

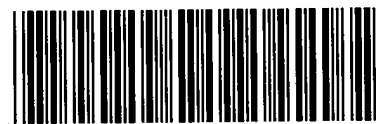
International Paint Limited

Directors' Report and Financial Statements

Registered Number 00063604

31 December 2014

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Strategic Report

The directors present their Strategic Report for the year ended 31 December 2014.

Principal activities

Along with other UK group companies, the Company is an international supplier of heavy duty coatings, holding leading market positions in Marine, Yacht and Protective Coatings.

Business review

Performance

The results for the year ended 31 December 2014 are set out on page 8 of the financial statements. The UK based business continues to experience a strong trading position. The Company remains in a loss making position due to the contributions it is required to make as a participating employer in the UK group pension schemes. Operating profit before exceptional pension costs (see page 8) for the year was £16.6m (2013: £18.3m).

Measurement

Marine, Yacht and Protective Coatings Business Unit management uses return on sales (ROS) as a key performance indicator to reflect profitability relative to revenue. ROS as a target will focus management on delivery and quality of profits. ROS % is defined as operating profit/loss before exceptional items as a percentage of revenue. The ROS is shown below alongside other key analysis figures:

	2014	2013
Return on sales % (before exceptional items)	7.9	8.8
Operating working capital % of sales	1.4	(0.8)
Average selling price per litre	5.23	4.42
Gross margin %	22.3	24.4

ROS was impacted by a relatively higher increase in the level of cost compared to revenue.

Risk and uncertainties

The principal risks and uncertainties facing the Company over the coming year relate to the current global economic conditions as well as continued pressure on margins as a result of variable copper and zinc prices, which are key components in the manufacturing process, and exchange rate fluctuations. To minimise the risk, the Company continues to use forward contracts. Along with the other UK businesses, the Company continues to face financial pressure relating to the Group funding of the final salary employee pension scheme. In the current year, an injection of cash of £43.2m (2013: £40.9m) into the scheme was classified as exceptional cost.

AkzoNobel is standardising Global Business Services to reduce the complexity and duplication within the Group. Functions which have common activities across the business will be aligned and consolidated. There is a potential risk that the loss of people, knowledge and expertise could adversely affect the business during the transition period. However, the directors expect that the long-term benefits of this change will by far outweigh the short-term risks.

Research and development

Research and development activity was focused on developing new anti-corrosive, chemically resistant and fouling control technologies that delivered products that achieve high performance while complying with increasingly stringent health, safety and environmental legislation.

Strategic Report *(continued)*

Going concern

The Company is profitable before charging the contribution to the pension deficit, and is expecting to remain so for the foreseeable future at an operating level. 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 12 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 a period of 12 months from the date of approval of these financial statements and it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements.

By order of the Board



M Bannwart
Director

26th Floor
Portland House
Bressenden Place
London
SW1E 5BG

26 May 2015

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Dividends

The directors do not propose payment of a dividend (2013: £nil).

Directors

The Directors who held office during the year and subsequent to the year end were as follows:

N Atkinson	(appointed 12 May 2015)
M Bannwart	(appointed 19 January 2015)
C Bolland	(resigned 31 January 2015)
G Breen	(resigned 31 January 2015)
J Lockhart	(appointed 27 January 2015)
D Turner	(appointed 27 January 2015, resigned 27 April 2015)
I Walker	(resigned 31 January 2015)

Employment of disabled persons

Where individuals become disabled whilst in the Company's employment, every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose. In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

Employee involvement

A departmental briefing and feedback process operates in all factories. Under the banner of 'News and Views: Akzo Nobel News Roundup' the Company provides monthly communications to its employees regarding the financial and economic factors affecting performance by market sector and geographic region.

Financial instruments

The Company uses forward contracts to hedge against its exposure to foreign exchange movements.

Disclosure of information to auditor

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

Directors' report *(continued)*

Auditor

The Directors have been authorised to fix the remuneration of the auditors.

Pursuant to Section 487(2) of the Companies Act 2006, the Company's auditor is deemed to be reappointed and therefore KPMG LLP will continue in office.

