Registration number: 01438525

PPG Refinish Distribution Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

PPG Refinish Distribution Limited

Contents

PPG Refinish Distribution Limited

Officers and Professional Advisers

Directors	R K Stewart K Brasenell R M Goode
Registered office	PO Box 162 Needham Road Stowmarket Suffolk IP14 2ZR
Secretary	Pinsent Masons LLP 3 Colmore Circus Birmingham United Kingdom B4 6BH
Bankers	BNP Paribas Fortis Bank S.A.-N.V. 10 Harewood Avenue London United Kingdom NW1 6AA
	Santander UK Plc 2 Triton Square Regent's Place London United Kingdom NW1 3AN
	Natwest Brampton Road Newcastle-under-Lyme Staffordshire United Kingdom ST5 0QX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds United Kingdom LS1 4DL

PPG Refinish Distribution Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activities
The principal activity of the company is to supply products to the United Kingdom car and commercial vehicle bodyshop repair market including the sale and distribution of paints, refinish products, tools and bodyshop consumables.

Future activity is expected to remain as discussed in the directors' report for the forseeable future.

Fair review of the business
The car collision business saw strong growth, which was offset by weaker performance in the commercial transport segment. The business continues to evolve to meet and exceed the changing needs of customers within our chosen market segments. We are actively managing the business to deal with disruptive impact of global parts shortages, the recent inflationary cycle and increased costs of energy. The directors are pleased to report that despite the challenging market conditions, the company was still able to meet its key strategic goals, investing in both its people and its branch network to drive optimisation and operational excellence.

The net current assets of the company at the end of the year are £16,518,231 (2021: £14,756,470) and net assets at the end of the year are £16,354,649 (2021: £14,611,787)

The profit for the financial year was £1,742,862 (2021: £558,787).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Gross Profit	%	24	19
Return on Sales	%	5	2

Gross profit is the ratio of gross profit to sales expressed as a percentage. The gross profit percentage has remained strong due to decreased cost of sales.

Return on sales is the operating profit expressed as a percentage of sales. The increase in sales margin has arisen from a decrease in distribution costs.

Principal risks and uncertainties
The company's activities expose it to a number of financial risks including price risk, credit risk, liquidity risk and cash flow risk.

Price risk
The raw materials are susceptible to price fluctuations and this is managed by continuously monitoring the market and with demand management and supply strategies.

Credit risk
The company's principal financial assets are bank balances and cash, trade debtors and other debtors.

The company's credit risk is primarily attributable to its trade and other debtors. The amounts presented in the balance sheet are net of provision for bad and doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Principal risks and uncertainties (continued)

Credit risk (continued)
The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company also maintains credit insurance cover on its trade debtors balances.

Liquidity risk
The company aims to mitigate liquidity risk by managing cash generation by its operations and by applying cash collection targets. The Company also manages liquidity risk through the use of a group loan through use of a mixture of long-term and short term debt finance. The company is financed by fixed rate loans from other group companies and has no third party debt, hence eliminating short term interest rate exposure.

Cash flow risk
Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The company does not have any significant risk in this regard for 2022 or any expected for 2023.

Competitive pressure continues to be a risk to the company which could result in losing sales to its key competitors. The company manages this risk by continuing to invest in the development of its people to ensure the company continue to offer high quality products coupled with an extensive range of value adding support services which help build and maintain strong customer relationships.

Section 172(1) statement
The directors of the Company are required to act and carry out their activities which would be most likely to promote the success of the Company for the benefit of its shareholders, employees and stakeholders, and taking into account the factors as listed in Section 172(1) a) - f) of the Companies Act 2006.

We intensified our focus on the key cultural attributes, behaviours and action that will propel the long-term success of the company. PPG's greatest strength is its people. The Company has embarked on a journey to define and enhance PPG's culture and employee engagement efforts. The PPG Global Code of Ethics is located at http://corporate.ppg.com/Our-Company/Ethics.aspx.

PPG's culture of continuous improvement also underpins our approach and commitment to sustainable operations. Whether it is increasing the efficiency of our operations or developing our people, our improvement efforts naturally extend to many areas that affect our sustainability performance. The PPG 2022 sustainability report is located at https://sustainability.ppg.com/.

The Company has opportunities every day to create more value and fully leverage our scale for the benefit of our shareholders, customers and employees.

