

**Holywell-Halkyn Mining and Tunnel
Company Limited**

**Directors' Report and Financial
Statements**

31 December 2011

Registered number 50892

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Directors' Report

The directors present the Directors' Report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

On 2 August 2011, the intercompany debt of £83,234 owed to the Company by Akzo Nobel Investments (Holdings) Limited was transferred to Akzo Nobel UK Ltd

The Company was dormant in 2010, and therefore was exempt from audit under Section 480 of the Companies Act 2006

Results and dividend

The results for the year ended 31 December 2011 are set out on page 5 of the financial statements

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

O H Director Limited

J A Shannon (resigned 6 July 2011)

D A Turner

M Smalley (appointed 6 July 2011)

Auditors

On 24 February 2012 KPMG LLP were appointed as auditor of the Company

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

By order of the Board

O H SECRETARIAT LIMITED

AUTHORISED SIGNATORY

O.H. Secretariat Limited

Company Secretary

26th Floor
Portland House
Bressenden Place
London
SW1E 5BG

30 March 2012

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing 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 or loss of the Company for that period.

In preparing these financial statements, the directors are required to

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

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



KPMG LLP

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of Holywell-Halkyn Mining and Tunnel Company Limited

We have audited the financial statements of Holywell-Halkyn Mining and Tunnel Company Limited for the year ended 31 December 2011 set out on pages 5 to 9. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result 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

Other matter - Prior period financial statements

In forming our opinion on the financial statements, which is not qualified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Holywell-Halkyn Mining and Tunnel Company Limited (continued)

Matters on which we are required to report by exception

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

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



Richard Broadbelt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30 March 2012

Profit and loss account
for the year ended 31 December 2011

There were no profit and loss transactions during either year and therefore no profit and loss account has been presented

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Current assets			
Debtors	4	83	83
		<hr/>	<hr/>
Net assets		83	83
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	63	63
Capital redemption reserve	6	20	20
		<hr/>	<hr/>
Shareholder's funds		83	83
		<hr/>	<hr/>

The notes on page 8 to 9 form part of these financial statements

These financial statements were approved by the board of directors on 30 March 2012 and were signed on its behalf by



D.A. Turner
Director

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2011

	2011 £000	2010 £000
Result for the financial year	-	-
Net movement in shareholders' funds	-	-
Opening shareholders' funds	83	83
Closing shareholders' funds	83	83

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 financial statements

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards

Under Financial Reporting Standard 1 "Cash Flow Statements" the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the Company in its own published consolidated financial statements

As 96.95% of the Company's voting rights are controlled within the group headed by Akzo Nobel N V, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

The Company was dormant in 2010, and therefore was exempt from audit under Section 480 of the Companies Act 2006

2 Notes to the profit and loss account

There is no charge for the remuneration of auditors in the financial statements of the Company as the auditor's fee for audit services was borne by another group company. In the current year this was £3,000. The Company was dormant in 2010 and accordingly no audit was performed.

3 Directors' remuneration and employees

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

4 Debtors

	2011 £000	2010 £000
Amount owed by group undertaking	83	83

On 2 August 2011, the intercompany debt of £83,234 owed to the Company by Akzo Nobel Investments (Holdings) Limited was transferred to Akzo Nobel UK Ltd.

5 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i> 63,188 ordinary shares of £1 each	63	63

On 1 February 2011, the Company's immediate parent company, Akzo Nobel Investments (Holdings) Limited, transferred their 96.95% ownership in share capital of the Company to Akzo Nobel UK Ltd for a consideration of £83,234.

6 Reserves

	Capital redemption reserve
	£000
At the beginning and the end of year	20

Notes (continued)

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

The Company is a subsidiary undertaking of Akzo Nobel UK Ltd, a company incorporated in England and Wales

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

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