

Akzo Nobel Limited

Annual Report and Financial Statements

Registered number 3517199

31 December 2022



Contents

	Page(s)
Directors' Report	1-3
Independent auditors' report to the members of Akzo Nobel Limited	4-6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10-17

Directors' Report

The directors present their Directors' Report and the audited Financial Statements for the year ended 31 December 2022.

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 the Company is also exempt from preparing a Strategic Report.

Principal Activities

The Company is a holding company for subsidiaries within the AkzoNobel Group of companies.

Business Review

The Company made a loss of £5,170,000 for the financial year (2021: loss £3,679,000) and has net liabilities of £214,886,000 as at the 31 December 2022 (2021: £209,716,000).

Post Balance Sheet Events

On 23 January 2023, Akzo Nobel Holdings Limited transferred the entire share capital of International Coatings Limited to Akzo Nobel UK Ltd for a consideration of £1,108,000.

On 28 February 2023, the Company, as the sole holder of 'A' Ordinary Shares in Akzo Nobel Holdings Limited, waived its right to receive a premium of £19,369 per share on the winding up of Akzo Nobel Holdings Limited.

On 1 March 2023, the Company passed written resolutions of Akzo Nobel Holdings Limited to:

- reduce the nominal value of each issued Ordinary Share of £1.00 to £0.000000024 per share,
- cancel and extinguish all of the 10,000 issued 'A' Ordinary Shares of £1.00 each
- cancel and extinguish all of the 10,000,000 issued Redeemable Preference Shares of £1.00
- cancel the balance standing to the credit of the share premium account and capital reserve
- credit the sum of £52,992,019 arising from the reduction of capital, to profit and loss reserve of Akzo Nobel Holdings Limited

On 5 March 2023, the Company received an interim dividend of £264,854,267 from Akzo Nobel Holdings Limited.

On 25 March 2023, Akzo Nobel Investments Limited was placed into liquidation, and dissolved on 11 October 2022.

On 8 September 2023, Akzo Nobel Holdings Limited was placed into Members' voluntary liquidation.

Going Concern

Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided written 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.

Dividends

The directors did not pay an interim dividend during the year, (2021: *£nil*) nor do the directors recommend the payment of a final dividend (2021: *£nil*).

Directors

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

Mr. M. Smalley
Mr. M. Trueblood

Political Contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or prior year.

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 2022, pages 134 to 137 and may be obtained from Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.

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.

Future Developments

The directors are of the opinion that the Company is in a position to continue its principal activities in 2023

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, 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.

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.

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as the Company's independent auditors, holding office until to the end of the next for appointing independent auditors in accordance with section 485(4c) of the Companies Act 2006.

On behalf of the Board



M. Trueblood
Director

The AkzoNobel Building
Wexham Road
Slough
SL2 5DS
United Kingdom

21st September 2023

Independent auditors' report to the members of Akzo Nobel Limited

Report on the audit of the financial statements

Opinion

In our opinion, Akzo Nobel 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", 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: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income 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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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 in respect of the financial statements, 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 tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 inappropriate journal entries, either in the underlying books and records and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing unusual journal entries to ensure that these were appropriate in nature and magnitude.

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.

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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Miles Saunders (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

22 September 2023

Statement of Comprehensive Income
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Administrative expenses	4	-	-
Operating result		-	-
Interest receivable and similar income	6	3,806	3,694
Interest payable and similar expenses	7	(10,189)	(8,069)
Loss before taxation		(6,383)	(4,375)
Tax credit on loss	8	1,213	696
Loss for the financial year		(5,170)	(3,679)
Total comprehensive loss for the year		(5,170)	(3,679)

The results for both the current and preceding years relate to continuing operations.

