

Flexcrete Technologies Limited

Annual Report and Financial Statements

Registered number 05401028

31 December 2021

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Strategic Report

for the year ended 31 December 2021

The directors present their Strategic Report and the audited Financial Statements for the year ended 31 December 2021.

Principal Activities

The principal activities of the Company are the manufacture and sale of cement-based compounds.

Business Review

The Company's business is part of the AkzoNobel Performance Coatings Business Unit of the group headed by Akzo Nobel N.V. Full information on the strategy of the Business Unit can be found in the 2021 Financial Statements, pages 20 – 28, of the ultimate parent company; Akzo Nobel N.V. Copies are available as indicated in note 24 of the financial statements.

Impact of COVID-19 on our business

The onset of COVID-19 has had a huge global impact, the repercussions of which will be felt for generations to come. The first national lockdown on 26 March 2020, led to closure of all non-essential stores in the UK. The UK government advised people to 'stay at home' which included working from home if possible.

The UK subsequently entered into a second national lockdown on 22nd September 2020, which encouraged a return to working at home, and a third national lockdown took place on 6 January 2021. For further details on the Company's response to COVID-19 during the height of the pandemic, please refer to the 2020 Annual Report.

During this ongoing period of uncertainty, the Board of Directors supported plans and activities to keep our colleagues safe whilst following UK government guidance. On 19 July 2021, the UK government removed the vast majority of the restrictions in so far as they related to the Company. The Company issued communications to colleagues, outlining steps for a phased return to the office environment over the second half of the year. Plans were monitored regularly and using feedback from colleagues, adapted to suit their needs with health & safety and wellbeing at the forefront of the transition to returning to work in an office environment.

Following the rise in number of Omicron cases in December 2021, the UK government announced Plan B. The Company has continued to follow government advice to maintain a COVID-19 secure workplace. Colleagues in logistics and manufacturing operations continued to attend their place of work, whilst all other colleagues who could work from home were encouraged to do so. Updated risk assessments were undertaken across all sites and any changes to policy were communicated by the relevant site leadership team. Face coverings were reintroduced for moving around and in communal areas.

The Board of Directors reviews the progress of activities at quarterly board meetings to ensure that the health and safety of our colleagues is at the heart of our business.

Strategic Developments

Our strategy is to develop the market segments of our business leading to continued profitable growth.

Operational Performance

The results for the year to 31 December 2021 are in line with expectations.

Overall volume produced was in line with budget at 3,362 tons. The Company had a solid performance in both energy and waste. There were no major quality issues and a 'Right First Time' quality rate of 95% in operations.

Strategic Report *(continued)*
for the year ended 31 December 2021

Health & Safety

The Company had a solid Health and Safety performance in 2021. The business measures Health, Safety and Environmental performance through monitoring of Lost Time Incidents, Regulatory Compliance and Loss Of Primary Containment (Environmental).

Key Performance Indicators

The Company assesses business performance over many indicators; both as a standalone business and also as a key part of the Performance Coatings European Business Unit. Full analysis of this business unit is provided in the annual report, pages 20 – 28, of Akzo Nobel N.V. as indicated above. The standalone indicators are presented in the below table.

Indicator	Year ended 31 December 2021	Year ended 31 December 2020 (restated)
Turnover from sale of product	£4,359,000	£3,864,000
Profit before tax margin	15.03%	11.47%

Turnover includes both third parties and intercompany sales.

Future Developments

We will continue with our customer focus and our growth ambitions for the coming years.

Principal Risks and Uncertainties

The Company recognises that the possible risks to its operations are unfavourable exchange rates and its exposure to credit risks, which are managed through reducing the Company's exposure to foreign currency and strict adherence to the Group's credit policy.

The business will review asset integrity in terms of installation standards and current maintenance programs to sustain operational performance going forward.

On behalf of the Board



J. Morton
Director

Registered office:
The AkzoNobel Building
Wexham Road
Slough
SL2 5DS

3 May 2023

Directors' Report

for the year ended 31 December 2021

The directors present their Directors' Report and the audited Financial Statements for the year ended 31 December 2021.

Results and Dividends

The results for the year ended 31 December 2021 are set out on page 10 of the financial statements. The profit for the year after taxation was £1,359,000 (year ended 31 December 2020 restated: £337,000). The net assets at 31 December 2021 were £6,519,000 (31 December 2020 restated: £5,160,000). No dividends were paid or proposed in the year ended 31 December 2021 (year ended 31 December 2020: no dividends proposed or paid).