Further details of our engagement with employees, customers and suppliers are given in the directors' report.

Approved by the Board on 27 October 2023 and signed on its behalf by:

RM Goode

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R M Goode
Director

PPG Refinish Distribution Limited

Directors' Report for the Year Ended 31 December 2022

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

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

R K Stewart

K Brasenell

R M Goode (appointed 1 February 2022)

Dividends
The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: £nil).

Directors indemnities
The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of the approval of the financial statements.

Political donations and charitable contributions
During the year the company made no political contributions nor charitable donations.

Employees

Employment of disabled persons
The company operates non-discriminatory employment policies and does not discriminate on any grounds including age, race, religion, sex or disability. Applications for employment are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is provided where necessary. It is the policy of the company that the career development of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors concerning the performance of the company. This is achieved through regular meetings and newsletters. In addition, employee representatives are consulted on issues affecting their interests.

Engagement with suppliers, customers and other relationships
The Company remains steadfast in the commitment to develop innovative products and solutions that create value for our customers, empower our people to grow and succeed, operate our business safely and effectively and deliver value to our shareholders – growing sales and earnings consistently to deliver superior returns.

The Company has intimate knowledge of the market and customers and continually engages with its customers in a number of ways in order to receive feedback on the service including surveys, customer marketing and communications. By fostering long-term customer relationships, delivering high service levels and expanding strategic partnerships we aim to become the preferred supplier.

The Company develops close working relationships with its key suppliers in order to safeguard raw material and other supplies.

The UK Group remains committed through its global Colourful Communities program and bringing to life the purpose of protecting and beautifying the communities around the world. In addition, the Company supports employees to make a difference to a local charity that matters to them through a matched fundraising policy.

Future developments
Moving forward, the business wants to continue its current strategic direction by continuing the focus on core products and the unique proposition that the business can offer its customers. In an increasingly competitive environment and the emerging new normal, we will continue to focus on improving the quality of sales by attracting and retaining the right customers in terms of financial strength to ensure the business is not dependent on any one customer to help mitigate credit exposures. We are also committed to maintaining a low cost base in the branch network, but ensuring that we have the appropriate structure to deliver an exemplary service to our customers.

Going concern
The directors have considered a going concern assessment of the company in order to conclude on the appropriateness of preparing the financial statements on a going concern basis. Cash flow forecasts have been prepared to reflect plausible downside scenario as a result of current levels of raw material and other inflations and its impact on the company's trading performance and outlook. Those forecasts have been compared with the current and forecast liquidity position over that period and as a result of the assessment performed the directors have a reasonable expectation that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In addition, the company has obtained a letter of support from PPG Holdings U.K. Limited confirming that it and other group companies will not seek repayment of the intercompany balances in such a manner that would impact the company's ability to meet its other financial obligations and confirms its intention to provide financial support as required for a period of at least 12 months from the date these financial statements are approved and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Statement of Directors' Responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

Statement of Directors' Responsibilities (continued)
Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

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.

Reappointment of independent auditors
The company proposes to change auditors and a resolution to replace the auditors will be taken at the forthcoming Annual General Meeting.

Approved by the Board on 27 October 2023 and signed on its behalf by:

RM Goode

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R M Goode
Director

Independent auditors' report to the members of PPG Refinish Distribution Limited

Report on the audit of the financial statements

Opinion

In our opinion, PPG Refinish Distribution Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2022; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, environment Act and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Victoria Coe

Victoria Coe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
27 October 2023

PPG Refinish Distribution Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	34,408,435	38,199,784
Cost of sales		(26,306,674)	(30,970,370)
Gross profit		8,101,761	7,229,414
Distribution costs		(6,025,439)	(6,294,210)
Administrative expenses		(226,878)	(225,764)
Other operating expense	4	-	(3,320)
Operating profit	5	1,849,444	706,120
Interest receivable and similar income	6	47,389	-
Interest payable and similar expenses	7	(1,029)	(22,909)
Profit before tax		1,895,804	683,211
Tax on profit	9	(152,942)	(124,424)
Profit for the financial year		1,742,862	558,787

The above results were derived from continuing operations.

There are no other items of comprehensive income or expense in the current year or the prior year other than as stated above. Accordingly, a statement of comprehensive income has not been presented.

