	2017 £000	2016 £000
In respect of:		
Intangible assets	(142)	-
Property, plant and equipment	619	6,886
Investments in subsidiaries	(66,449)	5,943
	<u> </u>	<u> </u>
Recognised in:		
Administrative expenses	(303)	-
Exceptional items	(65,447)	6,886
Other gains and losses	(222)	5,943
	<u> </u>	<u> </u>

16 Intangible fixed assets

	Software £000	Trademarks and licenses £000	Customer Relationships £000	Total £000
Cost				
At 31 March 2016	28,562	263	871	29,696
Additions - purchased	881	-	-	881
Disposals	(1,168)	-	-	(1,168)
Reclassification (to)/from tangible assets	(714)	-	-	(714)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	27,561	263	871	28,695
Amortisation and impairment				
At 31 March 2016	27,252	253	812	28,317
Charge for the year	139	10	59	208
Impairment loss/(gain)	(142)	-	-	(142)
Eliminated on disposals	(1,058)	-	-	(1,058)
Reclassification (to)/from tangible assets	(392)	-	-	(392)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	25,799	263	871	26,933
Carrying amount				
At 31 March 2017	<u>1,762</u>	<u>-</u>	<u>-</u>	<u>1,762</u>
At 31 March 2016	<u>1,310</u>	<u>10</u>	<u>59</u>	<u>1,379</u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

17 Property, plant and equipment

	Freehold buildings	Other plant and machinery	Total
	£000	£000	£000
Cost			
At 1 April 2016	63,734	364,096	427,830
Additions	-	2,992	2,992
Disposals	(1,863)	(31,095)	(32,958)
Reclassification (to)/from intangible assets	(157)	871	714
At 31 March 2017	61,714	336,864	398,578
Accumulated depreciation and impairment			
At 1 April 2016	38,282	299,315	337,597
Charge for the year	1,298	7,096	8,394
Impairment loss	148	471	619
Eliminated on disposal	(1,843)	(29,762)	(31,605)
Reclassification (to)/from intangible assets	-	392	392
At 31 March 2017	37,885	277,512	315,397
Carrying amount			
At 31 March 2017	23,829	59,352	83,181
At 31 March 2016	25,452	64,781	90,233

More information on the impairment arising in the year is given in note 15.

18 Investments

	Current 2017 £000	2016 £000	Non-current 2017 £000	2016 £000
Investments in subsidiaries	-	-	61,647	124,600

Investments are held at cost.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

18 Investments

(Continued)

The company's accounting policy is to recognise investments at cost less any impairment. During the year, the company has impaired £66,227 k from its Nordic investments based on directors valuation using an EBITDA multiple calculation. This is recognised in exceptional items. A further £222 k has been written off the company's investment in India. This is included in other gains and losses. Uplifts in value have not been recognised. Using the EBITDA multiple approach, the value of investments would be £82,764 k.

Movements in non-current investments

	Shares £000
Cost or valuation	
At 1 April 2016	136,152
Additions	3,496
	<hr/>
At 31 March 2017	139,648
	<hr/>
Impairment	
At 1 April 2016	(11,552)
Impairment losses	(66,449)
	<hr/>
At 31 March 2017	(78,001)
	<hr/>
Carrying amount	
At 31 March 2017	61,647
	<hr/>
At 31 March 2016	124,600
	<hr/>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Pilkington Glass India Private Limited	India	100.00	100.00	Trading
Triplex Holdings Pension Fund Trustee Limited	UK	100.00	100.00	Dormant
Pilkington AG Limited	UK	100.00	100.00	Dormant
Pilkington Automotive Finland OY	Finland	100.00	100.00	Trading
Pilkington Sverige AB	Sweden	100.00	100.00	Trading
Pilkington Automotive Sweden AB	Sweden	100.00	100.00	Trading
Pilkington Norge AS	Norway	100.00	100.00	Trading

Pilkington Eiendom AS, a subsidiary at the previous year end has been merged with Pilkington Norge AS, another subsidiary.

20 Inventories

	2017 £000	2016 £000
Raw materials	7,587	7,311
Work in progress	9,248	11,097
Finished goods	14,399	15,831
	<u>31,234</u>	<u>34,239</u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

21 Trade and other receivables

	Current		Non-current	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade receivables	10,613	3,979	-	-
Provision for bad and doubtful debts	(254)	(392)	-	-
	<u>10,359</u>	<u>3,587</u>	<u>-</u>	<u>-</u>
Other receivables	22	(59)	1,110	-
Amounts due from related parties	549	922	-	-
Prepayments	1,331	967	-	-
	<u>12,261</u>	<u>5,417</u>	<u>1,110</u>	<u>-</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

22 Borrowings

	2017	2016
	£000	£000
Unsecured borrowings at amortised cost		
Loans from related parties	172,281	175,199
	<u>172,281</u>	<u>175,199</u>

Analysis of borrowings

Borrowings are classified based on the amounts that fall due within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017	2016
	£000	£000
Current liabilities	172,281	507
Non-current liabilities	-	174,692
	<u>172,281</u>	<u>175,199</u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

23 Trade and other payables

	2017 £000	2016 £000
Trade payables	19,730	15,587
Amounts due to related parties	1,873	2,621
Accruals	3,190	2,923
Other payables	9,447	3,432
	<u>34,240</u>	<u>24,563</u>

24 Provisions for liabilities

	2017 £000	2016 £000
Warranty	715	632
Redundancy and restructuring	3,722	4,026
Claims and litigation	208	399
Other	2,372	688
	<u>7,017</u>	<u>5,745</u>

Movements on provisions:	Warranty £000	Redundancy and restructuring £000	Claims and litigation £000	Other £000	Total £000
At 1 April 2016	632	4,026	399	688	5,745
Additional provisions in the year	83	1,833	65	1,950	3,931
Reversal of provision	-	-	(69)	292	223
Utilisation of provision	-	(2,137)	(187)	(558)	(2,882)
At 31 March 2017	<u>715</u>	<u>3,722</u>	<u>208</u>	<u>2,372</u>	<u>7,017</u>

Other provisions comprise cumulative leave provision £237 k (2016: £255 k), onerous lease and dilapidations provision nil (2016: £240 k), bonus provision £1,931 k (2016: £193 k) and a provision for a pension scheme not subject to defined benefit accounting of £204 k (2016: nil).

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

25	Deferred income	2017 £000	2016 £000
	Arising from government grants	5,275	5,887
		<u>5,275</u>	<u>5,887</u>

Analysis of deferred income

Deferred income is classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £000	2016 £000
Current liabilities	391	467
Non-current liabilities	4,884	5,420
	<u>5,275</u>	<u>5,887</u>

26 Retirement benefit schemes

Defined contribution schemes

The company's employees are members of the Pilkington Superannuation Scheme (PSS). It is not possible to identify the share of underlying assets and liabilities attributable to each participating company. As such, the lead company, Pilkington Group Limited records all assets and liabilities of the scheme in its Statement of Financial Position. The contributions of this company are accounted for as a defined contribution scheme. Further information on the PSS scheme and the asset/liability at the year end date, can be found in the financial statements of the fellow subsidiary undertaking Pilkington Group Limited.

As a participating employer of the Pilkington Superannuation Scheme (PSS) defined benefit scheme, the company contributed £23,505 k in the year towards an overall deficit reduction plan. See note 5 for further details.

The company's employees are also entitled to participate in a number of defined contribution schemes.

The total costs charged to income in respect of retirement benefit plans is £4,464 k (2016 - £4,444 k).

27	Share capital	2017 £000	2016 £000
	Ordinary share capital		
	Issued and fully paid		
	253,483,392 (2016: 229,978,392) Ordinary shares of £1 each	<u>253,483</u>	<u>229,978</u>

During the year, the company issued 23,505,000 £1 ordinary shares at par.

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

28 Hedging reserve

	2017 £000	2016 £000
At 1 April	(4,370)	(3,801)
Gains and losses on cash flow hedges	2,928	(569)
At 31 March	<u>(1,442)</u>	<u>(4,370)</u>

29 Retained earnings

	2017 £000	2016 £000
At 1 April	(181,307)	(157,009)
Loss for the year	(96,799)	(24,298)
At 31 March	<u>(278,106)</u>	<u>(181,307)</u>

30 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017 £000	2016 £000
Minimum lease payments under operating leases	<u>3,870</u>	<u>3,755</u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £000	2016 £000
Within one year	2,577	3,639
Between two and five years	6,428	10,878
In over five years	776	2,990
	<u>9,781</u>	<u>17,507</u>

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

31 Events after the reporting date

During the preparation of these accounts, the directors have reviewed the carrying value of investments and have recognised an impairment of £66,227 k in respect of the Nordic region subsidiaries.

The company has agreed with its parent to issue new share capital of £75,000 k to strengthen the balance sheet position.

32 Controlling party

The immediate parent undertaking is Pilkington Group Limited, registered in England and Wales. This company has not prepared consolidated financial statements as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Company, Limited, a company registered in Japan. Nippon Sheet Glass Company, Limited has prepared consolidated financial statements for the year to 31 March 2017, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Company, Limited, West Wing, 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.