Hammerite Products Limited

Annual Report and Financial Statements
Registered number 2781134
31 December 2016

Contents

Directors' Report

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

Strategic Report

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

Principal Activities

The Company's principal activity during 2016 was the toll manufacture of decorative and performance coatings for metal and wood products produced for the UK and European markets. The Company ceased productions at Eltringham Works, Prudhoe during 2016. The directors anticipate that the Company will continue to manage any run off activities during 2017 and 2018.

Post balance sheet event

On 15 June 2017 the Company entered into a new loan agreement for £9,000,000 to mature on 15 June 2022. Interest is fixed at 1.74%. The new loan is classified as Creditors amounts falling due after one year.

Prior period error

The amounts presented as prior year comparatives to the financial statements for the year ended 31 December 2016 have been restated following a reclassification adjustment of a deferred tax asset of £1,315,000 from Current assets to Non-Current assets, which is considered to be a more appropriate representation in line with IAS 1 *Presentation of Financial Statements*. An explanation of how the correction of the prior period error has affected the Company's financial performance and position is set out in Note 10 *Debtors*. There has been no impact to the Company's Statement of Comprehensive Income, Statement of Changes in Equity or cash flows as a result of this change.

Results and Dividends

The Company made a loss after tax of £275,000 (*2015 profit: £67,000*) during the financial year and has net assets of £11,668,000 as at 31 December 2016 (*31 December 2015: £11,943,000*). The directors did not pay an interim dividend during the year, (*2015: £nil*) nor do the directors recommend the payment of a final dividend (*2015: £nil*).

Directors

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

J. Edwards	*(resigned 30 June 2016)*
D. Rivers	*(appointed 08 June 2016, resigned 31 December 2016)*
M. Smalley	
S. Ray	*(appointed 01 February 2017)*

Employees

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

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

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

Directors' Report *(continued)*

Employee involvement

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

Political contributions

The Company made no political donations nor incurred any political expenditure during the current or prior year.

Future Developments

As part of the Company's run-off activities, its remaining employees transferred to another Group company in 2015. The Company no longer undertakes toll manufacturing activities and has no expectation of doing so in the future.

Financial Risk Management

Financial risk includes price risk, credit risk, liquidity risk and cash flow risk. These are addressed and managed at a group level as disclosed in the AkzoNobel Report 2016, pages 47 to 53 and may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.

An overall risk management program seeks to identify, assess and if necessary, mitigate these financial risks in order to minimise potential adverse effects on financial performance.

Going Concern

Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided notification that it shall continue to provide financial and other support to the Company for a period of at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

Independent auditors

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

Statement of directors' responsibilities in respect of the financial statements

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

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

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

Directors' Report *(continued)*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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

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

By order of the Board

L. Carter
Secretary

The AkzoNobel Building
Wexham Road
Slough
SL2 5DS

29 September 2017

Independent auditors' report to the members of Hammerite Products Limited

Report on the financial statements

Our opinion

In our opinion, Hammerite Products Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2-3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Miles Saunders (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
September 2017

Statement of Comprehensive Income
for the year ended 31 December 2016

	Note	**2016 Discontinued Operations £000**	2015 Discontinued Operations £000
Turnover	*4*	**4**	4,380
Cost of sales		**(132)**	(3,862)
Gross (loss)/profit		**(128)**	518
Administrative expenses	*5*	**(33)**	(433)
Operating (loss)/profit		**(161)**	85
Other interest receivable and similar income	*6*	**41**	62
Interest payable and similar expenses	*7*	**(1)**	(66)
(Loss)/Profit before taxation		**(121)**	81
Tax on (loss)/profit	*9*	**(154)**	(14)
(Loss)/Profit after taxation for the financial year		**(275)**	67
Total comprehensive (expense)/income for the financial year		**(275)**	67

Balance Sheet
at 31 December 2016

	Note	**2016 Discontinued Operations £000**	*Restated* 2015 Discontinued Operations £000
Non-Current assets			
Deferred Tax asset	*12*	**1,005**	1,315
Current assets			
Debtors	*10*	**11,271**	13,865
Creditors - amounts falling due within one year	*11*	**(608)**	(2,578)
Net current assets		**10,663**	11,287
Provisions for liabilities (non-current)			
Other provisions	*13*	**-**	(659)
Net assets		**11,668**	11,943
Capital and reserves			
Called up share capital	*14*	**9,000**	9,000
Other reserves		**(10,805)**	(10,805)
Profit and loss account		**13,473**	13,748
Total Equity		**11,668**	11,943

The notes on pages 9 to 19 are an integral part of these financial statements.