Directors

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

Mr. N. Atkinson	(Resigned 31 March 2023)
Mr. J.W. Morton	
Mr. P.J. Love	(Appointed 25 April 2022)
Mr. R. Simpson	(Appointed 31 March 2022)
Mr. D.N. Williams	(Resigned 1 July 2022)
Mr. P.A. Westcott	(Appointed 1 April 2023)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The AkzoNobel Group also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors throughout the year and provides an Indemnity Policy.

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.

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.

Directors' Report *(continued)* *for the year ended 31 December 2021*

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 2021, pages 126 to 129 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.

Going concern

The directors have made appropriate enquiries, including assessing the cash flow requirements for at least twelve months from the date of approval of the financial statements which show the Company can pay its liabilities as they fall due. In addition, Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating 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 to enable it to operate as a going concern and to meet its debts as they fall due. On this basis the directors consider that the Company has adequate resources, including the existing cash pooling arrangement to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements.

As a result of the Company's performance and financial position the directors do not consider there to be any material uncertainty relating to the Company's ability to continue as a going concern and have prepared the financial statements on a going concern basis.

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 1.

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 regulations.

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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; 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 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.

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.

Directors' Report *(continued)*
for the year ended 31 December 2021

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

On 31 August 2021, PricewaterhouseCoopers LLP resigned as the Company's auditor in accordance with Section 519A of the Companies Act 2006. On 26 April 2022, BDO LLP were appointed as the Company's auditors, holding office until to the end of the next period for appointing auditors in accordance with section 485(4c) of the Companies Act 2006.

On behalf of the Board



J. Morton
Director

The AkzoNobel Building
Wexham Road
Slough
SL2 5DS

3 May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXCRETE TECHNOLOGIES LIMITED

Opinion on the 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 2021 and of its profit 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.

We have audited the financial statements of Flexcrete Technologies Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Conclusions relating to going concern

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.

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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXCRETE TECHNOLOGIES LIMITED *(continued)*

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

Responsibilities of Directors

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 and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, through discussion with management and our knowledge of the industry. This was obtained through focusing on those laws and regulations that had a significant effect on the financial statements or that had a fundamental effect on the operations of the Company. The significant laws and regulations we considered in this context included the UK Companies Act, United Kingdom Accounting Standards, including Financial Reporting Standard 101, and relevant tax legislation;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXCRETE TECHNOLOGIES LIMITED *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- Discussing among the audit engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in management override of controls specifically in relation to the financial data and inappropriate use of estimates;
- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Company's year-end adjusting entries;
- Assessing whether the judgements made in significant accounting estimates were indicative of a potential bias;

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations and reviewing correspondence with HMRC;
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies, performing specific procedures over the existence of revenue. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of transactions that are unusual or outside the normal course of business.

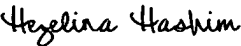
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXCRETE TECHNOLOGIES LIMITED *(continued)*

Use of our report

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.

DocuSigned by:

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Hezelina Hashim (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
3 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
for the year ended 31 December 2021

	<i>Note</i>	2021	2020
		£000	(restated) £000
Turnover	4	4,359	3,864
Cost of sales		(2,797)	(2,477)
Gross profit		1,562	1,387
Distribution costs		(191)	(226)
Administrative expenses		(1,004)	(1,057)
Other operating income	6	315	359
Operating profit	5	682	463
Interest expense	7	(28)	(28)
Interest income	7	1	9
Profit before taxation		655	444
Tax on profit	10	704	(107)
Profit and total comprehensive income for the financial year		1,359	337

There are no items of other comprehensive income in the current or prior year.

All activities relate to continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

Balance Sheet
as at 31 December 2021

	<i>Note</i>	2021	2020
		£000	(restated) £000
Fixed assets			
Tangible assets	<i>11</i>	181	467
Right of use assets	<i>12</i>	1,020	1,199
		1,201	1,666
Current assets			
Stocks	<i>13</i>	575	480
Debtors	<i>14</i>	6,751	5,730
Cash at bank and in hand		229	227
		7,555	6,437
Creditors: amounts falling due within one year	<i>15</i>	(1,115)	(1,662)
Net current assets		6,440	4,775
Total assets less current liabilities		7,641	6,441
Creditors: amounts falling due after more than one year	<i>16</i>	(609)	(785)
Provisions for liabilities	<i>17</i>	(513)	(496)
Net assets		6,519	5,160
Capital and reserves			
Called up share capital	<i>19</i>	50	50
Retained earnings		6,469	5,110
Total shareholders' funds		6,519	5,160

The notes on pages 13 to 31 are an integral part of these financial statements.