PPG Refinish Distribution Limited

(Registration number: 01438525)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	33,069	66,702
		33,069	66,702
Current assets			
Stocks	12	4,249,872	4,145,966
Debtors	13	25,251,707	22,260,937
Cash at bank and in hand		2,082,573	35,534
		31,584,152	26,442,437
Creditors: Amounts falling due within one year	14	(15,065,921)	(11,685,967)
Net current assets		16,518,231	14,756,470
Total assets less current liabilities		16,551,300	14,823,172
Provisions for liabilities	15	(196,651)	(211,385)
Net assets		16,354,649	14,611,787
Capital and reserves			
Called up share capital	16	2,600,000	2,600,000
Other reserves		260,000	260,000
Profit and loss account		13,494,649	11,751,787
Shareholders' funds		16,354,649	14,611,787

The financial statements on pages 11 to 25 were approved by the Board of Directors on 27 October 2023 and signed on its behalf by:

R M Goode

R M Goode
Director

PPG Refinish Distribution Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2022	2,600,000	260,000	11,751,787	14,611,787
Profit for the year	-	-	1,742,862	1,742,862
Total comprehensive income	-	-	1,742,862	1,742,862
At 31 December 2022	2,600,000	260,000	13,494,649	16,354,649

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2021	2,600,000	260,000	11,193,000	14,053,000
Profit for the year	-	-	558,787	558,787
Total comprehensive income	-	-	558,787	558,787
At 31 December 2021	2,600,000	260,000	11,751,787	14,611,787

Other reserves relates to a capital contribution of £260,000 (2021: £260,000) made by a group company in 1987. The amount is non-repayable.

1 General information

The company is a private company limited by share capital, incorporated in England, United Kingdom.

The company's principal activity is to supply products to the United Kingdom car and commercial vehicle bodyshop repair market including the sale and distribution of paints, refinish products, tools and bodyshop consumables.

2 Accounting policies

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

Statement of compliance
The individual financial statements of PPG Refinish Distribution Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation
The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in the critical accounting judgements and estimation uncertainty.

Summary of disclosure exemptions
The Company's shareholders have been notified of the following exemptions and no objections have been received.

The company is a wholly owned subsidiary undertaking of PPG Industries, Inc. which produces a consolidated cash flow statement that is publicly available. In accordance with Financial Reporting Standard 102 (FRS102), the company has taken advantage of the exemption in FRS102 from preparing a cash flow statement.

In accordance with FRS102 (Section 33) 'Related party disclosure' the company has taken advantage of the exemption not to disclose its transactions with group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

The company has exemption from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The directors have considered a going concern assessment of the company in order to conclude on the appropriateness of preparing the financial statements on a going concern basis. Cash flow forecasts have been prepared to reflect plausible downside scenario as a result of current levels of raw material and other inflations and its impact on the company's trading performance and outlook. Those forecasts have been compared with the current and forecast liquidity position over that period and as a result of the assessment performed the directors have a reasonable expectation that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. In addition, the company has obtained a letter of support from PPG Holdings U.K. Limited confirming that it and other group companies will not seek repayment of the intercompany balances in such a manner that would impact the company's ability to meet its other financial obligations and confirms its intention to provide financial support as required for a period of at least 12 months from the date these financial statements are approved and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Revenue recognition

Turnover represents amounts receivable for goods provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised when goods are delivered.

Tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Accounting policies (continued)

Tangible assets
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

Depreciation
Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Depreciation method and rate
Buildings	over 12 years
Plant and machinery	over 12 years
Furniture, fittings and equipment	over 3 years

Intangible assets
Other intangible assets relates to non-compete covenants and customer relationships which are included at cost and depreciated in equal annual instalments over a period of 5 years which is their estimated useful economic life. Provision is made for any diminution in value.

IT software is measured initially at purchase cost and amortised on a straight line basis over its estimated useful life of 5 years.

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

Stocks
Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cost is determined on standard costing based on purchase prices.

Provisions
Provisions are recognised when the company has an obligation at the reporting date 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.

2 Accounting policies (continued)

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Defined contribution pension obligation
For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Interest income
Interest income is recognised using the effective interest method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

Interest expense
Interest expense is recognised using the effective interest method. Interest expense is presented as 'interest payable and similar expenses' in the profit and loss account.