By order of the Board



M Bannwart
Director

26th Floor
Portland House
Bressenden Place
London
SW1E 5BG

26 May 2015

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of International Paint Limited

We have audited the financial statements of International Paint Limited for the year ended 31 December 2014 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of International Paint Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

26 May 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £m	2013 £m
Turnover	2	211.1	208.9
Cost of sales		(164.1)	(157.9)
Gross profit		47.0	51.0
Distribution costs		(34.4)	(25.3)
Administrative expenses (including exceptional pension contribution of £43.2m (2013: £40.9m))		(90.6)	(94.9)
Other income	6	51.4	46.6
Operating loss		(26.6)	(22.6)
Analysed as:			
Operating profit before exceptional items		16.6	18.3
Contribution to pension deficit	7	(43.2)	(40.9)
Operating loss after exceptional items		(26.6)	(22.6)
Interest receivable	8	0.7	-
Interest payable	9	(1.9)	(1.1)
Loss on ordinary activities before taxation	2-9	(27.8)	(23.7)
Tax on loss on ordinary activities	10	6.5	5.4
Loss for the financial year		(21.3)	(18.3)


The above results are all derived from continuing operations.

The Company had no recognised gains or losses in either year other than the results shown in the profit and loss account.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014	2013
		£m	£m
Fixed assets			
Intangible assets	<i>11</i>	3.0	3.2
Tangible assets	<i>12</i>	30.4	30.7
Investments	<i>13</i>	11.5	11.5
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		44.9	45.4
Current assets			
Stocks	<i>14</i>	10.5	9.2
Debtors (including £8.4m (2013: £6.6m) due after more than one year)	<i>15</i>	68.8	80.2
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		79.3	89.4
Creditors: amounts falling due within one year	<i>17</i>	(174.7)	(168.4)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Net current liabilities		(95.4)	(79.0)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total assets less current liabilities		(50.5)	(33.6)
Provisions for liabilities and charges	<i>18</i>	(6.6)	(2.2)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Net liabilities		(57.1)	(35.8)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Capital and reserves			
Called up share capital	<i>19</i>	56.8	56.8
Profit and loss account	<i>20</i>	(113.9)	(92.6)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Shareholders' deficit		(57.1)	(35.8)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

These financial statements were approved by the board of directors on 26 May 2015 and were signed on its behalf by:



N Atkinson
Director

Note of historical cost profits and losses
for the year ended 31 December 2014

	2014 £m	2013 £m
Reported loss on ordinary activities before taxation	(27.8)	(23.7)
Difference between historical cost depreciation charge and actual depreciation charge on the revalued amount	-	(0.1)
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(27.8)	(23.8)
	<hr/>	<hr/>
Historical cost loss for the year retained after taxation	(21.3)	(18.4)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of movements in shareholders' deficit
for the year ended 31 December 2014

	2014 £m	2013 £m
Loss for the financial year	(21.3)	(18.3)
	<hr/>	<hr/>
Net decrease in shareholders' funds	(21.3)	(18.3)
Opening shareholders' funds	(35.8)	(17.5)
	<hr/>	<hr/>
Closing shareholders' deficit	(57.1)	(35.8)
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules modified to include the revaluation of certain land and buildings.

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

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Akzo Nobel N.V. the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Akzo Nobel NV, within which this Company is included, can be obtained from the address given in note 23.

Going concern

The Company is profitable before charging for the contribution to the pension deficit, and is expecting to remain so for the foreseeable future at an operating level. 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 12 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 a period of 12 months from the date of approval of these financial statements and it is therefore appropriate to adopt the going concern basis in the preparation of the financial statements.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Intangible assets are amortised over their useful economic life.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2 - 6% per annum
Plant and machinery	-	5 - 13 % per annum
Fixtures, fittings, tools and equipment	-	10% per annum

No depreciation is provided on freehold land.

No depreciation is provided on payments on account and assets in course of construction.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period (see note 22).

With effect from 1 January 2005 the Company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period (see note 22).

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average 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.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

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 Analysis of turnover

The geographical split of turnover can be split by market as follows:

	2014	2013
	£m	£m
Continuing operations		
UK	48.9	49.3
Europe	143.9	141.7
Other overseas	18.3	17.9
	211.1	208.9
	211.1	208.9

The analysis of operating profit and net assets by geographical market has not been disclosed. In the opinion of the directors such disclosure would be prejudicial to the interests of the company.

Notes (continued)

3 Notes to the profit and loss account

	2014 £m	2013 £m
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	3.5	3.7
Hire of plant and machinery – operating leases	0.4	0.5
Hire of other assets – operating leases	0.5	0.6
Amortisation of intangible assets	0.2	0.2
Restructuring costs	5.6	0.5
Research and development expenditure	22.4	23.5
	22.4	23.5
<i>Auditor's remuneration</i>		
	£m	£m
Audit of these financial statements	0.1	0.1
	0.1	0.1

4 Remuneration of directors

	2014 £m	2013 £m
Directors' emoluments	0.5	0.5
	0.5	0.5

The emoluments of the highest paid director were £189,521 (2013: £225,643). He is a member of a defined benefit scheme, Akzo Nobel (CPS) Pension Scheme, under which his accrued pension at the year end was £56,192 (2013: £51,845).

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	3	3
	3	3
The number of directors who exercised share options was	1	3
	1	3
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	3	3
	3	3

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	2014	2013
Production	218	272
Selling and distribution	295	230
Administration and research	407	394
	920	896
	920	896

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£m	£m
Wages and salaries	37.0	34.1
Share based payments	0.9	0.9
Social security costs	3.6	3.7
Pension costs (note 22)	8.1	7.9
	49.6	46.6
	49.6	46.6

6 Other income

Other income relates to the recharge of certain research and development and other administrative costs to group companies.

7 Contribution to pension deficit

In the current year the Company made a contribution of £43.2m (2013: £40.9m) towards the deficit in the Akzo Nobel (CPS) pension scheme (note 22).

8 Interest receivable

	2014	2013
	£m	£m
Receivable from group undertakings	0.7	-
	0.7	-

9 Interest payable

	2014	2013
	£m	£m
Payable to group undertakings	1.9	1.1
	1.9	1.1

Notes (continued)

10 Taxation

Analysis of credit in year

	2014 £m	£m	2013 £m	£m
<i>UK corporation tax</i>				
Current tax on income for the year	(4.2)		(8.1)	
Adjustments in respect of prior periods	(0.5)		-	
	(4.7)		(8.1)	
<i>Deferred tax</i>				
Origination of timing differences	(1.8)		1.7	
Effect of tax rate change	-		1.0	
	(1.8)		2.7	
Tax on loss on ordinary activities		(6.5)		(5.4)

Factors affecting the tax credit for the current period

The current tax credit for the year is lower (2013: higher) than the standard rate of corporation tax in the UK 21.5%, (2013: 23.25%). The differences are explained below.

	2014 £m	2013 £m
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(27.8)	(23.7)
	(27.8)	(23.7)
Current tax at 21.5% (2013: 23.25%)	(6.0)	(5.4)
<i>Effects of:</i>		
Expenses not deductible	0.1	-
Research and development credits	(0.2)	(1.0)
Capital allowances for period lower than depreciation	0.7	0.9
Adjustments in respect of prior periods	(0.5)	-
Other short term timing differences	1.2	(2.6)
	(4.7)	(8.1)
Total current tax credit (see above)	(4.7)	(8.1)

Notes (continued)

10 Taxation (continued)

The elements of deferred taxation are as follows:

	2014 £m	2013 £m
Accelerated capital allowances	0.7	(0.5)
Other short term timing differences	1.1	3.2
	1.8	2.7
	1.8	2.7

Factors that may affect future current and total tax charges

In the Autumn 2012 Budget Statement a corporation tax rate change was announced reducing the rate from 23% to 21% effective 1 April 2014 and in the budget of March 2013 this 21% rate was further reduced to 20% effective from 1 April 2015. Both of these changes were substantively enacted on 2 July 2013 and therefore the effective current tax rate applicable during 2014 was 21.5% and any deferred tax asset at 31 December 2014 is recorded at 20%.

11 Intangible fixed assets

	Goodwill	Concessions, patents, licences, trademarks and similar rights and assets	Total
	£m	£m	£m
<i>Cost</i>			
At beginning and end of year	3.1	2.5	5.6
	3.1	2.5	5.6
<i>Amortisation</i>			
At beginning of year	2.4	-	2.4
Charged in year	0.2	-	0.2
	2.6	-	2.6
At end of year	2.6	-	2.6
	2.6	-	2.6
<i>Net book value</i>			
At 31 December 2014	0.5	2.5	3.0
	0.5	2.5	3.0
At 31 December 2013	0.7	2.5	3.2
	0.7	2.5	3.2

Goodwill brought forward from 2013 relates to the acquisition of US Paint Inc on 25 May 2002. The balance is being written off over 15 years, being the period over which the directors consider that the economic benefit will be derived.

The other intangible brought forward relates to the Fire Protection Worldwide (FPW) agreement. This will be written off in future periods, over which the directors consider the economic benefit will be derived (products currently under development under technology agreement).

Notes (continued)

12 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Payments on account and assets in course of con- struction £m	Total £m
<i>Cost or valuation</i>					
At beginning of year	14.6	54.0	17.3	2.7	88.6
Additions	-	-	0.1	3.2	3.3
Disposals	(0.2)	(8.2)	(1.8)	-	(10.2)
Transfer between categories	(0.1)	(3.4)	6.6	(3.1)	-
At end of year	14.3	42.4	22.2	2.8	81.7
<i>Depreciation</i>					
At beginning of year	2.3	45.8	9.8	-	57.9
Charge for year	0.1	1.0	2.4	-	3.5
Disposals	(0.2)	(8.2)	(1.7)	-	(10.1)
At end of year	2.2	38.6	10.5	-	51.3
<i>Net book value</i>					
At 31 December 2014	12.1	3.8	11.7	2.8	30.4
At 31 December 2013	12.3	8.2	7.5	2.7	30.7
Depreciation in 2013	0.4	2.2	1.1	-	3.7

The net book value of land and buildings comprises:

	2014 £m	2013 £m
Freehold land	1.1	1.1
Freehold buildings	11.0	11.2
	12.1	12.3

The Company's freehold land and buildings were revalued in 1998 by an independent valuer. The company has taken advantage of the transitional rules under FRS 15 to retain this value and not revalue every year. The historical cost net book value of these assets is the same as their revalued net book value in the current and prior year. Subsequent additions have been capitalised at historical cost.

Notes *(continued)*

13 Fixed asset investments

	Shares in group Undertakings £m
<i>Shares</i>	
<i>Cost</i>	
At beginning and end of year	28.9
	<hr style="border-top: 3px double #000;"/>
<i>Provisions</i>	
At beginning and end of year	17.4
	<hr style="border-top: 3px double #000;"/>
<i>Net book value</i>	
At beginning and end of year	11.5
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The undertakings which, except where stated otherwise, are incorporated in England, in which the Company's interest at the balance sheet date is more than 20%, are as follows:

Subsidiary undertaking	Country of Incorporation	Principal activity	Percentage of ordinary shares held
International Paints (Holdings) Limited	England	Holding company	100%
International Coatings Limited	England	Dormant	100%

In the year to 31 December 2014 International Paints (Holdings) Limited reported a profit before tax of £nil (2013: £nil) and had net assets of £12,059,000 (2013: £12,059,000) at that date.

14 Stocks

	2014 £m	2013 £m
Raw materials and consumables	3.6	3.2
Work in progress	0.5	0.5
Finished goods and goods for resale	6.4	5.5
	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>
	10.5	9.2
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15 Debtors

	2014 £m	2013 £m
Trade debtors	18.3	16.1
Amounts owed by group undertakings	38.0	52.1
Other debtors	3.2	4.0
Prepayments and accrued income	0.9	1.4
Deferred tax assets (note 16)	8.4	6.6
	<hr style="border-top: 1px solid #000;"/>	<hr style="border-top: 1px solid #000;"/>
	68.8	80.2
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

Debtors include £8.4m (2013: £6.6m) due after more than one year.

Notes (continued)

16 Deferred taxation

	At beginning of year £m	Profit and loss account credit £m	At end of year £m
Accelerated capital allowances	2.7	0.7	3.4
Other short term timing differences	3.9	1.1	5.0
	<u> </u>	<u> </u>	<u> </u>
Deferred tax asset	6.6	1.8	8.4
	<u> </u>	<u> </u>	<u> </u>

17 Creditors: amounts falling due within one year

	2014 £m	2013 £m
Trade creditors	25.8	26.8
Amounts owed to group undertakings	143.7	136.5
Accruals and deferred income	5.2	5.1
	<u> </u>	<u> </u>
	174.7	168.4
	<u> </u>	<u> </u>

18 Provisions for liabilities and charges

	Restructuring provisions	Other provisions	Provisions for liabilities and charges £m
At beginning of year	0.2	2.0	2.2
Net movement during the year	5.3	(0.9)	4.4
	<u> </u>	<u> </u>	<u> </u>
At end of year	5.5	1.1	6.6
	<u> </u>	<u> </u>	<u> </u>

It is expected that most of the expenditure for these provisions will be incurred within two years of the balance sheet date.

19 Called up share capital

	2014 £m	2013 £m
<i>Allotted, called up and fully paid</i>		
227,078,702 Ordinary shares of £0.25 each	56.8	56.8
	<u> </u>	<u> </u>

Notes (continued)

20 Reserves

	Profit and loss account £m
At beginning of year	(92.6)
Loss for the year	(21.3)
	(113.9)
At end of year	(113.9)

21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014 Other £m	2013 Other £m
Operating leases which expire:		
Within one year	0.7	0.5
In the second to fifth years inclusive	0.6	0.6
	1.3	1.1
	1.3	1.1

22 Pension schemes

The Company operates both a defined contribution and a multi-employer defined benefit schemes for its employees.

Akzo Nobel (CPS) Pension Scheme

The Company participates in the Akzo Nobel (CPS) Pension Scheme ("the CPS scheme") providing benefits based on final pensionable pay.

The CPS scheme is a multi-employer scheme in which the Company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and, as permitted by Financial Reporting Standard 17 "Retirement Benefits", the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme.

Actuarial valuations are carried out every three years by a qualified independent actuary. The latest full actuarial valuation was carried out at 31 March 2012. At this valuation date the market value of the scheme assets was sufficient to cover 87% (31 March 2009: 71%) of the benefits that had accrued to members at that date.

The contribution rate is generally reviewed every three years following each full actuarial valuation of the scheme. The employer contribution rates applicable during 2014 was 32.8% based upon the 2012 actuarial valuations.

Following the 2012 valuation an updated recovery plan was agreed. Additional contributions totalling £251.4 million were agreed to be paid to the CPS scheme between 2015 and 2018 in addition to the £67.0 million paid in 2014 (2013: £67.0 million). The portion of this additional contribution that was charged to the Company in relation to the 2014 payment was £43.2 million (2013: £40.9 million). The portion of the additional contribution for the years 2015 to 2018 that will be charged to the Company is as yet unknown.

Notes (continued)

22 Pension schemes (continued)

Akzo Nobel (CPS) Pension Scheme (continued)

The CPS scheme is included within the group accounts of the ultimate parent company, Akzo Nobel N.V., and valued under International Accounting Standard 19 "Employee Benefits". At 31 December 2014 the funded status valuation was a surplus of £45 million (2013: £91 million deficit). This valuation is not used to determine the funding requirements under UK pension regulations and therefore has no impact upon the Company. The contribution rate and top up contributions affecting the Company during 2014 are as disclosed above and were set at the 2012 full actuarial valuations.

Akzo Nobel Benefit Builder Retirement Plan

The Company is also a member of the Akzo Nobel Benefit Builder Retirement Plan providing benefits based on contributions made. There were no outstanding or prepaid contributions at the beginning or end of the financial year.

Total Pension Contribution

The total contribution made by the Company during the year to both the defined contribution plan and to the defined benefit plan was £51.3m (2013: £48.8m).

23 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The immediate parent company is Akzo Nobel Coatings (BLD) Limited, a company incorporated in England and the ultimate parent company is Akzo Nobel N.V., incorporated in the Netherlands.

The only group in which the results of the Company are consolidated is that headed by Akzo Nobel N.V., incorporated in the Netherlands. The consolidated accounts of Akzo Nobel N.V. are available to the public and may be obtained from 76 Velperweg, PO Box 9300, 6800 SB Arnhem, The Netherlands.