These financial statements on pages 10 to 31 were approved by the board of directors and were signed on 3 May 2023 on its behalf by:



R. Simpson
Director

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 January 2020 (as previously stated)	50	4,892	4,942
Adjustment to prior period (note 22)	-	(119)	(119)
Balance at 1 January 2020 (restated)	50	4,773	4,823
Profit for the financial year (restated) (note 22)	-	337	337
Total comprehensive income for the financial year (restated)	-	337	337
Balance at 31 December 2020 (restated)	50	5,110	5,160
	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 January 2021 (restated)	50	5,110	5,160
Profit for the financial year	-	1,359	1,359
Total comprehensive income for the financial year	-	1,359	1,359
Balance at 31 December 2021	50	6,469	6,519

The notes on pages 13 to 31 are an integral part of these financial statements.

Notes to the Financial Statements *for the year ended 31 December 2021*

1 General information

Flexcrete Technologies Limited (the “Company”) is a private company limited by shares and is incorporated and domiciled in England, within the UK. The Company registration number is 05401028 and the registered office address is The AkzoNobel Building, Wexham Road, Slough, United Kingdom SL2 5DS.

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 pounds sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards and in accordance with Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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, Netherlands or online at: <https://akzonobel.com/en/investors>.

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

- a Statement of Compliance with IFRS;
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible assets and intangible assets;
- Disclosures in respect of transactions entered in to by two or more 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.
- Certain disclosures required by IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors.

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

2 Accounting policies (continued)

2.2 Going concern

The directors have made appropriate enquiries, including assessing the cash flow requirements for at least twelve months from the date of approval of the financial statements which show the Company can pay its liabilities as they fall due. In addition, Akzo Nobel N.V., the Company's ultimate parent undertaking, has provided a letter of support stating 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 to enable it to operate as a going concern and to meet its debts as they fall due. On this basis the directors consider that the Company has adequate resources, including the existing cash pooling arrangement to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements.

As a result of the Company's performance and financial position the directors do not consider there to be any material uncertainty relating to the Company's ability to continue as a going concern and have prepared the financial statements on a going concern basis.

2.3 New standards, amendments and IFRIC interpretations

There were amendments to existing accounting standards which became effective during the year ended 31 December 2021.

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

As of 31 December 2021, the Company expects the affected loans to transition from LIBOR to SONIA interest rate benchmarks by the end of 2022 with no material impact on the financial statements of 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 Statement of Comprehensive Income.

2.5 Fixed assets

All tangible fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of tangible fixed assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

2 Accounting policies *(continued)*

2.5 Fixed assets *(continued)*

Depreciation on other assets is calculated using the reducing balance method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land and buildings	Lease by lease basis
Plant and machinery	15% - 66% reducing balance
Office equipment, Fixtures, fittings	20% - 66% reducing balance
Motor vehicles	25% reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. During the year, the Directors revised the useful economic life of the fixed assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Inventories

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the actual purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

The Company is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

2.7 Debtors

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.

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

In addition there are amounts due from group companies for services performed in the ordinary course of business but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

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

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

2 Accounting policies (continued)

2.7 Debtors (continued)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2.8 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.

2.9 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.

2.10 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Statement of Comprehensive Income, 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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

2 Accounting policies (continued)

2.11 Current and deferred tax (continued)

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.

2.12 Employee benefits

Defined contribution plans

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 Statement of Comprehensive Income in the periods during which services are rendered by employees.

2.13 Turnover

Sale of goods

The majority of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Revenue is recognised after deducting sales allowances, rebates and value added taxes.

2.14 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.

2.15 Leases

The Company assesses whether a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of cars the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the present value of the lease liability. The right-of-use asset value contains lease prepayment, lease incentives received, the initial direct costs and an estimate of restoration, removal and dismantling costs.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term or shorter economic life. In addition, the right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

2 Accounting policies *(continued)*

2.15 Leases *(continued)*

The net present value of the lease liability is measured at the discounted value of the lease payments. The liability includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The lease payments comprise the following:

- Fixed payments (including in substance fixed payments), less any lease incentives
- Variable lease payments that depend on an index or a rate
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; and
- Amounts expected to be payable under residual value guarantees.

These lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used. Incremental borrowing rates are determined by obtaining interest rates from various external financing sources and make certain adjustments to reflect the term of the lease and type of the asset leased.

