

Nippon Paint Europe Ltd

Annual report and financial statements

Registered number 2398802

31 December 2016

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Strategic Report

Principal activities and business review

The principal activities of Nippon Paint (Europe) Limited continues to be the performance of technical and business-related activities for the ultimate parent company, Nippon Paint Holdings Company Limited (NPHD), a company incorporated in Japan, together with the procurement and export of paint-related raw materials and test equipment from Europe to NPHD and the procurement and import of products from NPHD for subsequent resale in Europe.

Business Review

The company made a profit before taxation of £104,000 (2015: loss before taxation of £149,000) as set out in the profit and loss account on page 7.

In January 2016, the company increased its shareholding of Bollig & Kemper GmbH & Co from 51% to 100%.

NPE established a new company in the Czech Republic. The Company purchased land in November 2016 with the intention of building a plant to start operations in January 2019.

In 2016, the majority of the marine part of the business transferred to a joint venture in Germany and no longer comes under the remit of NPE. The marine business will, however, remain part of the ultimate parent company, NPHD. NPE still have limited sales for Marine (REACH related) and this material is sold to Nippon Paint Marine GmbH. This is due to Nippon Paint Marine GmbH not being able to process any sales related to REACH. However, in 2017 they will be able to process these sales so NPE will no longer have this business.

PS GEL sales continue to grow, and have a better sales margin than the Marine business. The 2017 YTD total sales have exceeded the equivalent 2016 sales so the overall sales turnover remains good.

Key risks and uncertainties

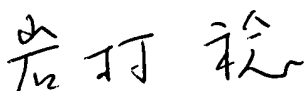
Regarding risks and uncertainties, the company has implemented a coordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure.

The ongoing key risks and uncertainties facing the company concern exchange rate volatility and ongoing competitiveness in its main market of a pharmaceutical gel. However, it is expanding into other areas, for example rail paint, but these sales are currently a small percentage.

The sales 2016 KPI was above budget, with both PS GEL and Marine sales higher than expected. This trend has continued into 2017. The Trading profit, OP and NP KPIs were all above target. 2017 KPI are YTD running above target and are expected to remain stable to the end of the year.

The main current uncertainty is the post Brexit affect. The weakened sterling value has been considered and it has been decided that it would have a limited impact on NPE as it buys and sells in the same currency. NPE's customer base is global, so therefore NPE does not expect any significant changes in sales due to Brexit.

By order of the board



M Iwamura
Managing Director

[1 November 2017]

Directors' report

The directors present their annual report and the audited single company financial statements for the year ended 31 December 2016.

Proposed dividend

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

Directors

The directors who held office during the year, and subsequently were as follows:

M Iwamura

Y Matsumoto (resigned 1st April 2016)

M Minami (appointed 1st April 2016)

A Nagasaka (appointed 1st April 2016, resigned 26th January 2017)

M Sumida (resigned 1st April 2016)

M Yamada (appointed 1st April 2016)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or other group of companies.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of, the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the year.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

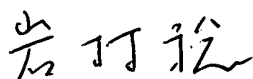
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Iwamura
Managing Director

Britannia Trade Park,
Radway Road,
Swindon
SN3 4ND

1 November 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIPPON PAINT (EUROPE) LIMITED

We have audited the financial statements of Nippon Paint Europe Limited for the year ended 31 December 2016 set out on pages 7 - 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIPPON PAINT
EUROPE LIMITED (Continued)**

Matters on which we are required to report by exception

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.



Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park,
Theale,
Reading
RG7 4SD

3 November 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	6,387	8,786
Cost of sales		(5,910)	(8,265)
		<hr/>	<hr/>
Gross profit		477	521
Administrative expenses	3	(735)	814
		<hr/>	<hr/>
Operating loss		(258)	(293)
Other interest receivable and similar income	6	364	144
Interest payable and similar expenses	7	(2)	-
		<hr/>	<hr/>
Profit/(Loss) before taxation		104	(149)
Tax on profit/(loss)	8	(27)	-
		<hr/>	<hr/>
Profit/(Loss) for the financial year		77	(149)
		<hr/>	<hr/>
Other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		77	(149)
		<hr/>	<hr/>

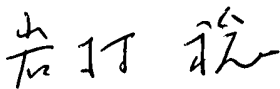
The above results relate to continuing operations.