Balance Sheet
at 31 December 2022

	<i>Note</i>	2022 £000	2021 £000 (restated)
Fixed assets			
Investments	9	457,918	457,918
Current assets			
Debtors (including £141,000 (2021: £141,000) due after more than one year)	10	158,425	153,406
Creditors: amounts falling due within one year	11	(175,048)	(175,040)
Net current liabilities		(16,623)	(21,634)
Total assets less current liabilities		441,295	436,284
Creditors: amounts falling due after more than one year	11	(656,181)	(646,000)
Net liabilities		(214,886)	(209,716)
Capital and reserves			
Called up share capital	13	674,410	674,410
Share premium account		165,959	165,959
Merger reserve		78,133	78,133
Accumulated losses		(1,133,388)	(1,128,218)
Total shareholders' deficit		(214,886)	(209,716)

The notes on pages 10 to 17 are an integral part of these financial statements.

These financial statements on pages 7 to 17 were approved by the board of directors on 21st September 2023 and were signed on its behalf by:



M. Smalley
Director

Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £000	Share premium account £000	Merger reserve £000	Accumulated losses £000	Total shareholders' deficit £000
Balance at 1 January 2021	674,410	165,959	78,133	(1,124,539)	(206,037)
Increase in share capital	-	-	-	-	-
Loss for the financial year	-	-	-	(3,679)	(3,679)
Total comprehensive loss for the year	-	-	-	(3,679)	(3,679)
Balance at 31 December 2021	674,410	165,959	78,133	(1,128,218)	(209,716)

	Called up share capital £000	Share premium account £000	Merger reserve £000	Accumulated losses £000	Total shareholders' deficit £000
Balance at 1 January 2022	674,410	165,959	78,133	(1,128,218)	(209,716)
Increase in share capital	-	-	-	-	-
Loss for the financial year	-	-	-	(5,170)	(5,170)
Total comprehensive loss for the year	-	-	-	(5,170)	(5,170)
Balance at 31 December 2022	674,410	165,959	78,133	(1,133,388)	(214,886)

Merger Reserve

The merger reserve was created on the issue of shares in the Company.

Share Premium Account

The share premium account was created on the issue of shares in the Company.

Notes to the Financial Statements

1 General information

Akzo Nobel Limited (the “Company”) is a private company limited by shares and domiciled in the UK. The Company registration number is 3517199 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.

2 Accounting policies

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

2.1 Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) under historical cost convention in pound sterling. 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 UK (“UK-adopted international accounting standards”) but makes amendments where necessary in order to comply with Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company’s ultimate parent undertaking, Akzo Nobel N.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Akzo Nobel N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Christian Neefestraat 2, 1077 WW, Amsterdam, the Netherlands or online at: <https://akzonobel.com/en/investors>.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

- Statement of Compliance with IFRS;
- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions entered in to between two or more wholly owned members of a 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 *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.

2.3 *New standards, amendments and IFRIC interpretations*

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

2.4 *Investments in subsidiaries and associated undertakings*

Investments in subsidiaries are held at cost less accumulated impairment losses. Investments are annually reviewed and considered for impairment, if events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.5 *Debtors*

Amounts receivable are amounts due from group companies for 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 fixed assets.

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

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

2.6 *Creditors*

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

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

2.7 *Borrowings*

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

2.8 *Borrowing costs*

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

2.9 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.

3 Critical accounting estimates and judgements

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

3.1 Critical accounting estimates and assumptions

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

(a) Impairment of debtors

The Company makes an estimate of the recoverable value of amounts receivable. When assessing impairment of amounts receivable, management considers factors including the credit rating of the receivable, the ageing profile of receivable and historical experience.

4 Administrative expenses

There is no charge for the remuneration of auditors' in the financial statements of the Company as the auditors' fee of £16,623 (2021: £15,770) in relation to the audit of this Company was borne by another group company and is not recharged.

No individuals were employed by the Company in either year.

Notes to the Financial Statements *(continued)*

5 Remuneration of directors

The directors received no remuneration for their services to the Company in either year as their services to the Company were incidental to their services to the group. The present directors are employed by, and receive remuneration for services from, a wholly owned subsidiary of the ultimate parent company.

6 Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable from group undertakings	3,806	3,694

7 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest payable to group undertakings	10,189	8,069

8 Tax on loss

Recognised in the statement of comprehensive income

Analysis of credit in year

UK corporation tax

Current tax on income for the year

Adjustments in respect of prior periods

2022	2021
£000	£000
1,213	831
-	(135)

Total tax credit

1,213	696
-------	-----

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Loss before taxation	(6,383)	(4,375)
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	1,213	831
Adjustments in respect of prior periods	-	(135)
Total tax credit	1,213	696

Factors that may affect future current and total tax charges.