At the lease commencement dates, it is assessed whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within the Company's control.

At the commencement date, it is assessed whether it is reasonably certain that:

- An option to extend is exercised; or
- An option to purchase is exercised; or
- An option to terminate the lease is not exercised

In making these assessments, all relevant facts and circumstances that create an economic incentive for us to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option are considered.

Short-term leases and leases of low-value assets

The Company elected not to recognize on the balance sheet right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.16 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.

Provisions for dilapidation costs are recognised on a lease-by-lease basis taking into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

2.17 Research and development expenditure

Expenditure on research and development is charged to profit in the year in which it is incurred. If relevant criteria are met, it would be capitalised.

2.18 Research and development income

Income from research and development is recorded to profit in the year in which the services are rendered based on the terms of agreement.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

2 Accounting policies *(continued)*

2.19 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2.20 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

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) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Inventory provisioning

The Company is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

(c) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. During this process the probability of the non-payment of the trade debtors is considered.

Impairment provisions for amounts receivable from group undertakings are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

(d) Provisions

Provisions are based on estimates of future events that the Company has provided for now. This includes items such as provisions for dilapidation costs.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

4 Turnover

Analysis of turnover by geography:

	2021	2020 (restated)
	£000	£000
United Kingdom	3,323	2,766
Rest of Europe	764	792
Rest of World	272	306
	4,359	3,864

All turnover represents sale of goods.

5 Operating Profit

Operating profit is stated after charging:

	2021	2020 (restated)
	£000	£000
Audit fees payable to the Company's auditors	-	25
Inventory recognised as an expense	1,588	1,368
Loss on disposal of tangible fixed assets	1	44
Depreciation charged on Tangible assets (note 11)	293	75
Depreciation of right-of-use assets (note 12)	179	201
Lease costs attributable to short term operating leases	16	15

There is no charge for the remuneration of auditors' in the financial statements of the Company as the auditors' fee of £25,000 in relation to the audit of this Company was borne by another group company and is not recharged.

6 Other Operating Income

	2021	2020 (restated)
	£000	£000
R&D income	315	359

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

7 Interest expense and Interest income

	2021	2020
		(restated)
	£000	£000
Bank interest receivable	1	9
Interest on lease liability	(11)	(12)
Unwind of discounted provisions	(17)	(16)
	=====	=====

8 Remuneration of directors

The Directors are not remunerated through this entity. They are remunerated through International Paint Limited (another company within the AkzoNobel group) and it is not possible to determine a reasonable apportionment to the Company.

9 Staff numbers and costs

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2021	2020
	Number	Number
By activity		
General & Administration	4	5
Management	1	1
Production	12	13
RD&I	5	5
Sales	1	1
	=====	=====
	23	25
	=====	=====

The aggregate payroll costs of these persons were as follows:

	2021	2020
		(restated)
	£000	£000
Wages and salaries	805	918
Social security costs	78	101
Other pension costs (see note 21)	149	137
	=====	=====
	1,032	1,156
	=====	=====

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

10 Tax on profit

Recognised in the statement of comprehensive income

	2021	2020 (restated)
	£000	£000
<i>UK corporation tax</i>		
Current tax charge for the year	197	146
Adjustment to prior year tax charge	(786)	-
Total current tax (credit)/charge	(589)	146
<i>Deferred tax</i>		
Origination and reversal of timing differences	(85)	(39)
Impact of tax rate change	(30)	-
Total deferred tax	(115)	(39)
Tax (credit)/charge on profit	(704)	107

Reconciliation of effective tax rate

	2021	2020 (restated)
	£000	£000
Profit before taxation	655	444
Tax charge using UK corporation tax rate of 19% (2020: 19.00%)	124	84
Tax rate changes	(30)	24
Deferred tax – current year	(85)	(62)
Accelerated capital allowances	72	52
Prior year group relief adjustment	(786)	-
Expenses not deductible for tax purposes – other disallowable	1	9
Total tax charge	(704)	107

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. This change had 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 2020 and 2021 is 19%. The rate applied to deferred tax balances is also 19% as at 31 December 2020, and is 25% as at 31 December 2021, 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)*
for the year ended 31 December 2021