These financial statements on pages 6 to 19 were authorised for issue by the board of directors on 29 September 2017 and were signed on its behalf by:

M. Smalley
Director

29 September 2017

Statement of Changes in Equity

	Called up share capital	Other Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2015	9,000	(10,805)	13,681	11,876
Profit for the financial year			67	67
Total comprehensive income for the year	-	-	67	67
Balance at 31 December 2015	9,000	(10,805)	13,748	11,943

	Called up share Capital	Other Reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2016	9,000	(10,805)	13,748	11,943
Loss for the financial year			(275)	(275)
Total comprehensive expense for the year	-	-	(275)	(275)
Balance at 31 December 2016	**9,000**	**(10,805)**	**13,473**	**11,668**

Notes to the Financial Statements

1 General information

Hammerite Products Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the UK. The Company registration number is 2781134 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, England.

2 Accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") under historical cost convention in pound sterling. The amendments to FRS 101 (2013/14 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006.

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.2 Measurement convention

The financial statements are prepared on the historical cost basis.

2.3 New standards, amendments and IFRIC interpretations

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.5 Debtors

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

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

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

2.6 Cash and cash equivalents

Cash and cash equivalents includes 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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.7 Creditors

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

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

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.8 Current and deferred tax

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

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

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

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

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

2.9 Provisions

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

2.10 Turnover

Turnover is attributable to the Company's principal activity. Revenue relates to activities carried out in the UK.

2.11 Interest income

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

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.12 Discontinued operations

Discontinued operations are components of the Company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

2.13 Defined benefit plan

The Company is a participant in a group wide defined benefit schemes - ICI Specialty Chemicals Pension Fund ("the ISCPF"). As the legally sponsoring entity for this scheme, the financial statements of Imperial Chemical Industries Limited identify and disclose the information on the plans as prescribed by IAS19, and these financial statements are available from the companies' registered office at The AkzoNobel Building, Wexham Road, Slough, SL2 5DS or from Companies House. The contributions payable in respect of active members by the participating entities are determined following each triennial valuation conducted by a qualified independent actuary, and charged as a percentage of salary costs. Funding deficits are not charged to non-sponsoring entities.

2.14 Prior period error

The amounts presented as prior year comparatives to the financial statements for the year ended 31 December 2016 have been restated following a reclassification adjustment of a deferred tax asset of £1,315,000 from Current assets to Non-Current assets, which is considered to be a more appropriate representation in line with IAS 1 *Presentation of Financial Statements.*

The reason for this restatement is to provide more reliable and relevant information about the nature of transactions disclosed in the financial statements.

An explanation of how the correction of the prior period error has affected the Company's financial performance and position is set out in Note 10 *Debtors.* There has been no impact to the Company's Statement of Comprehensive Income, Statement of Changes in Equity or cash flows as a result of this change.

3 Critical accounting estimates and judgements

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

3.1 Critical accounting estimates and assumptions

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

(a) Provisions

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

Notes to the Financial Statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

(b) Recognition of Deferred Tax Asset

A deferred tax asset has arisen in relation to differences between the book value and the tax written down value of fixed assets. The asset has been recognised to the extent that the realisation of the related tax benefit through group relief entities to other entities is probable.

(c) Going concern

Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided notification that it shall continue to provide financial and other support to the Company for a period of at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

4 Turnover

Analysis of turnover by geography:

	2016	2015
	£000	£000
Netherlands	**4**	4,380
	4	4,380

Analysis of revenue by category:

	2016	2015
	£000	£000
Tolling fee for manufacturing services	**4**	4,380
	4	4,380

5 Auditor's remuneration

	2016	2015
	£000	£000
Audit fees payable to the Company's auditor	**8**	10
	8	10

Notes to the Financial Statements *(continued)*

6 Other interest receivable and similar income

	2016	2015
	£000	£000
Interest receivable from group undertakings	**41**	62

7 Interest payable and similar expenses

	2016	2015
	£000	£000
Unwind of discount on provisions (see note 13)	**1**	66
	1	66

8 Staff numbers and costs

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

	2016	2015
	Number	Number
By activity		
Production	**2**	38
Selling and distribution	-	1
Administration	-	3
	2	42

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**124**	1,148
Social security costs	**27**	55
Other Pension costs	**30**	404
	181	1,607

During the year restructuring related severance costs of £75,084 (2015: *£83,215*) were recorded in cost of sales.

The directors did not receive any emoluments in respect of their services to the Company (*2015: £nil*), as their services to the Company were incidental to their services to the Group.

Notes to the Financial Statements *(continued)*

9 Taxation on Profit/(loss)

Recognised in the profit and loss account

Analysis of charge in year	**2016**	2015
	£000	£000
UK corporation tax		
Current tax credit for the year	**(156)**	(193)
Deferred tax		
Origination and reversal of timing differences	**132**	209
Impact of change in tax rate	**178**	(2)
Total deferred tax	**310**	207
Tax charge on (loss)/profit	**154**	14

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Loss/(profit) before taxation	**121**	(81)
Tax using UK corporation tax rate 20.00% (2015: 20.25%)	**(24)**	16
Reduction in tax rate on deferred tax balances	**178**	(2)
Total tax (credit)/expense	**154**	14

Deferred tax assets are only recognised on losses to the extent that future probable taxable profits will be available against which the deferred tax asset can be utilised.

Factors that may affect future current and total tax charges
In the Autumn 2012 Budget Statement a corporation tax rate change was announced reducing the rate from 23% to 21% effective 1 April 2014 and in the Budget of March 2013 this 21% rate was further reduced to 20% effective from 1 April 2015. These changes were substantively enacted on 2 July 2013 and therefore the effective current tax rate applicable during 2015 was 20.25% and the rate applicable during 2016 was 20%.

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

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

Notes to the Financial Statements *(continued)*

10 Debtors

	2016	*Restated* 2015
	£000	£000
Trade Receivables	12	-
Amounts owed by group undertakings: due in less than one year	11,235	13,804
Other debtors	24	61
	11,271	13,865

Amounts owed by group undertakings include a balance of £11,193,330 (*2015: creditor £13,474,597*) that is repayable on demand. Interest is charged monthly based on 1 month LIBOR plus a spread of -10 basis points.

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

The amounts presented above for the year ended 31 December 2015 have been restated following a reclassification adjustment of a deferred tax asset of £1,315,000 from Current assets to Non-Current assets, which is considered to be a more appropriate representation in line with IAS 1 *Presentation of Financial Statements*.

11 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	19	233
Amounts owed to group undertakings	-	1,162
Taxation and social security	550	706
Accruals	39	477
	608	2,578

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

Notes to the Financial Statements *(continued)*

12 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2016	2015
	£000	£000
Unutilised capital allowances	**1,005**	1,183
Provisions	**-**	132
	1,005	1,315

Movement in deferred tax during the year

	1 January 2016	**Recognised in Income**	**31 December 2016**
	£000	**£000**	**£000**
Unutilised capital allowances	1,183	(178)	1,005
Provisions	132	(132)	-
	1,315	(310)	1,005

Movement in deferred tax during the prior year

	1 January 2015	**Recognised in Income**	**31 December 2015**
	£000	**£000**	**£000**
Unutilised capital allowances	1,188	(5)	1,183
Provisions	334	(202)	132
	1,522	(207)	1,315

Notes to the Financial Statements *(continued)*

13 Provisions for liabilities

	Exit Provision	Restructuring provisions	Total
	£000	£000	£000
At January 2016	**180**	**479**	**659**
Utilised during year	**-**	**(479)**	**(479)**
Unused amounts reversed to the income statement	**(180)**	**-**	**(180)**
At 31 December 2016	**-**	**-**	**-**

Restructuring provisions

In July 2011 AkzoNobel announced plans to build a world-class, high-tech manufacturing facility in the north-east of England, reinforcing its strategic commitment to accelerated and sustainable growth. The custom-built Decorative Paint site has been designed to enable the group to deliver the most efficient supply chain operations, reduce operating working capital, and accelerate its response to changing market and customer demands. The new facility is owned by a subsidiary of the ultimate parent company and is based in Northumberland. The facility is in the commissioning phase and it is anticipated that the new facility will be operational in 2017. The Company ceased manufacturing at the Prudhoe site during 2016.

The restructuring costs were settled in April 2016 and hence there is a nil provision at 31st December 2016. Exit provision, charged in 2013, represents the estimated cost of the Company's obligation on site closure.

14 Called up share capital

	2016	2015
	£000	£000
Authorised, allotted, called up and fully paid		
9,000,002 (*2015: 9,000,002*) ordinary shares of £1 each	**9,000**	9,000

All share capital is classified as shareholders' funds. There has been no movement in the number of shares in the current period. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements *(continued)*

15 Post balance sheet event

On 15 June 2017 the Company entered into a new loan agreement for £9,000,000 to mature on 15 June 2022. Interest is fixed at 1.74%. The new loan would be classified as Creditors amounts falling due after one year.

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

The Company is a wholly subsidiary undertaking of Dulux Limited (formerly TIL Limited). The ultimate controlling party is Akzo Nobel N.V. The only group in which the results of the Company are consolidated is that headed by the ultimate parent company, Akzo Nobel N.V., incorporated in the Netherlands.

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