In the Budget Statement of March 2021, a change to the corporation rate tax was announced, increasing the corporation tax rate from 19% to 25%, effective 1 April 2023.

In subsequent Budget Statements of October 2021, September, October and November 2022 and March 2023, the corporation tax rate has not been amended. Although the so-called mini-Budget reversed the planned increase of corporation tax from 19% to 25%, this mini-Budget was itself subsequently reversed, meaning that the planned increase in the corporation tax rate, from 19% to 25%, with effect from 1 April 2023, will proceed. This rate of corporation tax has already been substantively enacted at the balance sheet date and is therefore reflected in these financial statements.

As a result of the above, the effective current tax rate applicable for 2021 and 2022 is 19%. The rate applied to deferred tax balances is 25% as at 31 December 2021 and 31 December 2022, being the rates at which deferred tax is expected to crystallise based on the substantively enacted tax rates applicable at the relevant balance sheet dates.

Notes to the Financial Statements *(continued)*

9 Investments

Shares in group undertakings	2022 £000	2021 £000
<i>Cost</i>		
At beginning and end of year	857,855	857,855
<i>Provisions</i>		
At beginning of year	399,937	399,937
At end of year	399,937	399,937
<i>Net book value</i>		
At 31 December	457,918	457,918

The directors have reviewed the carrying amounts of the Company's investment and have recorded no impairment charge for 2022 (2021: £nil). The directors are of the view that the investments net book value at the balance sheet date does not exceed the estimated recoverable amount of the shares in group undertakings.

The companies, in which the Company's interest at 31 December 2022 is more than 20%, are disclosed in note 15.

10 Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	156,382	152,575
Group relief receivable	2,043	831
	158,425	153,406
Due within one year	17,425	12,406
Due after more than one year	141,000	141,000

Amounts owed by group undertakings include a balance of £7,993,419 (2021: £799,912) that is repayable on demand. Interest is charged monthly based on 1-month LIBOR plus a spread of -10/+15 basis points

Amounts owed by group undertakings include an intercompany loan of £141,000,000. The loan matures on 1 February 2024. Interest is fixed at 2.62%. Accrued interest at year end was £7,388,400

Notes to the Financial Statements *(continued)*

11 Creditors:

	2022 £000	2021 £000 (Restated)
Amounts owed to group undertakings	831,229	821,040
	<u>831,229</u>	<u>821,040</u>
Due within one year	175,048	175,040
Due after more than one year	656,181	646,000
	<u>831,229</u>	<u>821,040</u>

On 14 October 2021, the Company entered into an intercompany loan with Akzo Nobel ICI Holdings to borrow funds in the amount of £656,181,000 (2021: £646,000,000). The loan matures on 15 September 2026. Interest is fixed at 0.81% per annum and is paid annually.

Group relief will be provided to fellow group companies for equivalent consideration.

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

12 Deferred tax assets

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. Based upon future taxable profit forecasts of the Company, cumulative tax losses of £10,235,192 (2021: £10,235,192) which have an equivalent deferred tax asset value of £2,558,798 (2021: £2,558,798) was unrecognised.

13 Called up share capital

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
674,410,000 (2021: 674,410,000) ordinary shares of £1 each	674,410	674,410

All share capital is classified as shareholders' funds. On 25 January 2019, the Company allotted and issued 141,000,000 ordinary shares of £1 each to Akzo Nobel N.V.

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.

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

The Company is a wholly owned subsidiary company of Akzo Nobel N.V., which is the ultimate parent company incorporated in the Netherlands.

The only group in which the results of the Company are consolidated is that headed by the ultimate parent company, Akzo Nobel N.V.