11 Tangible assets

	Plant and Machinery £000	Office Equipment, Fixtures, Fittings £000	Motor Vehicles £000	Total £000
<i>Cost</i>				
At beginning of year	1,097	185	80	1,362
Additions	30	6	-	36
Disposals	(8)	(19)	(80)	(107)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,119	172	-	1,291
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated Depreciation</i>				
At beginning of year	703	135	57	895
Charge for year	260	33	-	293
Disposals	(4)	(17)	(57)	(78)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	959	151	-	1,110
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2021	160	21	-	181
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	394	50	23	467
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

12 Right of use assets

	Land and building	Plant and Machinery	Total
	£000	£000	£000
Cost			
At beginning of year (restated)	1,638	19	1,657
Additions	-	-	-
At end of year	<u>1,638</u>	<u>19</u>	<u>1,657</u>
Accumulated Depreciation			
At beginning of year (restated)	442	16	458
Charge for year	179	-	179
At end of year	<u>621</u>	<u>16</u>	<u>637</u>
Net book value			
At 31 December 2021	<u>1,017</u>	<u>3</u>	<u>1,020</u>
At 31 December 2020 (restated)	<u>1,196</u>	<u>3</u>	<u>1,199</u>

13 Stocks

	2021	2020
	£000	(restated) £000
Raw materials and packaging	421	354
Finished goods and goods purchased for resale	181	149
Provisions for stock write-off	(27)	(23)
	<u>575</u>	<u>480</u>

The amount of inventories expensed during the year was £1,588,000 (2020: £ 1,368,000).

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

14 Debtors

	2021	2020 (restated)
	£000	£000
Trade debtors	461	488
Amounts owed by group undertakings: due in less than one year	6,118	5,144
Other receivables	46	87
Deferred tax asset (note 18)	126	11
	<hr/> 6,751 <hr/>	<hr/> 5,730 <hr/>

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

The Company participates in a cash pooling arrangement with certain other group companies. This arrangement allows the Company to draw upon or credit amounts to a separately designated facility within a cash pool account in the name of Akzo Nobel N.V. The Company operates the facility as if it were the Company's own bank account, however, the Company has no legal title. Accordingly, the amounts have therefore been included within amounts owed by group undertakings rather than cash at bank.

All parties to the arrangement are jointly and severally liable to the bank for any overdraft thereon. Included within amounts owed by group undertakings is £5,684,978 (2020: £4,713,751) in respect of the Company's share of the account.

15 Creditors: amounts falling due within one year

	2021	2020 (restated)
	£000	£000
Trade creditors	98	145
Amounts owed to group undertakings	661	465
Corporation tax	158	849
Other taxes and social security	24	23
Lease liabilities	143	144
Other creditors and accruals	31	36
	<hr/> 1,115 <hr/>	<hr/> 1,662 <hr/>

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

The total cash outflow for lease liabilities in 2021 was £154,644 (2020: £154,644).

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

16 Creditors: amounts falling due after more than one year

	2021	2020
	£000	(restated) £000
Lease liabilities		
Due in more than one but not more than two years	142	143
Due in more than two but not more than five years	437	432
Due after five years	30	210
	<u>609</u>	<u>785</u>

17 Provisions for liabilities

	Dilapidations £000	Total £000
At 1 January 2021 (restated)	496	496
Unwinding of discount	17	17
At 31 December 2021	<u>513</u>	<u>513</u>
	2021	2020
	£000	(restated) £000
Due within one year	-	-
Due in more than one year	513	496
	<u>513</u>	<u>496</u>

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

18 Deferred Tax Assets

Deferred tax (assets)/liabilities

	2021	2020 (restated)
	£000	£000
Deferred tax (asset)/liability at the beginning of the year	(11)	28
Movement in unutilised capital allowances	(115)	(39)
Deferred tax (asset) at the end of the year	(126)	(11)

Deferred tax assets are attributable to the following:

	2021	2020 (restated)
	£000	£000
Unutilised capital allowances	(126)	(11)

19 Called up share capital

	2021	2020 (restated)
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
50,000 (2020: 50,000) ordinary shares of £1 each	50	50

All share capital is classified as shareholders' funds. There has been no movement in the number of shares in the current year. 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.

20 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Called up share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

21 Pension Schemes - Defined contribution plans

The Company operates a defined contribution plan. The total expense relating to this plan is £148,539 (year ended 31 December 2020: £137,000).

22 Prior period adjustment

(a) Dilapidation provision

Following a review of the contractual obligations associated to leased assets, it was identified that the non-current liabilities were understated by £496,336, right of use assets by £288,957, and current tax liabilities overstated by £39,112. Correspondingly this reduced the carried forward reserves by the amount of £118,975.

The above also resulted in a post-tax profit reduction of £49,292. Management considers this to be a material error in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paragraphs 41-43) and have corrected the prior period in line with the requirements of the standard.

(b) Royalties Payable

Following a review of a license agreement, it was identified that revenue and cost of sales were understated by £147,924.

The royalty expense had been incorrectly recorded as a reduction in revenue, and therefore has been reclassified into cost of sales.

The above also resulted in no post-tax profit change and no impact on the Balance Sheet. Management considers this to be a material error in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paragraphs 41-43) and have corrected the prior period in line with the requirements of the standard.

No Balance Sheet at 31 December 2019 has been presented in accordance with IAS 1 Presentation of Financial Statements in line with the exemptions provided under FRS 101.

Notes to the Financial Statements *(continued)*
for the year ended 31 December 2021

22 Prior period adjustment *(continued)*

The impact on figures originally reported in the financial statements for the year ended 31 December 2020 is shown below.

	2020 As originally stated £000	Prior period adjustment (a) £000	Prior period adjustment (b) £000	2020 Restated £000
Statement of Comprehensive Income:				
Turnover	3,716	-	148	3,864
Cost of sales	(2,329)	-	(148)	(2,477)
Gross Profit	1,387	-	-	1,387
Distribution costs	(226)	-	-	(226)
Administrative expenses	(1,013)	(44)	-	(1,057)
Other operating income	359	-	-	359
Operating Profit	507	(44)	-	463
Interest income	9	-	-	9
Interest expense	(12)	(16)	-	(28)
Profit before taxation	504	(60)	-	444
Tax on profit	(118)	11	-	(107)
Profit for the financial year	386	(49)	-	337

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

22 Prior period adjustment (continued)

	2020 As originally stated £000	Prior period adjustment (a) £000	Prior period adjustment (b) £000	2020 Restated £000
Balance Sheet:				
Fixed Assets				
Tangible assets	467	-	-	467
Right of use assets	910	289	-	1,199
	<u>1,377</u>	<u>289</u>	<u>-</u>	<u>1,666</u>
Current Assets				
Stocks	480	-	-	480
Debtors	5,730	-	-	5,730
Cash at bank and in hand	227	-	-	227
	<u>6,437</u>	<u>-</u>	<u>-</u>	<u>6,437</u>
Creditors : amounts falling due within one year	<u>(1,701)</u>	<u>39</u>	<u>-</u>	<u>(1,662)</u>
Net current assets	<u>4,736</u>	<u>39</u>	<u>-</u>	<u>4,775</u>
Total Assets less current liabilities	<u>6,113</u>	<u>328</u>	<u>-</u>	<u>6,441</u>
Creditors : amounts falling due after more than one year	(785)	-	-	(785)
Provisions	-	(496)	-	(496)
Net assets	<u>5,328</u>	<u>(168)</u>	<u>-</u>	<u>5,160</u>
Capital and reserves				
Called up share capital	50	-	-	50
Profit and loss account	5,278	(168)	-	5,110
Total shareholder funds	<u>5,328</u>	<u>(168)</u>	<u>-</u>	<u>5,160</u>

	2020 As originally stated £000	Prior period adjustment (a) £000	Prior period adjustment (b) £000	2020 Restated £000
Statement of changes in equity				
Called up share capital	50	-	-	50
Retained earnings at 1 January 2020	4,892	(119)	-	4,773
Profit for the financial year	386	(49)	-	337
Retained earnings at 31 December 2020	<u>5,328</u>	<u>(168)</u>	<u>-</u>	<u>5,110</u>
Total shareholders funds	<u>5,328</u>	<u>(168)</u>	<u>-</u>	<u>5,160</u>

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

23 Commitments

The Company participates in a cash pooling arrangement with certain other group companies. This arrangement allows the Company to draw upon or credit amounts to a separately designated facility within a cash pool account in the name of Akzo Nobel N.V. The Company operates the facility as if it were the Company's own bank account, however, the Company has no legal title. Accordingly, the amounts have therefore been included within amounts owed to group undertakings rather than cash at bank.

All parties to the arrangement are jointly and severally liable to the bank for any overdraft thereon. Included within amounts owed by group undertakings is £5,684,977 (2020: £4,713,751) in respect of the Company's share of the account.

24 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 International Paint Limited, a company incorporated in England and Wales.

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 Christian Neefestraat 2, 1077 WW, Amsterdam, Netherlands or online at: <https://akzonobel.com/en/investors>.