Financial instruments

Financial assets
Basic financial assets, including trade and other debtors and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party: or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimation uncertainty

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.

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.

Inventory provisioning

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. The net carrying amount of the inventory and associated provision can be seen in note 12.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. The net carrying amount of the debtors and associated impairment provision can be seen in note 13.

3 Turnover

Turnover represents amounts derived from the provision of goods which fall within the company's ordinary activities after deduction of trade discounts, VAT and other sales related taxes. The turnover and pre tax loss is attributable to one activity, the distribution of automotive refinish products.

The turnover during the year relates to sales of goods in the UK.

4 Other operating expense

The analysis of the company's other operating expense for the year is as follows:.

	2022 £	2021 £
Miscellaneous other operating expense	-	3,320

5 Operating profit

Arrived at after charging:

	2022 £	2021 £
Restructuring costs	154,635	156,840
Fees payable to the company's auditors for the audit of the Company's annual financial statements	30,000	30,360
Depreciation expense (Note 11)	23,355	76,903
Operating vehicle and building lease expense	895,458	847,295

No PricewaterhouseCoopers LLP non-audit fees occurred in 2022 (2021: £nil).

The restructuring costs relate to the cost of severance, enhancing efficiencies within the organisation.

6 Interest receivable and similar income

	2022 £	2021 £
Intercompany interest receivable	47,389	-

7 Interest payable and similar expenses

	2022 £	2021 £
Intercompany interest payable	1,029	22,909

8 Employees

There were no directors' emoluments charged during the year (2021: £nil) and no directors were members of money purchase pension schemes. Directors' remuneration is borne by another company and is not recharged. It is not practicable to determine the directors' remuneration in respect of services to this company.

8 Employees (continued)

The aggregate payroll costs were as follows:

	2022 £	2021 £
Wages and salaries	2,558,417	2,753,787
Social security costs	262,521	279,921
Other pension costs	212,973	224,307
	3,033,911	3,258,015

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

	2022 No.	2021 No.
Sales, marketing and distribution	16	19
Other departments	83	96
	99	115

9 Tax on profit

Tax charged in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	148,708	132,656
UK corporation tax adjustment to prior periods	618	-
	149,326	132,656
Deferred taxation		
Arising from origination and reversal of timing differences	5,941	7,462
Arising from changes in tax rates and laws	-	(24,652)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(2,325)	8,958
Total deferred taxation	3,616	(8,232)
Tax expense in the income statement	152,942	124,424

The tax on profit before tax for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

9 Tax on profit (continued)

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	1,895,804	683,211
Corporation tax at standard rate	360,203	129,810
Decrease from effect of different UK tax rates on some earnings	-	(24,652)
Adjustment in respect of prior periods	(1,707)	8,958
Tax (decrease)/increase from other short-term timing differences	(6,812)	1,200
Other tax effects for reconciliation between accounting profit and tax expense	1,940	9,108
Tax decrease arising from group relief	(200,682)	-
Total tax charge	152,942	124,424

In the 2021 budget the government announced that the Corporation Tax main rate with effect from 1 April 2023 will increase to 25%. As this was enacted on 24 May 2021, the current tax rate for the year ended 31 December 2022 is therefore 19% (2021: 19%) and deferred tax has been recognised at 25% (2021: 25%).

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities.

10 Intangible assets

	IT software £	Other intangible assets £	Total £
Cost or valuation			
At 1 January 2022	42,645	300,319	342,964
At 31 December 2022	42,645	300,319	342,964
Amortisation			
At 1 January 2022	42,645	300,319	342,964
At 31 December 2022	42,645	300,319	342,964
Carrying amount			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment Restated* £	Plant and machinery Restated* £	Total £
Cost or valuation				
At 1 January 2022	1,339,349	391,319	-	1,730,668
Adjustment	(13,257)	-	-	(13,257)
At 31 December 2022	1,326,092	391,319	-	1,717,411
Depreciation				
At 1 January 2022	1,303,700	360,266	-	1,663,966
Charge for the year	1,754	21,601	-	23,355
Adjustment	(2,979)	-	-	(2,979)
At 31 December 2022	1,302,475	381,867	-	1,684,342
Carrying amount				
At 31 December 2022	23,617	9,452	-	33,069
At 31 December 2021	35,649	31,053	-	66,702

*The opening balances were £1,563,168 for cost and £1,532,115 for accumulated depreciation for furniture, fittings and equipment, and £139 for cost and £139 for accumulated depreciation for plant and machinery, which have been restated to realign with the fixed asset register.