The notes on pages 10 to 23 form part of these financial statements

Balance Sheet
as at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	9	2	3
Intangible assets	10	49	-
Investments	11	29,116	15,808
		<u>29,167</u>	<u>15,811</u>
Current assets			
Stocks	12	105	227
Debtors (including £1,806,000 (2015: £237,000) due after more than one year)	13	3,116	4,764
Cash at bank and in hand		6,392	2,498
		<u>9,613</u>	<u>7,489</u>
Creditors: amounts falling due within one year	14	<u>(2,234)</u>	<u>(2,777)</u>
Net current assets		7,379	4,712
Net assets		<u>36,546</u>	<u>20,523</u>
Capital and reserves			
Called up share capital	17	53,296	37,350
Profit and loss account		(16,750)	(16,827)
Shareholder's funds		<u>36,546</u>	<u>20,523</u>

These financial statements were approved by the board of directors on 1,11.2017 and were signed on its behalf by:



M Iwamura
Managing Director

Company registered number: 2398802

The notes on pages 10 to 23 form part of these financial statements

Statement of Changes in Equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	37,350	(16,678)	20,672
Total comprehensive income for the period			
Loss for the year	-	(149)	(149)
Total comprehensive income for the period	-	(149)	(149)
Balance at 31 December 2015	37,350	(16,827)	20,523

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	37,350	(16,827)	20,523
Total comprehensive income for the period			
Profit for the year	-	77	77
Issue of shares	15,946	-	15,946
Total comprehensive income for the period	15,946	77	16,023
Balance at 31 December 2016	53,296	(16,750)	36,546

The notes on pages 10 to 23 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Nippon Paint Europe Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England, UK. The address of its registered office is Britannia Trade Park, Radway Road, Swindon, SN3 4ND.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Nippon Paint Holdings Company includes the Company in its consolidated financial statements. The consolidated financial statements of Nippon Paint Holdings Company are available to the public and may be obtained from 1-2, 2 Chome, Oyodo-Kita, Kita-Ku, Osaka 531, Japan. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: tangible fixed assets and intangible assets measured in accordance with the revaluation model and investments in associates and joint ventures measured at fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the immediate holding company, Nippon Paint Holdings Company, has agreed to fully support financially the operations of the Company in order to ensure its ability to continue as a going concern for the foreseeable future.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries, and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Motor vehicles 5 years
- Fixtures and fittings 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.7 Employee benefits

Defined contribution plans and other long-term employee benefits

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

Notes (continued)

1 Accounting policies (continued)

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

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

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.11 Revenue recognition

Sales revenue is recognised when persuasive evidence of an arrangement exists, delivery has occurred, title and risk of loss have passed to the customers, the sales price is fixed or determinable, and collectability is probable.

Taxes collected from customers and remitted to governmental authorities on revenue-producing transactions are accounted for on a net basis and therefore are excluded from revenues in the statements of income.

Notes (continued)

2 Turnover

	2016 £000	2015 £000
Sale of goods	6,387	8,786
Total turnover	<u>6,387</u>	<u>8,786</u>
	2016 £000	2015 £000
By geographical market		
United Kingdom	91	373
Europe	3,540	5,233
Rest of the World	2,756	3,180
	<u>6,387</u>	<u>8,786</u>

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	18	34
All other services	22	-
	<u>40</u>	<u>34</u>

Amounts receivable by the Company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £nil (2015: £nil).

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Administration	1	2
	<hr/>	<hr/>
	1	2
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	121	141
Social security costs	29	84
Contributions to defined contribution plans	6	8
	<hr/>	<hr/>
	156	233
	<hr/>	<hr/>

5 Directors' remuneration

The emoluments of the directors have been borne by the parent company, Nippon Paint Holdings Co Ltd plus other companies within the group. The directors of the company are also directors or officers of other companies within the Nippon Paint group. The directors' services to the company do not occupy a significant amount of their time. The remuneration of the directors for services to the company during the year was £nil (2015: £nil).

6 Other interest receivable and similar income

	2016 £000	2015 £000
Net foreign exchange gain	309	69
Interest receivable	55	75
	<hr/>	<hr/>
Total interest receivable and similar income	364	144
	<hr/>	<hr/>

Interest receivable and similar income includes income from group undertakings of £55,000 (2015: £75,000).

Notes (continued)

7 Interest payable and similar expenses

	2016 £000	2015 £000
Net foreign exchange loss	-	-
Interest payable	2	-
	<hr/>	<hr/>
Total other interest payable and similar expenses	2	-
	<hr/> <hr/>	<hr/> <hr/>

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
<i>Current tax</i>				
Current tax on income for the period	27		-	
Adjustments in respect of prior periods	-		-	
	<hr/>		<hr/>	
Total current tax		27		-
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	-		-	
Change in tax rate	-		-	
	<hr/>		<hr/>	
Total deferred tax		-		-
		<hr/>		<hr/>
Total tax		27		-
		<hr/> <hr/>		<hr/> <hr/>

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit/(Loss) for the year	77	(149)
Total tax expense	27	-
	<hr/>	<hr/>
Profit/(Loss) excluding taxation	104	(149)
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	21	(30)
Expenses not deductible for tax purposes	9	3
Overseas interest and rental income taxable in the UK	16	-
UK tax losses not recognised	-	223
Losses of Bollig & Kemper GmbH & Co KG relievable in the UK	-	(196)
Utilisation of brought forward tax losses not previously recognised	(19)	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	27	-
	<hr/>	<hr/>

The Company has approximately £929,957 (2015: £2,042,163) of UK taxation losses available for carry forward and set-off against future trading profits arising from the same trade. The deferred tax asset has not been recognised within these financial statements. The asset will only be recognised when it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Factors that may affect future tax credits

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

9 Tangible fixed assets

	Fixtures & fittings £000	Vehicles £000	Total £000
Cost			
Balance at 1 January 2016	13	4	17
Other acquisitions	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	13	4	17
	<hr/>	<hr/>	<hr/>
Depreciation			
Balance at 1 January 2016	13	1	14
Depreciation charge for the year	-	1	1
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	13	2	15
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2016	-	2	2
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	3	3
	<hr/>	<hr/>	<hr/>

10 Intangible fixed assets

	Software £000	Total £000
Cost		
Balance at 1 January 2016	-	-
Other acquisitions	55	55
	<hr/>	<hr/>
Balance at 31 December 2016	55	55
	<hr/>	<hr/>
Amortisation		
Balance at 1 January 2016	-	-
Depreciation charge for the year	6	6
	<hr/>	<hr/>
Balance at 31 December 2016	49	49
	<hr/>	<hr/>
Net book value		
At 31 December 2016	49	49
	<hr/>	<hr/>
At 31 December 2015	-	-
	<hr/>	<hr/>

Notes (continued)

11 Fixed asset investments

	Shares in group undertakings £000	Total £000
Cost		
At beginning of year	46,808	46,808
Additions	13,308	13,308
Transfers between items		
	<hr/>	<hr/>
At end of year	60,116	60,116
	<hr/>	<hr/>
Provisions		
At beginning of year	31,000	31,000
	<hr/>	<hr/>
At end of year	31,000	31,000
	<hr/>	<hr/>
Net book value		
At 31 December 2016	29,116	29,116
	<hr/>	<hr/>
At 31 December 2015	15,808	15,808
	<hr/>	<hr/>

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	Profit or loss for the year	Country of incorporation	Class of shares held	Ownership 2016	Ownership 2015
	£000	£000			%	%
Nippon Paint Automotive Czech	1,679	(22)	Czech Republic	Ordinary	100	-
NP Automotive Coatings (Europe) Ltd	7,500	2,001	Great Britain	Ordinary	100	100
Bollig & Kemper GmbH & Co	(1,402)	(8,026)	Germany	Ordinary	100	51

The company assesses at each reporting date whether tangible fixed assets are impaired.

The above companies are registered at the following addresses:

Nippon Paint Automotive Czech: Aviaticka 1092/8, 161 00 Praha 6, Czech Republic

NP Automotive Coatings (Europe) Ltd: Britannia Trade Park, Radway Road, Swindon, UK SN3 4ND

Bollig & Kemper GmbH & Co: Vitalisstrasse 114, 50827, Cologne, Germany

Notes (continued)

12 Stocks

	2016	2015
	£000	£000
Raw materials, consumables and goods in transit	105	227
	<u>105</u>	<u>227</u>

Raw materials, consumables, and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £5,910,000 (2015: £8,226,000).

13 Debtors

	2016	2015
	£000	£000
Trade debtors	1,217	1,865
Amounts owed by group undertakings	1,644	155
Other debtors	13	2,453
Prepayments and accrued income	242	291
	<u>3,116</u>	<u>4,764</u>
Due within one year	1,310	4,527
Due after more than one year	1,806	237
	<u>3,116</u>	<u>4,764</u>

Debtors include prepayments of £192,000 (2015: £237,000) due after more than one year.

14 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	89	167
Amounts owed to group undertakings	2,067	2,479
Taxation and social security	27	6
Other creditors	-	59
Accruals and deferred income	51	66
	<u>2,234</u>	<u>2,777</u>

Notes (continued)

15 Deferred tax assets and liabilities

The company has approximately £929,957 (2015: £2,042,163) of UK taxation losses available for carry forward and set-off against future trading profits arising from the same trade. The deferred tax asset has not been recognised within these financial statements. The asset will only be recognised when it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

16 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £6,000 (2015: £8,000).

17 Capital and reserves

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>	53,296	37,350
53,296,153 ordinary shares of £1 each	<u>53,296</u>	<u>37,350</u>

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

Notes (continued)

18 Related parties

Identity of related parties with which the Company has transacted

Other related party transactions

	Sales to		Administrative expenses incurred from	
	2016 £000	2015 £000	2016 £000	2015 £000
Other related parties	6	305	-	-
	<u>6</u>	<u>305</u>	<u>-</u>	<u>-</u>

Sales to related parties were to Nippon Paint Marine Singapore £nil (2015: £179,000), Nippon Paint Marine Coatings Japan £5,000 (2015: £124,000) and Nippe Trading Japan £1,000 (2015: £2,000).

	Receivables outstanding		Creditors outstanding	
	2016 £000	2015 £000	2016 £000	2015 £000
Other related parties	1,644	2,577	2,067	2,479
	<u>1,644</u>	<u>2,577</u>	<u>2,067</u>	<u>2,479</u>

Receivables outstanding from related parties were NP Automotive Coatings (Europe) £1,638,000 (2015: £2,000,000), Bollig & Kemper GmbH £nil (2015: £422,000), Nippon Paint Marine Coatings £nil (2015: £152,000) and Nippon Paint Automotive Coatings £6,000 (2015: £3,000). The loan to NP Automotive Coatings (Europe) is repayable on demand; other receivables from related parties are due thirty days after the last day of the month in which the invoice is dated.

Creditors outstanding were Nippon Paint Marine Coatings £744,000 (2015: £1,634,000), Nippe Trading Company £1,127,000 (2015: £760,000), Bollig & Kemper GmbH £46,000 (2015: £nil), Nippon Paint Automotive Coatings £78,000 (2015: £nil), Nippon Paint Holdings £3,000 (2015: £nil) and NP Automotive Coatings (Europe) £69,000 (2015: £85,000). Creditors are due thirty days after the last day of the month in which the invoice is dated, except for Nippe Trading Company which are due 180 days after the last day of the month in which the invoice is dated.

Notes *(continued)*

19 Ultimate parent company and parent company of larger group

The largest group in which the results of the Company are consolidated is that headed by Nippon Paint Holdings Company Limited, incorporated in Japan. The consolidated financial statements of these groups are available to the public and may be obtained from 1-2, 2-Chome, Oyodo-Kita, Kita-Ku, Osaka 531, Japan.

20 Subsequent events

On 6th April 2017 the Company issued 1,086,590 ordinary shares of £1, which increased share capital by £1,086,590 to £54,382,743.

On 19th June 2017 the Company issued 13,171,830 ordinary shares of £1, which increased share capital by £13,171,830 to £67,554,573.

On 19th June 2017 the Company increased its investment in Nippon Paint Automotive Czech by a further £13,171,830 to £14,874,030.

On 12th September 2017 the Company issued 14,759,762 ordinary shares of £1, which increased share capital by £82,314,335.

On 16th October 2017 the Company increased its investment in Bollig and Kemper GmbH by a further £8,888,060 to £33,299,179.