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

Notes to the Financial Statements *(continued)*

15 Investment in related undertakings

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership	
			2022	2021
Akzo Nobel CIF Nominees Limited *	England and Wales	Ordinary	100%	100%
International Coatings Limited (formerly Akzo Nobel Coatings (Holdings) Limited) *	England and Wales	Ordinary	100%	100%
Akzo Nobel (CPS) Pension Trustee Limited *	England and Wales	Ordinary	100%	100%
Akzo Nobel Holdings Limited	England and Wales	Ordinary	100%	100%
		'A' Ordinary	100%	100%
		Redeemable	100%	100%
		Preference	100%	100%
Akzo Nobel Investments Limited (dissolved)	England and Wales	Ordinary	100%	100%
Akzo Nobel UK Ltd	England and Wales	Ordinary	100%	100%
Holywell-Halkyn Mining and Tunnel Company Limited *	England and Wales	Ordinary	97%	97%
Resinous Chemicals Limited *	England and Wales	Ordinary	100%	100%
Tritonsmooth Limited (in liquidation)*	England and Wales	Ordinary	100%	100%

* Indirectly owned subsidiaries.

Subsidiary undertakings	Registered Office Address	Limited by shares or guarantee	Registration number	Public or private
Akzo Nobel CIF Nominees Limited *	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	970015	Private
International Coatings Limited *	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	1957483	Private
Akzo Nobel (CPS) Pension Trustee Limited *	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	02579110	Private
Akzo Nobel Holdings Limited	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	1731197	Private
Akzo Nobel UK Ltd	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	128124	Private
Holywell-Halkyn Mining and Tunnel Company Limited *	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	50892	Private
Resinous Chemicals Limited *	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	973607	Private
Tritonsmooth Limited (dissolved)*	The AkzoNobel Building, Wexham Road, Slough, SL2 5DS, United Kingdom.	Shares	00277211	Private

* Indirectly owned subsidiaries.

On 19 July 2021, Tritonsmooth Limited, a dissolved company was restored to the Register and dissolved on 27 December 2022

On 25 March 2022, Akzo Nobel Investments Limited was placed into liquidation, and dissolved on 11 October 2022

Notes to the Financial Statements *(continued)*

16 Post Balance Sheet Events

On 23 January 2023, Akzo Nobel Holdings Limited transferred the entire share capital of International Coatings Limited to Akzo Nobel UK Ltd for a consideration of £1,108,000.

On 28 February 2023, the Company, as the sole holder of 'A' Ordinary Shares in Akzo Nobel Holdings Limited, waived its right to receive a premium of £19,369 per share on the winding up of Akzo Nobel Holdings Limited.

On 1 March 2023, the Company passed written resolutions of Akzo Nobel Holdings Limited to:

- reduce the nominal value of each issued Ordinary Share of £1.00 to £0.000000024 per share,
- cancel and extinguish all of the 10,000 issued 'A' Ordinary Shares of £1.00 each
- cancel and extinguish all of the 10,000,000 issued Redeemable Preference Shares of £1.00
- cancel the balance standing to the credit of the share premium account and capital reserve
- credit the sum of £52,992,019 arising from the reduction of capital, to profit and loss reserve of Akzo Nobel Holdings Limited

On 5 March 2023, the Company received an interim dividend of £264,854,267 from Akzo Nobel Holdings Limited.

On 8 September 2023, Akzo Nobel Holdings Limited was placed into Members' voluntary liquidation.

17 Restatement note on Balance Sheet

As at 31 December 2022, the comparative Balance Sheet of the company has been restated to reclassify the intercompany loan that was entered into with Akzo Nobel ICI Holdings on 14 October 2021 from current liability to non-current liability given that this is expected to mature on 15 September 2026.

The restatement affected the Creditors: amounts falling due within one-year, Net current liabilities, Total assets less current liabilities, and the Creditors: amounts falling due within one year. Details of the restatement have been outlined below:

Statement of financial position

	Prior to restatement	Restatement	Restated balances
Creditors: amounts falling due within one year	(821,040)	646,000	(175,040)
Net current liabilities	(667,634)	646,000	(21,634)
Total assets less current liabilities	(209,716)		436,284
Creditors: amounts falling due after more than one year		(646,000)	(646,000)