12 Stocks

	2022 £	2021 £
Finished goods and goods for resale	4,249,872	4,145,966

The directors consider that the replacement cost of stock is not materially different from its carrying value. Inventories are stated after provision for impairment of £342,570 (2021: £148,240).

13 Debtors

	2022 £	2021 Restated* £
Amounts falling due within one year		
Trade debtors	5,783,325	7,846,021
Amounts owed by group undertakings	16,460,998	10,231,624
Other debtors	6,422	708,533
Prepayments and accrued income	2,909,322	3,379,503
	25,160,067	22,165,681
Amounts falling due after more than one year		
Deferred tax assets	91,640	95,256
	25,251,707	22,260,937

Trade debtors are stated after provisions for impairment of £329,855 (2021: £426,084).

The amounts owed by group undertakings are unsecured, interest free and repayable on demand with due notice given to both parties.

Included within amounts owed by group undertakings is £2,600,000 (2021: £2,600,000) in note 16 relating to unpaid issued share capital.

*The 2021 balances for other debtors and prepayments and accrued income have been restated as a result of reclassification.

Deferred tax

Deferred tax assets and liabilities

2022	**Asset £**
Difference between accumulated depreciation and amortisation and capital allowances	86,452
Short term timing differences	5,188
	91,640

13 Debtors (continued)

2021	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	95,256
Short term timing differences	-
	95,256

A deferred tax asset has been recognised as the directors consider that based on the anticipation of future taxable earnings it is more likely than not that the asset will be recovered.

14 Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	5,895,210	2,452,090
Amounts owed to group undertakings	8,107,588	8,187,605
Taxation and social security	900,025	726,985
Accruals and deferred income	163,098	319,287
	15,065,921	11,685,967

Of the amounts owed to group undertakings £1,552,201 (2021: £764,915) is interest bearing at 2.84% (2021: 0.60%) and the rest is not interest bearing and repayble on usual trade terms. The company meets its day-to-day working capital requirements through access to funds as part of the PPG group's cash pooling arrangement that is administered through PPG Finance BV, a fellow group company, which acts as an internal bank for PPG subsidiaries. The company has unrestricted access to these funds as part of the contractual cash pooling terms and conditions, and either party has the right to withdraw from the agreement by giving one months notice, for which no reason needs to be given. Under the cash pooling arrangements, some levels of cash is held by the Company as balances are 'swept' to PPG Finance BV at the end of business on each day. The company therefore has a current payable balance of £1,552,201 (2021: £764,915) for that amount held with PPG Finance BV in the cashpool. The company also holds £2,082,573 (2021: £35,534) cash, which is not 'swept' into the cash pooling.

15 Provisions for liabilities

	Dilapidation £
At 1 January 2022	211,385
Decrease through exiting leases	(14,734)
At 31 December 2022	196,651

16 Called up share capital

Allotted, called up and not fully paid shares

	2022 No.	£	2021 No.	£
Called up, allotted and un-paid of £1 each	2,600,000	2,600,000	2,600,000	2,600,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Commitments

The company had no capital commitments at either year end.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2022 Land and buildings	2022 Plant and motor vehicle	2021 Land and buildings	2021 Plant and motor vehicle
Payments due:	£	£	£	£
Within one year	210,177	349,192	382,832	227,709
Between two and five years	362,804	442,477	506,870	667,255
More than five years	273,885	-	343,813	-
	846,866	791,669	1,233,515	894,964

18 Parent and ultimate parent undertaking

The directors regard PPG Industries, Inc., a company incorporated and registered in the United States of America and listed on the New York Stock Exchange, as the ultimate parent company and ultimate controlling party by virtue of its 100% interest in the equity share capital of the company.

The company's immediate parent is PPG Industries (UK) Limited, incorporated in the United Kingdom.

The ultimate parent is PPG Industries, Inc., incorporated in the United States of America.

The largest and smallest company within which the Company's results are consolidated is PPG Industries, Inc.. These financial statements are available upon request from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA.